

**BOARD OF FIRE COMMISSIONERS
LITTLE EGG HARBOR TOWNSHIP
FIRE DISTRICT #2**

**Financial Statements
December 31, 2022 and 2021
With Independent Auditor's Reports**

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Table of Contents
December 31, 2022 and 2021

Management’s Discussion and Analysis (Unaudited)	A1-A9
Independent Auditor’s Report	1-3
Financial Statements	
Statements of Net Position and Governmental Funds Balance Sheets	4-5
Statements of Activities and Revenues, Expenditures, and Changes in Governmental Fund Balances	6-7
Notes to Financial Statements	8-19
Supplementary Information	
<i>Required Supplementary Information</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual All Governmental Fund Types and Net Position	20-21
Notes to Required Supplementary Information	22
<i>Other Supplementary Information</i>	
Schedules of Improvement Authorizations - Capital Fund	23-24
Statistical Information	25-26
Roster of Officials	27
Comments and Recommendations	
Comments and Recommendations	28-29
Government Reports	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30-31
Schedule of Findings and Responses under Generally Accepted Government Auditing Standards	32
Schedule of Prior Year Findings and Responses	33

MANAGEMENT'S DISCUSSION AND ANALYSIS

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of the Little Egg Harbor Township Fire District No. 2, Ocean County, New Jersey (the "District"), provides an overview of the District's financial activities for the years ended December 31, 2022 and 2021.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statements of net position and statements of activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how District services were financed in the short-term as well as what remains for future spending. The governmental funds balance sheets and the statements of revenues, expenditures, and changes in governmental fund balances report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting on the District as a Whole

Government-Wide Financial Statements

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The statements of net position and the statements of activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. The District's net position - the difference between assets and liabilities - is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's property tax base and the condition of the District's equipment, should be considered in assessing the overall health of the District.

In the statements of net position and governmental funds balance sheets and the statements of activities and revenues, expenditures, and changes in governmental fund balances, we divide the District into two kinds of activities;

- General fund activities - Most of the District's basic services are reported here. Property tax levies finance most of these activities.
- Capital fund activities - The District's equipment acquisitions are financed by prior levies and approved by the taxpayers. The District's acquisitions are reported here.

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

Reporting on the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants.

- General funds – Most of the District's basic services are reported in the general funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The general fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. General 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 programs. The District describes the relationship (or differences) between fund balances and net change in fund balances, reported on the modified accrual basis of accounting, and net position and change in net position, reported on the accrual basis of accounting in the notes to the financial statements.
- Capital funds – Are funds available to be used for the acquisition or construction of major capital facilities and firefighting equipment. The financial resources are derived from the issuance of debt or by reservation of fund balance that are specifically authorized by the voters. The capital fund statements provide details of funds available for future capital projects, funds needed to be raised in future taxation, and outstanding debt.

The District as a Board

Reporting on the District's Fiduciary Responsibilities

The District is a board of commissioners that is charged with the safety and protection of the residents within its boundaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

THE DISTRICT AS A WHOLE

For the years ended December 31, 2022 and 2021, net position changed as follows:

	<u>2022 Total</u>	<u>Increase (Decrease) over 2021</u>	<u>Percentage Increase (Decrease)</u>
Assets			
Current and other assets	\$ 1,662,096	\$ 130,372	8.51%
Capital assets	<u>616,600</u>	<u>(208,746)</u>	-25.29%
Total assets	<u>\$ 2,278,696</u>	<u>\$ (78,374)</u>	-3.33%
Total liabilities	<u>\$ 67,605</u>	<u>\$ (191,513)</u>	-73.91%
Net position			
Net investment in capital assets	1,555,016	(32,036)	-2.02%
Unrestricted	<u>656,075</u>	<u>29,191</u>	4.66%
Total net position	<u>2,211,091</u>	<u>(2,845)</u>	-0.13%
Total liabilities and net position	<u>\$ 2,278,696</u>	<u>\$ (194,358)</u>	-7.86%

In the current year, the District's net position decreased by approximately \$5,000 mainly due to the decrease of capital assets, offset by an increase in current assets, specifically cash on hand.

	<u>2021 Total</u>	<u>Increase (Decrease) over 2020</u>	<u>Percentage Increase (Decrease)</u>
Assets			
Current and other assets	\$ 1,531,724	\$ 13,751	0.91%
Capital assets	<u>825,346</u>	<u>(227,485)</u>	-21.61%
Total assets	<u>\$ 2,357,070</u>	<u>\$ (213,734)</u>	-8.31%
Total liabilities	<u>\$ 143,134</u>	<u>\$ (486,022)</u>	-77.25%
Net position			
Net investment in capital assets	1,587,052	778,392	96.26%
Restricted for capital acquisitions	-	(688,415)	-100.00%
Unrestricted	<u>626,884</u>	<u>182,311</u>	41.01%
Total net position	<u>2,213,936</u>	<u>272,288</u>	14.02%
Total liabilities and net position	<u>\$ 2,357,070</u>	<u>\$ (213,734)</u>	-8.31%

In 2021, the District's net position increased by approximately \$156,000 mainly due to the increase in restrictions for capital acquisitions.

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

Statements of Activities

For the year ended December 31, 2022, the District experienced a decrease in total revenue of approximately \$163,000 or 25%. The decrease is mainly due to a decrease in collected tax revenue, due to a decrease in the district tax levy rate.

	<u>2022 Total</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) over 2021</u>	<u>Percentage Increase (Decrease)</u>
Revenues				
District taxes	\$ 481,296	99.64%	\$ (160,645)	-25.02%
Supplemental fire services grant	1,745	0.36%	(1,745)	-50.00%
Miscellaneous income	-	0.00%	(199)	-100.00%
	<u>\$ 483,041</u>	<u>100.00%</u>	<u>\$ (162,589)</u>	<u>-25.18%</u>

Some expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. For the year ended December 31, 2022, the District experienced a decrease in total expenditures of approximately \$1,000 due mainly to the decrease in non-bondable assets, fringe benefits, and depreciation, offset by increases in professional services, insurance, and maintenance and repairs.

