

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

Financial Statements and Supplementary Information

For the year ended December 31, 2023

(With Independent Auditor's Report Thereon)

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
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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, 2023, 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, 2023, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fire District No. 1 of the Township of Toms River's basic financial statements. The accompanying schedules of obligations under finance purchases and lease obligations, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of obligations under finance purchases and lease obligations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024 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

November 4, 2024
Lakewood, New Jersey



Certified Public Accountants + Advisors

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

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, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 4, 2024.

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

November 4, 2024
Lakewood, New Jersey

**TOMS RIVER FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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, 2023. 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 assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at December 31, 2023 by approximately \$5,133,800. During 2022, the excess of assets and deferred inflows of resources over liabilities and deferred outflows of resources was approximately \$3,879,900. This is an increase of approximately \$1,253,800.
- During 2023, the District operated at a surplus of approximately \$1,253,800. During 2022, the District operated at a surplus of approximately \$14,406,900. This is a decrease of approximately \$13,153,100. The decrease can be attributed to a decrease in pension and other post employment benefits of approximately \$13,971,100.
- The District's liabilities and deferred inflows of resources increased approximately \$3,049,500 in 2023 while assets and deferred outflows of resources increased by approximately \$4,303,400.
- As described in Note 2 to the financial statements the District has adopted the provisions of GASB Statement to No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended December 31, 2023. As a result, the adoption of this statement did not have a material impact of the District's financial statements.

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 three separate government funds, the General Fund, Capital Projects Fund and Debt Service 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, Capital Projects Fund and Debt Service 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 2023, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$5,133,800. 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

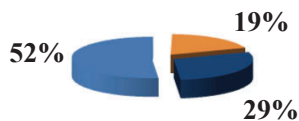
**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
DISTRICT WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Current and other assets	\$ 28,450,307	\$ 26,102,249	\$ 2,348,058	9.00%
Capital assets	<u>7,747,960</u>	<u>5,792,663</u>	<u>1,955,297</u>	33.75%
Total assets and deferred outflows of resources	36,198,267	31,894,912	4,303,355	13.49%
Total liabilities and deferred inflows of resources	<u>(31,064,513)</u>	<u>(28,014,965)</u>	<u>3,049,548</u>	10.89%
Net position	<u>\$ 5,133,754</u>	<u>\$ 3,879,947</u>	<u>\$ 1,253,807</u>	32.32%

Analysis of net position

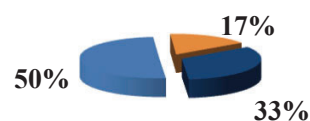
Invested in capital assets, net of related debt	\$ 6,353,834	\$ 5,792,663	\$ 561,171	9.69%
Restricted for:				
Capital projects	2,357,303	1,917,880	439,423	22.91%
Unrestricted	<u>(3,577,383)</u>	<u>(3,830,596)</u>	<u>253,213</u>	(6.61%)
Total net position	<u>\$ 5,133,754</u>	<u>\$ 3,879,947</u>	<u>\$ 1,253,807</u>	32.32%

2023 Net Position



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

2022 Net Position



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

The net position of the District increased approximately \$1,253,800 as a result of the current year surplus. In 2023 the capital assets increased by approximately \$1,955,300 after depreciation expense.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

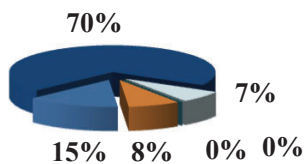
Governmental Activities

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:

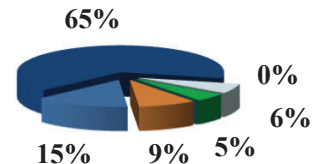
**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
DISTRICT WIDE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 1,112,191	\$ 1,090,025	\$ 22,166	2.03%
Cost of operations and maintenance	5,367,193	4,841,930	525,263	10.85%
Operating appropriations offset with revenues	552,590	446,146	106,444	23.86%
Other financing sources and uses	-	366,974	(366,974)	(100.00%)
Interest expense	12,225	-	12,225	100.00%
Length of service awards program contribution	625,464	670,492	(45,028)	(6.72%)
Total program expenses	<u>7,669,663</u>	<u>7,415,567</u>	<u>254,096</u>	3.43%

2023 Program Expenses



2022 Program Expenses



- Administrative
- Cost of Operations
- Expenses offset with Revenues
- Other financing sources and uses
- Interest Expense

- Administrative
- Cost of Operations
- Expenses offset with Revenues
- Other financing sources and uses
- Interest Expense

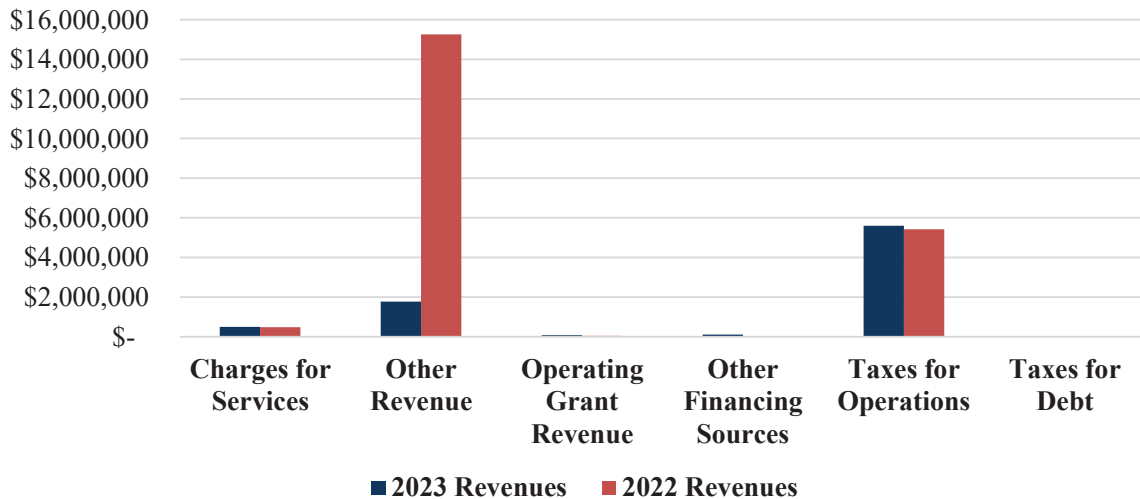
The Cost of Operations & Maintenance comprised 70% and 65% of the District’s total expenses in 2023 and 2022, respectively while administration expenses comprised 15% of the total expenses in 2023 and 2022, respectively.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Program revenues:				
Charges for services	501,135	490,578	10,557	2.15%
Total program revenues	<u>501,135</u>	<u>490,578</u>	<u>10,557</u>	2.15%
Net program expenses	7,168,528	6,924,989	243,539	3.52%
General revenues:				
Property taxes levied for:				
General purposes	5,597,336	5,430,534	166,802	3.07%
Capital purchases	<u>872,200</u>	<u>600,000</u>	<u>272,200</u>	45.37%
Total property taxes levied	6,469,536	6,030,534	439,002	7.28%
Other revenue	1,767,848	15,255,215	(13,487,367)	(88.41%)
Operating grant revenue	77,520	46,097	31,423	68.17%
Other financing sources	<u>107,431</u>	-	<u>107,431</u>	100.00%
Total general revenues	8,422,335	21,331,846	(12,909,511)	(60.52%)
Increase (decrease) in net position	1,253,807	14,406,857	(13,153,050)	91.30%
Net position, January 1	<u>3,879,947</u>	<u>(10,526,910)</u>	<u>14,406,857</u>	(136.86%)
Net position, December 31	<u>\$ 5,133,754</u>	<u>\$ 3,879,947</u>	<u>\$ 1,253,807</u>	32.32%

Revenues



Property tax revenue constituted 73% of the total governmental activities revenues received by the District in 2023 and 28% in 2022.

