

**FIRE DISTRICT NO. 4  
OF THE TOWNSHIP OF JACKSON**

**Financial Statements and Supplementary Information**

**For the year ended December 31, 2022**

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

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners  
Jackson Board of Fire Commissioners No. 4  
County of Ocean  
Jackson Township, 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. 4 of the Township of Jackson (hereafter referred to as the District), County of Ocean, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it

to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, is for purposes of additional analysis and are not a required part of the basic financial statements.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The long-term debt schedule of obligations under finance purchases is 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 long-term debt schedule of obligations under finance purchases is 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 February 23, 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*

February 23, 2024  
Lakewood, New Jersey



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

To the Board of Fire Commissioners  
Fire District No. 4 of the Township of Jackson  
County of Ocean  
Jackson Township, State of New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fire District No. 4 of the Township of Jackson (hereafter referred to as the “District”), County of Ocean, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated February 23, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered District 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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompany General Comments and Recommendations as finding 2022-001.

### **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*

February 23, 2024  
Lakewood, New Jersey

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

As management of the Fire District No. 4 of the Township of Jackson (hereafter referred to as the District) offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended, December 31, 2022. The intent of this narrative is to look at the District's overall financial performance in terms easily understood by the layperson. Please read this in conjunction with the District's financial statements which begin on page 13. Notes to the financial statements will provide the reader with additional useful information and they begin on page 19.

**FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at December 31, 2022 by approximately \$1,509,000. During 2021 the excess

- of assets and deferred outflows of resources over liabilities and deferred inflows of resources was approximately \$1,756,600. This is a decrease of approximately \$247,600.

During 2022 the District operated at a deficit of approximately \$247,600. During 2021 the Fire

- District operated at a deficit of approximately \$162,300. This is an increase of approximately \$85,300.

- The District's liabilities and deferred inflows of resources increased approximately \$1,052,700 in 2022 and their assets and deferred outflows of resources increased by approximately \$805,100.

- As described in Note 2 to the financial statements the District has adopted the provisions of GASB Statement No. 87, Leases, for the year ended December 31, 2022. The adoption of this statement did not have a material affect on the 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 7. District wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

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



The district wide financial statements report on the financial data by function. The District has one basic function: activities that are supported by property taxes. The District provides firefighting services to the citizens of Jackson Township, 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 governmental funds; the General Fund, Capital Projects Fund and the 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, the 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 2022, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$1,509,000. 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.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON  
DISTRICT WIDE STATEMENT OF NET POSITION  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Current and other assets	\$ 2,679,343	\$ 2,517,406	\$ 161,937	6.43%
Capital assets	<u>3,050,181</u>	<u>2,407,068</u>	<u>643,113</u>	26.72%
Total assets and deferred outflows of resources	5,729,524	4,924,474	805,050	16.35%
Total liabilities and deferred inflows of resources	<u>(4,220,494)</u>	<u>(3,167,834)</u>	<u>1,052,660</u>	(33.23%)
Net position	<u>\$ 1,509,030</u>	<u>\$ 1,756,640</u>	<u>\$ (247,610)</u>	(14.10%)

**Analysis of net position**

Invested in capital assets, net of related debt	\$ 2,587,794	\$ 2,407,068	\$ 180,726	7.51%
Restricted for:				
Capital projects	352,221	488,112	(135,891)	(27.84%)
Unrestricted	<u>(1,430,985)</u>	<u>(1,138,540)</u>	<u>(292,445)</u>	(25.69%)
Total net position	<u>\$ 1,509,030</u>	<u>\$ 1,756,640</u>	<u>\$ (247,610)</u>	(14.10%)

**2022 Net Position**



**2021 Net Position**



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

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

The net position of the District decreased approximately \$247,600 as a result of the current year deficit. In 2022 the capital assets increased by approximately \$643,100 after depreciation expense.

**DISTRICT WIDE FINANCIAL ANALYSIS (continued)**

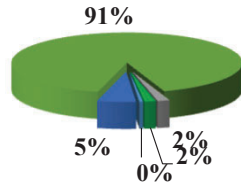
**Governmental Activities**

The district wide statement of activities shows the cost of the governmental activities program services. A summary of these activities follows:

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON  
DISTRICT WIDE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022 AND 2021**

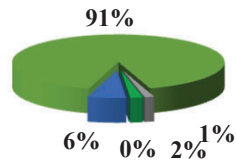
	<u>2022</u>	<u>2021</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 131,350	\$ 123,620	\$ 7,730	6.25%
Cost of operations and maintenance	2,196,233	1,911,304	284,929	14.91%
Revenues offset with appropriations	41,444	31,005	10,439	33.67%
Length of service awards program contribution	38,909	41,015	(2,106)	(5.13%)
Interest expense	<u>12,681</u>	<u>-</u>	<u>12,681</u>	100.00%
Total program expenses	2,420,617	2,106,944	313,673	14.89%

**2022 Program Expenses**



- Administrative
- Cost of Operations
- Revenues offset with Appropriations
- Length of Service Awards Program

**2021 Program Expenses**



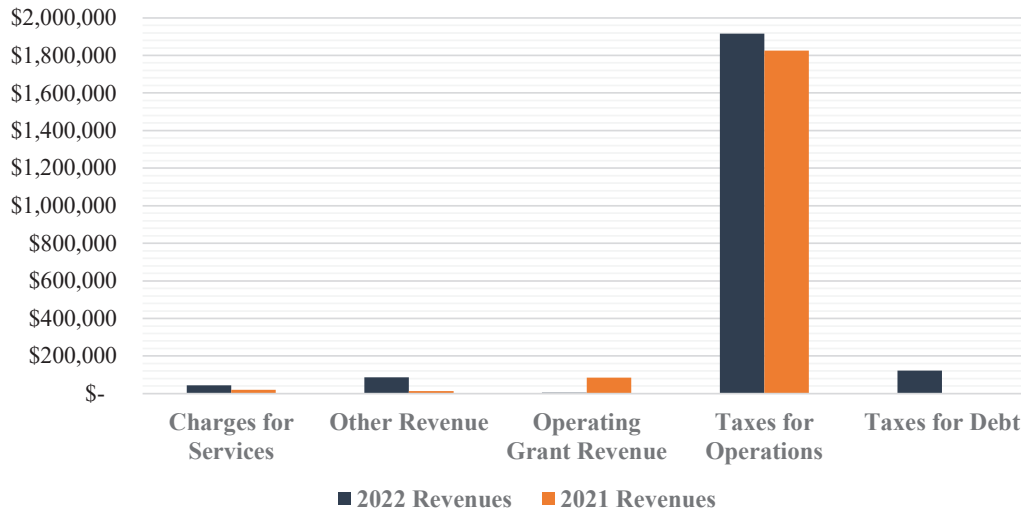
- Administrative
- Cost of Operations
- Revenues offset with Appropriations
- Length of Service Awards Program
- Interest Expense

