

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
WITH
INDEPENDENT AUDITOR'S REPORT**

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

TABLE OF CONTENTS

	<u>Page</u>
Independent auditor's report	1 - 3
Independent Auditor's Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in Accordance with Government Auditing Standards	4 - 5
Management's discussion and analysis	6 - 11
Financial statements:	
A. Government-wide Financial Statements	
A - 1 - Statement of net position	12
A - 2 - Statement of activities	13
B. Governmental Funds Fund Financial Statements	
B - 1 - Balance Sheet	14
B - 2 - Statement of revenues, expenditures and changes in fund balances	15
B - 3 - Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	16
Notes to financial statements	17 - 41
Required supplementary information:	
C. Budgetary Comparison Schedule	
C - 1 - Budgetary comparison schedule - general fund	42 - 43
C - 2 - Reconciliation of budget to statement of revenues, expenditures, and changes in fund balance	44
Schedule of District's Proportionate Share of the Net Pension Liability - PERS	45
Schedule of District Contributions - PERS	46
Notes to the Required Supplementary Information	47
Schedule of Findings and Recommendations	
Schedule of Financial Statement Findings	48
Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	49

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FOUNDED IN 1926 BY SIDNEY MOHEL

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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
District No. 1, Township of Wall
County of Monmouth
Wall, New Jersey 07719

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 1, Township of Wall in the County of Monmouth, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Fire District No. 1, Township of Wall in the County of Monmouth, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Fire District No. 1, Township of Wall in the County of Monmouth, State of New Jersey 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.

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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 Fire District No. 1, Township of Wall in the County of Monmouth, State of New Jersey's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Fire District No. 1, Township of Wall in the County of Monmouth, State of New Jersey'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 Fire District No. 1, Township of Wall in the County of Monmouth, State of New Jersey'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.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and notes to the required supplementary information as listed in the table of contents 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 December 7, 2023 on our consideration of the Fire District No. 1, Township of Wall'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 Fire District No. 1, Township of Wall in the County of Monmouth, State of New Jersey'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 Fire District No. 1, Township of Wall's internal control over financial reporting and compliance.



Toms River, New Jersey
December 7, 2023

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

**Board of Fire Commissioners
Fire District No. 1, Township of Wall
Wall, New Jersey 07719**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the government activities and each major fund and the aggregate remaining fund information of Fire District No. 1, Township of Wall in the County of Monmouth, 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 Fire District No. 1, Township of Wall's basic financial statements, and have issued our report thereon dated December 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fire District No. 1, Township of Wall'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District No. 1, Township of Wall's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District No. 1, Township of Wall's internal control.

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

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

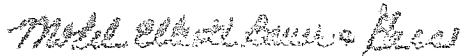
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District No. 1, Township of Wall'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.

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.



Toms River, New Jersey
December 7, 2023

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)**

As management of Fire District No. 1, Township of Wall (hereafter referred to as the "Fire District"), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole; readers should also review the information furnished in the notes to the basic financial statements and financial statements to enhance, their understanding of the Fire District's financial performance.

Financial Highlights

- The net position of the fire district which represents the difference between assets and liabilities was \$674,431. This represents an increase of \$46,443 from 2021.
- The amount raised by taxation was \$748,000 or 61.01% of all revenues.
- Total expenditures were \$1,179,493 as compared to \$1,161,848 in 2021; an increase of \$17,645 or 1.52%.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. Fire District No. 1, Township of Wall's basic financial statements is comprised of three components: district-wide financial statements; fund financial statements; and notes to the basic financial statements.

Reporting on the District as a Whole

Our analysis of the District as a whole begins on page -12-. District-wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The Statement of Net Position presents information on all the assets and liabilities of Fire District No. 1, Township of Wall. The difference between the two is reported as the District's Net Position. Significant increases or decreases in the District's Net Position can be an indication of the financial health of the District.

The Statement of Activities presents financial information about activities that result in the District's Net Position increasing or decreasing during the year. Financial activities are recorded when the transactions occur rather than when the cash is received or paid out. As a result, there could be activities that result in cash flow in a future period.

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2022**

Reporting on the District as a Whole (Continued)

The district-wide financial statements report on the financial data by function. Fire District No. 1, Township of Wall provides firefighting services to the citizens of Wall Township.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Fire District No. 1, Township of Wall uses fund accounting to document compliance with finance-related legal matters. Fire District No. 1, Township of Wall has three types of fund groups, and that is the general fund, capital projects fund and debt service fund.

Governmental Funds

Fire District No. 1 of the Township of Wall's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by N.J.S.A. 40A:14:78-3, Fire District No. 1 Township of Wall must adopt an annual budget. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

Notes to Financial Statements

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

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2022**

DISTRICT-WIDE FINANCIAL ANALYSIS

Fire District No. 1 Township of Wall's Net Position is a useful indicator of the District's financial condition. At the end of 2022, the District's assets exceeded the liabilities by \$674,431. A significant portion of Fire District No. 1 Township of Wall's Net Position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending.