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, 2023, the combined balance of the governmental cash funds of the District was approximately \$6,830,900. This balance is approximately \$1,298,700 higher than last year's combined governmental funds balance.

The combined fund balance of the governmental funds of the District was approximately \$16,796,000. Of that total, funds of approximately \$673,600 have been restricted for capital, \$8,037,100 have been restricted for investment in length of service awards program, \$1,252,000 have assigned for subsequent year's expenditures, \$1,240,100 have assigned for other purposes (encumbrances) and \$5,593,200 is unassigned.

The general fund is the main operating fund of the District. At the end of 2023, the total fund balance of the general fund was approximately \$14,438,700. Of this balance, approximately \$5,593,200 of it was unassigned.

During 2023, the general fund balance of the District increase by approximately \$961,700. The primary reason for this increased are as follows:

- The Board had revenues in excess of expenses of approximately \$961,700.

At the end of 2023, the District had a capital projects fund balance of approximately \$2,357,300. This is an increase of \$439,400. The primary reason for this increase are as follows:

- The Board revenues in excess of expenses of approximately \$439,400.

General Fund Budgetary Highlights

The 2023 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 \$140,200 in 2023.
- Overall, the District's operating appropriations were approximately \$2,697,300 less than originally anticipated in the operating budget for 2023.

CAPITAL ASSETS

As of December 31, 2023, the District had invested in capital assets for government activities of approximately \$7,748,000 (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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>	<u>\$ Increase (Decrease)</u>
Capital Assets:			
Non-depreciable:			
Apparatus in progress	\$ 2,662,076	\$ 767,950	1,894,126
Total non-depreciable assets	<u>2,662,076</u>	<u>767,950</u>	<u>1,894,126</u>
Depreciable:			
Buildings and improvements	\$ 2,755,267	\$ 2,685,543	\$ 69,724
Land improvements	379,469	379,469	-
Trucks and equipment	<u>15,055,806</u>	<u>14,514,924</u>	<u>540,882</u>
Total depreciable assets	<u>18,190,542</u>	<u>17,579,936</u>	<u>610,606</u>
Accumulated depreciation	<u>(13,104,658)</u>	<u>(12,555,223)</u>	<u>(549,435)</u>
Total capital assets, net of accumulated depreciation	<u><u>\$ 7,747,960</u></u>	<u><u>\$ 5,792,663</u></u>	<u><u>\$ 1,955,297</u></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 2023, the District was able to fund its appropriations through the fire tax levy and other revenues. In 2023 the property tax revenue also constituted 73% of total revenues. The 2023 budget anticipated a deficit of \$400,000, but finished the year with a surplus of \$1,023,170.

The District adopted their 2024 budget on January 3, 2023. The voters subsequently voted to approve the budget at the February election. The 2024 adopted budget reflected an increase in the tax levy of \$133,980, in which the Board does not anticipate a 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, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash (Note 3)	\$ 6,830,898
Investments (Note 4)	2,452,409
Accounts receivable (Note 6)	74,497
Total current assets	9,357,804
Non-current assets:	
Investment in length of service awards program (Note 5)	8,037,110
Total investment in length of service awards program	8,037,110
Capital assets, net:	
Nondepreciable (Note 7)	2,662,076
Depreciable (Note 7)	5,085,884
Total capital assets	7,747,960
Right to use assets, net of accumulated amortization (Note 12)	679,057
Total non-current assets	16,464,127
Total assets	25,821,931
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources:	
Deferred outflows related to pensions (Note 9)	98,398
Deferred outflows related to other post employment benefits (Note 10)	7,751,581
Deferred outflows related to length of service awards program (Note 11)	2,526,357
Total deferred outflow of resources	10,376,336
Total assets and deferred outflows of resources	\$ 36,198,267

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
District Wide Statement of Net Position (continued)
December 31, 2023

LIABILITIES	<u>Governmental Activities</u>
Current liabilities:	
Accounts payable	\$ 597,703
Payroll liabilities payable	1,251
Accrued interest payable	12,225
Pension payable	276,189
Current portion of finance purchase payable (Note 8)	108,881
Current portion of right to use lease liability (Note 8)	<u>224,304</u>
Total current liabilities	<u>1,220,553</u>
Non-current liabilities:	
Compensated absences (Note 8)	253,507
Finance purchase payable, net of current portion (Note 8)	1,285,245
Net pension liability (Note 9)	2,993,149
Net other postemployment benefits (Note 10)	5,922,181
Net length of service awards program (Note 11)	11,473,169
Right to use lease liability, net of current portion (Note 8)	<u>493,037</u>
Total non-current liabilities	<u>22,420,288</u>
Total liabilities	<u>23,640,841</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources:	
Deferred inflows related to pensions (Note 9)	332,808
Deferred inflows related to other post employment benefits (Note 10)	3,283,259
Deferred inflows related to length of service awards program (Note 11)	<u>3,807,605</u>
Total deferred inflows of resources	<u>7,423,672</u>
Total liabilities and deferred inflows of resources	<u>31,064,513</u>
NET POSITION	
Net investment in capital assets	6,353,834
Restricted for:	
Capital Projects	2,357,303
Unrestricted (Note 19)	<u>(3,577,383)</u>
Total net position	<u>5,133,754</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 36,198,267</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
District Wide Statement of Activities
For the year ended December 31, 2023