	<u>2022 Total</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) over 2021</u>	<u>Percentage Increase (Decrease)</u>
Expenditures				
Elections	\$ 3,058	0.63%	\$ 1,765	136.50%
Office supplies	1,291	0.27%	236	22.37%
Professional services	39,098	8.05%	6,981	21.74%
Travel expenses	1,178	0.24%	(2,563)	-68.51%
Fringe benefits	44,256	9.11%	(2,635)	-5.62%
Advertising	88	0.02%	(246)	-73.65%
Insurance	33,251	6.84%	(2,186)	-6.17%
Maintenance and repairs	38,668	7.96%	22,865	144.69%
Non-bondable assets	-	0.00%	(12,322)	-100.00%
Supplies expense	2,005	0.41%	2,005	100.00%
Training and education	1,211	0.25%	(6,544)	-84.38%
Uniforms - clothing and equipment	2,384	0.49%	1,069	81.29%
Fire protection services	63,634	13.08%	(3,366)	-5.02%
Interest expense	1,833	0.38%	(5,945)	-76.43%
Other rentals	38,500	7.92%	9,500	32.76%
Depreciation expense	<u>215,431</u>	<u>44.34%</u>	<u>(12,054)</u>	<u>-5.30%</u>
Total expenditures	<u>\$ 485,886</u>	<u>99.99%</u>	<u>\$ (3,440)</u>	<u>-0.70%</u>

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

For the year ended December 31, 2021, the District experienced an increase in total revenue of approximately \$124,000 or 24%. The increase is mainly due to an increase in collected tax revenue, offset by a decrease in miscellaneous income.

	<u>2021 Total</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) over 2020</u>	<u>Percentage Increase (Decrease)</u>
Revenues				
District taxes	\$ 641,941	99.43%	\$ 141,000	28.15%
Supplemental fire services grant	3,490	0.54%	1,745	100.00%
Miscellaneous income	199	0.03%	(18,727)	-98.95%
	<u>\$ 645,630</u>	<u>100.00%</u>	<u>\$ 124,018</u>	<u>23.78%</u>

Some expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. For the year ended December 31, 2021, the District experienced an increase in total expenditures of approximately \$9,000 or 2%, due mainly to the increase in depreciation expense, offset by a decrease in repairs and interest expense.

	<u>2021 Total</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) over 2020</u>	<u>Percentage Increase (Decrease)</u>
Expenditures				
Elections	\$ 1,293	0.26%	\$ (1,642)	-55.95%
Office supplies	1,055	0.22%	(103)	-8.89%
Office services	-	0.00%	(1,873)	-100.00%
Professional services	32,117	6.56%	449	1.42%
Travel expenses	3,741	0.76%	3,741	100.00%
Fringe benefits	46,891	9.58%	(1,825)	-3.75%
Advertising	334	0.07%	(119)	-26.27%
Insurance	35,437	7.24%	1,160	3.38%
Maintenance and repairs	15,803	3.23%	(6,799)	-30.08%
Membership and dues	-	0.00%	(300)	-100.00%
Non-bondable assets	12,322	2.52%	(864)	-6.55%
Supplies expense	-	0.00%	(400)	-100.00%
Training and education	7,755	1.58%	4,957	177.16%
Uniforms - clothing and equipment	1,315	0.27%	(1,757)	-57.19%
Fire protection services	67,000	13.70%	-	0.00%
Interest expense	7,778	1.59%	(5,619)	-41.94%
Other rentals	29,000	5.93%	-	0.00%
Depreciation expense	<u>227,485</u>	<u>46.49%</u>	<u>19,494</u>	<u>9.37%</u>
Total expenditures	<u>\$ 489,326</u>	<u>100.00%</u>	<u>\$ 8,500</u>	<u>1.77%</u>

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

THE DISTRICT'S FUNDS

The general fund is mainly to provide fire protection to its residents, to educate the public as to fire prevention and precautions, and to train qualified personnel. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose. Capital Fund activities are mainly to provide for the acquisition of major fire equipment for fire extinguishment.

The following schedule presents a summary of General and Capital Fund revenues and expenditures for the fiscal years ended December 31, 2022 and 2021, and the amount and percentage increases and decreases in relation to the prior years.

Governmental Funds Balance Sheets

2022					
	General Fund Activities	Capital Fund Activities	Total	Increase (Decrease) over 2021	Percentage Increase (Decrease)
Assets					
Current and other assets	\$ 1,662,096	\$ 938,416	\$ 2,600,512	\$ 230,372	9.72%
Liabilities	1,006,021	-	1,006,021	101,181	11.18%
Fund balance					
Committed			938,416	100,000	11.93%
Assigned			129,191	(32,692)	-20.19%
Unassigned			526,884	61,883	13.31%
Total fund balance			1,594,491	129,191	8.82%
Total liabilities and fund balance			\$ 2,600,512	\$ 230,372	9.72%

2021					
	General Fund Activities	Capital Fund Activities	Total	Increase (Decrease) over 2020	Percentage Increase (Decrease)
Assets					
Current and other assets	\$ 1,531,724	\$ 838,416	\$ 2,370,140	\$ (173,780)	-6.83%
Liabilities	904,840	-	904,840	(599,229)	-39.84%
Fund balance					
Committed			838,416	243,138	40.84%
Assigned			161,883	(180)	-0.11%
Unassigned			465,001	182,491	64.60%
Total fund balance			1,465,300	425,449	40.91%
Total liabilities and fund balance			\$ 2,370,140	\$ (173,780)	-6.83%

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

Statements of Revenues, Expenditures, and Changes in Governmental Fund Balances and Net Position

	2022 Total	Percentage of Total Revenues	Increase (Decrease) over 2021	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 481,296	99.64%	\$ (160,645)	-25.02%
Supplemental fire services grant	1,745	0.36%	(1,745)	-50.00%
Miscellaneous income	-	0.00%	(199)	-100.00%
	\$ 483,041	100.00%	\$ (162,589)	-25.18%
	2022 Total	Percentage of Total Expenditures	Increase (Decrease) over 2021	Percentage Increase (Decrease)
Expenditures				
Elections	\$ 3,058	0.86%	\$ 1,765	136.50%
Office supplies	1,291	0.36%	236	22.37%
Professional services	39,098	11.05%	6,981	21.74%
Travel expenses	1,178	0.33%	(2,563)	-68.51%
Fringe benefits	44,256	12.51%	(2,635)	-7.44%
Advertising	88	0.02%	(246)	-1.56%
Insurance	33,251	9.41%	(2,186)	100.00%
Maintenance and repairs	45,353	12.82%	29,549	239.81%
Non-bondable assets	-	0.00%	(12,322)	-158.89%
Supplies expense	2,005	0.57%	2,005	152.47%
Training and education	1,211	0.34%	(6,544)	100.00%
Uniforms - clothing and equipment	2,384	0.67%	1,069	1.60%
Fire protection services	63,634	17.98%	(3,366)	-43.28%
Leases principal	76,710	21.68%	(90,752)	-312.94%
Interest expense	1,833	0.52%	(5,945)	-20.50%
Other rentals	38,500	10.88%	9,500	100.00%
Total expenditures	\$ 353,850	100.00%	\$ (75,454)	-17.58%

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

	<u>2021 Amount</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) over 2020</u>	<u>Percentage Increase (Decrease)</u>
Revenues				
District taxes	\$ 641,941	99.43%	\$ 141,000	28.15%
Supplemental fire services grant	3,490	0.54%	1,745	100.00%
Miscellaneous income	199	0.03%	(18,727)	-98.95%
Fund balance utilized - restricted	-	0.00%	(475,000)	-100.00%
	<u>\$ 645,630</u>	<u>100.00%</u>	<u>\$ (350,982)</u>	<u>-35.22%</u>