Statement of Net Position:

**FIRE DISTRICT NO. 1, TOWNSHIP OF WALL
NET POSITION
DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Total assets	\$ 1,681,187	\$ 1,421,639	\$ 259,548	18.26%
Total liabilities	(1,006,756)	(793,651)	213,105	26.85%
Net position	<u>\$ 674,431</u>	<u>\$ 627,988</u>	<u>\$ 46,443</u>	7.40%

Analysis of net position

Net investment in capital assets	\$ 294,528	\$ 215,875	\$ 78,653	36.43%
Restricted for:				
Capital projects	181,402	193,712	(12,310)	-6.35%
Unrestricted	198,501	218,401	(19,900)	-9.11%
Total net position	<u>\$ 674,431</u>	<u>\$ 627,988</u>	<u>\$ 46,443</u>	7.40%

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2022**

Governmental Activities

The Statement of Activities shows the cost of the governmental activities and general revenues. A summary of these activities follows:

	<u>2022</u>	<u>2021</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Expenses				
Administration	\$ 277,766	\$ 259,139	\$ 18,627	7.19%
Cost of operations and maintenance	486,076	508,900	(22,824)	-4.48%
Operating appropriations offset with revenues	386,388	371,412	14,976	4.03%
Length of Service Award Program Contribution	23,996	15,453	8,543	55.28%
Interest expense	5,267	6,944	(1,677)	-24.15%
Total program expenses	<u>1,179,493</u>	<u>1,161,848</u>	<u>17,645</u>	1.52%
General revenues				
Property taxes levied for:				
General purposes	491,264	423,764	67,500	15.93%
Capital projects	177,500	188,500	(11,000)	-5.84%
Debt service	79,236	79,236	-	0.00%
Total property taxes levied	<u>748,000</u>	<u>691,500</u>	<u>56,500</u>	8.17%
Charges for services	376,516	377,957	(1,441)	-0.38%
Other revenue	101,420	103,298	(1,878)	-1.82%
Total general revenues	<u>1,225,936</u>	<u>1,172,755</u>	<u>53,181</u>	4.53%
Increase in net position	46,443	10,907	35,536	325.81%
Net position, January 1	627,988	617,081	10,907	1.77%
Net position, December 31	<u>\$ 674,431</u>	<u>\$ 627,988</u>	<u>\$ 46,443</u>	7.40%

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Fire District No. 1, Township of Wall uses fund accounting to document compliance with finance-related legal requirements.

Government Fund

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

As of December 31, 2022, the combined balance of the governmental cash and investment funds of Fire District No. 1, Township of Wall was approximately \$516,000. This balance is approximately \$82,000 less than last year's combined governmental funds balance.

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS (Continued)

The combined fund balance of the governmental funds of Fire District No. 1, Township of Wall was a surplus of approximately \$613,000. Amounts of approximately \$181,000 is restricted for capital projects, approximately \$233,000 is restricted for investment in length of service awards program, approximately \$5,000 is assigned - other, and approximately \$194,000 is unassigned.

The general fund is the main operating fund of Fire District No. 1, Township of Wall. At the end of 2022, the total fund balance of the general fund was approximately \$432,000.

During 2022, the general fund balance of Fire District No. 1 Township of Wall decreased by approximately \$48,000. The primary reason for this decrease is due to the deficit of revenues over expenditures.

At the end of 2022, the District has a capital projects fund balance of approximately \$181,000. This was a decrease of approximately \$12,000 from the previous year.

General Fund Budgetary Highlights

The original budget projected a deficit of \$20,000. The District had excess (deficiency) of revenues over (under) expenditures of approximately \$32,000 in 2022.

Administrative expenses were approximately \$1,600 more than originally projected in 2022. Operating expenses were approximately \$9,500 less than originally projected in 2022. Operating appropriations offset with revenues were approximately \$8,600 less than projected in 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2022 Fire District No. 1 Township of Wall had invested in capital assets for government activities of approximately \$448,000 (net of accumulated depreciation). Capital assets consist of apparatus, vehicles, building improvements and equipment. Additions for 2022 were twelve (12) Motorola radios, \$125,457, a gas furnace, \$7,575 and a condenser, \$3,200.

	CAPITAL ASSETS DECEMBER 31, 2022		
	<u>2022</u>	<u>2021</u>	<u>\$ Increase (Decrease)</u>
Capital assets			
Apparatus	\$ 1,812,655	\$ 1,812,655	\$ -
Vehicles	372,744	372,744	-
Building improvements	131,365	120,590	10,775
Equipment	435,270	309,812	125,458
Total capital assets	<u>2,752,034</u>	<u>2,615,801</u>	<u>136,233</u>
Accumulated depreciation	<u>(2,304,381)</u>	<u>(2,172,832)</u>	<u>131,549</u>
Total capital assets, net	<u>\$ 447,653</u>	<u>\$ 442,969</u>	<u>\$ 4,684</u>

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt Administration

The Board has entered into a lease with option to purchase agreement dated as of January 2, 2015 for a Seagrave Marauder II Pumper with U.S. Bancorp Government Leasing and Finance, Inc. The lease is payable over ten years in the amount of \$79,236 per annum. The final payment on the lease is due on January 2, 2025. The interest rate on the lease is 2.295%. For additional information please refer to page 27, capital lease obligations payable.