**DISTRICT WIDE FINANCIAL ANALYSIS (continued)**

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON  
DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)  
YEAR ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Program revenues:				
Charges for services	43,672	20,932	22,740	108.64%
Total program revenues	<u>43,672</u>	<u>20,932</u>	<u>22,740</u>	108.64%
Net program expenses	2,376,945	2,086,012	290,933	13.95%
General revenues:				
Property taxes levied for:				
General purposes	1,916,223	1,825,921	90,302	4.95%
Debt service	122,319	-	122,319	100.00%
Total property taxes levied	<u>2,038,542</u>	<u>1,825,921</u>	<u>212,621</u>	11.64%
Other revenue	86,451	13,455	72,996	542.52%
Operating grant revenue	4,342	84,315	(79,973)	(94.85%)
Total general revenues	<u>2,129,335</u>	<u>1,923,691</u>	<u>205,644</u>	10.69%
Increase (decrease) in net position	(247,610)	(162,321)	(85,289)	52.54%
Net position, January 1	<u>1,756,640</u>	<u>1,918,961</u>	<u>(162,321)</u>	(8.46%)
Net position, December 31	<u>\$ 1,509,030</u>	<u>\$ 1,756,640</u>	<u>\$ (247,610)</u>	(14.10%)

**Revenues**



Property tax revenue constituted 94% of the total governmental activities revenues received by the District in 2022 and 94% in 2021.

The Cost of Operations & Maintenance comprised 91% and 91% of the District's total expenses in 2022 and 2021, respectively. Administration expenses comprised 5% and 6% of the total expenses in 2022 and 2021, respectively.

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

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

### **Governmental Fund**

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

As of December 31, 2022, the combined balance of the governmental cash funds of the District was approximately \$658,600. This balance is approximately \$115,600 higher than last year's combined governmental funds balance.

The combined balance of the governmental funds of the District was approximately \$1,132,100. Unassigned fund balance amounted to approximately \$50,400 of that total. Funds of approximately \$300,000 have been designated for use in the 2023 Budget.

The general fund is the main operating fund of the District. At the end of 2022, the total fund balance of the general fund was approximately \$779,900. Of this balance, approximately \$50,400 of it was unassigned.

During 2022 the general fund balance of the District increased by approximately \$510,200. The primary reason for this increase are as follows:

- The Board had revenues in excess of expenses of approximately \$510,200.

At the end of 2022, the District had a capital projects fund balance of approximately \$352,200. This is a decrease of \$135,900. The primary reason for this decrease are as follows:

- The Board had expenses in excess of revenues of approximately \$135,900.

### **General Fund Budgetary Highlights**

The 2022 Budget had a deficit in revenues and the District required the utilization of unrestricted surplus accumulated from prior years. The unused surplus becomes available for future budget periods as undesignated surplus in the General Fund.

- The District had total actual revenues in excess of budgeted revenues of approximately \$94,600 in 2022.
- Overall, the District's expenditures were approximately \$186,100 more than originally anticipated in the operating budget for 2022.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of December 31, 2022 the District had invested in capital assets for government activities of approximately \$3,050,200 (net of accumulated depreciation). Capital assets consist of building improvements, equipment and vehicles and apparatus.

#### FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>	<u>\$ Increase (Decrease)</u>
Capital Assets:			
Buildings and improvements	\$ 3,447,021	\$ 3,447,021	\$ -
Equipment	1,349,165	1,171,830	177,335
Vehicles and apparatus	<u>3,545,818</u>	<u>2,771,963</u>	<u>773,855</u>
Total depreciable assets	<u>8,342,004</u>	<u>7,390,814</u>	<u>951,190</u>
Accumulated depreciation	<u>(5,291,823)</u>	<u>(4,983,746)</u>	<u>(308,077)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 3,050,181</u>	<u>\$ 2,407,068</u>	<u>\$ 643,113</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

The District adopted their 2023 budget on January 12, 2023. The voters subsequently voted to approve the budget at the February election. The 2023 adopted budget reflected an increase in the tax levy of \$140,719, in which the Board anticipates no significant change to the fire tax rate.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Fire District No. 4 of the Township of Jackson's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to Cheryl Parker, Fire District No. 4 of the Township of Jackson, 465A North County Line Road, Jackson, New Jersey, 08527.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**District Wide Statement of Net Position**  
**December 31, 2022**

<b>ASSETS</b>	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets:	
Cash (Note 3)	\$ 658,569
Investments (Note 5)	334,483
Accounts receivable (Note 4)	158,195
Prepaid assets	26,966
Total current assets	1,178,213
Noncurrent assets:	
Investment in length of service awards program:	
at fair value (Note 5)	405,499
at contract value (Note 6)	127,425
Total investment in length of service awards program	532,924
Total noncurrent assets	532,924
Capital assets, net:	
Depreciable (Note 7)	3,050,181
Total capital assets	3,050,181
Total assets	4,761,318
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions (Note 9)	968,206
Total deferred outflow of resources	968,206
Total assets and deferred outflow of resources	\$ 5,729,524
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 220,029
Accrued expenses	77,974
Accrued pension	254,061
Current portion of finance purchases payable (Note 8)	111,684
Total current liabilities	663,748
Noncurrent liabilities:	
Finance purchase payable, net of current portion (Note 8)	350,703
Compensated absences (Note 8)	156,460
Net pension liability (Note 9)	2,071,472
Investment in length of service award program payable (Note 10)	576,754
Total noncurrent liabilities	3,155,389
Total liabilities	3,819,137
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions (Note 9)	401,357
Total deferred inflow of resources	401,357
Total liabilities and deferred inflow of resources	4,220,494
<b>NET POSITION</b>	
Net investment in capital assets	2,587,794
Restricted for:	
Capital projects	352,221
Unrestricted (Note 14)	(1,430,985)
Total net position	1,509,030
Total liabilities, deferred inflows of resources and net position	\$ 5,729,524