	<u>2021 Amount</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) over 2020</u>	<u>Percentage Increase (Decrease)</u>
Expenditures				
Elections	\$ 1,293	0.30%	\$ (1,642)	-55.95%
Office supplies	1,055	0.25%	(103)	-8.89%
Office services	-	0.00%	(1,873)	-100.00%
Professional services	32,117	7.48%	449	1.42%
Travel expenses	3,741	0.87%	3,741	100.00%
Fringe benefits	46,891	10.92%	(1,825)	-3.75%
Advertising	334	0.08%	(119)	-26.27%
Insurance	35,437	8.25%	1,159	3.38%
Maintenance and repairs	15,803	3.68%	(6,799)	-30.08%
Membership and dues	-	0.00%	(300)	-100.00%
Non-bondable assets	12,322	2.87%	(864)	-6.55%
Supplies expense	-	0.00%	(399)	-100.00%
Training and education	7,755	1.81%	4,957	177.16%
Uniforms - clothing and equipment	1,315	0.30%	(1,757)	-57.19%
Fire protection services	67,000	15.61%	-	0.00%
Leases principal	167,462	39.01%	5,674	3.51%
Interest expense	7,778	1.81%	(5,619)	-41.94%
Other rentals	29,000	6.76%	-	0.00%
Capital projects	-	0.00%	(475,000)	-100.00%
Total expenditures	<u>\$ 429,303</u>	<u>100.00%</u>	<u>\$ (480,320)</u>	<u>-52.80%</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

For 2022, the District tax rate decreased from \$0.072 to \$0.053, which produced a decrease in tax revenue of approximately \$160,000. For 2021, the District tax revenue increased approximately \$141,000 due to the increase in the tax rate.

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

For the years ended December 31, 2022 and 2021, capital assets changed as follows:

	<u>2021</u> <u>Total</u>	<u>Additions</u>	<u>Deletions</u>	<u>2022</u> <u>Total</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
Capital assets					
Apparatus	\$ 246,203	\$ -	\$ -	\$ 246,203	0.00%
Equipment	564,084	6,685	-	570,769	1.19%
Vehicles	<u>1,993,545</u>	<u>-</u>	<u>-</u>	<u>1,993,545</u>	0.00%
	2,803,832	6,685	-	2,810,517	0.24%
Accumulated depreciation	<u>1,978,486</u>	<u>215,431</u>	<u>-</u>	<u>2,193,917</u>	10.89%
Capital assets, net	<u>\$ 825,346</u>	<u>\$ (208,746)</u>	<u>\$ -</u>	<u>\$ 616,600</u>	-25.29%

	<u>2020</u> <u>Total</u>	<u>Additions</u>	<u>Deletions</u>	<u>2020</u> <u>Total</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
Capital assets					
Apparatus	\$ 246,203	\$ -	\$ -	\$ 246,203	0.00%
Equipment	564,084	-	-	564,084	0.00%
Vehicles	<u>1,993,545</u>	<u>-</u>	<u>-</u>	<u>1,993,545</u>	0.00%
	2,803,832	-	-	2,803,832	0.00%
Accumulated depreciation	<u>1,751,001</u>	<u>227,485</u>	<u>-</u>	<u>1,978,486</u>	12.99%
Capital assets, net	<u>\$ 1,052,831</u>	<u>\$ (227,485)</u>	<u>\$ -</u>	<u>\$ 825,346</u>	-21.61%

Debts

At year end, the District had \$-0- in leases payable outstanding versus \$76,710 last year – a decrease of \$76,710. More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

With the increase in district tax rate experienced this year, next year's general fund budget was determined based on a decrease in tax rate and tax revenue.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our District's citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Clerk's office at 827B Radio Road, Little Egg Harbor, New Jersey, 08087.

INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners of
Little Egg Harbor Township Fire District No. 2:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and each fund of the Little Egg Harbor Township Fire District No. 2, Ocean County, New Jersey (the "District") as of and for the years ended December 31, 2022 and 2021, 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 opinions, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each fund of Little Egg Harbor Township Fire District No. 2, Ocean County, New Jersey as of and for the years ended December 31, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

As discussed in Note 12 in the notes to the financial statements, the prior year ending capital fund balance and overall net position were understated relating to the presentation of improvement authorizations as of December 31, 2021. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's 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, as applied to governmental units and the standards applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 GAAS and *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with the required prescribed by Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with the required prescribed by Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedule of revenues, expenditures, and changes in fund balances - budget and actual - all governmental fund types and net position, and related notes, as presented 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise The District's basic financial statements. The accompanying financial information listed supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedules of improvement authorizations – capital fund, statistical information and roster of officials have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 on our consideration of Little Egg Harbor Fire District No. 2'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 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 Little Egg Harbor Fire District No. 2's internal control over financial reporting and compliance.



December 15, 2023

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Statements of Net Position and Governmental Funds Balance Sheet
December 31, 2022

	<u>Governmental Funds Balance Sheet</u>			<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>		
Assets					
Cash	\$ 1,631,984	\$ -	\$ 1,631,984	\$ -	\$ 1,631,984
Prepaid expenses	30,112	-	30,112	-	30,112
Interfund receivable	-	938,416	938,416	(938,416)	-
Capital assets, net	-	-	-	616,600	616,600
Total assets	<u>\$ 1,662,096</u>	<u>\$ 938,416</u>	<u>\$ 2,600,512</u>	<u>\$ (321,816)</u>	<u>\$ 2,278,696</u>
Liabilities, Fund Balances, and Net Position					
Current liabilities					
Accounts payable	\$ 1,893	\$ -	\$ 1,893	\$ -	\$ 1,893
Accrued expenses	65,712	-	65,712	-	65,712
Interfund payable	<u>938,416</u>	<u>-</u>	<u>938,416</u>	<u>(938,416)</u>	<u>-</u>
Total current liabilities	<u>1,006,021</u>	<u>-</u>	<u>1,006,021</u>	<u>(938,416)</u>	<u>67,605</u>
Fund balances					
Committed					
Capital improvements	-	845,278	845,278	(845,278)	-
Improvement authorizations	-	93,138	93,138	(93,138)	-
Assigned					
Appropriation reserves	79,191	-	79,191	(79,191)	-
Designated for subsequent years' expenditures	50,000	-	50,000	(50,000)	-
Unassigned					
General fund	<u>526,884</u>	<u>-</u>	<u>526,884</u>	<u>(526,884)</u>	<u>-</u>
Total fund balances	<u>656,075</u>	<u>938,416</u>	<u>1,594,491</u>	<u>(1,594,491)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,662,096</u>	<u>\$ 938,416</u>	<u>\$ 2,600,512</u>		
Net position					
Net investment in capital assets				1,555,016	1,555,016
Unrestricted				<u>656,075</u>	<u>656,075</u>
Total net position				<u>2,211,091</u>	<u>2,211,091</u>
Total liabilities and net position				<u>\$ (321,816)</u>	<u>\$ 2,278,696</u>