The Board entered into a lease with option to purchase agreement for the refurbishment/re-chassis of the freightliner M-2 106 with related equipment, \$343,499, replacement of a Bauer Legacy Verticon Compressor with related equipment \$23,824 and additional related equipment (radios /cameras), \$19,013. The lease dated October 12, 2022 in the amount of \$382,665 is payable in annual installments of \$86,456 and bears interest at the rate of 4.206%. The lease is for a term of 5 years. The difference between the cost of the projects and the amount financed represents interest earnings on escrow funds. For additional information please refer to page 27, capital lease obligations payable.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2022, Fire District No. 1 Township of Wall was able to fund its appropriations through the fire tax levy and other revenues. The 2022 budget projected a deficit of \$20,000. It finished the year with (deficiency) of revenues over expenditures of \$32,210.

Fire District No. 1, Township of Wall adopted the 2023 budget on January 17, 2023. The 2023 budget reflects a 22.5% increase in the tax levy compared to 2022. The proposed budget reflects an increase in the tax rate for 2023 of \$.017. The proposed tax rate per \$100 of assessed value will be \$.104.

REQUESTS FOR INFORMATION

The District financial report is designed to provide users of the financial statements with a general overview of the District's finances and to show the District's accountability for the money it receives. The financial statements of the District are a matter of public record.

If you have any questions about this report or need additional information please contact The Board Clerk at P.O. Box 53, Belmar, New Jersey 07719.

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL**

**STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	<u>2022</u>
ASSETS	
Cash and cash equivalents	\$ 515,934
Cash capital lease escrow	382,665
Accounts receivable	33,357
Prepaid expenses	28,798
Due from Wall Fire Company No. 1	304
Capital assets, net	447,653
Right of use asset	39,357
Contribution receivable - length of service award program	23,996
Cash and investments - length of service award program	<u>209,123</u>
Total assets	<u>1,681,187</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	117,111
Due to Fire District No. 3 from Fire District No. 1	33,942
Due to Fire District No. 3 from Bureau of Fire Prevention	47,437
Lease liability	39,357
Capital lease obligation payable	<u>146,045</u>
Total current liabilities	<u>383,892</u>
Noncurrent liabilities	
Capital lease obligation payable	389,745
Net assets available for program benefits - length of service award program	<u>233,119</u>
Total noncurrent liabilities	<u>622,864</u>
Total liabilities	<u>1,006,756</u>
NET POSITION	
Net investment in capital assets	294,528
Restricted for capital projects	181,402
Unrestricted	<u>198,501</u>
Total net position	<u>\$ 674,431</u>

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

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL**

**STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>
Expenses:	
Operating appropriations:	
Administration	\$ 277,766
Cost of operations and maintenance	486,076
Operating appropriations offset with revenues	386,388
Length of service award program (LOSAP) - Contribution P.L. 1997, c.388)	23,996
Interest expense	<u>5,267</u>
Total program expenses	<u>1,179,493</u>
 General revenues:	
Amount raised by taxation	748,000
Charges for services	376,516
Interest on investments and deposits	88
Fire official reimbursement	15,000
HR/Administration reimbursement	10,000
Other reimbursements	18,000
Shared services	54,458
Miscellaneous revenue	<u>3,874</u>
Total general revenues	<u>1,225,936</u>
 Change in net position	 46,443
 Net position - beginning of year	 <u>627,988</u>
Net position - end of year	\$ <u><u>674,431</u></u>

The accompanying notes are an integral part of these financial statements

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2022

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 334,532	\$ 181,402	\$	\$ 515,934
Accounts receivable	33,357			33,357
Prepaid expenses	28,798			28,798
Due from Wall Fire Company No. 1	304			304
Contribution receivable - length of service award program	23,996			23,996
Cash and investments - length of service award program	209,123			209,123
Total assets	<u>\$ 630,110</u>	<u>\$ 181,402</u>	<u>-</u>	<u>\$ 811,512</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 117,111	\$	\$	\$ 117,111
Due to Fire District No. 3 from Fire District No. 1	33,942			33,942
Due to Fire District No. 3 from Bureau of Fire Prevention	47,437			47,437
Total liabilities	<u>198,490</u>	<u>-</u>	<u>-</u>	<u>198,490</u>
FUND BALANCES				
Restricted for Capital Projects		181,402		181,402
Investment in length of service award program	233,119			233,119
Assigned - other	4,570			4,570
Assigned - Designated for subsequent year's expenditures				-
Unassigned	193,931			193,931
Total fund balances	<u>431,620</u>	<u>181,402</u>	<u>-</u>	<u>613,022</u>
Total liabilities and fund balances	<u>\$ 630,110</u>	<u>\$ 181,402</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the statement of net position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,752,034 and the accumulated depreciation is \$2,304,381.				
Capital lease escrow				447,653
Right-of-use lease asset				382,665
Operating lease liability				39,357
Long-term liabilities, including capital lease obligation payable and length of service awards program payable, are not due and payable in the current period and are therefore not reported as liabilities in the funds.				(39,357)
				(768,909)
				<u>\$ 674,431</u>