	Expenses	Charges for Services	Total Governmental Activities
Governmental activities:			
Operating appropriations:			
Administration	\$ 1,112,191	\$ -	\$ 1,112,191
Costs of operations and maintenance	5,367,193	-	5,367,193
Operating appropriations offset with revenues	552,590	501,135	51,455
Interest expense	12,225	-	12,225
Length of service awards program contribution	625,464	-	625,464
	<u>\$ 7,669,663</u>	<u>\$ 501,135</u>	<u>7,168,528</u>
 General revenues:			
Miscellaneous revenues			1,767,848
Operating grant revenues			77,520
Unrealized gains on investments			107,431
Amount raised by taxation			6,469,536
			<u>8,422,335</u>
 Change in net position			1,253,807
 Net position, January 1			<u>3,879,947</u>
 Net position, December 31			<u>\$ 5,133,754</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Governmental Funds
Balance Sheet
December 31, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Current assets:			
Cash	\$ 6,830,898	\$ -	\$ 6,830,898
Investments	2,452,409	-	2,452,409
Accounts receivable	74,497	-	74,497
Other receivables	-	2,432,857	2,432,857
Total current assets	<u>9,357,804</u>	<u>2,432,857</u>	<u>11,790,661</u>
Non-current assets:			
Investment in length of service awards program	<u>8,037,110</u>	-	<u>8,037,110</u>
Total investment in length of service awards program	<u>8,037,110</u>	-	<u>8,037,110</u>
Total non-current assets	<u>8,037,110</u>	-	<u>8,037,110</u>
Total assets	<u>\$ 17,394,914</u>	<u>\$ 2,432,857</u>	<u>\$ 19,827,771</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 522,149	\$ 75,554	\$ 597,703
Payroll liabilities payable	1,251	-	1,251
Other payables	<u>2,432,857</u>	-	<u>2,432,857</u>
Total current liabilities	<u>2,956,257</u>	<u>75,554</u>	<u>3,031,811</u>
Total liabilities	<u>2,956,257</u>	<u>75,554</u>	<u>3,031,811</u>
FUND BALANCE			
Restricted for:			
Capital projects	-	673,593	673,593
Length of service awards program	8,037,110	-	8,037,110
Assigned for:			
Subsequent year's expenditures	210,000	1,041,956	1,251,956
Other purposes	598,348	641,754	1,240,102
Unassigned	<u>5,593,199</u>	-	<u>5,593,199</u>
Total fund balance	<u>14,438,657</u>	<u>2,357,303</u>	<u>16,795,960</u>
Total liabilities and fund balance	<u>\$ 17,394,914</u>	<u>\$ 2,432,857</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.	7,747,960
Accrued interest payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(12,225)
Accrued pension payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.	(276,189)
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	679,057
Deferred outflows and inflows of resources related to pensions, net other post employment benefits liability, net length of service awards program liability are applicable to future reporting periods and, therefore, are not reported in the funds.	2,952,664
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.	<u>(22,753,473)</u>
Net position - Governmental Activities	<u>\$ 5,133,754</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Miscellaneous revenues:				
Joint purchase agreement	\$ 1,201,775	\$ -	\$ -	\$ 1,201,775
Investment income - unrestricted cash and investments	985	-	-	985
Investment income - length of service awards program	229,120	-	-	229,120
Fire company donation	500,000	-	-	500,000
Other revenue	65,088	-	-	65,088
Total miscellaneous revenues	1,996,968	-	-	1,996,968
Operating grant revenues:				
SAFER grant	57,423	-	-	57,423
Supplemental fire service act	20,097	-	-	20,097
Total operating grant revenues	77,520	-	-	77,520
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act:				
Annual registration fees	341,605	-	-	341,605
Penalties and fines	30,246	-	-	30,246
Other revenues	129,284	-	-	129,284
Total uniform fire safety act	501,135	-	-	501,135
Total miscellaneous revenues offset with appropriations	501,135	-	-	501,135
Total revenues	2,575,623	-	-	2,575,623
Amount raised by taxation to support district budget	5,597,336	872,200	-	6,469,536
Total anticipated revenues	8,172,959	872,200	-	9,045,159
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	448,374	-	-	448,374
Fringe benefits	242,361	-	-	242,361
Other expenditures:				
Contingencies	87	-	-	87
Dues and subscriptions	3,381	-	-	3,381
Elections	14,766	-	-	14,766
Insurance	91,265	-	-	91,265
Legal ads	1,692	-	-	1,692
Maintenance and repairs	8,564	-	-	8,564
Office supplies and postage	6,070	-	-	6,070
Other rentals	22,397	-	-	22,397
Operating materials and supplies	4,191	-	-	4,191
Other non-bondable assets	14,833	-	-	14,833
Payroll service	13,010	-	-	13,010
Permits, licenses and fees	4,965	-	-	4,965
Professional fees	226,901	-	-	226,901
Testimonials	604	-	-	604
Training and education	578	-	-	578
Travel expenses	650	-	-	650
Uniforms	240	-	-	240
Utilities	7,262	-	-	7,262
Total administration	1,112,191	-	-	1,112,191
Operating appropriations:				
Cost of operations and maintenance:				
Salaries and wages	1,280,091	-	-	1,280,091
Fringe benefits	742,650	-	-	742,650

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance (continued)
For the year ended December 31, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Cost of operations and maintenance (continued):				
Other expenditures:				
Contingencies	312	-	-	312
Contracted services	78,121	-	-	78,121
Dues and subscriptions	552	-	-	552
Homeland security grant	26,000	-	-	26,000
Insurance	18,748	-	-	18,748
Maintenance and repairs	481,797	-	-	481,797
Legal ads	890	-	-	890
Office supplies and postage	11,982	-	-	11,982
Operating materials and supplies	54,864	-	-	54,864
Other non-bondable assets	1,275,741	-	-	1,275,741
Other rentals	227,932	-	-	227,932
Permits, licenses and fees	2,180	-	-	2,180
Professional services	37,544	-	-	37,544
Rental charges	365,648	-	-	365,648
SAFER grant expenses	58,134	-	-	58,134
Supplemental fire grant	22,107	-	-	22,107
Training and education	51,272	-	-	51,272
Travel expenses	28,484	-	-	28,484
Uniforms	207,349	-	-	207,349
Utilities	204,880	-	-	204,880
Total cost of operations and maintenance	5,177,278	-	-	5,177,278
Operating appropriations offset with revenues:				
Salaries and Wages	224,382	-	-	224,382
Fringe Benefits	95,993	-	-	95,993
Other Expenditures:				
Other expenses	232,215	-	-	232,215
Total operating appropriations offset with revenues	552,590	-	-	552,590
Length of service awards program				
Participant withdrawals	476,647	-	-	476,647
Total length of service awards program	476,647	-	-	476,647
Capital appropriations	-	432,777	-	432,777
Total operating appropriations	7,318,706	432,777	-	7,751,483
Other financing sources:				
General Fund capital outlay purchased through finance proceeds	-	-	(1,394,126)	(1,394,126)
Proceeds from finance purchases	-	-	1,394,126	1,394,126
Unrealized gain on investments	107,431	-	-	107,431
Total other financing sources	107,431	-	-	107,431
Total governmental expenditures	7,211,275	432,777	-	7,644,052
Excess of revenues over expenditures	961,684	439,423	-	1,401,107
Fund balance, January 1	13,476,973	1,917,880	-	15,394,853
Fund balance, December 31	\$ 14,438,657	\$ 2,357,303	\$ -	\$ 16,795,960

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of the Governmental Funds to the District Wide Statement of Activities
December 31, 2023