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**District Wide Statement of Activities**  
**For the year ended December 31, 2022**

	<b>Expenses</b>	<b>Charges for Services</b>	<b>Governmental Activities</b>
Governmental activities:			
Operating appropriations:			
Administration	\$ 131,350	\$ -	\$ 131,350
Costs of operations and maintenance	2,196,233	-	2,196,233
Operating appropriations offset with revenues	41,444	43,672	(2,228)
Length of service awards program contribution	38,909	-	38,909
Interest expense	12,681	-	12,681
Total operating appropriations	\$ 2,420,617	\$ 43,672	2,376,945
General revenues:			
Miscellaneous revenue			86,451
Operating grant revenues			4,342
Amount raised by taxation			2,038,542
Total general revenues			2,129,335
Change in net position			(247,610)
Net position, January 1			1,756,640
Net position, December 31			\$ 1,509,030

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



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
<b>Current assets:</b>				
Cash	\$ 658,569	\$ -	\$ -	\$ 658,569
Investments		334,483	-	334,483
Accounts receivable	158,195	-	-	158,195
Other receivables	-	71,938	-	71,938
Total current assets	<u>816,764</u>	<u>406,421</u>	<u>-</u>	<u>1,223,185</u>
<b>Noncurrent assets:</b>				
Investment in length of service awards program				
at fair value	405,499	-	-	405,499
at contract value	127,425	-	-	127,425
Total investment in length of service awards program	<u>532,924</u>	<u>-</u>	<u>-</u>	<u>532,924</u>
Total noncurrent assets	<u>532,924</u>	<u>-</u>	<u>-</u>	<u>532,924</u>
Total assets	<u>\$ 1,349,688</u>	<u>\$ 406,421</u>	<u>\$ -</u>	<u>\$ 1,756,109</u>
<b>Liabilities, equity and other credits:</b>				
Accounts payable	\$ 165,829	\$ 54,200	\$ -	\$ 220,029
Accrued expenses	77,974	-	-	77,974
Accrued pension	254,061	-	-	254,061
Other payables	71,938	-	-	71,938
Total liabilities	<u>569,802</u>	<u>54,200</u>	<u>-</u>	<u>624,002</u>
<b>Fund balances:</b>				
<b>Restricted for:</b>				
Capital	-	202,221	-	202,221
Investment in length of service awards program	576,754	-	-	576,754
<b>Assigned for:</b>				
Subsequent year's expenditures	150,000	150,000	-	300,000
Other purposes	2,767	-	-	2,767
<b>Unassigned, reported in:</b>				
General fund	50,365	-	-	50,365
Total fund balances	<u>779,886</u>	<u>352,221</u>	<u>-</u>	<u>1,132,107</u>
Total liabilities and fund balances	<u>\$ 1,349,688</u>	<u>\$ 406,421</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the statement of net position (A-1) are different because:				
Prepaid expenses are reported in governmental funds as expenditures. However, in the statement of net position, the cost of those assets is expensed.				
				26,966
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.				
				3,050,181
Deferred outflows and inflows of resources related to pensions and other post-employment health benefits are applicable to future reporting periods and, therefore, are not reported in the funds.				
				566,849
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.				
				<u>(3,267,073)</u>
Net position of governmental activities				<u>\$ 1,509,030</u>

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2022**

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Miscellaneous anticipated revenue:				
Investment income - unrestricted cash and investments	\$ 5,859	\$ -	\$ -	\$ 5,859
Other revenue	80,592	-	-	80,592
Total miscellaneous revenues	86,451	-	-	86,451
Operating grant revenue:				
Supplemental fire service grant	4,342	-	-	4,342
Total operating grant revenue	4,342	-	-	4,342
Revenues offset with appropriations:				
Uniform fire safety act	43,672	-	-	43,672
Total revenues offset with appropriations	43,672	-	-	43,672
Total revenues	134,465	-	-	134,465
Amount raised by taxation to support district budget	1,916,223	-	122,319	2,038,542
Total anticipated revenues	2,050,688	-	122,319	2,173,007
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	22,500	-	-	22,500
Other expenditures:				
Elections	6,744	-	-	6,744
Office expenses	13,601	-	-	13,601
Bond agent	10,093	-	-	10,093
Professional fees	78,412	-	-	78,412
Total administration	131,350	-	-	131,350
Cost of operations and maintenance:				
Salaries and wages	736,879	-	-	736,879
Fringe benefits	568,074	-	-	568,074
Other expenditures:				
Advertising	641	-	-	641
Fire prevention	659	-	-	659
Fire service agreement	50,000	-	-	50,000
Firefighter expenses	33,499	-	-	33,499
Gear	15,277	-	-	15,277
Insurance	76,783	-	-	76,783
Maintenance and repairs	131,946	-	-	131,946
Other non-bondable assets	187,351	-	-	187,351
Rental charges	68,880	-	-	68,880
SCBA	13,880	-	-	13,880
Supplies	42,164	-	-	42,164
Training and education	25,139	-	-	25,139
Technology	853	-	-	853
Utilities	72,593	-	-	72,593
Total cost of operations and maintenance	2,024,618	-	-	2,024,618