The accompanying notes are an integral part of these financial statements

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Amount raised by taxation	\$ 491,264	\$ 177,500	\$ 79,236	\$ 748,000
Charges for services	376,516			376,516
Interest on investments and deposits	88			88
Investment income (loss) - length of service award progra	(29,829)			(29,829)
Fire official reimbursement	15,000			15,000
HR/Administration reimbursement	10,000			10,000
Other reimbursements	18,000			18,000
Shared services	54,458			54,458
Miscellaneous revenue	3,874			3,874
Total revenues	<u>939,371</u>	<u>177,500</u>	<u>79,236</u>	<u>1,196,107</u>
Expenditures:				
Administration	277,766			277,766
Cost of operations and maintenance	300,950			300,950
Operating appropriations offset with revenues	386,388			386,388
Capital Expenditures		189,810		189,810
Debt service principal payments			73,969	73,969
Interest payments on debt			5,267	5,267
Participant distributions, forfeitures and charges length of service award program	22,401			22,401
Total expenditures	<u>987,505</u>	<u>189,810</u>	<u>79,236</u>	<u>1,256,551</u>
Excess (deficiency) of revenues over expenditures	(48,134)	(12,310)	-	(60,444)
Fund balance, January 1	479,754	193,712	-	673,466
Fund balance, December 31	<u>\$ 431,620</u>	<u>\$ 181,402</u>	<u>\$ -</u>	<u>\$ 613,022</u>

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

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
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 changes in fund balance - governmental funds (B - 2)	\$	(60,444)
--	----	----------

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
useful lives as depreciation expense

Capital outlays	136,233	
Depreciation expense	<u>(131,549)</u>	
		4,684

Length of service award program contribution is not reported in governmental
funds as expenditures. However, in the statement of activities, the
expense is equal to the amount of contributions to the volunteers accounts
as determined by the benefit terms. Investment income LOSAP is not a
revenue in the government-wide financial statements as it is payable to the
volunteers in accordance with the plan benefits

District contribution to length of service award program	(23,996)	
Length of service award investment income (loss)	29,829	
Participant withdrawals	<u>22,401</u>	
		28,234

Amortization of right-of-use asset and interest expense		(40,000)
---	--	----------

Reduction of lease expense		40,000
----------------------------	--	--------

Principal payment on capital lease obligation payable		<u>73,969</u>
---	--	---------------

Changes in net position of governmental activities (A - 2)	\$	<u><u>46,443</u></u>
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The accompanying notes are an integral part of these financial statements.

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

GENERAL INFORMATION

A. Description of Reporting Entity

Fire District No. 1 Township of Wall is a political subdivision of the Township of Wall, County of Monmouth, State of New Jersey. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

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

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

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

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

B. District Officials

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

<u>Officials</u>	<u>Term Expires November</u>
William R. Davenport, Sr.	2024
Robert D. Hendrickson, Sr.	2022
Norman R. Stelling	2024
Edward H. Miles, Sr.	2023
Roy H. Curtis	2023

C. Accounting Records

The official accounting records of the Fire District No. 1 Township of Wall are maintained in the office of the district.

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fire District No. 1, Township of Wall (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.

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.

The statement of activities demonstrates the degree to which the direct expenses of a given function of 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.

In regards 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.

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount voted upon or 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.

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.

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.

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.

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the 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 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 budget, as detailed on exhibit C-1, includes all amendments and modifications to the adopted budget has approved by the Board of Commissioners.

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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 certified budget by the outstanding encumbrance amount as of the current year end. The encumbrances at December 31, 2022 totaled \$4,570 for the general fund and \$385,915 for the capital projects fund.

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, include petty cash, 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 of 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.

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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 for the year ended December 31, 2022.

Prepaid Expenses

Prepaid expenses recorded on the government-side financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2022.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned 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. 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. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Apparatus	10 years
Vehicles	5 years
Building improvements	15 years
Equipment	5 years

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between the summation of assets and the summation of liabilities. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Fire District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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 of 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; of (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 actions 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.

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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 Fire Chief, to which the Board of Fire Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the Fire Chief 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 appropriated in the following order: committed, assigned, and then unassigned.

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.

Subsequent Events

The District has evaluated subsequent events through December 7, 2023, the date the financial statements were available to be issued.

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

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 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.

PROPERTY TAX LEVIES:

Following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years:

<u>Calendar Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
12/31/2022	\$ 866,811,500	\$ 748,000	0.087
12/31/2021	\$ 850,040,400	\$ 691,500	0.081
12/31/2020	\$ 850,778,100	\$ 662,000	0.078
12/31/2019	\$ 823,508,500	\$ 612,000	0.075
12/31/2018	\$ 825,672,653	\$ 560,000	0.069

(Continued)

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

CAPITAL ASSETS

Capital assets together with accumulated depreciation and estimated useful lives consists of the following:

	<u>2022</u>	<u>Estimated Useful Life (Years)</u>
Assets		
Apparatus	\$ 1,812,655	10
Vehicles	372,744	5
Building improvements	131,365	15
Equipment	<u>435,270</u>	5
	2,752,034	
Less: accumulated depreciation	<u>(2,304,381)</u>	
	<u>\$ 447,653</u>	

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	<u>2022</u>
Accounts payable	\$ 29,882
Accrued LOSAP	23,996
Accrued pension	1,892
Accrued vacation and sick pay	22,500
Accrued payroll	16,685
Due to employees	881
Other accrued expenses	<u>21,275</u>
	<u>\$ 117,111</u>

(Continued)

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

CAPITAL LEASE OBLIGATIONS PAYABLE

The Board has entered into a lease with option to purchase agreement for a Seagrave Marauder II Pumper. The lease is dated as of January 2, 2015 in the amount of \$700,000 payable in annual installments of \$79,236. The note bears interest at the rate of 2.295%.