Total net changes in Fund Balance - Governmental Funds (B-2)	\$	1,401,107
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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.</p>		
Length of service awards program expense		69,736
District contribution		(625,464)
Investment income - length of service awards program		(229,120)
Participant withdrawals		<u>476,647</u>
		(308,201)
<p>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.</p>		
Capital Outlays - General Fund		2,290,875
Capital Outlays - Capital Projects Fund		432,776
Depreciation expense		(697,828)
Valuation adjustment		<u>(70,526)</u>
		1,955,297
<p>Certain activity related to right to use assets and liabilities is not reported in governmental funds, whereas such activity is reported on the district wide statement of net position.</p>		
Amortization of right to use leased assets		(239,158)
Repayment of right to use lease liability		<u>226,583</u>
		(12,575)
<p>Accrual of interest on finance purchases is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the district wide statement of activities.</p>		
Prior year		-
Current year		<u>(12,225)</u>
		(12,225)
<p>Proceeds from finance purchases are recorded as an other financing source in the governmental funds, the amount is recorded as a long-term finance payable on the district wide statement of activities.</p>		
		(1,394,126)
<p>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 \$5,326.</p>		
		(5,326)
<p>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.</p>		
Pension (expense) benefit		<u>347,922</u>
		347,922
<p>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.</p>		
Other postemployment (expense) benefit		<u>(718,066)</u>
		<u>(718,066)</u>
Change in net position - Governmental Activities	\$	<u>1,253,807</u>

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

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

NOTE 1: GENERAL INFORMATION

Description of Reporting Entity

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

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

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

- the District 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, 2023:

<u>Officials</u>	<u>Term Expires:</u> <u>March</u>
James Golden	2025
Raymond Latshaw	2024
Leonard Minkler	2024
Daniel Roman	2026
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: Omnis - 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, 2023.

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. As of December 31, 2023, the District had \$1,240,102 of encumbrances.

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, 2023.

Prepaid Assets

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

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: *Investments Held at Fair Value* and Note 5: *Investments Held at Contract Value* for discussion of fair value and contract value measurements, respectively.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Limitation

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

Capital Assets

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

Right to use leased 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 leased 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 NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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

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

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making District and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Commissioners.
- 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.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of Recently Issued Accounting Pronouncements

Adopted Accounting Pronouncements

GASB has issued the following statements which became effective December 31, 2023, as shown below:

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of this statement did not have a material impact on the District's financial statements and related disclosures.

Accounting Pronouncements Effective in Future Reporting Periods

GASB has issued the following statements which are effective after December 31, 2023, as shown below:

Statement No. 100, *Accounting Changes and Error Corrections- an amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. The effective date is for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the potential impact of this pronouncement on the District's financial statements.

Statement No. 101, *Compensated Absences*. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet determine the potential impact of this pronouncement on the District's financial statements.

Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2023 through the date of November 4, 2024, which is the date the financial statements were available to be issued.

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

NOTE 3: CASH

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2023, and reported at fair value are as follows:

Type:	Carrying Value
Deposits:	
Demand deposits	\$ 6,830,698
Petty cash	200
Total deposits	\$ 6,830,898
 Reconciliation to the Governmental Funds:	
Governmental Funds	\$ 6,830,898
Total	\$ 6,830,898

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, 2023, the District’s bank balance of \$6,924,087 was insured or collateralized as follows:

Insured	\$ 380,949
Collateralized in the District’s name under GUDPA	6,543,138
Total	\$ 6,924,087

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;

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

NOTE 4: INVESTMENTS HELD AT FAIR VALUE (continued)

Investment Credit Risk (continued)

- 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. 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.

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)

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, 2023.

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
<i>Government backed securities</i>	\$ 2,452,409	\$ -	\$ -	\$ 2,452,409
Total investments held at fair value	<u>\$ 2,452,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,452,409</u>

NOTE 5: INVESTMENTS HELD AT CONTRACT VALUE

The District invests in the Empower Retirement general investment fund, which totaled \$8,037,110 as of December 31, 2023. 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. 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, 2023, accounts receivables consisted of the following:

SAFER Grant	\$ 26,812
Due from Toms River Fire District No. 2	47,654
Other receivables	31
Total	<u>\$ 74,497</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, 2023:

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

NOTE 7: CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Adjustments/ Retirements)</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 767,950	\$ 1,894,126	\$ -	\$ 2,662,076
Total capital assets not being depreciated	<u>767,950</u>	<u>1,894,126</u>	<u>-</u>	<u>2,662,076</u>
Capital assets being depreciated:				
Buildings and improvements	2,685,543	69,724	-	2,755,267
Land improvements	379,469	-	-	379,469
Trucks and equipment	<u>14,514,924</u>	<u>759,801</u>	<u>(218,919)</u>	<u>15,055,806</u>
Total capital assets being depreciated	<u>17,579,936</u>	<u>829,525</u>	<u>(218,919)</u>	<u>18,190,542</u>
Total capital assets	18,347,886	2,723,651	(218,919)	20,852,618
Less: accumulated depreciation:				
Buildings and improvements	(762,951)	(61,486)	-	(824,437)
Land improvements	(342,719)	(4,900)	-	(347,619)
Trucks and equipment	<u>(11,449,553)</u>	<u>(631,442)</u>	<u>148,393</u>	<u>(11,932,602)</u>
Total accumulated depreciation	<u>(12,555,223)</u>	<u>(697,828)</u>	<u>148,393</u>	<u>(13,104,658)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 5,792,663</u>	<u>\$ 2,025,823</u>	<u>\$ (70,526)</u>	<u>\$ 7,747,960</u>

NOTE 8: LONG-TERM OBLIGATIONS

During the fiscal year ended December 31, 2023 the following changes occurred in liabilities reported in long-term debt:

	<u>Beginning Balance</u>	<u>Accrued/ increases</u>	<u>(Retired)/ (decreases)</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated absences	\$ 248,181	\$ 5,326	\$ -	\$ 253,507	\$ -
Finance purchases payable	-	1,394,126	-	1,394,126	108,881
Net pension liability	3,123,628	-	(130,479)	2,993,149	-
Net other postemployment benefit liability	4,711,644	1,210,537	-	5,922,181	-
Net length of service awards program	10,761,216	1,192,239	(480,286)	11,473,169	-
Right to use lease liability	<u>943,924</u>	<u>-</u>	<u>(226,583)</u>	<u>717,341</u>	<u>224,304</u>
Total	<u>\$19,788,593</u>	<u>\$ 3,802,228</u>	<u>\$ (837,348)</u>	<u>\$22,753,473</u>	<u>\$ 333,185</u>

Vested Employee Benefits

In accordance with GASB-16 and NCGA-1 (Governmental Accounting and Financial Reporting Principles), the portion of estimated future payments for compensated absences that will use current expendable resources is reported as a current fund liability in the governmental activities fund and the balance of the liability is reported as non-current liability in the governmental activities fund. For the year ended December 31, 2023 the District did not have a current liability for compensated absences. The amounts included in the long-term liabilities consist of compensated absences totaling \$253,507.

