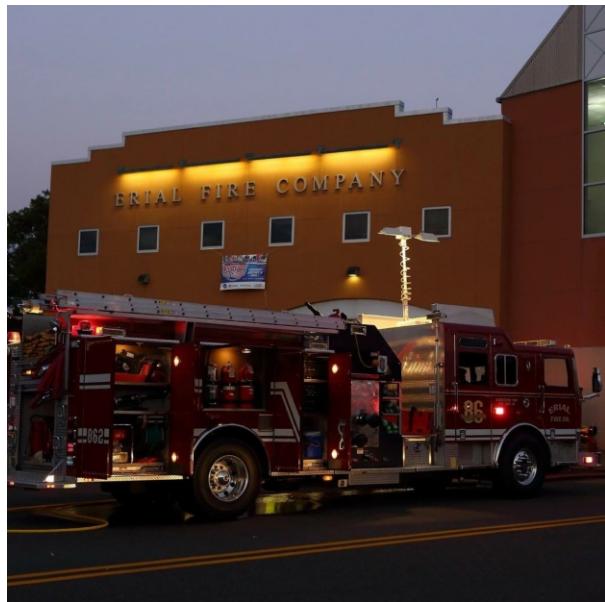


**FIRE DISTRICT NO. 6**  
**TOWNSHIP OF GLOUCESTER, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2022**



**FIRE DISTRICT NO. 6**  
**TOWNSHIP OF GLOUCESTER, NEW JERSEY**

Table of Contents

---

	<u>Page</u>
<b>ROSTER OF OFFICIALS AND SURETY BONDS</b>	1
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	3
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	6
<b>Required Supplementary Information - Part I</b>	
Management's Discussion and Analysis	9
<b>Basic Financial Statements</b>	
A. Government-wide Financial Statements:	
A-1 Statement of Net Position	20
A-2 Statement of Activities	21
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	23
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
B-4 Statement of Fiduciary Net Position	N/A
B-5 Statement of Changes in Fiduciary Net Position	N/A
Notes to the Financial Statements	27
<b>Required Supplementary Information - Part II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	60
C-2 Budgetary Comparison Schedule - Special Revenue Fund	N/A
C-3 Notes to Required Supplementary Information - Part II Budgetary Comparison Schedule - Note to RSI	64
<b>Required Supplementary Information - Part III</b>	
Schedules Related to Accounting and Reporting for Pensions and Length of Service Award Program:	
RSI-1 Schedule of the Fire District's Proportionate Share of the Net Pension Liability - PERS	66
RSI-2 Schedule of the Fire District's Contributions - PERS	67
RSI-3 Schedule of the Fire District's Proportionate Share of the Net Pension Liability - PFRS	68
RSI-4 Schedule of the Fire District's Contributions - PFRS	69
RSI-5 Notes to Required Supplementary Information - Part III	70

**FIRE DISTRICT NO. 6  
TOWNSHIP OF GLOUCESTER, NEW JERSEY**

Table of Contents (Cont'd)

---

	<u>Page</u>
<b>Required Supplementary Information - Part IV</b>	
Schedules Related to Other Postemployment Benefit Plans:	
RSI-6 Schedule of Fire District's Proportionate Share of the Net OPEB Liability	72
RSI-7 Schedule of Fire District's Contributions	73
RSI-8 Notes to Required Supplementary Information – Part IV	74
<b>Other Supplementary Information</b>	
F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures - Budgetary	N/A
I. Long-Term Debt:	
I-1 Schedule of General Obligation Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Budgetary Comparison Schedule - Debt Service Fund	N/A
<b>Schedule of Findings and Recommendations</b>	
Schedule of Financial Statement Findings	76
Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	77
<b>APPRECIATION</b>	
	78

**FIRE DISTRICT NO. 6**  
**TOWNSHIP OF GLOUCESTER, NEW JERSEY**  
Roster of Officials and Surety Bonds

---

**Board of Commissioners**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Amount of Surety Bond</u></b>
George L. Brown	Chairman	(A)
Brian S. Robinson	Vice-Chairman	(A)
George W. Flinn	Secretary	(A)
Steven M. Funkhouser	Treasurer	(B)
Derek Grier	Commissioner	(A)

**Other Officials**

Renee Evans	Administrative Clerk	(A)
-------------	----------------------	-----

(A) All Commissioners and Officials were covered by the Municipal Excess Liability Joint Insurance Fund's Public Employee Dishonesty Blanket Bond in the amount of \$50,000.00.  
(B) The Treasurer position is covered by the Municipal Excess Liability Crime Policy Bond Coverage in the amount of \$1,000,000.00.

## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners  
Fire District No. 6  
Township of Gloucester  
Erial, New Jersey 08081

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Township of Gloucester Fire District No. 6, in the County of Camden, 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 Fire District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Gloucester Fire District No. 6, in the County of Camden, State of New Jersey, 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; 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 requirements as prescribed by the Bureau of Authority Regulation, 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 Fire 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 the 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 Fire 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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 Fire 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 Fire 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, budgetary comparison information, schedule of the Fire District's proportionate share of the net pension liability, schedule of the Fire District's pension contributions, schedule of the Fire District's proportionate share of the net opeb liability, and schedule of the Fire District's opeb contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2024 on our consideration of the Township of Gloucester Fire District No. 6'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 solely 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 the effectiveness of the Township of Gloucester Fire District No. 6's 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 the Township of Gloucester Fire District No. 6's internal control over financial reporting and compliance.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
April 30, 2024

**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**

**INDEPENDENT AUDITOR'S REPORT**

Board of Fire Commissioners  
Fire District No. 6  
Township of Gloucester  
Erial, New Jersey 08081

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund of the Township of Gloucester Fire District No. 6, in the County of Camden, 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 Fire District's basic financial statements, and have issued our report thereon dated April 30, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township of Gloucester Fire District No. 6's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire 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 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. We identified a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Recommendations*, as Finding No. 2022-001, that we consider to be a significant deficiency.

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

As part of obtaining reasonable assurance about whether the Township of Gloucester Fire District No. 6's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **The Township of Gloucester Fire District No. 6's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Fire District's response to the finding identified in our audit and described in the accompanying *Schedule of Findings and Recommendations*. The Fire District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 entity'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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
April 30, 2024

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

**GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(UNAUDITED)**

As management of the Gloucester Township Fire District No. 6, we offer readers of the Gloucester Township Fire District No. 6 financial statements this narrative overview and analysis of the financial activities of the Gloucester Township Fire District No. 6 for the years ended December 31, 2022, and 2021. The intent of this discussion and analysis is to look at the Township of Gloucester Fire District No. 6 financial performance as a whole. Readers should also review the information furnished in the notes to the basic financial statements along with the financial statements to enhance their understanding of the Gloucester Township Fire District No. 6 financial performance.

### **Financial Highlights**

- The assets of Gloucester Township Fire District No. 6 exceeded its liabilities at the close of 2022 by \$1,993,589.30 (Net Position). By comparison, the assets of Gloucester Township Fire District No. 6 exceeded its liabilities at the close of 2021 by \$1,834,313.99 (Net Position). This reflects an increase in Net Position as of December 31, 2022, in the amount of \$159,275.31, and an increase in Net Position as of December 31, 2021, in the amount of \$184,843.73.
- As of December 31, 2022, the Gloucester Township Fire District No. 6 governmental funds reported combined ending fund balances of \$2,887,815.42. As of the close of December 31, 2021, the Gloucester Township Fire District No. 6 governmental funds reported combined ending Fund balances of \$2,522,994.21. This reflects an increase of \$364,821.21 during 2022. Governmental fund balance increased \$299,027.62 during 2021.
- At the end of 2022, unassigned fund balance for the general fund was \$1,468,406.07, an approximate increase of 58.08% from 2021. At the end of 2021, unassigned fund balance for the general fund was \$616,569.26, a 20.83% decrease from December 31, 2021.

### **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Gloucester Township Fire District No. 6 basic financial statements. The Gloucester Township Fire District No. 6 basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

**Government-Wide Financial Statements** The government-wide financial statements are designed to provide readers with a broad overview of the Gloucester Township Fire District No. 6 finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the Gloucester Township Fire District No. 6 assets, liabilities, deferred outflows of resources and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Gloucester Township Fire District No. 6 is improving or deteriorating.

The statement of activities presents information showing how the Gloucester Township Fire District No. 6 net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused sick leave).

**GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(UNAUDITED)**

**Government-Wide Financial Statements (Cont'd)** Both of the government-wide financial statements distinguish functions of the Gloucester Township Fire District No. 6 that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Gloucester Township Fire District No. 6 include firefighting and emergency medical services that are provided to the citizens of and travelers within the Gloucester Township Fire District No. 6.

**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. The Gloucester Township Fire District No. 6, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Gloucester Township Fire District No. 6 constitute one fund type, governmental funds.

**Governmental Funds.** All of the Gloucester Township Fire District No. 6 activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Gloucester Township Fire District No. 6 general government operations and the basic services it provides. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance firefighting services.

The Gloucester Township Fire District No. 6 maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and the debt service fund.

The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Also, Gloucester Township Fire District No. 6 adopts an annual budget in accordance with N.J.S.A. 40A:14:78-3. Budgetary comparison schedules have been provided to demonstrate compliance with the budget.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements are an integral part of the financial statements.

### **Government-wide Financial Analysis**

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the Gloucester Township Fire District No. 6, assets exceeded liabilities by \$1,993,589.30 as of December 31, 2022, and \$1,834,313.99 at the close of December 31, 2021.