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

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Statements of Net Position and Governmental Funds Balance Sheet
December 31, 2021 (RESTATED)

	<u>Governmental Funds Balance Sheet</u>			<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>		
Assets					
Cash	\$ 1,501,612	\$ -	\$ 1,501,612	\$ -	\$ 1,501,612
Prepaid expenses	30,112	-	30,112	-	30,112
Interfund receivable	-	838,416	838,416	(838,416)	-
Capital assets, net	-	-	-	825,346	825,346
Total assets	<u>\$ 1,531,724</u>	<u>\$ 838,416</u>	<u>\$ 2,370,140</u>	<u>\$ (13,070)</u>	<u>\$ 2,357,070</u>
Liabilities, Fund Balances, and Net Position					
Current liabilities					
Accounts payable	\$ 2,545	\$ -	\$ 2,545	\$ -	\$ 2,545
Accrued expenses	63,879	-	63,879	-	63,879
Reserve for LOSAP trust	-	-	-	-	-
Interfund payable	838,416	-	838,416	(838,416)	-
Lease payable - current	-	-	-	76,710	76,710
Total current liabilities	<u>904,840</u>	<u>-</u>	<u>904,840</u>	<u>(761,706)</u>	<u>143,134</u>
Fund balances					
Committed					
Capital improvements	-	745,278	745,278	(745,278)	-
Improvement authorizations	-	93,138	93,138	(93,138)	-
Assigned					
Appropriation reserves	111,883	-	111,883	(111,883)	-
Designated for subsequent years' expenditures	50,000	-	50,000	(50,000)	-
Unassigned					
General fund	<u>465,001</u>	<u>-</u>	<u>465,001</u>	<u>(465,001)</u>	<u>-</u>
Total fund balances	<u>626,884</u>	<u>838,416</u>	<u>1,465,300</u>	<u>(1,465,300)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,531,724</u>	<u>\$ 838,416</u>	<u>\$ 2,370,140</u>		
Net position					
Net investment in capital assets				1,587,052	1,587,052
Unrestricted				626,884	626,884
Total net position				<u>2,213,936</u>	<u>2,213,936</u>
Total liabilities and net position				<u>\$ (13,070)</u>	<u>\$ 2,357,070</u>

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

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Statement of Activities and Revenues, Expenditures, and Changes in Governmental
Fund Balances
Year Ended December 31, 2022

	Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances			Adjustments (Note 3)	Statement of Activities
	General Fund	Capital Fund	Total		
Expenditures					
Operating appropriations	\$ 353,850	\$ -	\$ 353,850	\$ 132,036	\$ 485,886
Revenues and other financing sources					
General revenues					
District taxes	481,296	-	481,296	-	481,296
Supplemental fire services grant	1,745	-	1,745	-	1,745
Total general revenues	<u>483,041</u>	<u>-</u>	<u>483,041</u>	<u>-</u>	<u>483,041</u>
Transfers					
Transfers in	-	100,000	100,000	(100,000)	-
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>
Total transfers	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and transfers over expenditures	29,191	100,000	129,191	(129,191)	-
Changes in net position	-	-	-	(2,845)	(2,845)
Fund balances / net position					
Beginning of year, as restated	<u>626,884</u>	<u>838,416</u>	<u>1,465,300</u>	<u>748,636</u>	<u>2,213,936</u>
End of year	<u>\$ 656,075</u>	<u>\$ 938,416</u>	<u>\$ 1,594,491</u>	<u>\$ 616,600</u>	<u>\$ 2,211,091</u>

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

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Statement of Activities and Revenues, Expenditures, and Changes in Governmental
Fund Balances
Year Ended December 31, 2021 (RESTATED)

	Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances			Adjustments (Note 3)	Statement of Activities
	General Fund	Capital Fund	Total		
Expenditures					
Operating appropriations	\$ 429,303	\$ -	\$ 429,303	\$ 60,023	\$ 489,326
Revenues and other financing sources					
General revenues					
District taxes	641,941	-	641,941	-	641,941
Supplemental fire services grant	3,490	-	3,490	-	3,490
Miscellaneous income	199	-	199	-	199
Total general revenues	<u>645,630</u>	<u>-</u>	<u>645,630</u>	<u>-</u>	<u>645,630</u>
Transfers					
Transfers in	-	150,000	150,000	(150,000)	-
Transfers out	<u>(150,000)</u>	<u>-</u>	<u>(150,000)</u>	<u>150,000</u>	<u>-</u>
Total transfers	<u>(150,000)</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and transfers over expenditures					
	66,327	150,000	216,327	(216,327)	-
Changes in net position					
	-	-	-	156,304	156,304
Fund balances / net position					
Beginning of year	<u>560,557</u>	<u>688,416</u>	<u>1,248,973</u>	<u>808,659</u>	<u>2,057,632</u>
End of year	<u>\$ 626,884</u>	<u>\$ 838,416</u>	<u>\$ 1,465,300</u>	<u>\$ 748,636</u>	<u>\$ 2,213,936</u>

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

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The accounting policies of Little Egg Harbor Township Fire District No. 2 (the "District") conform to accounting principles generally accepted in United States of America and the standards applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. For the years ended December 31, 2022 and 2021, the financial statements of Little Egg Harbor Township Fire District No. 2 have been prepared in conformity 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.

Reporting Entity

The District is an instrumentality of the State of New Jersey, established to function as a special district. The Board of Fire Commissioners consists of elected officials and is responsible for the fiscal control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The financial statements include all funds and account groups of the District over which the board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in 2022 and 2021. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

Combined Fund and Government-wide Financial Statements

As a special purpose governmental entity engaged in a single governmental program, the District has opted to present its financial data in the form of combined fund and government-wide financial statements to simplify their annual financial reporting process.

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

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2022 and 2021

Capital Fund: The capital fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities and firefighting equipment. The financial resources are from reservation of fund balance that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at special election.

In conformity with GASB 34, the District's combined fund and government-wide financial statements present adjustments to reconcile the general and capital fund balances to net position.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the useful lives of capital assets and depreciation expense.

Accounting Pronouncements Adopted in the Current Year

Leases

On June 28, 2017, GASB issued GASB Statement No. 87, *Leases*, a new lease accounting standard which creates accounting standards for governmental entities under GAAP. Previously, governmental entities reported their leases similar to how private entities reported leases.