The Board entered into a lease with option to purchase agreement for the refurbishment/re-chassis of the freightliner M-2 106 with related equipment, \$343,499, replacement of a Bauer Legacy Verticon Compressor with related equipment \$23,824 and additional related equipment (radios /cameras), \$19,013. The lease dated October 12, 2022 in the amount of \$382,665 is payable in annual installments of \$86,456 and bears interest at the rate of 4.206%. The lease is for a term of 5 years. The difference between the cost of the projects and the amount financed represents interest earnings on escrow funds.

<u>Balance</u> <u>12/31/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Due Within</u> <u>One Year</u>
\$ 227,094	\$ 382,665	\$ (73,969)	\$ 535,790	\$ 146,045

The following is a schedule of future lease payments under the lease together with the present value of the lease payments as of December 31, 2022:

<u>Due Date</u>	<u>Seagrave</u> <u>Marauder II</u> <u>Pumper</u>	<u>Freightliner</u> <u>M 2 Truck</u>	<u>Total</u>
2023	\$ 79,236	\$ 86,456	\$ 165,692
2024	79,236	86,456	165,692
2025		86,456	86,456
2026		86,456	86,456
2027		86,456	86,456
Total lease payments	158,472	432,280	590,752
Less: amount representing interest	(5,347)	(49,615)	(54,962)
Present value of lease payments	\$ 153,125	\$ 382,665	\$ 535,790

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

RIGHT OF USE ASSET/LEASE LIABILITY

The District leases facilities from Wall Fire Company No. 1 for storage of equipment, housing of fire apparatus, training and education of fire fighters, public meetings, maintenance and repair of equipment, apparatus, elections and other necessary and related fire prevention, protection and suppression activities. The premises is known as 1511 18th Avenue, Township of Wall, New Jersey. The lease is for a term of five years commencing on January 1, 2019 and terminating on December 31, 2023 or as extended herein. Rental is annually in the amount of \$40,000 subject to annual appropriations by legal voters within the District.

We include in the determination right-of-use asset and liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rates are based on the discount rates implicit in the leases. We have elected the option to use the risk-free rate determined using a period comparable to the leases terms as discount rates for leases where the implicit rates are not readily determinable.

The right-of-use assets and lease liabilities at December 31, 2022 are as follows:

	<u>2022</u>
Operating right-of-use asset - rent	\$ <u>39,357</u>
Operating lease liability - rent	\$ <u>39,357</u>

The following summarizes the weighted-average remaining lease term and weighted-average incremental borrowing rate:

	<u>2022</u>
Weighted-average remaining lease term in years:	
Operating lease - rent	1
Weighted -average incremental borrowing rate:	
Operating lease - rent	3.00%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31:

Year Ended December 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ <u>39,357</u>	\$ <u>643</u>	\$ <u>40,000</u>
Total lease payments	\$ <u>39,357</u>	\$ <u>643</u>	\$ <u>40,000</u>

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

PENSION PLAN

Public Employees' Retirement System (PERS)

Fire District No. 1, Township of Wall employees and employees of the Bureau of Fire Prevention are enrolled in the Public Employees Retirement System (PERS) under Fire District No. 3, Township of Wall under a shared service agreement. The following disclosures, deferred outflows of resources, deferred inflows of resources, net pension liability and non cash pension expense are reflected on the financial statements of Fire District No. 3, Township of Wall.

The annual employer appropriation bill is allocated to Fire District No. 1, Township of Wall, the Bureau of Fire Prevention and Township of Wall, Fire District No. 3 based on reported wages on the quarterly report of contributions - IROC.

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Annual Financial Statements which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

The following represents the membership tiers for PERS:

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

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

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

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Allocation Methodology - GASB Statement No. 68 Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense.

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was more than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2022, the District's contractually required contribution to PERS was \$63,569.

Components of Net Pension Liability - As of December 31, 2022, the District reported a liability of \$760,751 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on the ratio of the District's contribution to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. The District's proportion measured as of June 30, 2022 was .005040%. There was a decrease from its proportion measured as of June 30, 2021 of .00003%.

(Continued)

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Collective Balances as of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Actuarial valuation date (including roll forward)	June 30, 2022	June 30, 2021
Deferred outflows of resources	\$ 263,784	\$ 311,484
Deferred inflows of resources	\$ 130,052	\$ 395,609
Net pension liability	\$ 760,751	\$ 600,571
District's portion of the plan's total net pension liability	0.005040%	0.005070%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended December 31, 2022 the District recognized pension expense of \$5,891. As of December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 2,357	\$ 113,915
Difference between expected and actual experience	5,491	4,842
Net difference between projected and actual earnings on pension plan investments	31,487	
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>224,449</u>	<u>11,295</u>
Total	\$ <u>263,784</u>	\$ <u>130,052</u>

Amounts allocated as deferred outflows of resources and deferred inflows of resources related to pensions will be included in pension expense as follows:

<u>Year Ended December 31:</u>	<u>PERS</u>
2023	\$ 109,880
2024	55,980
2025	27,300
2026	(59,559)
2027	<u>131</u>
Total	\$ <u>133,732</u>

(Continued)