A significant portion of the Gloucester Township Fire District No. 6's total assets, (23% as of December 31, 2022, and 29% as of December 31, 2021) reflects its investment in capital assets (i.e. buildings, land improvements and equipment less corresponding debt). The Gloucester Township Fire District No. 6 uses these assets to provide firefighting services to the citizens of Gloucester Township Fire District No. 6, consequently these assets are not available for future spending.

**GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(UNAUDITED)**

A portion of the Gloucester Township Fire District No. 6's net position (63% as of December 31, 2022, and 69% as of December 31, 2021) represent resources that are subject to external restrictions on how they may be used. Another component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position.

At the end of the current year, the Fire District's unrestricted net position was a deficit of (\$155,925.38). This is due to the deferred net pension liability and the implementation of GASB 75, *Other Post-Employment Benefits*. Please see notes 7 and 8 to the financial statements.

**GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6**  
**NET POSITION**  
**December 31, 2022**

	<u>2022</u>	<u>2021</u>
CURRENT AND OTHER ASSETS	\$ 2,912,571.90	\$ 2,601,366.03
CAPITAL ASSETS	<u>885,503.68</u>	<u>1,042,644.07</u>
<b>TOTAL ASSETS</b>	<u>3,798,075.58</u>	<u>3,644,010.10</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,702,973.14</u>	<u>1,088,708.00</u>
NONCURRENT LIABILITIES		
OUTSTANDING	2,416,817.98	2,099,923.65
OTHER LIABILITIES	<u>227,469.44</u>	<u>252,248.24</u>
<b>TOTAL LIABILITIES</b>	<u>2,644,287.42</u>	<u>2,352,171.89</u>
DEFERRED INFLOWS OF RESOURCES	<u>863,172.00</u>	<u>1,236,649.00</u>
<b>NET POSITION</b>	<u>1,993,589.30</u>	<u>1,143,897.21</u>
<b>ANALYSIS OF NET POSITION</b>		
NET INVESTMENT IN CAPITAL ASSETS	885,503.68	1,042,644.07
RESTRICTED	1,264,011.00	1,264,011.00
UNRESTRICTED (DEFICIT)	<u>(155,925.38)</u>	<u>(472,341.08)</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 1,993,589.30</u></b>	<b><u>\$ 1,834,313.99</u></b>

The following tables provide an illustration of the impact of the Fire District's Net Position from the implementation of GASB 68 and GASB 75.

**GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(UNAUDITED)**

**Table A-2**  
**Statement of Net Position - Effect of Pension Related Items**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 654,521.00	\$ 574,327.00	\$ 80,194.00	13.96%
Less: Net Pension Liability	(1,279,100.00)	(808,793.00)	(470,307.00)	58.15%
Less: Deferred Inflows Related to Pensions	<u>(281,849.00)</u>	<u>(767,679.00)</u>	<u>485,830.00</u>	<u>-63.29%</u>
	<u><u>\$ (906,428.00)</u></u>	<u><u>\$(1,002,145.00)</u></u>	<u><u>\$ 95,717.00</u></u>	<u><u>8.83%</u></u>

**Statement of Net Position - Effect of Other Postemployment Benefits (OPEB)**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to OPEB	\$ 1,048,452.14	\$ 1,204,797.78	\$ (156,345.64)	-13.0%
Less: Net OPEB Liability	(1,063,935.00)	(1,193,745.00)	129,810.00	-10.87%
Less: Deferred Inflows Related to OPEB	<u>(581,323.00)</u>	<u>(468,970.00)</u>	<u>(112,353.00)</u>	<u>23.96%</u>
	<u><u>\$ (596,805.86)</u></u>	<u><u>\$(457,917.22)</u></u>	<u><u>\$ (138,888.64)</u></u>	<u><u>0.11%</u></u>

Deferred outflows increased in total by \$614,265.14, an increase of \$80,194.00 was from the Fire District's participation in pension plans, and a decrease of \$156,345.64 was because of the Fire District's participation in other post-employment, respectively.

Deferred inflows of resources decreased by \$373,477.00. This was caused by an increase of \$485,830.00 from GASB 68 conversions and a decrease of \$112,353.00 from the Fire District's implementation of GASB 75 for other post-employment benefits.

**GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(UNAUDITED)**

**Governmental Activities** The statement of activities shows the cost of the governmental activities program services and the charges for services and grants offsetting those services. Key elements of the increase in governmental activities are as follows:

	<u>2022</u>	<u>2021</u>
<b>EXPENSES</b>		
<b>OPERATING EXPENSES</b>		
ADMINISTRATION	\$ 469,300.37	\$ 449,149.83
COST OF OPERATIONS AND MAINTENANCE	1,011,754.59	915,665.91
OPERATING APPROPRIATIONS OFFSET WITH REVENUE	32,385.54	28,475.43
UNALLOCATED DEPRECIATION	<u>40,399.04</u>	<u>40,399.04</u>
<b>TOTAL PROGRAM EXPENSES</b>	<u>\$ 1,553,839.54</u>	<u>\$ 1,433,690.21</u>
<b>REVENUES</b>		
CAPITAL CONTRIBUTIONS		
CHARGES FOR SERVICE	30,031.95	33,536.75
OPERATING GRANTS	24,873.25	23,776.25
UNRESTRICTED INVESTMENT EARNINGS	1,829.72	1,603.45
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES	1,648,646.00	1,557,949.55
MISCELLANEOUS INCOME	<u>7,733.93</u>	<u>1,667.94</u>
<b>TOTAL GENERAL REVENUES</b>	<u>1,713,114.85</u>	<u>1,618,533.94</u>
INCREASE(DECREASE) IN NET POSITION	159,275.31	184,843.73
NET POSITION, JANUARY 1	<u>1,834,313.99</u>	<u>1,649,470.26</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 1,993,589.30</u>	<u>\$ 1,834,313.99</u>

During 2022 property taxes constituted 96% of revenues for government activities for the Fire District. During 2021 property taxes constituted 96% of revenues for government activities.

Cost of Operations and maintenance comprises 65% of fire district expenditures for 2022 and 64% for 2021, with administration comprising 30% for 2022 and 31% for 2021, respectively.

**GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(UNAUDITED)**

### **Financial Analysis of the Government Funds**

As stated earlier, the Gloucester Township Fire District No. 6 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Gloucester Township Fire District No. 6 governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Gloucester Township Fire District No. 6 financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a year and as a useful measure of permitting a governmental unit to maintain cash flow in anticipation of tax collections.

Of the combined ending fund balances of \$2,908,283.86 as of December 31, 2022, unassigned fund balance constituted \$1,468,406.07. \$11,403.60 and \$143,994.75 constituted assigned fund balance for future use. Additional fund balance was restricted as of December 31, 2022. Restricted for future capital outlays was \$1,263,511.00 and dedicated penalties was \$500.00. Of the combined ending fund balance of \$2,522,994.21 as of December 31, 2021, unassigned balance constituted \$616,569.26. \$11,608.00 and \$630,805.95 constituted assigned fund balance for future use. Additional fund balance was restricted as of December 31, 2021. Restricted for future capital outlays was set at \$1,263,511.00 and dedicated penalties was \$500.00.

The general fund is the main operating fund of the Gloucester Township Fire District No. 6. At the end of 2022 and 2021, unassigned fund balance of the general fund was \$1,468,406.07 and \$616,569.26, respectively.

The fund balance of the Gloucester Township Fire District No. 6 general fund increased by \$364,821.21 for 2022 and increased by \$299,027.62 during 2021.

Key factors are as follows:

2022

- Total revenue was anticipated in the budget for 2022 in the amount of \$1,684,642.04 and \$1,691,859.85 was received.
- The Gloucester Township Fire District No. 6 spent less than anticipated in the year 2022 for the administrator and administrative clerk salaries and wages.
- The District spent less on all Other Administration Expenses than anticipated.
- The Gloucester Township Fire District No. 6 spent less than anticipated in the year 2022 for firefighters, operation substitutes, and overtime.
- The District spent less overall on all Other Operation Expenses than anticipated.

2021

- Total revenue was anticipated in the budget for 2021 in the amount of \$1,595,927.27 and \$1,598,375.94 was received.
- The Gloucester Township Fire District No. 6 spent less than anticipated in the year 2021 for administrative clerk salaries and wages.
- The District spent less on all Other Administration Expenses than anticipated.
- The Gloucester Township Fire District No. 6 spent less than anticipated in the year 2021 for firefighters, operation substitutes, and overtime.
- The District spent less on all Other Administration Expenses than anticipated except for the Reimbursements line item, which the District spent exactly the amount budgeted.

**GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(UNAUDITED)**

**Restricted for Future Capital Outlay**

As of December 31, 2022, the future capital outlays fund remained the same as the prior year. The future capital outlays increased by \$200,000.00 in 2021 to \$1,263,511.00. The money is reserved for a future fire engine purchase.

**General Fund Budgetary Highlights**

During the course of the 2022 and 2021 years the Gloucester Township Fire District No. 6 modified its general fund budget in conformance with statute.

The key items of variance from the original budget are indicated on the previous page.

The original budgetary basis revenue estimates were \$1,684,642.04 for 2022 and \$1,595,927.27.00 for 2021. The final budgetary estimates were the same. \$630,805.95 of fund balances were anticipated as revenue in 2022 and \$381,245.45 in 2021.

During the year 2022, the Gloucester Township Fire District No. 6 budgeted \$1,648,645.04 for property taxes (local tax levy) and \$3,620.00 for state aid revenues (supplemental fire services grant). Fire Safety Act Revenue was budgeted for \$31,021.00. The Gloucester Township Fire District No. 6 received Fire Safety Act revenues in the amount of \$30,031.95.