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governmental entities. This statement increases the usefulness of government financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principles that leases are financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities. During the years ended December 31, 2022 and 2021, the District was contracted to a lease, however it was determined there was not a significant impact and the life of the lease did not qualify to be accounted for under GASB 87.

Basis of Accounting

Fund Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual. As under New Jersey State Statute, a municipality is required to remit to its fire districts the entire balance of taxes in the amount voted upon or certified prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2022 and 2021

Government-wide Basis of Accounting

The government-wide statements are presented using the accrual basis of accounting. Under the full accrual basis, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Budgets/Budgetary Control

Annual budgets are prepared each year for the operations of the fire districts. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budgets are then voted upon by the public. Budgetary transfers may be made during the last two months of the year.

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 the fund basis of accounting previously described. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

Capital Assets

In the fund financial statements, capital assets used in governmental operations are accounted for as expenditures of the government fund upon acquisition.

In the government-wide basis of accounting, fixed assets are accounted for as capital assets. The District generally capitalizes assets with a cost of \$1,000 or more as outlays occur. All fixed assets are valued at historical cost or estimated historical cost if actual cost is unavailable.

The cost of normal maintenance and repairs that do not add value to the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Depreciation of all capital assets is recorded as an operating expense in the statements of activities and revenues, expenditures, and changes in governmental funds balances with accumulated depreciation reflected in the statements of net position and governmental fund balance sheets.

Depreciation is provided over the assets' estimated useful lives using the straight line method of depreciation, generally 5-7 years for firefighting equipment and general purpose vehicles, and 12 years for firefighting vehicles.

Impairment of Capital Assets

In accordance with the provisions of the pronouncement related to accounting and financial reporting for impairment of capital assets, the District assesses capital assets for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset have both significantly and unexpectedly declined. For the years ended December 31, 2022 and 2021, management has determined that there was no impairment of capital assets.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2022 and 2021

Interfund Transactions and Balances

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers between the general and capital fund of the District net to zero on the fund basis of accounting and are eliminated in the statement of net position.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those loans are reported as interfund receivables and payables on the fund basis of accounting. Interfund payables and receivables between funds are eliminated in the statements of net position.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund. For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Net Position

Fund Basis

Fund balance is reported in classifications depicting the relative strength of the constraint that controls how specific amounts can be spent. Classifications are as follows:

- Nonspendable – Includes amounts that are not in a spendable form or not expected to be converted to cash (inventory, for example) or are legally and contractually required to be maintained intact (principal of an endowment fund, for example).
- Restricted – Includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors, contributors, creditors, or law or regulations of other governments or through enabling legislation that creates a new revenue source and restricts its use. Restrictions may be changed or lifted with the consent of resource providers.
- Committed – Includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Commissioners. The constraint can only be removed or changed by taking the same type of action the District employed to commit those amounts. Such formal action consists of an affirmative vote by the Board of Commissioners.
- Assigned – Comprises amounts intended to be used by the District for specific purposes, but are neither restricted nor committed. Intent is expressed by the District Board of Commissioners.
- Unassigned – This is the residual amount for the general fund, and represents fund balance that has not been restricted, committed, or assigned. 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, it may be necessary to report a negative unassigned fund balance.

Government-wide Basis

Net position is displayed in three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and related debt.
- Unrestricted – All net positions that do not meet the definition of "net investment in capital assets," or "restricted for capital acquisitions."

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2022 and 2021

2. ADJUSTMENT TO ARRIVE AT NET POSITION

Interfund Receivables and Payables

For the years ended December 31, 2022 and 2021, interfund receivables and payables in the amounts of \$938,416 and \$838,416, respectively, have been eliminated in arriving at the government-wide presentation.

Capital Assets and Related Liabilities – Net and Net Investment in Capital Assets

For the years ended December 31, 2022 and 2021, capital assets, net in the amounts of \$616,600 and \$825,346, respectively, lease liability in the amount of \$0 and \$76,710, respectively, and net investment in capital assets in the amounts of \$616,600 and \$748,636, respectively, have been included in the government-wide presentation.

Fund Balances, Unrestricted Net Position, and Net Position Restricted for Capital Acquisitions

As of December 31, 2022 and 2021, a reclass of fund balances of \$1,549,491 and \$1,465,300 to appropriate category of net position including unrestricted of \$656,075 and \$626,884, respectively.

3. ADJUSTMENTS TO ARRIVE AT THE CHANGES IN NET POSITION

Operating Appropriations

For the year ended December 31, 2022, depreciation expense in the amount of \$215,431. has been included in the government-wide presentation. In addition, principal payments on leases have been decreased by \$76,710, and maintenance and repairs have been decreased by \$6,685. The net effect on operating appropriations is an increase of \$132,036.

For the year ended December 31, 2021, depreciation expense in the amount of \$227,485 has been included in the government-wide presentation. In addition, principal payments on leases have been decreased by \$167,462. The net effect on operating appropriations is an increase of \$60,023.

4. DEPOSITS AND INVESTMENTS

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agency of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

- The market value of the collateral must equal 5% of the average daily balance of public funds; or if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.
- All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of fund investments is generally not required.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2022 and 2021

- The cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (“GUDPA”), N.J.S.A. 17:9-41, et seq., which insures all New Jersey governmental units’ deposits in excess of the federal deposit insurance maximums. Cash determined by the Board of Commissioners consists of all bank accounts including certificates of deposit and petty cash.

As of December 31, 2022 and 2021, the District’s cash accounts consisted of:

	<u>2022</u>	<u>2021</u>
OceanFirst Bank – Checking	\$ 1,631,184	\$ 1,500,812
Petty cash	<u>800</u>	<u>800</u>
Total cash	<u>\$ 1,631,984</u>	<u>\$ 1,501,612</u>

Custodial Credit Risk

The carrying amount of the Board’s cash at December 31, 2022, was \$1,631,984 and the bank balance was \$1,633,582. Of the balance, \$250,000 was covered by federal depository insurance, and \$1,383,582 was covered by the Government Unit Deposit Protection Act, N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units’ deposits in excess of the federal deposit maximums.

The carrying amount of the Board’s cash at December 31, 2021, was \$1,501,612 and the bank balance was \$1,503,649. Of the balance, \$250,000 was covered by federal depository insurance, and \$1,253,649 was covered by the Government Unit Deposit Protection Act, N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units’ deposits in excess of the federal deposit maximums.

5. ASSESSMENT AND COLLECTION OF MONEY AUTHORIZED BY VOTERS

Upon proper certification pursuant to Section 9 of P.L. 1979 c. 453 (C.40[A]:14-79), the assessor of the municipality, in which the fire district is situated, shall assess the amount to be raised by taxation to support the District budget against the taxable property therein, in the same manner as municipal taxes are assessed and the same amount shall be assessed, levied, and collected at the same time and in the same manner as other municipal taxes.