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

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Statement of Revenues, Expenditures and Changes in Fund Balance (continued)**  
**Governmental Funds**  
**For the year ended December 31, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Operating appropriations offset with revenues:				
Salaries and wages	25,000	-	-	25,000
Other expenditures:				
UFSA supplies	16,444	-	-	16,444
Total operating appropriations offset with revenues	41,444	-	-	41,444
Length of service awards program:				
Administrative fees	925	-	-	925
Depreciation in the value of length of service awards program	100,774	-	-	100,774
Participant withdrawals	20,837	-	-	20,837
Total length of service awards program	122,536	-	-	122,536
Capital appropriations	-	812,915	-	812,915
Debt service for capital appropriations:				
Principal on finance purchase	-	-	109,638	109,638
Interest on finance purchase	-	-	12,681	12,681
Total debt service for capital appropriations	-	-	122,319	122,319
Total operating appropriations	2,319,948	812,915	122,319	3,255,182
Excess (efficiency) of revenues over (under) expenditures before other financing sources/(uses)	(269,260)	(812,915)	-	(1,082,175)
Other financing source and uses:				
Proceeds from finance purchases	-	572,024	-	572,024
Transfer from General Fund to Capital Projects Fund	(105,000)	105,000	-	-
Total other financing sources and uses	(105,000)	677,024	-	572,024
Excess (efficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(374,260)	(135,891)	-	(510,151)
Fund balance, January 1	1,154,146	488,112	-	1,642,258
Fund balance, December 31	<u>\$ 779,886</u>	<u>\$ 352,221</u>	<u>\$ -</u>	<u>\$ 1,132,107</u>

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

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Reconciliation of Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balance**  
**to the District Wide Statement of Activities**  
**December 31, 2022**

Total net changes in Fund Balance-Governmental Funds (B-2) \$ (510,151)

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

Prepaid assets are reported in governmental funds as expenditures. However, in the district wide statement of net position, the cost of those assets are expensed.

	Prior year	(26,101)	
	Current year	26,966	865

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

	Length of service awards program contribution	(38,909)	
	Depreciation in the value of length of service awards program	100,774	
	Administrative fees	925	
	Participant withdrawals	20,837	83,627

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

	Capital Outlay - General Fund	138,274	
	Capital Outlay - Capital Projects Fund	812,915	
	Depreciation Expense	(308,077)	643,112

Proceeds from finance purchases are recorded as an other financing source (use) in the governmental funds but the proceeds are as long-term liabilities in the district wide statement of net position and is not reported in the district wide statement of activities. (572,024)

Repayment of finance purchases is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the district wide statement of net position and is not reported in the district wide statement of activities. 109,638

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 \$45,096. (45,096)

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 pension, is reported in the district wide statement of activities.

	Pension benefit (expense)	42,419	42,419
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Changes in net position of governmental activities \$ (247,610)

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

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements**

**NOTE 1: GENERAL INFORMATION**

**Description of Reporting Entity**

Fire District No. 4 of the Township of Jackson (hereafter referred to as the District), is a political subdivision of the Township of Jackson Township, County of Ocean, State of New Jersey. A board of five fire commissioners oversees all of the operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of February.

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

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

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

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

**District Officials**

The District is governed by a board of five commissioners. The following were in office at December 31, 2022:

<u>Officials:</u>	<u>Term Expires</u> <u>March</u>
Alfred Couceiro	2024
Philip Goldman	2024
Wallace Jamison	2023
Shane O'Brien	2025
Raymond Torres, Jr.	2023

**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. 4 OF THE TOWNSHIP OF JACKSON**  
**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, 2022.

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

**Basis of Presentation**

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

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

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

**Fund Accounting**

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

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

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**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.

*Debt Service Fund*

The Debt Service Fund is used to account for resources that will be used to service general long-term debt.

**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.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

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

*Fund Financial Statements*

The fund financial statements provide detail of the governmental funds.

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 DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Budgets and Budgetary Accounting (continued)**

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.

**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. There were \$2,767 of encumbrances at December 31, 2022.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds and cash in banks. Fire Districts are required by *N.J.S.A. 40A: 5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. *N.J.S.A. 40A: 5-15.1* provides a list of investments that may be purchased by fire districts. *N.J.S.A. 17:9-42* requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and National banks) and savings banks the deposits of which they are federally insured. All public depositories must pledge collateral, having a market value of five percent of its average daily balance of collected public funds, to secure the deposits of governmental units. If public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

**Prepaid Expenses**

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

**Debt Limitation**

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

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Capital Assets**

Capital assets, which include, buildings and improvements, equipment and vehicles and apparatus are 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:

Buildings and improvements	10 to 25 Years
Equipment	5 to 15 Years
Vehicles and apparatus	5 to 25 Years

**Inventory, Materials and Supplies**

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

**Other Receivables and Payables**

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

**Revenues and Expenditures – Governmental Funds**

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

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

**Fire District Taxes**

Upon proper certification to the assessor of the municipality in which the District is located, the assessor shall assess the amount of taxes to be realized in support of the District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the District the taxes assessed in accordance with the following schedule: on or before April 1, and amount equaling 21.25% of all monies assessed; on or before July 1, an amount equaling 22.5% of all monies assessed, on or before October 1, an amount equaling 25% of all monies assessed and on or before December 31 an amount equal to the difference between the total of all monies assessed and the total of monies previously paid over.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Deferred Outflows and Deferred Inflows of Resources**

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

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

**Pension**

For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and expenses, information about the fiduciary net position of the Police and Firemen's Retirement System (PFRS) and additions to/deductions from the PFRS' fiduciary net position have been determined on the same basis as they are reported by the plan. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Equity**

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

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

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Net Position (continued)**

- 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.

**Recently Adopted Accounting Pronouncements**

The GASB has issued the following statements which will become effective in future fiscal years as shown below:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. The District adopted Statement No. 87 in the current year. The implementation of Statement No. 87 did not have a material effect on the financial statements and related disclosures.

**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 5 and Note 6 for discussion of fair value and contract value measurements, respectively.