During the year 2021, the Gloucester Township Fire District No. 6 budgeted \$1,557,949.55 for property taxes (local tax levy) and \$3,620.00 for state aid revenues (supplemental fire services grant). Fire Safety Act Revenue was budgeted for \$33,217.72. The Gloucester Township Fire District No. 6 received Fire Safety Act revenues in the amount of \$33,536.75.

The final budgetary basis expenditures appropriation estimates for 2022 was \$2,315,447.99 and for 2021 was \$1,977,172.72. The original budgetary estimates were the same.

**Capital Assets and Debt Administration.**

**Capital Assets.** The Gloucester Township Fire District No. 6 investment in capital assets for its governmental activities as of December 31, 2022, amounts to \$885,503.68 and as of December 31, 2021, amounts to \$1,042,644.07 (net of Accumulated Depreciation). This investment in capital assets includes land improvements, building improvements, vehicles, firefighting equipment, office equipment and furniture.

At the end of 2022, the Gloucester Township Fire District No. 6 had \$3,395,877.58 invested in capital assets. The accumulated depreciation on these items was \$2,510,373.90.

At the end of 2021, the Gloucester Township Fire District No. 6 had \$3,395,877.58 invested in capital assets. The accumulated depreciation on these items was \$2,353,233.51.

**GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**(UNAUDITED)**

**GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6**  
**CAPITAL ASSETS**  
**(NET OF ACCUMULATED DEPRECIATION)**

	<b><u>2022</u></b>	<b><u>2021</u></b>
LAND IMPROVEMENTS	\$ 59,668.00	\$ 62,060.00
BUILDING IMPROVEMENTS	257,469.00	295,476.04
FIRE EQUIPMENT	117,052.34	138,927.17
OFFICE EQUIPMENT	1,620.00	1,620.00
FURNITURE	3,331.00	4,330.00
VEHICLES	<u>446,363.34</u>	<u>540,230.86</u>
 <b>TOTAL CAPITAL ASSETS, NET</b>	 <b><u>\$ 885,503.68</u></b>	 <b><u>\$ 1,042,644.07</u></b>

Additional information on the Gloucester Township Fire District No. 6 capital assets can be found in Note 5 in the notes to Financial Statements.

### **Long-Term Obligations**

The Gloucester Township Fire District No. 6 was obligated for compensated absences pertaining to unused sick time in the amount of \$73,782.98 as of December 31, 2022, and \$97,385.67 as of December 31, 2021. Of these amounts, \$10,731.59 and \$23,114.53 were due within one year. The policies of the Gloucester Township Fire District No. 6 pertaining to sick and vacation time are highlighted in note to Financial Statements, number 11, entitled Compensated Absences. The net pension liability is the Fire District's annual required contribution to the pension systems are budgeted and paid on an annual basis plus provision for future liability. For additional details on the net pension liability, see the note to the Financial Statements, number 7. The net Other Post-Employment Benefit (OPEB) liability is the Fire District's annual required contribution to the post employment health benefit plan that are budgeted for and paid on an annual basis plus provisions for future liability. Details on the OPEB liability can be found in the note to the Financial Statements, number 8, entitled Other Post-Employment Benefits (OPEB).

### **Economic Factors and Next Year's Budget**

For the years 2022 and 2021 the Gloucester Township Fire District No. 6 was able to sustain its budget through the district tax levy and other sources of revenue. For 2022, 96% of total revenues were from the local tax levy and the remaining 4% were from other sources. For 2021, approximately 97% of total revenue was from the local tax levy, while the remaining 3% was from other sources.

The Board of Fire Commissioners adopted the 2023 budget on December 20, 2022, and the voters subsequently approved the budget at the annual fire district election held on February 17, 2023.

**GLOUCESTER TOWNSHIP FIRE DISTRICT NO. 6  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(UNAUDITED)**

**Requests for Information**

This financial report is designed to provide a general overview of the Gloucester Township Fire District No. 6 finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Renee Evans, Administrative Clerk at Gloucester Township Fire District No. 6, 1946 Williamstown Road, Erial, New Jersey 08081.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Statement of Net Position  
 December 31, 2022

---

**ASSETS:**

Cash and Cash Equivalents	\$ 2,908,283.86
Prepaid Expenses	4,288.04
Capital Assets, net (Note 5)	<u>885,503.68</u>
 Total Assets	 <u>3,798,075.58</u>

**DEFERRED OUTFLOWS OF RESOURCES:**

Related to Pensions (Note 7)	654,521.00
Related to Other Post Employment Benefits (OPEB) (Note 8)	<u>1,048,452.14</u>
 Total Deferred Outflows of Resources	 <u>1,702,973.14</u>

**LIABILITIES:**

Accounts Payable:	
Other	20,468.44
Pensions	138,000.00
Accrued Liabilities:	
Pensions	69,001.00
Noncurrent Liabilities (Note 6):	
Due within One Year	10,731.59
Due beyond One Year	<u>2,406,086.39</u>
 Total Liabilities	 <u>2,644,287.42</u>

**DEFERRED INFLOWS OF RESOURCES:**

Related to Pensions (Note 7)	281,849.00
Related to Other Post Employment Benefits (OPEB) (Note 8)	<u>581,323.00</u>
 Total Deferred Inflows of Resources	 <u>863,172.00</u>

**NET POSITION:**

Net Investment in Capital Assets	885,503.68
Restricted for:	
Future Capital Outlays	1,263,511.00
Other Purposes	500.00
Unrestricted (Deficit)	<u>(155,925.38)</u>
 Total Net Position	 <u>\$ 1,993,589.30</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Statement of Activities  
 For the Year Ended December 31, 2022

---

## Expenses:

Operating Appropriations:	
Administration	\$ 469,300.37
Cost of Operations and Maintenance	1,011,754.59
Operating Appropriations Offset with Revenues	32,385.54
Unallocated Depreciation	<u>40,399.04</u>
 Total Program Expenses	 <u>1,553,839.54</u>
 Program Revenues:	
Charges for Services	30,031.95
Operating Grants and Contributions	<u>24,873.25</u>
 Net Program Expenses	 <u>1,498,934.34</u>
 General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	1,648,646.00
Unrestricted Investment Earnings	1,829.72
Miscellaneous Income	<u>7,733.93</u>
 Total General Revenues	 <u>1,658,209.65</u>
 Change in Net Position	 159,275.31
 Net Position, January 1	 <u>1,834,313.99</u>
 Net Position, December 31	 <u>\$ 1,993,589.30</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Balance Sheet  
 Governmental Funds  
 December 31, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 2,908,283.86				\$ 2,908,283.86
Total Assets	<u>\$ 2,908,283.86</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,908,283.86</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable	\$ 14,144.63				\$ 14,144.63
Payroll Liabilities Payable	6,323.81				6,323.81
Total Liabilities	<u>20,468.44</u>				<u>20,468.44</u>
Fund Balances:					
Restricted:					
Dedicated Penalties	500.00				500.00
Future Capital Outlay	1,263,511.00				1,263,511.00
Assigned:					
Other Purposes	11,403.60				11,403.60
For Subsequent Year's Expenditures	143,994.75				143,994.75
Unassigned:					
General Fund	<u>1,468,406.07</u>				<u>1,468,406.07</u>
Total Fund Balances	<u>2,887,815.42</u>				<u>2,887,815.42</u>
Total Liabilities and Fund Balances	<u>\$ 2,908,283.86</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(Continued)

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Balance Sheet  
 Governmental Funds  
 December 31, 2022

---

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

Payments made to vendors for services that will benefit periods beyond year end that are recorded as expenditures at the time of payment in the governmental funds.	\$ 4,288.04
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,395,877.58, and the accumulated depreciation is \$2,510,373.90.	885,503.68
Long-term liabilities, including compensated absences, OPEB liability, and pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,416,817.98)
Deferred outflows and deferred inflows related to pensions and other post employment benefits represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements.	839,801.14
Accounts payable and accrued expenses related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements.	<u>(207,001.00)</u>
Net position of governmental activities	<u><u>\$ 1,993,589.30</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended December 31, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Miscellaneous Anticipated Revenues	\$ 1,934.72				\$ 1,934.72
Operating Grant Revenue	3,618.25				3,618.25
Miscellaneous Revenues Offset with Appropriations	30,031.95				30,031.95
Amount to be Raised by Taxation to Support the District Budget	1,648,646.00				1,648,646.00
Non-Budgetary Revenues	<u>7,628.93</u>				<u>7,628.93</u>
 Total Revenues	 <u>1,691,859.85</u>				 <u>1,691,859.85</u>
<b>EXPENDITURES:</b>					
Operating Appropriations:					
Administration	372,388.72				372,388.72
Cost of Operations and Maintenance	922,264.38				922,264.38
Operating Appropriations Offset with Revenues	<u>32,385.54</u>				<u>32,385.54</u>
 Total Expenditures	 <u>1,327,038.64</u>				 <u>1,327,038.64</u>
 Excess (Deficiency) of Revenues over Expenditures	 364,821.21				 364,821.21
 Fund Balance, January 1	 <u>2,522,994.21</u>				 <u>2,522,994.21</u>
 Fund Balance, December 31	 <u>\$ 2,887,815.42</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	 <u>\$ 2,887,815.42</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2022

---

Total Net Change in Fund Balances - Governmental Funds	\$ 364,821.21
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	\$ (157,140.40)
In the statement of activities, certain operating expenses, (e.g., compensated absences, pension, opeb), 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 (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	
	(69,660.50)
Revenue recognized from non-employer special funding situations with pension plans (long-term liability) is not recognized as revenue in the fund financial statements but is recognized as revenue from contributions in the statement of activities.	
	<u>21,255.00</u>
Change in Net Position of Governmental Activities	<u>\$ 159,275.31</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**

## Notes to Financial Statements

For the Year Ended December 31, 2022

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Township of Gloucester Fire District No. 6 (the "Fire District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Description of the Financial Reporting Entity**

The Fire District is a political subdivision of the Township of Gloucester (the "Township"), Camden County, New Jersey. The Township is comprised of an area of approximately 23.26 square miles. It is bounded the Boroughs of Runnemede and Magnolia to the north, the County of Gloucester to the west, the Township of Winslow to the south and the Boroughs of Somerdale, Stratford, Hi-Nella, Lindenwold, Pine Hill, and Clementon on the east. As of the 2020 United States Census, the Township's population was 60,034. The Fire District was formed in January of 1956 through the adoption of a Township ordinance. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years following the vote held at the annual election.