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

NOTE 8: LONG-TERM OBLIGATIONS (continued)

Finance Purchase Payable

On October 12, 2023, the District adopted a resolution approving the purchase of a new communications equipment in the amount of \$1,846,126. Whereas the District provided a \$500,000 down payment from fire company donations and financed the balance of \$1,394,126 through a ten-year lease purchase agreement with an interest rate of 5.20%. The purchase agreement matures on November 1, 20233. The future minimum payments are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 108,881	\$ 73,534	\$ 182,415
2025	115,602	66,833	182,435
2026	121,614	60,821	182,435
2027	127,938	54,498	182,436
2028	134,590	47,845	182,435
2029 – 2033	785,501	126,694	912,195
Total	<u>\$ 1,394,126</u>	<u>\$ 430,225</u>	<u>\$ 1,824,351</u>

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 to use Lease Liability

The District entered into one (1) year lease agreements, in which management deemed it reasonably certain that the lease agreement would not terminate and would be renewed and effective for five (5) additional one year agreements, for the use of administrative and fire bureau office space and firehouses. A lease liability was recorded as of December 31, 2022, in the amount of \$943,924. As of December 31, 2023, the value of the lease liability is \$717,341. The District is required to make payments ranging from \$2,068 to \$12,561. The lease liability is measured at a discount rate of 3.25%. The right to use leased asset is described in more detail at Note 12: *Right to use Leased 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:

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

NOTE 8: LONG-TERM OBLIGATIONS (continued)

Right to use Lease Liability (continued)

	Principal	Interest	Total
2024	\$ 224,304	\$ 24,370	\$ 248,674
2025	237,532	15,618	253,150
2026	251,421	6,295	257,716
2027	4,084	50	4,134
Total	<u>\$ 717,341</u>	<u>\$ 46,333</u>	<u>\$ 763,674</u>

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 Annual Comprehensive Financial Report (ACFR), 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. 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.

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

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Basis of Presentation

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 2023, the State's pension contribution was more 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, 2023, the District's contractually required contribution to PERS plan was \$276,189.

Components of Net Pension Liability

On December 31, 2023, the District's proportionate share of the PERS net pension liability was \$2,993,149. The net pension liability was measured as of June 30, 2023. 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, 2022, which was rolled forward to June 30, 2023. 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, 2023. The District's proportion measured as of June 30, 2023, was 0.00206646739% which was a decrease of 0.0000334276% from its proportion measured as of June 30, 2022.

	Balance December 31,	
	2023	2022
	June 30, 2023	June 30, 2022
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 98,398	\$ 249,218
Deferred Inflows of Resources	332,808	716,247
Net Pension Liability	2,993,149	3,123,628
District's portion of the plan's total Net Pension Liability	0.02066%	0.02070%

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

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

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

On December 31, 2023, the District's proportionate share of the PERS (benefit) expense, calculated by the plan as of the June 30, 2023, measurement date is \$(78,209). On December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,618	\$ 12,235
Changes of assumptions	6,675	181,398
Net difference between projected and actual earnings on pension plan investments	13,784	-
Changes in proportion and differences between the District's contributions and proportion share of contributions	49,421	139,175
	\$ 98,398	\$ 332,808

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
2024	\$ (175,978)
2025	(106,156)
2026	105,309
2027	(40,010)
2028	(17,575)
Total	\$ (234,410)

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, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

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

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Special Funding Situation

In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the District as of December 31, 2023. On December 31, 2023, the State's proportionate share of the PERS expense, associated with the District, calculated by the plan as of the June 30, 2023, measurement date was \$9,335.

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:

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.

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

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions

The actuarial assumptions used in the July 1, 2022, 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, 2023) 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long -Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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.

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

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

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

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:

	1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 3,929,293	\$ 2,993,149	\$ 2,243,079

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

General Information about the Other Post-employment Benefits 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.

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.

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

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

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.

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, 2023, were \$3,461,898,890 and \$11,427,677,896, 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, 2022, through June 30, 2023. 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, 2023, is as follows:

Total OPEB liability	\$ 14,889,576,786
Plan fiduciary net position	(116,962,691)
Net OPEB liability	<u>\$ 15,006,539,477</u>

The total OPEB liability as of June 30, 2023, was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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%

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

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

Net OPEB Liability

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, 2022, 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.

OPEB Obligation and OPEB (Benefit) Expense

The District's proportionate share of the total OPEB Obligations was \$5,922,181. The OPEB Obligation was measured as of June 30, 2023, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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 0.039464%, which was an increase of 0.010289% from its proportion measured as of June 30, 2022. For the fiscal year ended June 30, 2023, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$910,256 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, 2023, measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend rate is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% decreasing to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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

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

Discount Rate

The discount rate for June 30, 2023, was 3.65%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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, 2023, 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:

	1 % Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
State's proportionate share of the Net OPEB Liability associated with the District	<u>\$ 6,859,773</u>	<u>\$ 5,922,181</u>	<u>\$ 5,168,032</u>
State's Total Nonemployer OPEB Liability	<u>\$ 17,382,355,978</u>	<u>\$ 15,006,539,477</u>	<u>\$ 13,095,561,553</u>

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

The following presents the net OPEB liability as of June 30, 2023, 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:

	1 % Decrease	Healthcare Cost Trend Rate	1% Increase
State's proportionate share of the Net OPEB Liability associated with the District	<u>\$ 5,033,157</u>	<u>\$ 5,922,181</u>	<u>\$ 7,060,403</u>
State's Total Nonemployer OPEB Liability	<u>\$ 12,753,792,805</u>	<u>\$ 15,006,539,477</u>	<u>\$ 17,890,743,651</u>

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

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

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, 2023:

	Balance December 31,	
	2023	2022
	June 30, 2023	June 30, 2022
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 7,751,581	\$ 6,457,183
Deferred Inflows of Resources	3,283,259	2,481,332
Net OPEB Liability	5,922,181	4,711,644
District's portion of the plan's total Net OPEB Liability	0.03946%	0.02918%

OPEB Deferred Outflows/Inflows of Resources

At December 31, 2023, the District's proportionate share of the OPEB outflows and inflows, calculated by the plan as of the June 30, 2023 measurement date is \$7,751,581 and \$3,283,259, respectively. At December 31, 2023, 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	\$ 273,100	\$ 1,608,271
Changes of assumptions	767,145	1,674,011
Net difference between projected and actual earnings on pension plan investments	-	977
Changes in proportion	6,711,336	-
	\$ 7,751,581	\$ 3,283,259

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
2024	\$ 286,894
2025	408,460
2026	661,058
2027	819,209
2028	677,068
Thereafter	1,615,633
Total	\$ 4,468,322

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 7.89, 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

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

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

Plan Membership

At July 1, 2022, the Program membership consisted of the following:

Active plan members	65,613
Retirees currently receiving benefits	34,771
Total plan members	100,384

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	\$ 597,135,801
Interest on Total OPEB Liability	581,375,849
Changes in benefit terms	23,039,435
Differences in expected and actual experience	(2,123,324,632)
Changes in assumptions	255,103,873
Contributions from the employer	(431,386,179)
Contributions from non-employer contributing entities	(55,614,980)
Net investment income	(2,001,914)
Administrative expenses	12,616,746
Net changes	(1,143,056,001)
 Total OPEB Liability (Beginning)	 16,149,595,478
 Total OPEB Liability (Ending)	 \$ 15,006,539,477

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, 2023 the District's contractually required contribution to the plan was \$625,464.