**Subsequent Events**

The District has evaluated subsequent events occurring after December 31, 2022 through the date of February 23, 2024, which is the date the financial statements were available to be issued.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**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, 2022, and reported at fair value are as follows:

<b>Type</b>	<b>Carrying Value</b>
<b>Deposits:</b>	
Demand deposits	\$ 658,569
Total deposits	<u>\$ 658,569</u>

**Reconciliation to the Governmental Funds**

Governmental Funds	\$ 658,569
Total	<u>\$ 658,569</u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2022, the District's bank balance of \$715,433 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the District's name under GUDPA	<u>465,433</u>
Total	<u>\$ 715,433</u>

**NOTE 4: ACCOUNTS RECEIVABLE**

As of December 31, 2022, accounts receivables consisted of the following:

Supplemental fire service grant	\$ 8,743
Supplemental fire service grant	4,342
Local fees	22,491
Other	<u>122,619</u>
Total	<u>\$ 158,195</u>

**NOTE 5: 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.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Investment Interest Rate Risk**

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

**Investment Credit Risk**

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

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

**Fair Value Measurement**

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

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.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Fair Value Measurement (continued)**

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:

*Certificates of Deposit* – Certificates of deposits approximate fair value, based on estimates using current market rates offered for deposits with similar remaining maturities.

*Registered Investment Companies* – Investments in registered investment companies consist of shares of mutual funds that are valued at quoted market prices which represent the NAV of shares held by the LOSAP Plan at year-end.

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 LOSAP Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the value hierarchy, the District’s investments at fair value at December 31, 2022.

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 334,483	\$ -	\$ 334,483
Registered investment companies	<u>405,499</u>	<u>-</u>	<u>-</u>	<u>405,499</u>
Total investments held at fair value	<u>\$ 405,499</u>	<u>\$ 334,483</u>	<u>\$ -</u>	<u>\$ 739,982</u>

**NOTE 6: INVESTMENTS HELD AT CONTRACT VALUE**

The District held a fully benefit-responsive investment contract with Lincoln Financial (Lincoln) totaling \$127,425 as of December 31, 2022. Lincoln maintains the contributions in the group fixed annuity contract (fixed account). 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 Lincoln 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*).



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

**NOTE 7: CAPITAL ASSETS**

*N.J.S.A. 40A: 14-84* governs the procedures for the acquisition of property and equipment for fire districts, and the *N.J.S.A. 40A: 14-85-87* governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase firefighting apparatus, equipment, land, and buildings to house such property in an amount not exceeding five mills on the dollar of the least assessed valuation of property within the District upon the approval of the legal voters. Debt may be issued up to \$60,000 or two percent of the assessed valuation of property, whichever is larger. Capital assets consisted of the following at December 31, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets that are not being depreciated:				
Building in progress	\$ -	\$ -	\$ -	\$ -
Total capital assets that are not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	3,447,021	-	-	3,447,021
Equipment	1,171,830	177,334	-	1,349,164
Vehicles and apparatus	<u>2,771,963</u>	<u>773,855</u>	-	<u>3,545,819</u>
Total capital assets being depreciated	<u>7,390,814</u>	<u>951,189</u>	-	<u>8,342,004</u>
Less: accumulated depreciation:				
Buildings and improvements	(2,403,028)	(75,267)	-	(2,478,295)
Equipment	(820,219)	(122,246)	-	(942,465)
Vehicles and apparatus	<u>(1,760,499)</u>	<u>(110,564)</u>	-	<u>(1,871,063)</u>
Total accumulated depreciation	<u>(4,983,746)</u>	<u>(308,077)</u>	-	<u>(5,291,823)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>2,407,068</u>	<u>643,113</u>	-	<u>3,050,181</u>
Total capital assets	<u>\$ 2,407,068</u>	<u>\$ 643,113</u>	<u>\$ -</u>	<u>\$ 3,050,181</u>

**NOTE 8: LONG-TERM OBLIGATIONS**

During the fiscal year ended December 31, 2022 the following changes occurred in liabilities reported in long-term obligations:

	<u>Beginning Balance</u>	<u>Accrued/ increases</u>	<u>(Retired)/ (decreases)</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated absences	\$ 111,364	\$ 45,096	\$ -	\$ 156,460	\$ -
Net pension liability	1,102,195	969,277	-	2,071,472	-
Finance purchase - Pumper	-	572,024	(109,638)	462,386	111,684
Investment in length of service awards program payable	<u>660,381</u>	<u>38,909</u>	<u>(122,536)</u>	<u>576,754</u>	<u>-</u>
Total	<u>\$ 1,873,940</u>	<u>\$ 1,625,306</u>	<u>\$ (232,174)</u>	<u>\$ 3,267,072</u>	<u>\$ 111,684</u>



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

**NOTE 8: LONG-TERM OBLIGATIONS (continued)**

**Compensated Absences**

In accordance with GASB No. 16 *Accounting for Compensated Absences* and National Council on Governmental Accounting (NCGA) Statement No. 1 *Governmental Accounting and Financial Reporting Principles*, the portion of estimated future payments for compensated absences that will use current expendable resources is reported as a current fund liability in the governmental activities fund and the balance of the liability is reported as non-current liability in the governmental activities fund. For the year ended December 31, 2022, the District did not have a current liability for compensated absences. The amounts included in the long-term liabilities consist of compensated absences totaling \$156,460.

**Capital Finance Payable**

The District is financing a firetruck totaling \$572,024 under capital finance purchases. The capital purchase is for a term of five years. The following is a schedule of the future minimum lease payments under this capital purchase, and the present value of the net minimum lease payments at December 31, 2022:

<b>For the year ended December 31,</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2023	\$ 111,684	\$ 10,635	\$ 122,319
2024	114,253	8,066	122,319
2025	116,881	5,438	122,319
2026	<u>119,569</u>	<u>2,750</u>	<u>122,319</u>
Total	<u>\$ 462,387</u>	<u>\$ 26,889</u>	<u>\$ 489,276</u>

**NOTE 9: PENSION OBLIGATIONS**

**Police and Firemen’s Retirement System (PFRS)**

**Plan Description**

The State of New Jersey, Police and Firemen’s Retirement System (PFRS) 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 PFRS, please refer to the Division’s Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>. The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Police and Firemen's Retirement System (PFRS) (continued)**

**Plan Description (continued)**

service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, 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 PFRS, 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 PFRS 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 PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2021, the State contributed an amount less than the actuarially 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 PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2022, the District's contractually required contributions to PFRS plan was \$235,364.