Fire Districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location. The Fire District is served by independent contracted firefighters.

The primary criterion for including activities within the Fire District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Fire District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the Fire District over which the Board of Commissioners exercises operating control.

**Government-wide and Fund Financial Statements**

The Fire District's basic financial statements consist of government-wide statements and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. The Fire District's operations consist of governmental activities, which normally are supported by property taxes and intergovernmental revenues. The Fire District has no business-type activities, which rely to a significant extent on fees and charges for support. If the Fire District had business-type activities, such activities would be reported separately from governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Fire District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Government-wide and Fund Financial Statements (Cont'd)**

In regard to the fund financial statements, the Fire District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Fire District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes (ad valorem) are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount certified, prior to the end of the fire district year. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The Fire District is entitled to receive moneys under the following established payment schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire District considers revenues to be available if they are collected within sixty (60) days of the end of the current year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, reimbursable-type grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the Fire District.

The Fire District reports the following major governmental funds:

**General Fund** - The general fund is the primary operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in another fund. 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.

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The financial resources are derived from temporary notes and general obligation bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The Fire District reports the following major governmental funds (cont'd):

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

**Budgets / Budgetary Control**

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et al. The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the third Saturday in February. 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 Fire 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 Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval, except for provisions allowed by N.J.S.A. 40A:14-78.5.

Subsequent to the adoption of the Fire District budget, the amount of money to be raised by taxation in support of the Fire District budget must appear on the ballot for the annual election held on the third Saturday in February for approval of the legal voters.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year-end.

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on exhibit C-1 includes all amendments and modifications to the adopted budget as approved by the Board of Commissioners.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the Fire District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis of accounting.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Fire District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at year-end.

The encumbered appropriation authority carries over into the next 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 amount as of the current year end.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey fire districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Inventories**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements are recorded as expenses when consumed rather than when purchased. The Fire District did not have any significant inventory as of December 31, 2022.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2022. At December 31, 2022, prepaid expenses in the amount of \$4,288.04 existed related to the prepayment of insurance.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Fire District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets used by the Fire District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position. Intangible right to use assets (lease assets) are recorded as expenditures in the governmental fund financial statements. Lease assets are measured on the government-wide statement of net position at the amount of the initial measurement of the related lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The Fire District's capitalization threshold is \$5,000.00. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Amortization on lease assets and depreciation on other capital assets is computed using the straight-line method over the shorter of the lease term or the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 50 Years
Buildings and Improvements	10 - 30 Years
Fire Equipment	5 - 10 Years
Office Equipment	5 - 10 Years
Furniture	5 - 10 Years
Vehicles	5 - 10 Years

The Fire District does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Fire District is required to report the following as deferred outflows of resources and deferred inflows of resources: defined benefit pension plans and postemployment benefit plans.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Fire District is eligible to realize the revenue.

**Compensated Absences**

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Fire District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Fire District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The Fire District uses the vesting to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension and length of service awards program contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

**Net Position**

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

***Net Investment in Capital Assets*** - This component represents capital assets, net of accumulated depreciation or amortization of intangible capital assets, net of outstanding balances of borrowings used for the 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 Fire District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Net Position**

**Unrestricted** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Fire District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balance**

The Fire District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Fire District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The Fire District's classifications, and policies for determining such classifications, are as follows:

**Nonspendable** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

**Restricted** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**Committed** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire District's highest level of decision-making authority, which, for the Fire District, is the Board of Fire Commissioners. Such formal action consists of an affirmative vote by the Board of Fire Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Fire Commissioners removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**Assigned** - The assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Fire Commissioners or by the accountant, to which the Board of Fire Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the accountant is established by way of a formal job description for the position, approved by the Board of Fire Commissioners.

**Unassigned** - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Fire District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Fire District to spend fund balances, if appropriate, in the following order: committed, assigned, and then unassigned.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Interfund Activity**

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Impact of Recently Issued Accounting Principles****Recently Issued Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Statement will become effective for the Fire District's year ending December 31, 2023. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Fire District.

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Fire District in the year ending December 31, 2024. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Fire District.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation ("FDIC"). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the Fire District's amount of deposit of \$2,943,828.44, as of December 31, 2022, \$250,000.00 was insured under FDIC and \$2,693,828.44 was insured under GUDPA.

**Note 3: PROPERTY TAX LEVIES**

The following is a tabulation of the Fire District's assessed valuations, tax levies, and property tax rates per \$100.00 of assessed valuations for the current and preceding four years:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Tax Rate</u>
2022	\$ 1,056,679,600.00	\$ 1,648,646.00	.157
2021	1,049,663,900.00	1,557,949.55	.149
2020	1,038,844,400.00	1,474,659.00	.142
2019	1,029,721,200.00	1,485,254.00	.145
2018	1,026,473,900.00	1,484,316.00	.145

**Note 4: ACCOUNTS RECEIVABLE**

At December 31, 2022 the Fire District did not have any accounts receivables.

**Note 5: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 is as follows:

	<u>Balance</u> <u>Jan. 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Capital Assets, being Depreciated				
Land Improvements	\$ 108,800.00			\$ 108,800.00
Buildings and Improvements	1,293,966.85			1,293,966.85
Fire Equipment	231,268.00			231,268.00
Office Equipment	16,183.00			16,183.00
Furniture	15,565.12			15,565.12
Vehicle	1,730,094.61			1,730,094.61
Total Capital Assets, being Depreciated	3,395,877.58			3,395,877.58
Total Capital Assets, Cost	3,395,877.58			3,395,877.58
Less Accumulated Depreciation for:				
Land Improvements	(46,740.00)	\$ (2,392.00)		(49,132.00)
Buildings and Improvements	(998,490.81)	(38,007.04)		(1,036,497.85)
Fire Equipment	(92,340.83)	(21,874.83)		(114,215.66)
Office Equipment	(14,563.00)			(14,563.00)
Furniture	(11,235.12)	(999.00)		(12,234.12)
Vehicle	(1,189,863.75)	(93,867.53)		(1,283,731.27)
Total Accumulated Depreciation	(2,353,233.51)	(157,140.40)		(2,510,373.90)
Total Capital Assets, being Depreciated, Net	1,042,644.07	(157,140.40)		885,503.68
Capital Assets, Net	\$ 1,042,644.07	\$ (157,140.40)	\$ -	\$ 885,503.68

**Note 5: CAPITAL ASSETS (CONT'D)**

\* Depreciation expense was charged to functions / programs of the Fire District as follows:

Cost of Operations and Maintenance	\$ 116,741.36
Unallocated	<u>40,399.04</u>
Total Depreciation Expense	<u><u>\$ 157,140.40</u></u>

**Note 6: LONG-TERM LIABILITIES**

During the year ended December 31, 2022, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>Jan. 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Due within</u> <u>One Year</u>
Other Liabilities:					
Compensated Absences	\$ 97,385.67	\$ 16,144.60	\$ (39,747.29)	\$ 73,782.98	\$ 10,731.59
Net OPEB Liability	1,193,745.00	1,688,488.00	(1,818,298.00)	1,063,935.00	
Net Pension Liability	<u>808,793.00</u>	<u>1,405,028.00</u>	<u>(934,721.00)</u>	<u>1,279,100.00</u>	
Total Other Liabilities	<u>2,099,923.67</u>	<u>3,109,660.60</u>	<u>(2,792,766.29)</u>	<u>2,416,817.98</u>	<u>10,731.59</u>
Governmental Activities Long-Term Liabilities	<u><u>\$ 2,099,923.67</u></u>	<u><u>\$ 3,109,660.60</u></u>	<u><u>\$ (2,792,766.29)</u></u>	<u><u>\$ 2,416,817.98</u></u>	<u><u>\$ 10,731.59</u></u>

**Compensated Absences** - Compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 10 for a description of the Fire District's policy.

**Postemployment Benefits** - For details on postemployment benefits, refer to note 8. The Fire District's required contribution to the postemployment benefits plan are budgeted and paid from the general fund

**Net Pension Liability** - For details on the net pension liability, refer to note 7. The Fire District's annual required contribution to the length of service awards program is budgeted and paid from the general fund on an annual basis.

**Note 7: PENSION PLANS**

A substantial number of the Fire District's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, certain Fire District employees may be eligible to participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Empower (formerly Prudential Financial) for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey  
 Division of Pensions and Benefits  
 P.O. Box 295  
 Trenton, New Jersey 08625-0295  
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans****Plan Descriptions**

**Public Employees' Retirement System** - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Fire District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

**Police and Firemen's Retirement System** - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Fire District. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d).

The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

**Vesting and Benefit Provisions**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

**Tier Definition**

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

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

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

**Police and Firemen's Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

**Tier Definition**

- 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 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 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 of 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.