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience		
Year of pension plan deferral:		
2017	5.48	
2018		5.63
2019	5.21	
2020	5.16	
2021		5.13
2022		5.04
Changes of assumptions		
Year of pension plan deferral:		
2017		5.48
2018		5.63
2019		5.21
2020		5.16
2021	5.13	
2022		5.04
Difference between projected and actual investment earning on pension plan investments:		
Year of pension plan deferral:		
2017	5.00	
2018	5.00	
2019	5.00	
2020	5.00	
2021	5.00	
2022	5.00	
Changes in proportion:		
Year of pension plan deferral:		
2017	5.48	5.48
2018	5.63	5.63
2019	5.21	5.21
2020	5.16	5.16
2021	5.13	5.13
2022	5.04	5.04
2020	5.16	5.16

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Actuarial Assumptions - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Measurement date	June 30, 2022
Actuarial valuation date	July 1, 2021
Inflation rate	
price	2.75%
wage	3.25%
Salary increases:	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

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 a 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 a 99.7% adjustment for females, and with a future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and a 117.2% adjustment for females, and with a future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

(Continued)

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

Public Employees' Retirement System (PERS) - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private 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	<u>3.00%</u>	4.91%
	<u>100.00%</u>	

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

(Continued)

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage -point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 977,342	\$ 760,751	\$ 576,423

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

LENGTH OF SERVICE AWARDS PROGRAM

The Length of Service Award Program (LOSAP) for the Board of Fire Commissioners of Fire District No. 1, of the Township of Wall, was created by a Fire District Resolution pursuant to Section 457 (e)(11)(13) of the Internal Revenue Code of 1986 as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Wall, Fire District No. 1, approved the establishment of the Program on February 16, 2002. The program was created by Fire District resolution dated November 20, 2002.

The first year of eligibility for entrance into the program was calendar year 2003. The tax deferred income benefits for active volunteer Fire Fighters that serve Fire District No. 1, Township of Wall come from contributions made solely by the Board of Fire Commissioners, on behalf of those volunteers who meet the criteria of the Program created by the Board of Fire Commissioners.

Contributions

If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Fire District after notice to the participants and public publication elected to automatically make the maximum annual contribution permitted by the Division of Local Government Services and budgets accordingly.

The Fire District elected to contribute \$1,714 for the year ended December 31, 2022 per eligible volunteer, into the Plan. Participants direct the investment of the contributions into various investment options offered by the Plan.

Participant Accounts

Each participant's account is credited with the Fire District's contribution and Plan earnings, and charged with administrative expenses. For the year ended December 31, 2022, the Fire District elected to pay substantially all of the Plan's administrative costs. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. In accordance with the amendments to Section 457 of the Internal Revenue Code, and the State Deferred Revenue Regulations, the Fire District has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group ("Plan Contractor"), an approved Length of Service Awards Contractor provides investment and other services regarding the length of services award program. The Fire District's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Contractor.

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

Vesting

Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of active emergency service. "Year of active emergency service" means a twelve (12) month period during which an active volunteer member participates in the Fire Service and satisfies the minimum requirements of participation established by the sponsoring agency on a consistent uniform basis.

Payment of Benefits

Upon separation from service or disability as defined under the program, vested participants may select various options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

The Board did adopt an amended plan in 2010 wherein "In-Service Distribution" after vesting is permitted. Such distribution requires the total vested amount is withdrawn by the participant. No partial distribution is permitted. If a participant elects in-service distribution the participant must thereafter complete at least five (5) years of emergency service again to vest in the program. Participants do not have to separate himself/herself from service.

Forfeited Accounts

During the year ended December 31, 2021 forfeitures were \$-0-.

LENGTH OF SERVICE AWARD PROGRAM - INVESTMENTS

An investment agreement was entered into at the inception of the Plan between the Fire District and the Plan Contractor, whereby the Plan Contractor would have custody of the securities of the Plan and also advises the Fire District as to investment alternatives.

The investments consist of pooled separate accounts by Fund. Each participant may choose his/her allocation from among these investments. The investments are made by the Plan Contractor for benefit of plan participants. The investments are valued at fair value at the end of each year and the increase/decrease benefit of plan is posted to the participant's account.

	<u>2022</u>
Pooled Separate Accounts	\$ <u><u>209,123</u></u>

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

TAX STATUS - LENGTH OF SERVICE AWARD PROGRAM

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Fire District has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. The Plan administrator and the management of the Fire District believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the Internal Revenue Service Code.

The Plan is generally subject to routine audits by the Internal Revenue Service, for three years. There are currently no audits in progress.

RISK AND UNCERTAINTIES - LENGTH OF SERVICE AWARD PROGRAM

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits.

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

FAIR VALUE MEASUREMENTS

The District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

- Level 1 Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.
- Level 2 Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

Pooled Separate Accounts: Valued at the net asset value (NAV) of the participation units held by the plan at year end. The NAV, as reported by the insurance company, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying mutual fund held in the subaccounts.

(Continued)

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

LENGTH OF SERVICE AWARD PROGRAM - CASH AND INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2022.