**Net Pension Liability and Pension Expense**

At December 31, 2022 the District's proportionate share of the PFRS net pension liability was \$2,071,472. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2021, to the measurement date of June 30, 2022. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended December 31, 2022. The District's proportion measured as of June 30, 2022, was 0.01810%, which was an increase of 0.00302% from its proportion measured as of June 30, 2021.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Police and Firemen’s Retirement System (PFRS) (continued)**

**Net Pension Liability and Pension Expense (continued)**

**Balances at December 31, 2022 and December 31, 2021**

	<u>12/31/2022</u>	<u>12/30/2021</u>
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred Outflows of Resources	\$ 968,206	\$ 508,015
Deferred Inflows of Resources	401,357	952,862
Net Pension Liability	2,071,472	1,102,195
District's portion of the Plan's total net pension Liability	0.01810%	0.01508%

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

At December 31, 2022, the District’s proportionate share of the PFRS expense/(benefit), calculated by the plan as of the June 30, 2022 measurement date was \$192,989. At December 31, 2022, the District had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 93,760	\$ 126,906
Changes of Assumptions	5,677	260,757
Net Difference between Projected and Actual Earnings on Pension Plan Investments	189,686	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	679,083	13,694
	<u>\$ 968,206</u>	<u>\$ 401,357</u>

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Police and Firemen’s Retirement System (PFRS) (continued)**

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

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

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2023	\$ 29,471
2024	66,867
2025	70,005
2026	264,829
2027	134,348
Thereafter	<u>1,329</u>
	<u><u>\$ 566,849</u></u>

**Special Funding Situation**

Under *N.J.S.A. 43:16A-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 is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State’s proportionate share of the PFRS net pension liability attributable to the District is \$368,661 as of December 31, 2022. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2021, to the measurement date of June 30, 2022. The State’s proportion of the net pension liability associated with the District was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2022 was 0.01810%, which was an increase of 0.00302% from its proportion measured as of June 30, 2021, which is the same proportion as the District’s. At December 31, 2022, the District’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Police and Firemen’s Retirement System (PFRS) (continued)**

**Special Funding Situation (continued)**

District's Proportionate Share of Net Pension Liability	\$ 2,071,472
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the District	368,661
	<u>\$ 2,440,133</u>

At December 31, 2022, the State’s proportionate share of the PFRS expense, associated with the District, calculated by the plan as of the June 30, 2022 measurement date was \$42,534.

**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:	
Through	All future years
	3.25 - 16.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PFRS	PubS-2010 amount-weighted mortality table using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Police and Firemen’s Retirement System (PFRS) (continued)**

**Actuarial Assumptions (continued)**

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

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS’s target asset allocation as of June 30, 2022 are summarized in the following table:

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

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

**Police and Firemen’s Retirement System (PFRS) (continued)**

**Discount Rate (continued)**

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 local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

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

	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
District's Proportionate Share of the Net Pension Liability	\$ 2,842,283	\$ 2,071,472	\$ 1,429,768
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	<u>505,843</u>	<u>368,661</u>	<u>254,457</u>
	<u>\$ 3,348,126</u>	<u>\$ 2,440,133</u>	<u>\$ 1,684,225</u>

**Related Party Investments**

The Division of Pensions and Benefits does not invest in securities issued by the District.

**NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM**

The District’s length of service awards program (LOSAP), which is reported in the District’s general fund, was created by a resolution pursuant to Section 457 (e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The voters of the District approved the adoption of the LOSAP at the general election held on February 19, 2005, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2006. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel. The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents the Township of Howell come from contributions made solely by the governing body of the District, on behalf of those volunteers who meet the



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

**NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM (continued)**

criteria of a LOSAP plan created by that governing body. Participants should refer to the LOSAP Plan agreement for a more complete description of the LOSAP Plan's provisions.

**Contributions**

If an active member meets the year of active service requirement, a LOSAP Plan must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per initial plan year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (*N.J.S.A. 40A:14-185(f)*). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The District elected to contribute \$1,640 for the year ended December 31, 2022, per eligible volunteer, into the LOSAP Plan. During the year ended December 31, 2022, the District contributed a total of \$38,909 to the LOSAP Plan. Participants direct the investment of the contributions into various investment options offered by the LOSAP Plan. The District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the LOSAP Plan. The types of investment options, and the administering of such investments, rests solely with the LOSAP Plan administrator.

**Participant Accounts**

Each participant's account is credited with the District's contribution and LOSAP Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The District has placed the amounts deferred, including earnings, in a trust maintained by Lincoln (Plan Administrator), as an approved LOSAP provide a third-party administrator for the exclusive benefit of the LOSAP Plan participants and their beneficiaries. Such funds, although subject to the claims of the District's creditors until distributed as benefit payments, are not available for funding the operations of the District. The funds may also be used to pay the administrative fees charged by the LOSAP Plan Administrator. The District's practical involvement in administering the LOSAP Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the LOSAP Plan Administrator.

**Vesting**

Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

**Payment of Benefits**

Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the Plan Administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2022, \$20,837 were made to vested participants.

**Forfeited Accounts**

There were no forfeitures during the year ended December 31, 2022.



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

**NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM (continued)**

**Participant Withdrawals**

There were \$20,837 of participant withdrawals during the year ended December 31, 2022.

**Investments**

The investments of the LOSAP reported on the statement of fiduciary net position are recorded at fair value and contract value as described in Note 2: *Investments*.

**Plan Information**

Additional information about the District’s LOSAP can be obtained by contacting the LOSAP Plan Administrator.

**NOTE 11: FUNDING**

The activities of the District are primarily funded by the striking of the fire tax on the property owners of the District, as provided for by the state statute. For the year ended December 31, 2022, the fire tax rate on the District was approximately \$.087 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 Supplemental Fire Services Grant of \$4,342.