**Defined Contribution Retirement Program** - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**Contributions**

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)****Public Employees' Retirement System (Cont'd) -**

*Special Funding Situation Component* - Under N.J.S.A. 43:15A, 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. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

The Fire District's contractually required contribution rate for the year ended December 31, 2022 was 19.57% of the Fire District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2022, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2022 is \$20,385.00, and is payable by April 1, 2023. For the prior year measurement date of June 30, 2021, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2021 was \$16,336.00, which was paid on April 1, 2022.

Employee contributions to the Plan for the year ended December 31, 2022 were \$9,347.89.

**Police and Firemen's Retirement System** - The contribution policy for PFRS is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 10.0% of base salary. 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.

*Special Funding Situation Component* - 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 nonemployer 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 or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Fire District's contractually required contribution rate for the year ended December 31, 2022 was 40.18% of the Fire District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**Note 7: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

**Police and Firemen's Retirement System (Cont'd)** - Based on the most recent PFRS measurement date of June 30, 2022, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2022 is \$117,615.00, and is payable by April 1, 2023. For the prior year measurement date of June 30, 2021, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2021 was \$102,615.00, which was paid on April 1, 2022. Employee contributions to the Plan for the year ended December 31, 2022 were \$31,907.70.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Fire District, for the year ended December 31, 2022 was 7.84% of the Fire District's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2022 was \$22,935.00, and is payable by April 1, 2023. For the prior year measurement date of June 30, 2021, the State's contractually required contribution, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2021 was \$15,723.00, which was paid on April 1, 2022.

**Defined Contribution Retirement Program** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Fire District contributes 3% of the employees' base salary, for each pay period.

For the year ended December 31, 2022, the Fire District had no employees enrolled in the program.

**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions****Public Employees' Retirement System**

**Pension Liability** - As of December 31, 2022, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Fire District's proportionate share of the PERS net pension liability was \$243,954.00. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2022 measurement date, the Fire District's proportion was .0016165126%, which was an increase of .0002216041% from its proportion measured as of June 30, 2021.

**Pension (Benefit) Expense** - For the year ended December 31, 2022, the Fire District's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date, was \$11,063.00.

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Police and Firemen's Retirement System**

**Pension Liability** - As of December 31, 2022, the Fire District's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Proportionate Share of Net Pension Liability	\$ 1,035,146.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer	184,226.00
	<u>\$ 1,219,372.00</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2022 measurement date, the Fire District's proportion was .0090434600%, which was an increase of .0002388146% from its proportion measured as of June 30, 2021. Likewise, as of June 30, 2022 the State of New Jersey's proportion, on-behalf of the Fire District, was .0090433800%, which was an increase of .0002387747% from its proportion, on-behalf of the Fire District, measured as of June 30, 2021.

**Pension (Benefit) Expense** - For the year ended December 31, 2022, the Fire District's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date, was \$40,765.00.

For the year ended December 31, 2022, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Fire District, calculated by the Plan as of the June 30, 2022 measurement date, was \$21,255.00. This on-behalf expense has been recognized by the Fire District in the government-wide financial statements.

**Note 7: PENSION PLANS (CONT'D)**

**Deferred Outflows of Resources and Deferred Inflows of Resources** - As of December 31, 2022, the Fire District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 1,761.00	\$ 46,853.00	\$ 48,614.00	\$ 1,553.00	\$ 63,417.00	\$ 64,970.00
Changes of Assumptions	756.00	2,837.00	3,593.00	36,530.00	130,304.00	166,834.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	10,097.00	94,789.00	104,886.00	-	-	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	87,344.00	341,083.00	428,427.00	876.00	49,169.00	50,045.00
Contributions Subsequent to the Measurement Date	10,193.00	58,808.00	69,001.00	-	-	-
	<u>\$ 110,151.00</u>	<u>\$ 544,370.00</u>	<u>\$ 654,521.00</u>	<u>\$ 38,959.00</u>	<u>\$ 242,890.00</u>	<u>\$ 281,849.00</u>

Deferred outflows of resources in the amounts of \$10,193.00 and \$58,808.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2023. These amounts were based on an estimated April 1, 2024 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2022 to the Fire District's year end of December 31, 2022.

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - The Fire District will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	<b>PERS</b>		<b>PFRS</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
June 30, 2021	-	5.13	-	6.17
June 30, 2022	-	5.04	6.22	
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
June 30, 2021	5.13	-	6.17	-
June 30, 2022	-	5.04		6.22
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2018	5.00	-	5.00	-
June 30, 2019	5.00	-	5.00	-
June 30, 2020	5.00	-	5.00	-
June 30, 2021	5.00	-	5.00	-
June 30, 2022	5.00	-	5.00	-
Changes in Proportion				
Year of Pension Plan Deferral:				
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90
June 30, 2021	5.13	5.13	6.17	6.17
June 30, 2022	5.04	5.04	6.22	6.22

**Note 7: PENSION PLANS (CONT'D)****Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<b>Year Ending Dec 31,</b>	<b>PERS</b>	<b>PFRS</b>	<b>Total</b>
2023	\$ 8,116.00	\$ 15,500.00	\$ 23,616.00
2024	19,060.00	81,345.00	100,405.00
2025	12,840.00	52,415.00	65,255.00
2026	20,673.00	83,689.00	104,362.00
2027	310.00	7,926.00	8,236.00
Thereafter	-	1,797.00	1,797.00
	<b>\$ 60,999.00</b>	<b>\$ 242,672.00</b>	<b>\$ 303,671.00</b>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b>PERS</b>	<b>PFRS</b>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75% - 6.55% Based on Years of Service	3.25% - 16.25% Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2018 - June 30, 2021

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

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

**Police and Firemen's Retirement System**

Pre-retirement 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.

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

<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-US Developed Markets Equity	13.50%	8.38%
Emerging Market 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>

**Note 7: PENSION PLANS (CONT'D)****Actuarial Assumptions (Cont'd)****Discount Rate -**

**Public Employees' Retirement System** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

**Police and Firemen's Retirement System** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make 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 Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Public Employees' Retirement System (PERS)** - The following presents the Fire District's proportionate share of the net pension liability as of the June 30, 2022 measurement date, calculated using a discount rate of 7.00%, as well as what the Fire District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Proportionate Share of the Net Pension Liability	\$ 313,409.00	\$ 243,954.00	\$ 184,845.00

**Note 7: PENSION PLANS (CONT'D)****Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

**Police and Firemen's Retirement System (PFRS)** - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Fire District's annual required contribution. As such, the net pension liability as of the June 30, 2022 measurement date for the Fire District and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Proportionate Share of the Net Pension Liability	\$ 1,420,333.00	\$ 1,035,147.00	\$ 714,477.00
State of New Jersey's Proportionate Share of Net Pension Liability	<u>252,778.00</u>	<u>184,226.00</u>	<u>127,156.00</u>
	<u><u>\$ 1,673,111.00</u></u>	<u><u>\$ 1,219,373.00</u></u>	<u><u>\$ 841,633.00</u></u>

**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension (benefit) expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS' and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, 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.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)****General Information about the State Health Benefit Local Government Retired Employees Plan**

**Plan Description and Benefits Provided** - The Fire District contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit ("OPEB") plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the "State"), Division of Pensions and Benefits' (the "Division") annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

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

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

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

**Contributions** - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Fire District was billed monthly by the Plan and paid \$4,604.28, for the year ended December 31, 2022, representing 1.16% of the Fire District's covered payroll. During the year ended December 31, 2022, retirees were not required to contribute to the Plan.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

**OPEB Liability** - At December 31, 2022, the Fire District's proportionate share of the net OPEB liability was \$1,063,935.00.

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

The Fire District's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. For the June 30, 2022 measurement date, the Fire District's proportion was .006588%, which was a decrease of .000081% from its proportion measured as of the June 30, 2021 measurement date, as adjusted.

**OPEB (Benefit) Expense** - At December 31, 2022, the Fire District's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date, is \$166,708.00.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - At December 31, 2022, the Fire District had deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 54,943.00	\$ 197,208.00
Changes of Assumptions	141,987.00	363,101.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	280.00	-
Changes in Proportion	848,940.00	21,014.00
Contributions Subsequent to the Measurement Date	2,302.14	-
	<u>\$ 1,048,452.14</u>	<u>\$ 581,323.00</u>

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)** - Deferred outflows of resources in the amount of \$2,302.14 will be included as a reduction of the Fire District's net OPEB liability during the year ending December 31, 2023. The Fire District will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience			Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2018	-	8.14	June 30, 2018	5.00	-
June 30, 2019	-	8.05	June 30, 2019	5.00	-
June 30, 2020	7.87	-	June 30, 2020	5.00	-
June 30, 2021	-	7.82	June 30, 2021	5.00	-
June 30, 2022	7.82	-	June 30, 2022	5.00	-
Changes of Assumptions			Changes in Proportion		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04	June 30, 2017	8.04	8.04
June 30, 2018	-	8.14	June 30, 2018	8.14	8.14
June 30, 2019	-	8.05	June 30, 2019	8.05	8.05
June 30, 2020	7.87	-	June 30, 2020	7.87	7.87
June 30, 2021	7.82	-	June 30, 2021	7.82	7.82
June 30, 2022	-	7.82	June 30, 2022	7.82	7.82

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<u>Year Ending Dec. 31,</u>	
2023	\$ 60,202.00
2024	60,117.00
2025	83,003.00
2026	124,970.00
2027	104,370.00
Thereafter	<u>32,165.00</u>
	<u><u>\$ 464,827.00</u></u>

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Actuarial Assumptions**

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

Salary Increases \*

PERS - Rates for all future years 2.75% to 6.55% based on years of service

PFRS - Rates for all future years 3.25% to 16.25% based on years of service

Mortality:

PERS - Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS - Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

---

\* salary increases are based on years of service within the respective Plan

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

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

All of the Plan's investments are in the State of New Jersey Cash Management Fund (the "CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. government and agency obligations, commercial paper, corporate obligations and certificates of deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

**Discount Rate** - The discount rate used to measure the OPEB liability at June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****Actuarial Assumptions (Cont'd)**

**Health Care Trend Assumptions** - The health care trend assumptions used is as follows:

Fiscal Year Ending	Annual Rate of Increase			
	Medical Trend			Prescription Drug Trend
	Pre-65	PPO Post-65	HMO Post-65	
2023	6.25%	-1.89%	-1.99%	8.00%
2024	6.00%	-6.00%	-6.15%	7.50%
2025	5.75%	6.99%	7.02%	7.00%
2026	5.50%	15.04%	15.18%	6.50%
2027	5.25%	13.00%	13.11%	6.00%
2028	5.00%	11.47%	11.56%	5.50%
2029	4.75%	10.27%	10.35%	5.00%
2030	4.50%	9.29%	9.35%	4.50%
2031	4.50%	8.50%	8.55%	4.50%
2032	4.50%	6.25%	6.27%	4.50%
2033 and Later	4.50%	4.50%	4.50%	4.50%

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

The net OPEB liability, calculated using a discount rate of 3.54%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Proportionate Share of the Net OPEB Liability	\$ 1,233,315.00	\$ 1,063,935.00	\$ 927,653.00

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

The net OPEB liability, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 902,568.00	\$ 1,063,935.00	\$ 1,270,601.00

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)****OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 9: RISK MANAGEMENT**

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

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

**New Jersey Unemployment Compensation Insurance** - The Fire District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contribution Method". Under this plan, a contribution method rate is established annually for the Fire District's share on unemployment tax. This rate is based on cost experience for all governmental employers.

**Joint Insurance Fund** - The Fire District is a member of the First Responder Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability  
General Liability including Police Professional and Employee Benefit Liability  
Automobile Liability  
Blanket Crime including Public Employee Dishonesty  
Property Including Boiler and Machinery  
Public Officials and Employment Practices Liability  
Volunteer Directors and Officers Liability  
Cyber Liability

Contributions to the Fund, including a reserve for contingencies, are payable in three installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations. The Fund also participates in the Municipal Excess Liability Fund which provides excess insurance coverage.

The Fund provides the Fire District with the following coverage:

Property  
Boiler & Machinery  
Crime  
General Liability  
Automobile  
Workers' Compensation  
Environmental Impairment Liability  
Management Liability  
Excess Liability

**Note 9: RISK MANAGEMENT (CONT'D)****Joint Insurance Fund (Cont'd) –**

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

First Responder Joint Insurance Fund  
51 Everett Drive, Suite B40  
West Windsor, New Jersey 08550

**Note 10: DEFERRED COMPENSATION**

The Fire District offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Fire District or its creditors. Since the Fire District does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Fire District's financial statements.

**Note 11: COMPENSATED ABSENCES**

The Fire District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Full-time employees are entitled to eight (8) hours of sick leave per month during the first calendar year of employment to a maximum of eighty (80) hours, and one hundred and twenty (120) paid sick leave hours per year thereafter. Unused sick leave may be accumulated and carried forward to subsequent years. Employees earn from ninety-six (96) hours to two hundred and forty (240) vacation hours per year depending on the number of years of service. Vacation days not used during the year may be carried forward to the subsequent year. Employees may choose to be reimbursed for up to five (5) working days of unused vacation days. Benefits paid in any future year will be calculated according to formulas outlined in each employee's contract and included in the current year's budget.

The Fire District compensates employees for unused sick leave upon termination or retirement. The current policy for payment of unused sick leave varies in accordance with collective bargaining agreements the Fire District has with its employees. All accumulated holidays, vacation, sick, or other leave will be paid upon retiring after 25 years of service or having attained the age of 55 or as a result of a disability pension. Under the agreement with the Camden County Uniformed Fire Fighters Association Local 3249 accumulated sick leave is paid at \$50 per eight (8) hours to a maximum of four hundred (400) hours (\$2,500.00 cap), vacation and other compensatory time will be paid at the rate of pay at the time of retirement. Under the agreement with the administrative employees, the accumulated sick leave is paid at the rate of pay at the time of retirement based upon the base annual compensation, except that unused sick leave compensation shall be paid to a maximum of \$15,000.00 established by the NJ Public Employees Retirement System; vacation and other compensatory time will be paid at the rate of pay at the time of retirement.

**Note 11: COMPENSATED ABSENCES (CONT'D)**

The liability for vested compensated absences is recorded as the benefits accrue to employees. As of December 31, 2022, the liability for compensated absences reported on the government-wide statement of net position was \$73,782.98.

**Note 12: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

At December 31, 2022, the Fire District did not have any interfund receivables, payables, or transfers.

**Note 13: CONTINGENCIES**

**Grantor Agencies** - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Fire District expects such amount, if any, to be immaterial.

**Note 14: CONCENTRATIONS**

A significant source of revenue for the Fire District comes from its ability to levy property taxes (see note 1 for detail on property taxes). The ability to levy property taxes, and the limits to which property taxes can be levied, are promulgated by State statute. As a result of this dependency, the Fire District's operations are significantly reliant and impacted by State laws and regulations regarding property taxes.

**Note 15: FUND BALANCES APPROPRIATED - GENERAL FUND**

The 2023 annual budget of the Fire District was adopted on January 21, 2023, and subsequently approved by the voters at the annual election held on February 18, 2023.

The following presents the total fund balance of the general fund as of the end of the last five years and the amount utilized in the subsequent year's budget:

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilization in Subsequent Budget</u>
2022	\$ 2,887,815.42	\$ 143,994.75
2021	2,522,994.21	630,805.95
2020	2,223,966.59	370,313.39
2019	2,017,135.32	350,000.00
2018	1,812,851.43	255,000.00

**Note 16: FUND BALANCES****RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the Fire District's fund balance are summarized as follows:

**General Fund**

**Dedicated Penalties** - Pursuant to N.J.A.C. 5:70-2.12A, certain monies collected by the Fire District for violations by property owners must be placed in the general treasury of the Fire District and be subject to separate accounting. These monies are required to fund the cost of firefighter training and / or new firefighting equipment. As of December 31, 2022, such funds collected by the Fire District amount to \$500.00.

**Capital Projects (Future Capital Outlays)** - These funds are restricted for future capital expenditures to be made in future years. When the Fire District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation. As of December 31, 2022, the balance is \$1,263,511.00.

**ASSIGNED**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the Fire District's fund balance are summarized as follows:

**General Fund**

**Other Purposes** - As of December 31, 2022, the Fire District had \$11,403.60 of encumbrances outstanding for purchase orders and contracts signed by the Fire District, but not completed, as of the close of the year.

**For Subsequent Year's Expenditures** - The Fire District has appropriated and included as an anticipated revenue for the year ending December 31, 2023, \$143,944.75 of general fund balance at December 31, 2022.

**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The Fire District's unassigned fund balance is summarized as follows:

**General Fund** - As of December 31, 2022, \$1,468,406.07 of general fund balance was unassigned.

**Note 17: SUBSEQUENT EVENTS**

**COVID-19** - The management of the Fire District has evaluated its financial statements for subsequent events through the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the Fire District. While the impact that COVID-19 will have is currently expected to be temporary, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

## **BUDGETARY COMPARISON SCHEDULES**

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Year Ended December 31, 2022

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Miscellaneous Anticipated Revenues:					
Interest on Investments and Deposits	\$ 1,000.00		\$ 1,000.00	\$ 1,829.72	\$ 829.72
Other Revenue					
UFSA Permits	216.00		216.00		(216.00)
Fire Reports	140.00		140.00	105.00	(35.00)
Total Miscellaneous Anticipated Revenues	<u>1,356.00</u>		<u>1,356.00</u>	<u>1,934.72</u>	<u>578.72</u>
Operating Grant Revenue:					
Supplemental Fire Services Grant (P.L. 1985, Ch. 295)	<u>3,620.00</u>		<u>3,620.00</u>	<u>3,618.25</u>	<u>(1.75)</u>
Miscellaneous Revenues Offset with Appropriations					
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Annual Registration Fees	11,299.00		11,299.00	14,508.95	3,209.95
Penalties and Fines	500.00		500.00		(500.00)
Other Revenue	19,222.00		19,222.00	15,523.00	(3,699.00)
Total Miscellaneous Revenues Offset with Appropriations	<u>31,021.00</u>		<u>31,021.00</u>	<u>30,031.95</u>	<u>(989.05)</u>
Amount to be Raised by Taxation to Support the District Budget	<u>1,648,645.04</u>		<u>1,648,645.04</u>	<u>1,648,646.00</u>	<u>0.96</u>
Total Anticipated Revenues	<u>1,684,642.04</u>		<u>1,684,642.04</u>	<u>1,684,230.92</u>	<u>(411.12)</u>
Non-Budgetary Revenues:					
Miscellaneous				7,628.93	7,628.93
Total Non-Budgetary Revenues				<u>7,628.93</u>	<u>7,628.93</u>
Total Revenues	<u>1,684,642.04</u>		<u>1,684,642.04</u>	<u>1,691,859.85</u>	<u>7,217.81</u>

(Continued)

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Year Ended December 31, 2022