The collector or treasurer of the municipality, in which said district is situated, shall pay over all monies so assessed to the treasurer or custodian of funds of said fire district as follows; on or before April 1, an amount equaling 21.25% of all monies so assessed; on or before July 1, an amount equaling 22.5% of all monies so assessed; on or before October 1, an amount equaling 25% of all monies so assessed; and on or before December 31, an amount equaling the difference between the total of all monies so assessed and the total amount of such monies previously paid over, to be held and expended for the purpose of providing and maintaining means for extinguishing fires in such district.

Notwithstanding anything herein to the contrary, the municipal governing body may authorize, in the Cash Management Plan adopted by it pursuant to N.J.S. 40A:5-14, a schedule of payments of the fire district’s monies by which an amount greater than required on any of the first three payment dates cited herein may be paid over. The municipal governing body and board of fire commissioners may, by concurrent resolution, adopt a schedule of payments of fire district monies by which an amount less than required in any of the first three payment dates, cited herein may be paid over. Such resolution shall be included in the cash management plan adopted by the municipal governing body pursuant to N.J.S. 40A:5-14.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2022 and 2021

8. CAPITAL ASSETS

The following schedules are a summarization of the capital assets by source for the years ended December 31, 2022 and 2021:

<u>Description</u>	<u>January 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2022</u>
Capital assets being depreciated				
Apparatus	\$ 246,203	\$ -	\$ -	\$ 246,203
Equipment	564,084	6,685	-	570,769
Vehicles	1,993,545	-	-	1,993,545
	<u>2,803,832</u>	<u>6,685</u>	<u>-</u>	<u>2,810,517</u>
Less: Accumulated depreciation				
Apparatus	147,635	20,779	-	168,414
Equipment	389,585	51,895	-	441,480
Vehicles	1,441,266	142,757	-	1,584,023
	<u>1,978,486</u>	<u>215,431</u>	<u>-</u>	<u>2,193,917</u>
Net capital assets	<u>\$ 825,346</u>	<u>\$ (208,746)</u>	<u>\$ -</u>	<u>\$ 616,600</u>

<u>Description</u>	<u>January 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2021</u>
Capital assets being depreciated				
Apparatus	\$ 246,203	\$ -	\$ -	\$ 246,203
Equipment	564,084	-	-	564,084
Vehicles	1,993,545	-	-	1,993,545
	<u>2,803,832</u>	<u>-</u>	<u>-</u>	<u>2,803,832</u>
Less: Accumulated depreciation				
Apparatus	126,857	20,778	-	147,635
Equipment	335,002	54,583	-	389,585
Vehicles	1,289,142	152,124	-	1,441,266
	<u>1,751,001</u>	<u>227,485</u>	<u>-</u>	<u>1,978,486</u>
Net capital assets	<u>\$ 1,052,831</u>	<u>\$ (227,485)</u>	<u>\$ -</u>	<u>\$ 825,346</u>

Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$215,431 and \$227,485, respectively.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2022 and 2021

9. RELATED PARTIES

The Board of Fire Commissioners is comprised of five elected officials. All five of the Commissioners are members of the Mystic Island Volunteer Fire Company. The District has two agreements with the fire company. One is a Fire Protection Service Agreement. For the years ended December 31, 2022 and 2021, the District paid the fire company \$63,634 and \$67,000, respectively, for the fire company to provide personnel for fire and other emergency services. In the second agreement, and for the years ended December 31, 2022 and 2021, the District paid the fire company \$38,500 and \$29,000, respectively, to rent the firehouse and fire apparatus owned by the fire company.

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

11. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”)

The District maintains a LOSAP in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The program permits the District to provide tax-deferred income benefits to active volunteer members of an emergency service organization. The tax-deferred income benefits come from contributions made solely by the governing body of the District, on behalf of those volunteers who meet the criteria of the Plan created by the governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Contributions

If an active member meets the year of active service agreement, a length of service award program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,936 for the year ended December 31, 2022 and \$1,804 for the year ended December 31, 2021. 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. Contributions by the District to this program have been made each year since its inception. The District elected to contribute \$1,717 for both years ended December 31, 2022 and December 31, 2021, per eligible volunteer, into the Plan.

For 2022 and 2021, the budgeted amount of contribution was \$30,000 for both years ended. The contribution made in 2022 and 2021 was \$27,472 and \$25,755 respectively. The remaining budget is reserved for future distribution. Participants direct the investment of the contributions into various investment options offered by the Plan. The District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The type of investment options, and the administering of such investments, rests solely with the third-party, VALIC (“Plan Administrator”), an approved LOSAP provider.

Participant Accounts

Each participant's account is credited with the District's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2022 and 2021

The District has placed the amounts deferred, including earnings, in a trust maintained by the Plan Administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the District's creditors until distributed as benefit payments, are not available for funding the operations of the District. The funds may also be used to pay the administrative fees charged by the Plan Administrator.

The District's practical involvement in the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting

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

Payment of Benefits

Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the Plan Administrator to payout a portion of vested accumulated deferrals. During the years ended December 31, 2022 and 2021, payments of \$24,046 and \$17,237, respectively, were made to vested participants.

Forfeited Accounts

There were no forfeitures during the years ended December 31, 2022 and 2021.

Risk and Uncertainties

The Plan invests in various investment securities and is 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 statements of net position.

Plan Information

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

12. PRIOR PERIOD ADJUSTMENT

The previous year ending capital balance was understated by \$93,138 relating to the presentation of improvement authorizations that were not properly presented as a fund balance as of December 31, 2021.

The previous year's statement of net position and governmental fund balance sheet has been restated to show the removal of the investment in LOSAP asset account, and the net assets available for LOSAP liability account, and reserve for LOSAP trust account. These were previously presented in the statement of net position and governmental fund balance sheet and have been removed under the guidance of GASB 84.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2022 and 2021

The previous year ending general fund balance and government wide net position were understated by \$115,984 relating to the understatement of operating and GAAP basis appropriations and the presentation of defined contribution plans that were not properly presented as of year-end December 31, 2021. The previous year's statement of net position and governmental funds balance sheet has been restated to show the removal of the Reserve for LOSAP trust account. This was previously stated in the statement of net position and governmental fund balance sheet and have been removed under the guidance of GAS 68.

Further, the previous year capital fund liability was adjusted to properly account for debt payable liabilities as a government wide liability in accordance with modified accrual basis of accounting.