Assets at Fair Value as of December 31, 2022

Pooled Separate Accounts:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
American Funds Growth	\$ 3,305	\$	\$	3,305
Fidelity VIP Contrafund	4,378			4,378
Fidelity VIP Growth	5,581			5,581
Fixed	51,307			51,307
LVIP Baron Growth Opportunities	16,273			16,273
LVIP Blended Large Cap Growth Managed Volatility	2,366			2,366
LVIP Delaware Mid Cap Value Fund	2,727			2,727
LVIP Delaware REIT Series	2,379			2,379
LVIP Frnkln Tmpltn Global Eqty Mangdvity	2,302			2,302
LVIP Government Money Market	36,077			36,077
LVIP JMP Select Mid Cap Value Mngd Vity	1,990			1,990
LVIP JP Morgan Retirement Income Fund	7,809			7,809
LVIP SSGA Bond Index	165			165
LVIP SSGA Global Tactical Allocation	7,733			7,733
LVIP SSGA S&P 500 Index Fund	33,366			33,366
LVIP T. Rowe Price 2050 Fund	12,933			12,933
LVIP T. Rowe Price Mid-Cap Growth	3,499			3,499
LVIP T. Rowe Price Structured Mid-Cap	6,966			6,966
MFS Utilities	7,967			7,967
Total Pooled Separate Accounts	\$ 209,123	\$ -	\$ -	\$ 209,123
Total Assets at Fair Value	\$ 209,123	\$ -	\$ -	\$ 209,123

(Continued)

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**

SHARED SERVICE AGREEMENTS

Fire District No. 1, Township of Wall has entered into the following shared service agreements:

<u>Provider</u>	<u>Provided to</u>	<u>Service Provided</u>	<u>Fee</u>
Fire District No. 1 Township of Wall	Fire District No. 3 Township of Wall	Qualified Purchasing Agent (QPA) Services Payroll Benefits, Pension Services Procurement Related Services	\$ 33,650
Fire District No. 1 Township of Wall	Fire District No. 2 Township of Wall	Qualified Purchasing Agent (QPA) Services Procurement Related Services	20,808
Total Shared Service Revenues			\$ <u>54,458</u>
Fire District No. 3 Township of Wall	Fire District No. 1 Township of Wall	Fire Protection and Suppression Services	\$ 30,000
Total Shared Service Expenditures			\$ <u>30,000</u>

SUBSEQUENT EVENTS

Transfer of Bureau of Fire Prevention from Wall Fire District No. 1 to Wall Fire District No. 3

Effective January 1, 2024 Fire District No. 3, Township of Wall in the County of Monmouth, State of New Jersey shall be designated as the Local Enforcing Agency (LEA) within the Township and will be so designated by Township ordinance. Fire District No. 3 shall assume all powers, duties and responsibilities as provided by law and shall assume management, control and supervision of Bureau assets and personnel.

The sharing of this governmental service captures the intent and purpose of the Uniform Shared Services and Consolidation Act, N.J.S.A. 40A:65-1, et, seq., which encourages economy and regionalization of services to eliminate unnecessary duplication of effort and costs in the enforcement of the "Act" and "Code".

The Uniform Shared Services and Consolidation Act, N.J.S.A. 40A:65-1, et, seq., authorizes local units as defined therein to enter into joint agreements for the provision of governmental services including Code Enforcement; and a Shared Service Agreement for the administration and enforcement of the Uniform Fire Safety Act and Uniform Fire Prevention Code provisions required under the "Act" and its implementing regulations and, further, desires to designate Fire District No. 3 as the Lead Agency and Local Enforcing Agency for fire prevention services within the Township.

In addition, employees of Fire District No. 1, Township of Wall will become employees of Fire District No. 3 effective January 1, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Modified	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Revenues				
Miscellaneous anticipated revenues:				
Interest investments and deposits	\$ 1,537	\$ 1,537	\$ 88	\$ (1,449)
Fire official reimbursement	15,000	15,000	15,000	-
HR/Administration reimbursement	10,000	10,000	10,000	-
Other reimbursements	16,000	16,000	18,000	2,000
Shared services	56,858	56,858	54,458	(2,400)
Total miscellaneous anticipated revenues	99,395	99,395	97,546	(1,849)
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act revenues				
Annual registration fee	370,000	370,000	347,931	(22,069)
Penalties and fines			3,585	3,585
Shared services	25,000	25,000	25,000	-
Other revenue				-
Total uniform fire safety act revenues	395,000	395,000	376,516	(18,484)
Amount to be raised by taxation to support the district budget	748,000	748,000	748,000	-
Total anticipated revenues	1,242,395	1,242,395	1,222,062	(20,333)
Non-budgetary revenues:				
Miscellaneous			3,874	3,874
Total revenues	1,242,395	1,242,395	1,225,936	(16,459)
Expenditures				
Operating appropriations:				
Administration:				
Salaries and wages	170,600	164,400	164,310	90
Commissioners salaries	7,000	7,000	7,000	-
Fringe benefits	36,689	43,089	43,060	29
Advertising	1,300	1,500	1,412	88
Professional fees	56,000	57,800	57,719	81
Office expenses	3,100	3,100	2,744	356
Election	1,500	1,600	1,521	79
Total administration	276,189	278,489	277,766	723
Cost of operations and maintenance:				
Fringe benefits	37,500	49,800	49,800	-
Rent	41,000	41,000	40,000	1,000
Utilities	19,000	20,000	19,902	98
Repairs and maintenance	34,500	39,800	39,752	48
Insurance	44,000	33,700	33,683	17
Training	4,500	5,100	5,095	5
Medical	750	750	245	505
Materials and supplies	4,000	4,200	4,116	84
Administrators vehicle, uniform and compu	5,915	5,915	5,250	665
Certification and testing	8,000	8,100	8,010	90
Truck fuel	9,750	9,750	6,490	3,260
Radio repair	1,085	1,285	1,204	81
Other expenses	570	570	519	51
Maintenance and repairs building	18,500	10,500	10,500	-
Subscriptions (E-Dispatch)	12,000	12,000	11,917	83
Bureau of fire prevention	11,000	11,000	11,000	-
Uniforms	2,300	2,500	2,445	55
Recruitment/retention	5,800	6,500	6,425	75
Fire equipment	20,300	15,700	14,597	1,103
Shared services - fire suppression	30,000	30,000	30,000	-
Total cost of operations and maintenance	310,470	308,170	300,950	7,220