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
Operating Appropriations:					
Administration:					
Salary and Wages:					
Commissioners	\$ 24,000.00		\$ 24,000.00	\$ 24,000.00	
Administrator	50,000.00		50,000.00	15,900.00	\$ 34,100.00
Administrative Clerk	59,513.95		59,513.95	36,951.48	22,562.47
Deputy Clerk	35,000.00	\$ 2,620.76	37,620.76	37,620.76	
Chief	98,054.00		98,054.00	87,522.27	10,531.73
Volunteer Fire Chief	17,500.00		17,500.00	14,199.68	3,300.32
Overtime and Substitutes	3,000.00	(2,620.76)	379.24	324.45	54.79
Vacation and Sick	8,483.82		8,483.82	8,437.85	45.97
Separation Agreement	1.00		1.00		1.00
Fringe Benefits	156,532.90		156,532.90	111,181.13	45,351.77
Other Expenses:					
Election	4,700.00		4,700.00	4,029.73	670.27
Membership and Dues	2,000.00		2,000.00	345.00	1,655.00
Office Expenses	3,500.00		3,500.00	3,066.27	433.73
Professional Services	43,200.00		43,200.00	28,444.20	14,755.80
Miscellaneous	1,000.00		1,000.00	365.90	634.10
<b>Total Administration</b>	<b>506,485.67</b>		<b>506,485.67</b>	<b>372,388.72</b>	<b>134,096.95</b>
Cost of Operations and Maintenance:					
Salary and Wages:					
Firefighter	84,361.34	3.46	84,364.80	84,364.80	
Firefighter	62,478.36		62,478.36	62,453.16	25.20
Firefighter	62,478.36	4.84	62,483.20	62,483.20	
Firefighter	45,224.76	63.70	45,288.46	45,288.46	
Operations Subs	37,440.00	15.00	37,455.00	37,455.00	
Overtime	24,138.74	(87.00)	24,051.74	5,370.79	18,680.95
Vacation and Sick	4,895.05		4,895.05	3,693.60	1,201.45
Altern & Subs Referendum	29,280.00		29,280.00	558.75	28,721.25
Separation Agreement	1.00		1.00		1.00
Fringe Benefits	257,473.71		257,473.71	240,627.11	16,846.60

(Continued)

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Year Ended December 31, 2022

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (Cont'd):</b>					
Operating Appropriations (Cont'd):					
Cost of Operations and Maintenance (Cont'd):					
Other Expenses:					
Life Hazard Registration Fee	\$ 300.00		\$ 300.00	\$ 191.00	\$ 109.00
Advertising	2,400.00		2,400.00	1,345.14	1,054.86
Insurance	45,359.00		45,359.00	42,530.00	2,829.00
Maintenance and Repair	153,570.00		153,570.00	58,326.08	95,243.92
Rental Charges	200,000.00		200,000.00	140,831.25	59,168.75
Recruitment and Retention	25,600.00		25,600.00	12,552.93	13,047.07
Supplies Expense	13,000.00		13,000.00	9,472.95	3,527.05
Training and Education	25,000.00		25,000.00	10,224.79	14,775.21
Travel Expense	3,000.00		3,000.00	882.16	2,117.84
Uniforms	22,000.00		22,000.00	6,810.00	15,190.00
Utilities	53,300.00		53,300.00	40,496.29	12,803.71
Promotions	12,700.00		12,700.00	1,127.13	11,572.87
Reimbursements	25,000.00		25,000.00	24,999.98	0.02
SAFER Supplement	44,650.00		44,650.00	2,850.00	41,800.00
Supplemental Fire Services Grant	3,620.00		3,620.00		3,620.00
Other Assets Non-Bondable:					
Furniture and Equipment	32,000.00		32,000.00		32,000.00
Fire Department Equipment	30,000.00		30,000.00	7,000.12	22,999.88
Turnout Gear	15,000.00		15,000.00	9,759.00	5,241.00
In Station Supplies	15,000.00		15,000.00	3,802.13	11,197.87
Communications Equipment	12,160.00		12,160.00		12,160.00
Computers	28,555.00		28,555.00	4,288.58	24,266.42
Shop Tools and Equipment	3,000.00		3,000.00	2,479.98	520.02
Total Cost of Operations and Maintenance	<u>1,372,985.32</u>		<u>1,372,985.32</u>	<u>922,264.38</u>	<u>450,720.94</u>

(Continued)

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Required Supplementary Information - Part II  
 General Fund  
 Budgetary Comparison Schedule  
 For the Year Ended December 31, 2022

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (Cont'd):</b>					
Operating Appropriations Offset with Revenues:					
Salary and Wages	\$ 31,377.00	\$ 210.00	\$ 31,587.00	\$ 31,587.00	
Other Expenses	4,600.00	(210.00)	4,390.00	798.54	\$ 3,591.46
Total Operating Appropriations Offset with Revenues	<u>35,977.00</u>		<u>35,977.00</u>	<u>32,385.54</u>	<u>3,591.46</u>
Capital Appropriations:					
Fire Station Roof	400,000.00		400,000.00		400,000.00
Total Capital Appropriations	<u>400,000.00</u>		<u>400,000.00</u>		<u>400,000.00</u>
Total Expenditures	<u>2,315,447.99</u>		<u>2,315,447.99</u>	<u>1,327,038.64</u>	<u>988,409.35</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u><u>\$ (630,805.95)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (630,805.95)</u></u>	<u><u>364,821.21</u></u>	<u><u>\$ 995,627.16</u></u>
Fund Balance, Beginning				2,522,994.21	
Fund Balance, Ending				<u><u>\$ 2,887,815.42</u></u>	
<b>Recapitulation:</b>					
<b>Restricted:</b>					
Dedicated Penalties				\$ 500.00	
Future Capital Outlays				1,263,511.00	
<b>Assigned:</b>					
Encumbrances				11,403.60	
For Subsequent Year's Expenditures				143,994.75	
<b>Unassigned</b>				<u><u>1,468,406.07</u></u>	
				<u><u>\$ 2,887,815.42</u></u>	

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
**Required Supplementary Information - Part II**  
**Budgetary Comparison Schedule**  
**Note to RSI**  
**For the Year Ended December 31, 2022**

---

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources / Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 1,691,859.85	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 1,691,859.85</u>	<u>\$ -</u>
<b>Uses / Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 1,327,038.64	
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 1,327,038.64</u>	<u>\$ -</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**SCHEDULES RELATED TO ACCOUNTING  
AND REPORTING FOR PENSIONS**

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Required Supplementary Information - Part III  
 Schedule of the Fire District's Proportionate Share of the Net Pension Liability  
 Public Employees' Retirement System (PERS)  
*Last Ten Plan Years*

---

	<u>Measurement Date Ended June 30</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Fire District's Proportion of the Net Pension Liability	0.0016165126%	0.0013949085%	0.0012201659%	0.0008986276%	0.0009093405%
Fire District's Proportionate Share of the Net Pension Liability	\$ 243,954.00	\$ 165,248.00	\$ 198,977.00	\$ 161,919.00	\$ 179,045.00
Fire District's Covered Payroll (Plan Measurement Period)	\$ 119,132.00	\$ 86,224.00	\$ 42,864.00	\$ 63,860.00	\$ 63,860.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	204.78%	191.65%	464.21%	253.55%	280.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Fire District's Proportion of the Net Pension Liability	0.0009217468%	0.0009283130%	0.0020028339%	0.0018811586%	0.0018352190%
Fire District's Proportionate Share of the Net Pension Liability	\$ 214,568.00	\$ 274,940.00	\$ 449,596.00	\$ 352,204.00	\$ 350,747.00
Fire District's Covered Payroll (Plan Measurement Period)	\$ 63,860.00	\$ 63,860.00	\$ 138,156.00	\$ 130,092.00	\$ 126,604.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	336.00%	430.54%	325.43%	270.73%	277.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

## TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6

Required Supplementary Information - Part III  
 Schedule of the Fire District's Contributions  
 Public Employees' Retirement System (PERS)  
*Last Ten Years*

	<u>Year Ended December 31,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Fire District's Contractually Required Contribution	\$ 20,385.00	\$ 16,336.00	\$ 13,348.00	\$ 8,741.00	\$ 9,045.00
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(20,385.00)</u>	<u>(16,336.00)</u>	<u>(13,348.00)</u>	<u>(8,741.00)</u>	<u>(9,045.00)</u>
Fire District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered Payroll (Calendar Year)	\$ 104,152.00	\$ 119,132.00	\$ 98,899.00	\$ 75,334.00	\$ 66,968.00
Fire District's Contributions as a Percentage of its Covered Payroll	19.57%	13.71%	13.50%	11.60%	13.51%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Fire District's Contractually Required Contribution	\$ 8,539.00	\$ 8,247.00	\$ 17,219.00	\$ 15,508.00	\$ 13,828.00
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(8,539.00)</u>	<u>(8,247.00)</u>	<u>(17,219.00)</u>	<u>(15,508.00)</u>	<u>(13,828.00)</u>
Fire District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered Payroll (Calendar Year)	\$ 63,860.00	\$ 63,860.00	\$ 63,860.00	\$ 138,156.00	\$ 132,798.00
Fire District's Contributions as a Percentage of its Covered Payroll	13.37%	12.91%	26.96%	11.22%	10.41%

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Required Supplementary Information - Part III  
 Schedule of the Fire District's Proportionate Share of the Net Pension Liability  
 Police and Firemen's Retirement System (PFRS)  
*Last Ten Plan Years*