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.

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

NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM (continued)

Components of Net Pension Liability

At December 31, 2023, the District's net pension liability relating to the length of service awards program was \$11,473,169. The net pension liability was measured as of December 31, 2023. The net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of January 1, 2023, which was rolled forward to December 31, 2023. The components of the net pension liability at December 31, 2023, were as follows:

	Collective Balances December 31,	
	2023	2022
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 2,526,357	\$ 2,887,431
Deferred Inflows of Resources	3,807,605	4,572,431
Net Pension Liability	11,473,169	10,761,216

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, 2022	\$ 10,761,216	\$ -	\$ 10,761,216
Changes for the year:			
Service costs	191,423	-	191,423
Interest	398,818	-	398,818
Differences in expected and actual experience	171,533	-	171,533
Changes in assumptions	430,465	-	430,465
Benefit payments and expenses	(480,286)	-	(480,286)
Net changes	711,953	-	711,953
Balance at December 31, 2023	\$ 11,473,169	-	\$ 11,473,169

Pension Expense

The pension expense, calculated by the plan as of the December 31, 2023 measurement date is \$788,487 as follows:

Note:	Description:	Amount
A	Service Costs	\$ 191,423
B	Interest on the total pension liability	398,818
C	Differences between expected and actual experience	(79,724)
C	Changes in assumptions	277,970
	Total pension expense related to length of service awards program	\$ 788,487

Notes:

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

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 (continued)

	<u>Amount for Period (a)</u>	<u>Portion of Period (b)</u>	<u>Projected Rate of Return (c)</u>	<u>Projected Earnings (a) x (b) x (c)</u>
Beginning total pension liability	\$ 10,761,216	100%	3.79%	\$ 407,850
Service cost (year end)	191,423	0%	3.79%	-
Benefit payments	(476,646)	50%	3.79%	<u>(9,032)</u>
Total interest on the total pension liability				<u>\$ 398,818</u>

C Provided in the schedules of deferrals

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

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to LOSAP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 153,001	\$ 515,653
Changes of assumptions	<u>2,373,356</u>	<u>3,291,952</u>
	<u>\$ 2,526,357</u>	<u>\$ 3,807,605</u>

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

Year Ending December 31,	<u>Amount</u>
2024	\$ 198,244
2025	(117,597)
2026	(391,264)
2027	(391,266)
2028	(665,363)
Thereafter	85,998

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to December 31, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

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

NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM (continued)

Actuarial Assumptions (continued)

Inflation	0.0%
Salary increases	Not applicable
Investment rate of return	3.79% 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, 2023 actuarial valuation report.

Discount Rate

The discount rate used to measure the total pension liability was 3.79% which is based on the 20-year AA general obligation bond rate as of December 31, 2023.

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

	1 % Decrease (2.79%)	Current Discount Rate (3.79%)	1% Increase (4.79%)
Total LOSAP liability	<u>\$ 13,317,345</u>	<u>\$ 11,473,169</u>	<u>\$ 9,992,099</u>

NOTE 12: RIGHT TO USE LEASE ASSETS

The District has recorded a right to 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 to use asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
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	<u>1,153,854</u>	<u>-</u>	<u>(27,100)</u>	<u>1,126,754</u>
Less: accumulated amortization	<u>(235,639)</u>	<u>(239,158)</u>	<u>27,100</u>	<u>(447,697)</u>
Total right-of-use leased assets net of accumulated amortization	<u>\$ 918,215</u>	<u>\$ (239,158)</u>	<u>\$ -</u>	<u>\$ 679,057</u>

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

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 64% for all expenses through the year ended December 31, 2023. For the year ended December 31, 2023, 36% of expenses were allocated to District No. 2. The joint activities produce revenue from fees charged at the Fire Academy and from fire inspection fees. These revenues are returned to each District, based on the agreed upon ratio as described above. The Board of Commissioners of Fire District No. 1 has been designated as the “lead agency.” As such, it is responsible for the bookkeeping of the joint activities. These financial statements are abstracted from the accounting records of Fire District No. 1.

NOTE 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, 2023, the fire tax rate on the District was approximately \$.050 per \$100 of assessed valuation. The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of approximately \$20,097.

NOTE: 15: CONCENTRATIONS

A significant source of revenue for the District comes from its ability to levy property taxes (see Note 2 for detail on property taxes). The ability to levy property taxes, and the limits to which property taxes can be levied, are promulgated by State statute. As a result of this dependency, the District’s operations are significantly reliant and impacted by State laws and regulations regarding property taxes.

NOTE 16: RISKS AND UNCERTANTIES

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

NOTE 17: OTHER RECEIVABLES AND PAYABLES

Other receivable and payables are interfunds whose purpose is for short-term borrowing. As of December 31, 2023, the following interfund balances remained on the balance sheet:

Fund	Interfund receivable	Interfund payable
General	\$ -	\$ 2,432,857
Capital projects	2,432,857	-
Total	\$ 2,432,857	\$ 2,432,857

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.

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

NOTE 18: FUND BALANCE

General Fund – Of the \$14,438,657 General Fund, fund balance at December 31, 2023, \$8,037,110 is restricted for length of service awards program, \$210,000 is assigned for subsequent years expenditures, \$598,348 is assigned for other purposes and \$5,593,199 is unassigned.

Capital Projects Fund – Of the \$2,357,303 Capital Projects Fund, fund balance at December 31, 2023, \$1,041,956 is assigned for subsequent years expenditures, \$641,754 is assigned for other purposes and \$673,593 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 19: DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, district wide statement of net position, a deficit in unrestricted net position of \$(3,577,383) existed as of December 31, 2023 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 \$13,858,452 as of December 31, 2023. This deficit in unrestricted net position does not indicate that the District is facing financial difficulties.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Budgetary Comparison Schedule
For the year ended December 31, 2023