(Continued)

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

Expenditures (Continued)	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Modified		
Operating appropriations offset with revenues:				
Salaries and wages	249,000	242,000	241,708	292
Fringe benefits	80,555	79,555	76,313	3,242
Insurance	7,000	7,000	7,000	-
Vehicle maintenance	3,900	5,000	4,907	93
Equipment and repairs	2,800	2,800	954	1,846
Fire prevention materials	500	500	499	1
Office expenses	7,445	7,445	4,883	2,562
Professional fees	3,800	6,700	6,612	88
Uniforms	1,000	1,000	752	248
Subscriptions	2,000	4,000	3,916	84
Telephone/fax	5,000	5,800	5,726	74
Vehicle reimbursement-District No. 1	5,000	5,000	5,000	-
Postage	2,000	3,200	3,118	82
Fire official reimbursement	15,000	15,000	15,000	-
HR/Administration reimbursement	10,000	10,000	10,000	-
Total operating appropriations offset with revenues	395,000	395,000	386,388	8,612
Capital appropriations:				
Capital appropriations	177,500	177,500	189,810	(12,310)
Length of service award program (LOSAP)	24,000	24,000	23,996	4
Debt service for capital appropriations:				
Principal payment on debt service	73,969	73,969	73,969	-
Interest payment on debt service	5,267	5,267	5,267	-
Total debt service for capital appropriations	79,236	79,236	79,236	-
Total expenditures	1,262,395	1,262,395	1,258,146	4,249
Excess (deficiency) of revenues over (under) expenditures	(20,000)	(20,000)	(32,210)	(12,210)
Fund balance, January 1			412,113	
Fund balance, December 31			\$ 379,903	
RECAPITULATION OF FUND BALANCE				
Restricted fund balance				
Capital projects			\$ 181,402	
Assigned fund balance				
Designated for subsequent year's expenditures			-	
Other purposes			4,570	
Unassigned fund balance			193,931	
Total budgetary basis			379,903	
Reconciliation to governmental fund statements::				
Length of service award program investment balance not recognized on the budgetary basis			233,119	
Total fund balance per governmental funds			\$ 613,022	

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
RECONCILIATION OF BUDGET TO STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2022

Sources/Inflows of Resources:

Actual amount (budgetary basis) total revenues from budgetary comparison schedule (C - 1)	\$ 1,225,936
Budgetary basis differs from GAAP in that the District does not budget for length of service award program investment income (loss)	<u>(29,829)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds (B - 2)	\$ <u><u>1,196,107</u></u>

Use/Outflows of Resources:

Actual amount (budgetary basis) total expenditures from budgetary comparison schedule (C - 1)	1,258,146
Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service award program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the plan	
Length of service award program district contribution	(23,996)
Participant distributions and forfeitures	<u>22,401</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds (B - 2)	\$ <u><u>1,256,551</u></u>

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	Measurement Date Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.005040%	0.005070%	0.003399%	0.00341%	0.00353%	0.00344%	0.00380%	0.00335%	0.00348%	0.00347%
District's Proportionate Share of the Net Pension Liability	\$ 760,751	\$ 600,371	\$ 554,298	\$ 613,851	\$ 693,988	\$ 800,653	\$ 1,125,796	\$ 751,616	\$ 652,400	\$ 662,330
District's Covered-Employee Payroll	\$ 366,132	\$ 371,516	\$ 353,421	\$ 242,512	\$ 245,642	\$ 243,377	\$ 257,508	\$ 233,894	\$ 246,190	\$ 243,898
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	207.78%	161.65%	156.84%	253.12%	282.52%	328.98%	437.19%	321.35%	265.00%	271.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

*** This schedule is presented to illustrate the requirement to show information for ten years.

FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	For the year ended December 31,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Contractually Required Contribution	\$ 63,569	\$ 59,371	\$ 37,184	\$ 33,138	\$ 35,059	\$ 31,863	\$ 33,769	\$ 28,786	\$ 28,726	\$ 26,112
District's Contribution in Relation to the Contractually Required Contribution	63,569	59,371	37,184	33,138	35,059	31,863	33,769	28,786	28,726	26,112
District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 381,550	\$ 371,516	\$ 371,516	\$ 290,649	\$ 242,480	\$ 245,994	\$ 243,377	\$ 257,508	\$ 233,894	\$ 246,190
District's Contributions as a Percentage of it's Covered-Employee Payroll	16.67%	15.98%	10.01%	11.40%	14.46%	12.95%	13.88%	11.18%	12.28%	10.61%

*** This schedule is presented to illustrate the requirement to show information for ten years.

BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT NO. 1
TOWNSHIP OF WALL

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

None.

Length of Service Awards Program (LOSAP)

Changes in Benefit Terms

None.

Changes of Assumptions

None.

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
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, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

**FIRE DISTRICT NO. 1
TOWNSHIP OF WALL
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*.

None.