**NOTE 12: OTHER RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General	\$ -	\$ 71,938
Capital projects	<u>71,938</u>	<u>-</u>
Total	<u>\$ 71,938</u>	<u>\$ 71,938</u>

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

**NOTE 13: FUND BALANCE**

**General Fund** – Of the \$779,886 General Fund balance at December 31, 2022, \$576,754 is restricted for length of service award program, \$150,000 is assigned for subsequent years expenditures, \$2,767 is assigned for other purposes, and \$50,365 is unassigned.

**Capital Projects Fund** – Of the \$352,221 Capital Projects Fund balance at December 31, 2022, \$150,000 is assigned for subsequent years expenditures and \$202,221 is restricted for Capital.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to Financial Statements (continued)**

**NOTE 13: FUND BALANCE (continued)**

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 14: DEFICIT UNRESTRICTED NET POSITION**

As reflected on Exhibit A-1, district wide statement of net position, a deficit in unrestricted net position of \$(1,430,985) existed as of December 31, 2022 for governmental activities. The primary cause of this deficit is the recording of the long-term liability for net pension. 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 obligation and deferred outflows and inflows related to pensions would be \$73,638 as of December 31, 2022. This deficit in unrestricted net position does not indicate that the District is facing financial difficulties.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Budgetary Comparison Schedule**  
**For the year ended December 31, 2022**

	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance</b>
Revenues:				
Miscellaneous anticipated revenue:				
Investment income	\$ 500	\$ 500	\$ 5,859	\$ 5,359
Other revenue	-	-	80,592	80,592
Total miscellaneous revenues	500	500	86,451	85,951
Operating grant revenue:				
Supplemental fire service grant	4,342	4,342	4,342	-
CARES Act grant	-	-	-	-
Total operating grant revenue	4,342	4,342	4,342	-
Revenues offset with appropriations:				
Uniform fire safety act	35,000	35,000	43,672	8,672
Total revenues offset with appropriations	35,000	35,000	43,672	8,672
Total revenues	39,842	39,842	134,465	94,623
Amount raised by taxation to support district budget				
Total anticipated revenues	2,038,542	2,038,542	2,038,542	-
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	22,500	22,500	22,500	-
Other expenditures:				
Elections	15,000	6,800	6,744	56
Office expenses	13,000	19,500	13,601	5,899
Bond agent	1,500	1,500	10,093	(8,593)
Outside services	2,800	2,800	-	2,800
Continuing education	15,000	15,000	-	15,000
Professional fees	110,000	81,200	78,412	2,788
Total administration	179,800	149,300	131,350	17,950
Cost of operations and maintenance:				
Salaries and wages	691,191	745,479	736,879	8,600
Fringe benefits	397,074	568,976	568,074	902
Other expenditures:				
Advertising	2,000	800	641	159
Contingency	2,000	-	-	-
Emergency first aid equipment	5,000	-	-	-
Fire prevention	7,000	1,000	659	341
Fire service agreement	50,000	50,000	50,000	-
Firefighter expenses	15,000	22,700	33,499	(10,799)
Gear	30,000	15,300	15,277	23
Insurance	70,000	11,000	76,783	(65,783)
Maintenance and repairs	130,000	136,300	131,946	4,354
Other non-bondable assets	142,400	42,454	187,351	(144,897)
Rental charges	70,000	68,900	68,880	20
SCBA	15,000	14,000	13,880	120
Supplies	30,000	42,200	42,164	36
Training and education	25,000	10,200	25,139	(14,939)
Technology	7,000	1,000	853	147
Utilities	60,000	72,600	72,593	7
Total cost of operations and maintenance	1,748,665	1,802,909	2,024,618	(221,709)

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON  
Budgetary Comparison Schedule (continued)  
For the year ended December 31, 2022

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Operating appropriations offset with revenues:				
Salaries and wages	25,000	25,000	25,000	-
Fringe benefits	2,250	2,250	-	2,250
Other expenditures:				
Other expenses	7,750	16,460	16,444	16
Total operating appropriations offset with revenues	<u>35,000</u>	<u>43,710</u>	<u>41,444</u>	<u>2,266</u>
Length of service award program	<u>55,000</u>	<u>39,000</u>	<u>38,909</u>	<u>91</u>
Capital appropriations	<u>105,000</u>	<u>256,177</u>	<u>240,891</u>	<u>15,286</u>
Debt service for capital appropriations:				
Principal on finance purchase	109,638	109,638	109,638	-
Interest on finance purchase	12,681	12,681	12,681	-
Total debt service for capital appropriations	<u>122,319</u>	<u>122,319</u>	<u>122,319</u>	<u>-</u>
Total operating appropriations	<u>2,245,784</u>	<u>2,413,415</u>	<u>2,599,531</u>	<u>(186,116)</u>
Excess (efficiency) of revenues over (under) expenditures expenditures before other financing sources/(uses)	<u>(167,400)</u>	<u>(335,031)</u>	<u>(426,524)</u>	<u>(91,493)</u>
Fund balance, January 1	<u>981,877</u>	<u>981,877</u>	<u>981,877</u>	<u>-</u>
Fund balance, December 31	<u>\$ 814,477</u>	<u>\$ 646,846</u>	<u>\$ 555,353</u>	<u>\$ (91,493)</u>
<b>RECAPITULATION OF FUND BALANCE:</b>				
Restricted fund balance:				
Capital			\$ 202,221	
Assigned fund balance:				
Subsequent year's expenditures			300,000	
Unassigned fund balance			<u>50,365</u>	
Total - budgetary basis			<u>555,353</u>	
Reconciliation to governmental fund statements (GAAP):				
Length of service award program investment balance not recognized on the budgetary basis			<u>576,754</u>	
Total fund balance per governmental funds (GAAP)			<u>\$ 1,132,107</u>	

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to the Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the year ended December 31, 2022**