	<u>Original Budget</u>	<u>Modified Budget Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous revenues:				
Joint purchase agreement	\$ 1,141,710	\$ 1,141,710	\$ 1,201,775	\$ 60,065
Investment income	20,000	20,000	985	(19,015)
Fire company donation	500,000	500,000	500,000	-
Other revenue	30,000	30,000	65,088	35,088
	<u>1,691,710</u>	<u>1,691,710</u>	<u>1,767,848</u>	<u>76,138</u>
Total miscellaneous revenues				
Operating grant revenues:				
SAFER grant	133,939	133,939	57,423	(76,516)
Supplemental fire service act	20,097	20,097	20,097	-
	<u>154,036</u>	<u>154,036</u>	<u>77,520</u>	<u>(76,516)</u>
Total operating grant revenue				
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act:				
Annual registration fees	455,000	455,000	341,605	(113,395)
Penalties and fines	16,000	16,000	30,246	14,246
Other revenues	170,000	170,000	129,284	(40,716)
	<u>641,000</u>	<u>641,000</u>	<u>501,135</u>	<u>(139,865)</u>
Total uniform fire safety act				
	<u>641,000</u>	<u>641,000</u>	<u>501,135</u>	<u>(139,865)</u>
Total miscellaneous revenues offset with appropriations				
	<u>2,486,746</u>	<u>2,486,746</u>	<u>2,346,503</u>	<u>(140,243)</u>
Total revenues				
	<u>6,469,536</u>	<u>6,469,536</u>	<u>6,469,536</u>	<u>-</u>
Amount raised by taxation to support district budget				
	<u>8,956,282</u>	<u>8,956,282</u>	<u>8,816,039</u>	<u>(140,243)</u>
Total anticipated revenues				
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	486,500	466,500	448,374	18,126
Fringe benefits	318,889	288,889	242,361	46,528
Other expenditures:				
Contingencies	1,500	1,500	87	1,413
Dues and subscriptions	4,000	4,070	3,381	689
Elections	30,000	15,000	14,766	234
Insurance	90,300	91,533	91,265	268
Legal ads	3,700	3,700	1,692	2,008
Maintenance and repairs	25,000	15,000	8,564	6,436
Office supplies and postage	15,000	15,000	6,070	8,930
Other rentals	26,050	24,817	22,397	2,420
Operating materials and supplies	4,500	6,000	4,191	1,809
Other non-bondable assets	22,500	12,500	14,833	(2,333)
Payroll service	12,000	14,500	13,010	1,490
Permits, licenses and fees	12,000	12,000	4,965	7,035
Professional fees	171,000	264,900	226,901	37,999
Testimonials	3,000	3,000	604	2,396
Training and education	3,000	3,000	578	2,422
Travel expenses	13,000	3,000	650	2,350
Uniforms	2,000	500	240	260
Utilities	13,000	13,000	7,262	5,738
	<u>1,256,939</u>	<u>1,258,409</u>	<u>1,112,191</u>	<u>146,218</u>
Total administration				

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Budgetary Comparison Schedule (continued)
For the year ended December 31, 2023

	Actual			
	Original Budget	Modified Budget Budget	Budgetary Basis	Variance
Cost of operations and maintenance:				
Salaries and wages	1,388,643	1,395,643	1,280,091	115,552
Fringe benefits	977,081	917,085	742,650	174,435
Other expenditures:				
Contingencies	5,000	5,000	312	4,688
Contracted services	89,000	79,000	78,121	879
Dues and subscriptions	5,000	3,500	552	2,948
Homeland security grant	-	26,000	26,000	-
Insurance	20,000	18,833	18,748	85
Maintenance and repairs	507,500	602,818	481,797	121,021
Legal ads	250	933	890	43
Office supplies and postage	15,200	18,278	11,982	6,296
Operating materials and supplies	91,500	92,803	54,864	37,939
Other non-bondable assets	1,431,600	1,828,360	1,275,741	552,619
Other rentals	224,023	228,023	227,932	91
Permits, licenses and fees	2,500	2,500	2,180	320
Professional services	74,000	55,000	37,544	17,456
Rental charges	380,000	380,000	365,648	14,352
SAFER grant expenses	133,939	133,939	58,134	75,805
Supplemental fire grant	22,107	22,107	22,107	-
Training and education	58,800	79,907	51,272	28,635
Travel expenses	31,000	31,395	28,484	2,911
Uniforms	263,500	309,086	207,349	101,737
Utilities	215,500	220,300	204,880	15,420
Total cost of operations and maintenance	5,936,143	6,450,510	5,177,278	1,273,232
Operating appropriations offset with revenues:				
Salaries and Wages	243,357	188,357	224,382	(36,025)
Fringe Benefits	126,343	4,153	95,993	(91,840)
Other Expenditures:				
Other expenses	271,300	498,851	232,215	266,636
Total operating appropriations offset with revenues	641,000	691,361	552,590	138,771
Length of service awards program	650,000	650,000	625,464	24,536
Capital appropriations	872,200	1,547,366	432,777	1,114,589
Total operating appropriations	9,356,282	10,597,646	7,900,300	2,697,346

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Budgetary Comparison Schedule (continued)
For the year ended December 31, 2023

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Other financing sources:				
Unrealized gain/(loss) on investments	-	-	107,431	(107,431)
Total other financing sources	-	-	107,431	(107,431)
Total governmental expenditures	9,356,282	10,597,646	7,792,869	2,804,777
Excess (deficiency) of revenues over (under) expenditures	(400,000)	(1,641,364)	1,023,170	2,664,534
Fund balance, January 1	7,735,680	7,735,680	7,735,680	-
Fund balance, December 31	<u>\$ 7,335,680</u>	<u>\$ 6,094,316</u>	<u>\$ 8,758,850</u>	<u>\$ 2,664,534</u>

RECAPITULATION OF FUND BALANCE:

Fund balances:			
Restricted fund balance:			
Capital			\$ 673,593
Assigned fund balance:			
Designated for subsequent year's expenditures			1,251,956
Other purposes			1,240,102
Unassigned fund balance			<u>5,593,199</u>
Total fund balances - budgetary basis			<u>8,758,850</u>
Reconciliation to Governmental Activities (GAAP) fund balance:			
Length of service awards program investment balance not recognized on the budgetary basis			<u>8,037,110</u>
Total fund balance per Governmental Activities (GAAP)			<u>\$ 16,795,960</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Notes to the Required Supplementary Information
Budgetary Basis to the Governmental Funds Reconciliation
For the year ended December 31, 2023

	<u>Total Governmental Funds</u>
Sources / inflows of resources:	
Actual amounts (Budgetary Basis) revenues from the Budgetary Comparison Schedule (C-1)	\$ 8,816,039
Difference from budgetary basis to the Governmental Funds:	
Budgetary basis differs in that the District does not budget for length of service awards program income. However, GASB Statement No. 73 requires investment appreciation in the length of service awards program to be shown in financial statements using the current financial resources measurement focus and modified accrual basis of accounting.	<u>229,120</u>
Total revenues as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (B-2)	<u><u>\$ 9,045,159</u></u>
Use / outflows of resources:	
Actual amounts (Budgetary Basis) operating appropriations from the Budgetary Comparison Schedule (C-1)	\$ 7,792,869
Difference from budgetary basis to the Governmental Funds:	
Budgetary basis differs in that the District is required to budget for contributions to the length of service awards program. However, GASB Statement No. 73 requires expenditures in paid in accordance with the LOSAP plan be shown under the current financial resources measurement focus and modified accrual basis of accounting as follows:	
Length of service awards program contribution	(625,464)
Participant withdrawals	<u>476,647</u>
Total operating appropriations as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (B-2)	<u><u>\$ 7,644,052</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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.02066%	0.02070%	0.02177%	0.02158%	0.02095%	0.02218%	0.02208%	0.02128%	0.01830%	0.01790%
District's Proportionate Share of the Net Pension Liability	\$ 2,933,149	\$ 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
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 Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	198.76%	197.43%	159.73%	224.78%	251.44%	283.09%	330.98%	429.78%	301.09%	253.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Contractually Required Contribution	\$ 276,189	\$ 261,013	\$ 255,006	\$ 236,084	\$ 203,792	\$ 220,591	\$ 205,504	\$ 189,081	\$ 157,304	\$ 147,569
District's Contribution in Relation to the Contractually Required Contribution	(276,189)	(261,013)	(255,006)	(236,084)	(203,792)	(220,591)	(205,504)	(189,081)	(157,304)	(147,569)
District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 1,556,913	\$ 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
District's Contributions as a Percentage of its Covered-Employee Payroll	17.74%	17.69%	16.12%	14.62%	13.02%	14.69%	13.32%	12.18%	10.73%	10.82%