The effect on the District's previously issued December 31, 2021 statement of net position and governmental funds balance sheet are as follows:

	General Fund			Capital Fund			Government Wide		
	As Previously Stated	Adjustments	As Restated	As Previously Stated	Adjustments	As Restated	As Previously Stated	Adjustments	As Restated
Assets									
Cash	\$ 1,501,612	\$ -	\$ 1,501,612	\$ -	\$ -	\$ -	\$ 1,501,612	\$ -	\$ 1,501,612
Due from Little Egg Harbor Township	-	-	-	-	-	-	-	-	-
Prepaid expenses	30,112	-	30,112	-	-	-	30,112	-	30,112
Interfund receivable	-	-	-	838,416	-	838,416	-	-	-
Investment in LOSAP	-	-	-	-	-	-	287,297	(287,297)	-
Deferred charges to future taxation	-	-	-	426,026	(426,026)	-	-	-	-
Capital assets, net	-	-	-	-	-	-	825,346	-	825,346
Total assets	<u>\$ 1,531,724</u>	<u>\$ -</u>	<u>\$ 1,531,724</u>	<u>\$ 1,264,442</u>	<u>\$ (426,026)</u>	<u>\$ 838,416</u>	<u>\$ 2,644,367</u>	<u>\$ (287,297)</u>	<u>\$ 2,357,070</u>
Liabilities, Fund Balances, and Net Position									
Current liabilities									
Accounts payable	\$ 2,545	\$ -	\$ 2,545	\$ -	\$ -	\$ -	\$ 2,545	\$ -	\$ 2,545
Encumbrances payable	-	-	-	-	-	-	-	-	-
Accrued expenses	63,879	-	63,879	-	-	-	63,879	-	63,879
Reserve for LOSAP trust	115,984	(115,984)	-	-	-	-	115,984	(115,984)	-
Net assets available for LOSAP	-	-	-	-	-	-	287,297	(287,297)	-
Interfund payable	838,416	-	838,416	-	-	-	-	-	-
Improvement authorizations	-	-	-	442,454	(442,454)	-	-	-	-
Capital lease payable - current	-	-	-	76,710	(76,710)	-	-	76,710	76,710
Total current liabilities	<u>1,020,824</u>	<u>(115,984)</u>	<u>904,840</u>	<u>519,164</u>	<u>(519,164)</u>	<u>-</u>	<u>469,705</u>	<u>(326,571)</u>	<u>143,134</u>
Fund balances									
Committed									
Capital improvements	-	-	-	745,278	-	745,278	-	-	-
Improvement authorizations	-	-	-	-	93,138	93,138	-	-	-
Assigned									
Appropriation reserves	111,883	-	111,883	-	-	-	-	-	-
Designated for subsequent years' expenditures	50,000	-	50,000	-	-	-	-	-	-
Unassigned									
General fund	349,017	115,984	465,001	-	-	-	-	-	-
Total fund balances	<u>510,900</u>	<u>\$ 115,984</u>	<u>\$ 626,884</u>	<u>745,278</u>	<u>\$ 93,138</u>	<u>838,416</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,531,724</u>		<u>\$ 1,531,724</u>	<u>\$ 1,264,442</u>		<u>\$ 838,416</u>			
Net position									
Net investment in capital assets							748,636	838,416	1,587,052
Restricted for capital acquisitions							838,416	(838,416)	-
Unrestricted							510,900	115,984	626,884
Total net position							<u>\$ 2,097,952</u>	<u>\$ 115,984</u>	<u>\$ 2,213,936</u>
Total liabilities and net position							<u>\$ 2,567,657</u>		

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2022 and 2021

The effect on the District's previously issued December 31, 2021 statement of revenues, expenditures, and changes in governmental fund balances are as follows:

	General Fund			Capital Fund			Government Wide		
	As Previously Stated	Adjustments	As Restated	As Previously Stated	Adjustments	As Restated	As Previously Stated	Adjustments	As Restated
Expenditures									
Operating appropriations	\$ 429,303	\$ -	\$ 429,303	\$ -	\$ -	\$ -	\$ 489,326	\$ -	\$ 489,326
Capital appropriations	150,000	(150,000)	-	-	-	-	-	-	-
Total expenditures	579,303	(150,000)	429,303	-	-	-	489,326	-	489,326
Revenues and other financing sources									
General revenues									
District taxes	641,941	-	641,941	-	-	-	641,941	-	641,941
Supplemental fire services grant	3,490	-	3,490	-	-	-	3,490	-	3,490
Miscellaneous income	199	-	199	-	-	-	199	-	199
Total general revenues	645,630	-	645,630	-	-	-	645,630	-	645,630
Transfers									
Capital fund balance utilized									
Transfers in	-	-	-	-	150,000	150,000	-	-	-
Transfers out	-	(150,000)	(150,000)	-	-	-	-	-	-
Total transfers	-	(150,000)	(150,000)	-	150,000	150,000	-	-	-
Excess (deficiency) of revenues and transfers over expenditures	66,327	-	66,327	150,000	-	150,000			
Changes in net position							156,304	-	156,304
Fund balances / net position									
Beginning of year	444,573	115,984	560,557	595,278	93,138	688,416	1,941,648	115,984	2,057,632
End of year	\$ 510,900	\$ 115,984	\$ 626,884	\$ 745,278	\$ 93,138	\$ 838,416	\$ 2,097,952	\$ 115,984	\$ 2,213,936

13. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after December 31, 2022 through the date of December 15, 2023, which is the date the financial statements were available to be issued. Based on this evaluation, the District has determined that no subsequent events require disclosure in the financial statements.

**BOARD OF FIRE COMMISSIONERS
LITTLE EGG HARBOR TOWNSHIP
FIRE DISTRICT #2**

SUPPLEMENTARY INFORMATION

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual All Governmental Fund Types and Net Position
Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Total Actual</u>	<u>Budgetary Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
District taxes	\$ 481,296	\$ 481,296	\$ 481,296	\$ -
Supplemental fire services grant	1,745	1,745	1,745	-
Fund balance utilized - unrestricted	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total revenues	<u>533,041</u>	<u>533,041</u>	<u>483,041</u>	<u>(50,000)</u>
Transfers				
Reserve for future capital outlays	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Total transfers	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Total revenues and transfers	<u>533,041</u>	<u>533,041</u>	<u>583,041</u>	<u>50,000</u>
Expenditures				
Operating appropriations				
Administration				
Election	6,500	6,500	3,058	(3,442)
Office services	2,500	2,500	-	(2,500)
Office supplies	4,000	2,000	1,291	(709)
Professional services	29,000	35,000	39,098	4,098
Travel expenses	<u>11,000</u>	<u>7,000</u>	<u>1,178</u>	<u>(5,822)</u>
Total administration	<u>53,000</u>	<u>53,000</u>	<u>44,625</u>	<u>(8,375)</u>
Operations and maintenance				
Fringe benefits				
LOSAP	30,000	30,000	27,472	(2,528)
Employee benefits	<u>37,000</u>	<u>37,000</u>	<u>16,784</u>	<u>(20,216)</u>
Total fringe benefits	<u>67,000</u>	<u>67,000</u>	<u>44,256</u>	<u>(22,744)</u>