	<u><b>Total Governmental Funds</b></u>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-1):	\$ 2,173,007
Difference - Budget to GAAP:	
<p>Budgetary basis differs from GAAP in that the District does not budget for length of service awards program investment income. GASB 73 requires the 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:</p>	
Net appreciation of investments	<u>-</u>
Total Revenues as Reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 2,173,007</u></u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Appropriations"	
From the Budgetary Comparison Schedule (C-1)	\$ 2,599,531
<p>Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service awards program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the LOSAP Plan.</p>	
Capital appropriations acquired through finance purchases	572,024
Length of service awards program contribution	(38,909)
Depreciation in the value of length of service awards program	100,774
Administrative fees	925
Participant withdrawals	<u>20,837</u>
Total Expenditures as Reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 3,255,182</u></u>

**JACKSON BOARD OF FIRE COMMISSIONERS NO. 4**  
**Schedule of the District's Proportionate Share of Net Pension Liability**  
**Police and Firemen's Retirement System**  
**Last Ten Fiscal Years**

	Measurement Date Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.01810%	0.01508%	0.01313%	0.01165%	0.01191%	0.01091%	0.00890%	0.00744%	0.00721%	0.00724%
District's proportionate share of the net pension liability (asset)	\$ 2,071,472	\$ 1,102,195	\$ 1,697,130	\$ 1,697,130	\$ 1,611,940	\$ 1,683,883	\$ 1,699,839	\$ 1,239,980	\$ 907,119	\$ 962,868
State's proportionate share of the net pension liability associated with the District (asset)	368,661	309,992	263,387	225,038	218,955	188,609	142,744	108,742	97,681	89,751
Total	\$ 2,440,133	\$ 1,412,187	\$ 1,960,517	\$ 1,922,168	\$ 1,830,895	\$ 1,872,492	\$ 1,842,583	\$ 1,348,722	\$ 1,004,800	\$ 1,052,619
District's covered-employee payroll	\$ 626,515	\$ 559,931	\$ 543,622	\$ 527,788	\$ 461,223	\$ 411,310	\$ 387,964	\$ 339,462	\$ 339,462	\$ 328,454
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	331%	197%	312%	321.56%	349.49%	409.40%	438.14%	365.28%	267.22%	293.15%
Plan fiduciary net position as a percentage of the total pension liability	68.33%	77.26%	63.52%	65.00%	62.48%	58.60%	52.01%	56.31%	62.41%	58.70%

**JACKSON BOARD OF FIRE COMMISSIONERS NO. 4**  
**Schedule of District Contributions**  
**Police and Firemen's Retirement System**  
**Last Ten Fiscal Years**

	Year Ended December 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 235,364	\$ 175,748	\$ 146,732	\$ 117,634	\$ 116,641	\$ 96,532	\$ 72,553	\$ 60,512	\$ 55,388	\$ 52,842
Contributions in relation to the contractually required contribution	(235,364)	(175,748)	(146,732)	(117,634)	(116,641)	(96,532)	(72,553)	(60,512)	(55,388)	(52,842)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 626,515	\$ 559,931	\$ 543,622	\$ 527,788	\$ 461,223	\$ 411,310	\$ 387,964	\$ 339,462	\$ 339,462	\$ 328,454
Contributions as a percentage of covered-employee payroll	37.57%	31.39%	26.99%	22.29%	25.29%	23.47%	18.70%	17.83%	16.32%	16.09%

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON**  
**Notes to the Required Supplementary Information**  
**December 31, 2022**

**Police and Firemen’s Retirement System (PFRS)**

*Changes of Benefit Terms*

None.

*Changes of Assumptions*

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2019	6.28%	2016	3.98%
2021	7.00%	2018	5.66%	2015	4.90%
2020	7.00%	2017	5.00%	2014	5.39%

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2019	7.00%	2016	7.65%
2021	7.00%	2018	7.00%	2015	7.90%
2020	7.00%	2017	7.00%	2014	7.90%

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



**JACKSON BOARD OF FIRE COMMISSIONERS NO. 4**  
**Long-Term Debt**  
**Schedule of Obligations Under Finance Purchases**  
**For the year ended December 31, 2022**

Description	Date of Financing	Term of Financing	Amount of Original Issue		Annual Maturities		Interest Rate Payable	Amount Outstanding December 31, 2021	Issued	Retired	Amount Outstanding December 31, 2022
			Principal	Interest	Date	Amount					
Pumper	April 20, 2021	Five Years	\$ 572,024	\$ 39,571	December 31, 2023	111,684	7.00%	\$ -	\$ 572,024	\$ (109,638)	\$ 462,387
					December 31, 2024	114,253					
					December 31, 2025	116,881					
					December 31, 2026	119,569					
					Total			\$ -	\$ 572,024	\$ (109,638)	\$ 462,387



Board of Fire Commissioners  
Fire District No. 4 of the Township of Jackson  
County of Ocean  
Jackson Township, New Jersey

We have audited the basic financial statements of the Jackson Board of Fire Commissioners No. 4 (hereafter referred to as the District), County of Ocean, State of New Jersey for the year ended December 31, 2022. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

#### GENERAL COMMENTS AND RECCOMEDATIONS

##### **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 has 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 did not reveal any 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.

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 made.

## **Examination of Bills**

A test check of paid bills was made 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 Authority 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 13, 2021 and adopted its operating budget on January 24, 2022.

## **Current Year's Findings**

### **Finding 2022-001 Budgetary Expenditures**

Deficiency: During our review of the District's budget to actual schedule, it was noted that the District over-expended certain line items in the District's budget. New Jersey statute *40A:14-78.9* states "Whenever it shall become necessary during the last two months of the fiscal year to expend amounts in excess of those appropriations specified in the various line items of the operating appropriations section of the annual budget and there shall be excess appropriations in other line items of the operating appropriations section, the board of fire commissioners of the fire district may, by resolution setting forth the facts, adopted by the Fire District not less than 2/3 vote of the full membership thereof, transfer the amount of the excess to those appropriations deemed to be insufficient."

Cause: The District over-expended certain line items in the District's budget.

HFA Recommendation: The District must maintain a complete and accurate general ledger and review costs against the budget to identify any potential over expenditures. Budget transfers must be approved by resolution by the Board of Fire Commissioners prior to committing funds in case of over-expending.

### **Follow-Up of 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*

February 23, 2024  
Lakewood, New Jersey