	<u>Measurement Date Ended June 30,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Fire District's Proportion of the Net Pension Liability	0.0090434600%	0.0088046454%	0.0082987306%	0.0055765181%	0.0046353116%
Fire District's Proportionate Share of the Net Pension Liability	\$ 1,035,146.00	\$ 643,545.00	\$ 1,072,305.00	\$ 682,444.00	\$ 627,234.00
State's Proportionate Share of the Net Pension Liability associated with the Fire District	<u>184,226.00</u>	<u>180,997.00</u>	<u>166,417.00</u>	<u>107,759.00</u>	<u>85,199.00</u>
<b>Total</b>	<b><u>\$ 1,219,372.00</u></b>	<b><u>\$ 824,542.00</u></b>	<b><u>\$ 1,238,722.00</u></b>	<b><u>\$ 790,203.00</u></b>	<b><u>\$ 712,433.00</u></b>
Fire District's Covered Payroll (Plan Measurement Period)	\$ 322,268.00	\$ 290,572.00	\$ 286,348.00	\$ 189,004.00	\$ 153,780.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	321.21%	221.48%	374.48%	361.07%	407.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.33%	77.26%	63.52%	65.00%	62.48%
<u>2017</u>					
Fire District's Proportion of the Net Pension Liability	0.0070844850%	0.0071747930%	0.0072414269%	0.0067432738%	0.0062257930%
Fire District's Proportionate Share of the Net Pension Liability	\$ 1,093,708.00	\$ 1,370,569.00	\$ 1,206,169.00	\$ 848,241.00	\$ 827,663.00
State's Proportionate Share of the Net Pension Liability associated with the Fire District	<u>122,504.00</u>	<u>115,094.00</u>	<u>105,777.00</u>	<u>91,341.00</u>	<u>77,148.00</u>
<b>Total</b>	<b><u>\$ 1,216,212.00</u></b>	<b><u>\$ 1,485,663.00</u></b>	<b><u>\$ 1,311,946.00</u></b>	<b><u>\$ 939,582.00</u></b>	<b><u>\$ 904,811.00</u></b>
Fire District's Covered Payroll (Plan Measurement Period)	\$ 229,324.00	\$ 229,324.00	\$ 229,324.00	\$ 212,988.00	\$ 195,388.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	476.93%	597.66%	525.97%	398.26%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%	62.41%	58.70%

## TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6

Required Supplementary Information - Part III  
 Schedule of the Fire District's Contributions  
 Police and Firemen's Retirement System (PFRS)

*Last Ten Years*

Year Ended December 31.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Fire District's Contractually Required Contribution	\$ 117,615.00	\$ 102,615.00	\$ 92,711.00	\$ 56,329.00	\$ 45,317.00
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(117,615.00)</u>	<u>(102,615.00)</u>	<u>(92,711.00)</u>	<u>(56,329.00)</u>	<u>(45,317.00)</u>
Fire District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Fire District's Covered Payroll (Calendar Year)	\$ 292,694.00	\$ 292,842.00	\$ 290,572.00	\$ 288,412.00	\$ 202,893.00
Fire District's Contributions as a Percentage of its Covered Payroll	40.18%	35.04%	31.91%	19.53%	22.34%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Fire District's Contractually Required Contribution	\$ 62,699.00	\$ 58,499.00	\$ 58,862.00	\$ 3,793.00	\$ 3,038.00
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(62,699.00)</u>	<u>(58,499.00)</u>	<u>(58,862.00)</u>	<u>(3,793.00)</u>	<u>(3,038.00)</u>
Fire District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Fire District's Covered Payroll (Calendar Year)	\$ 169,728.00	\$ 229,324.00	\$ 229,324.00	\$ 229,324.00	\$ 215,700.00
Fire District's Contributions as a Percentage of its Covered Payroll	36.94%	25.51%	25.67%	1.65%	1.41%

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Required Supplementary Information - Part III  
 Notes to Required Supplementary Information - Part III  
 For the Year Ended December 31, 2022

---

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

***Changes in Benefit Terms:***

The June 30, 2022 measurement date included three changes to the plan provisions, only one of which had an impact on the Total Pension Liability (TPL). Chapter 226, P.L. 2021 reopened the Prosecutors Part of PERS and made membership in the Prosecutors Part of PERS mandatory for all prosecutors.

***Changes in Assumptions:***

The discount rate and long-term expected rate of return used as of June 30 measurement date are as follows:

Discount Rate				Long-term Expected Rate of Return			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	5.00%	2022	7.00%	2017	7.00%
2021	7.00%	2016	3.98%	2021	7.00%	2016	7.65%
2020	7.00%	2015	4.90%	2020	7.00%	2015	7.90%
2019	6.28%	2014	5.39%	2019	7.00%	2014	7.90%
2018	5.66%			2018	7.00%		

The underlying demographic and economic assumptions were updated as a result of the Experience Study covering the period of July 1, 2018 - June 30, 2021.

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

***Changes in Benefit Terms:***

None

***Changes in Assumptions:***

The discount rate and long-term expected rate of return used as of June 30 measurement date are as follows:

Discount Rate				Long-term Expected Rate of Return			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	6.14%	2022	7.00%	2017	7.00%
2021	7.00%	2016	5.55%	2021	7.00%	2016	7.65%
2020	7.00%	2015	5.79%	2020	7.00%	2015	7.90%
2019	6.85%	2014	6.32%	2019	7.00%	2014	7.90%
2018	6.51%			2018	7.00%		

The underlying demographic and economic assumptions were updated as a result of the Experience Study covering the period of July 1, 2018 - June 30, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART IV**

**SCHEDULES RELATED TO OTHER  
POSTEMPLOYMENT BENEFIT PLANS**

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
 Required Supplementary Information - Part IV  
 Schedule of Fire District's Proportionate Share of the Net OPEB Liability  
*Last Six Plan Years*

	<u>Measurement Date Ended June 30</u>					
	<u>2022</u>	<u>2021 (a)</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fire District's Proportion of the Net OPEB Liability	0.006588%	0.006669%	0.002879%	0.002683%	0.000966%	0.000953%
Fire District's Proportionate Share of the Net OPEB Liability	\$ 1,063,935.00	\$ 1,200,405.00	\$ 516,683.00	\$ 363,441.00	\$ 151,340.00	\$ 194,562.00
State's Proportionate Share of the Net OPEB Liability Associated with the Fire District	<u></u>	<u></u>	<u>899,368.00</u>	<u>741,386.00</u>	<u>437,330.00</u>	<u>624,765.00</u>
Total	<u>\$ 1,063,935.00</u>	<u>\$ 1,200,405.00</u>	<u>\$ 1,416,051.00</u>	<u>\$ 1,104,827.00</u>	<u>\$ 588,670.00</u>	<u>\$ 819,327.00</u>
Fire District's Covered Payroll (Plan Measurement Period)	\$ 377,000.00	\$ 413,254.00	\$ 388,754.00	\$ 318,497.00	\$ 235,449.00	\$ 268,004.00
Fire District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	282.21%	290.48%	132.91%	114.11%	64.28%	72.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%	0.28%	0.91%	1.98%	1.97%	1.03%

(a) The Proportionate Share of the June 30, 2021 Net OPEB Liability was adjusted within the June 30, 2022 Plan Audit.

*This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.*

## TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6

Required Supplementary Information - Part IV

Schedule of Fire District's Contributions

Last Six Years

	<u>Year Ended December 31,</u>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fire District's Required Contributions	\$ 4,604.28	\$ 4,345.56	\$ 3,954.36	\$ 2,664.08	\$ -	\$ -
Fire District's Contributions in Relation to the Required Contribution	<u>(4,604.28)</u>	<u>(4,345.56)</u>	<u>(3,954.36)</u>	<u>(2,664.08)</u>	<u>-</u>	<u>-</u>
Fire District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered Payroll (Calendar Year)	\$ 396,846.00	\$ 411,974.00	\$ 389,471.00	\$ 363,746.00	\$ 269,861.00	\$ 233,588.00
Fire District's Contributions as a Percentage of Covered Payroll	1.16%	1.05%	1.02%	0.73%	0.00%	0.00%

*This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.*

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**

Required Supplementary Information - Part IV

Notes to Required Supplementary Information - Part IV

Other Post Employment Benefits (OPEB)

For the Year Ended December 31, 2022

---

**State Health Benefits Local Government Retired Employees Plan*****Changes in Benefit Terms:***

The actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022, included changes due to employers adopting and /or changing Chapter 48 provisions.

***Changes in Assumptions:***

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

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

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend and updated experience study.

There were no changes to mortality projections.

## **SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
Schedule of Findings and Recommendations  
For the Year Ended December 31, 2022

---

***Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

**Finding No. 2022-001**

**Criteria or Specific Requirement**

N.J.S.A. 40A:5-15 and proper internal controls require that cash receipts shall be properly documented, recorded into the proper fund, and deposited within 48 hours.

**Condition**

The Fire District did not have business and smoke detector inspection receipts supporting documentation on file in order to verify proper recording and timely deposits.

**Context**

Our audit testing of compliance over revenues noted that receipts collected for business and smoke detector inspections did not have proper support on file in order to verify proper classification and deposits were made within 48 hours.

**Effect or Potential Effect**

Noncompliance with N.J.S.A. 40A:5-15.

**Cause**

Improvements are needed to the internal controls over documentation of receipts.

**Recommendation**

That the Board of Fire Commissioners implement controls over revenues and receipt collection to comply with N.J.S.A. 40A:5-15.

**View of Responsible Officials and Planned Corrective Action**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**TOWNSHIP OF GLOUCESTER FIRE DISTRICT NO. 6**  
Summary Schedule of Prior Year Audit Findings  
and Recommendations as Prepared by Management

---

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

**FINANCIAL STATEMENT FINDINGS**

None.

**APPRECIATION**

We express our appreciation for the assistance and courtesies rendered by the Fire District officials during the course of the audit.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