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	421,877	271,479	271,479	302,564
	<u>(683,166)</u>	<u>1,065,230</u>	<u>2,080,173</u>	<u>515,369</u>
Net change in total OPEB liability				
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	<u>\$ 1,582,129</u>	<u>\$ 1,614,972</u>	<u>\$ 1,565,686</u>	<u>\$ 1,501,378</u>
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.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability
Local Government Retired Employees Plan
Last Two Fiscal Years *

	Measurement Date Ended June 30,	
	2023	2022
District's Proportion of the Other Postemployment Benefit Liability	0.03946%	0.02918%
District's Proportionate Share of the Net Other Postemployment Benefit Liability	\$ 5,922,181	\$ 4,711,644
District's Covered-Employee Payroll	\$ 1,475,717	\$ 1,582,129
District's Proportionate Share of the Net Other Postemployment Benefit Liability as a Percentage of its Covered-Employee Payroll	401.31%	297.80%
Plan Fiduciary Net Position (Deficit) as a Percentage of the Total Other Postemployment Benefit Liability	(0.79%)	(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 Seven Fiscal Years *

	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability:							
Changes in assumptions	\$ 430,465	\$ (4,608,732)	\$ 425,362	\$ 1,799,965	\$ 1,905,691	\$ 96,110	\$ 2,425,047
Differences between expected and actual experience	171,533	(650,791)	5,449	(99,554)	10,002	(7,156)	1
Interest	398,818	627,738	274,545	260,254	300,558	393,467	264,833
Payments for benefits and admin expenses	(480,286)	(555,681)	(397,712)	(405,283)	(412,100)	(294,465)	(333,360)
Service cost	191,423	172,997	350,172	349,074	275,902	194,235	238,963
Net Change in Total Pension Liability	711,953	(5,014,469)	657,816	1,904,456	2,080,053	382,191	2,595,484
Total Pension Liability - Beginning	10,761,216	15,775,685	15,117,869	13,213,413	11,133,360	10,751,169	8,155,685
Total Pension Liability - Ending	\$ 11,473,169	\$ 10,761,216	\$ 15,775,685	\$ 15,117,869	\$ 13,213,413	\$ 11,133,360	\$ 10,751,169
Net Pension Liability - LOSAP	\$ 11,473,169	\$ 10,761,216	\$ 15,775,685	\$ 15,117,869	\$ 13,213,413	\$ 11,133,360	\$ 10,751,169
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	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	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expected Average Remaining Service Years for all Participants	7	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

None noted.

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>
2023	7.00%	2018	5.66%
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%
2020	7.00%	2015	4.90%
2019	6.28%	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>
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	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, 2022, to June 30, 2023, 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, 2022, to June 30, 2023, was a result of an update in census information, and premiums and claims experience.

Changes of Assumptions

The increase in changes in assumptions from June 30, 2022, to June 30, 2023, is a result of a change in the discount rate, trend update, and an experience study update.

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>
2023	3.65%	2020	2.21%	2017	3.58%
2022	3.54%	2019	3.50%	2016	2.85%
2021	2.16%	2018	3.87%		

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Notes to the Required Supplementary Information (continued)
December 31, 2023

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>
2023	3.79%	2019	2.75%
2022	4.05%	2018	3.71%
2021	1.84%	2017	4.50%
2020	2.00%		

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
 Long-Term Debt
 Schedule of Obligations Under Finance Purchases
 For the year ended December 31, 2023

Description	Date of Financing	Term of Financing	Amount of Original Financing		Annual Maturity Date	Interest Payable	Interest Rate Payable	Amount Outstanding January 1, 2023	Issued	Retired	Amount Outstanding December 31, 2023		
			Principal	Interest									
Communications Equipment	October 27, 2023	Ten Years	\$ 1,394,126	\$ 430,225	November 11, 2024	5.200%	\$ -	\$ 1,394,126	\$ -	\$ -	\$ 1,394,126		
					November 11, 2025	5.200%							
					November 11, 2026	5.200%							
					November 11, 2027	5.200%							
					November 11, 2028	5.200%							
					November 11, 2029	5.200%							
					November 11, 2030	5.200%							
					November 11, 2031	5.200%							
					November 11, 2032	5.200%							
					November 11, 2033	5.200%							
						Total	\$ -	\$ 1,394,126	\$ -	\$ 1,394,126			

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF TOMS RIVER
Long-term Schedule of Lease Obligations
For the Year Ended December 31, 2023

Description	Date of Lease	Term of Lease	Annual Maturities		Interest Rate	Balance		Issued	Retired	Balance December 31, 2023
			Date	Amount		January 1, 2023	December 31, 2023			
Property Lease - Board of Commissioners	January 1, 2022	Five Years	December 31, 2024	\$ 19,081	3.250%	\$	\$ 84,678	\$ -	\$ (17,315)	\$ 67,363
			December 31, 2025	21,027	3.250%					
			December 31, 2026	23,171	3.250%					
			December 31, 2027	4,084	3.250%					
Property Lease - Bureau of Fire Prevention	January 1, 2019	Five Years				14,441			(14,441)	-
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2024	21,510	3.250%		88,545		(20,420)	68,125
			December 31, 2025	22,692	3.250%					
			December 31, 2026	23,923	3.250%					
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2024	31,579	3.250%		129,995		(29,979)	100,016
			December 31, 2025	33,315	3.250%					
			December 31, 2026	35,122	3.250%					
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2024	26,376	3.250%		108,577		(25,040)	83,537
			December 31, 2025	27,826	3.250%					
			December 31, 2026	29,335	3.250%					
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2024	39,226	3.250%		161,477		(37,239)	124,238
			December 31, 2025	41,383	3.250%					
			December 31, 2026	43,628	3.250%					
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2024	44,273	3.250%		182,251		(42,031)	140,220
			December 31, 2025	46,707	3.250%					
			December 31, 2026	49,241	3.250%					
Property Lease - Firehouse	January 1, 2022	Five Years	December 31, 2024	42,259	3.250%		173,960		(40,118)	133,842
			December 31, 2025	44,582	3.250%					
			December 31, 2026	47,001	3.250%					
Total							\$ 943,924	\$ -	\$ (226,583)	\$ 717,341



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, 2023. 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 AND RECOMMENDATIONS

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 7, 2022 and adopted its operating budget on January 4, 2023.

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

November 4, 2024
Lakewood, New Jersey