See Independent Auditor's Report.
The Notes to Supplementary Information are an integral part of this schedule.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual All Governmental Fund Types and Net Position
Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Total Actual</u>	<u>Budgetary Variance</u>
	<u>Original</u>	<u>Final</u>		
Other expenses				
Advertising	\$ 3,000	\$ 3,000	\$ 88	\$ (2,912)
Insurance	30,000	30,000	33,251	3,251
Maintenance and repairs	40,000	40,000	45,353	5,353
Membership and dues	1,000	1,000	-	(1,000)
Non-bondable assets	40,000	40,000	-	(40,000)
Supplies expense	2,000	2,000	2,005	5
Training and education	12,000	12,000	1,211	(10,789)
Uniforms - clothing and equipment	8,000	8,000	2,384	(5,616)
Utilities	2,500	2,500	-	(2,500)
Fire protection services	67,000	67,000	63,634	(3,366)
Leases principal	76,708	76,708	76,710	2
Interest expense	1,833	1,833	1,833	-
Other rentals	29,000	29,000	38,500	9,500
Total other expenses	<u>313,041</u>	<u>313,041</u>	<u>264,969</u>	<u>(48,072)</u>
Total operating appropriations	<u>433,041</u>	<u>433,041</u>	<u>353,850</u>	<u>(79,191)</u>
Capital appropriations				
Reserve for future capital outlays	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total capital appropriations	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total expenditures	<u>533,041</u>	<u>533,041</u>	<u>453,850</u>	<u>(79,191)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,191</u>	<u>\$ 129,191</u>
Fund balances				
Beginning of year			<u>1,465,300</u>	
End of year			<u>\$ 1,594,491</u>	

See Independent Auditor's Report.
The Notes to Supplementary Information are an integral part of this schedule.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Required Supplementary Information
Year Ended December 31, 2022

A. Budgetary Basis of Accounting

There are no substantial differences between the District’s budgetary basis of accounting and the fund basis of accounting described below.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its fire districts the entire balance of taxes in the amount voted upon or certified prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule, and the unpaid amount is considered to be an “accounts receivable”.

B. Budget Cancellation

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2022, the District canceled no appropriations resulting in a reservation of fund balance as follows:

Adopted budget	\$ 533,041
Expenditures	<u>453,850</u>
Favorable variance	79,191
Canceled	<u>-</u>
Fund balance reserve	<u>\$ 79,191</u>

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Schedule of Improvement Authorizations - Capital Fund
Year Ended December 31, 2022

<u>Purpose</u>	<u>Authorized Appropriation</u>		<u>Balance</u>	<u>2022 Authorization</u>	<u>2022 Expenditures</u>	<u>2022 Cancelled</u>	<u>Balance</u>	<u>December 31, 2022</u>	
	<u>Date</u>	<u>Amount</u>	<u>January 1, 2022</u>				<u>December 31, 2022</u>	<u>Funded</u>	<u>Unfunded</u>
Radios	04/07/20	\$ 300,000	\$ 52,565	\$ -	\$ -	\$ -	\$ 52,565	\$ 52,565	\$ -
SCBA	04/07/20	175,000	40,573	-	-	-	40,573	40,573	-
		<u>\$ 475,000</u>	<u>\$ 93,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,138</u>	<u>\$ 93,138</u>	<u>\$ -</u>

See Independent Auditor's Report.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Schedule of Improvement Authorizations - Capital Fund
Year Ended December 31, 2021

<u>Purpose</u>	<u>Authorized Appropriation</u>		<u>Balance</u>	<u>2021 Authorization</u>	<u>2021 Expenditures</u>	<u>2021 Cancelled</u>	<u>Balance</u>	<u>December 31, 2021</u>	
	<u>Date</u>	<u>Amount</u>	<u>January 1, 2021</u>				<u>December 31, 2021</u>	<u>Funded</u>	<u>Unfunded</u>
Radios	04/07/20	\$ 300,000	\$ 52,565			\$ -	\$ 52,565	\$ 52,565	\$ -
SCBA	04/07/20	175,000	40,573	-	-	-	40,573	40,573	-
		<u>\$ 475,000</u>	<u>\$ 93,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,138</u>	<u>\$ 93,138</u>	<u>\$ -</u>

See Independent Auditor's Report.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Statistical Information
Years Ended December 31, 2022 and 2021

Property Tax Levies

The following is a tabulation of the District assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding nine (9) years:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2013	\$ 1,152,687,690	\$ 554,645	\$ 0.049
2014	1,115,198,354	563,973	0.051
2015	822,766,908	573,145	0.070
2016	840,033,008	598,186	0.072
2017	861,743,708	647,685	0.076
2018	879,035,733	619,686	0.071
2019	888,049,808	552,685	0.062
2020	892,391,255	500,941	0.056
2021	899,838,933	641,941	0.072
2022	910,006,300	481,296	0.053

General Fund – Fund Balance before Current Year Appropriation Reserves

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2013	\$ 143,139	\$ 49,000
December 31, 2014	151,996	46,000
December 31, 2015	213,465	46,000
December 31, 2016	321,726	96,500
December 31, 2017	318,079	96,500
December 31, 2018	319,958	96,500
December 31, 2019	342,785	96,500
December 31, 2020	330,010	47,500
December 31, 2021	576,884	50,000
December 31, 2022	606,075	50,000

See Independent Auditor's Report.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Statistical Information
Years Ended December 31, 2022 and 2021

Capital Fund – Fund Balance

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2013	\$ 435,700	\$ -
December 31, 2014	590,278	-
December 31, 2015	690,278	-
December 31, 2016	790,278	70,000
December 31, 2017	820,278	-
December 31, 2018	920,278	-
December 31, 2019	1,020,278	-
December 31, 2020	745,278	-
December 31, 2021	838,416	-
December 31, 2022	938,416	-

See Independent Auditor's Report.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Roster of Officials
Years Ended December 31, 2022 and 2021

The following Officials were in office during the period under audit:

<u>Board of Commissioners</u>	<u>Position</u>	<u>Amount of Surety Bond*</u>
Russell Gulbert	Chairman	\$ 250,000*
Michael Caronia	Asst. Chairman (until August 2022)	250,000*
Mike Tompkins	Treasurer/Asst. Chairman (After August 2022)	400,000*
Jeff Chaplin	Secretary	250,000*
Jesse Doberenz	Commissioner at Large	250,000*

Other Official

Richard M. Braslow Board Attorney

* Blanket Bond Coverage

Surety Company

American Alternative Insurance Corp.

See Independent Auditor's Report.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Comments and Recommendations
Years Ended December 31, 2022 and 2021

Scope of Examination and Conditions of Records

We have audited the basic financial statements of Little Egg Harbor Township Fire District No. 2, Ocean County, New Jersey (the "District") for the year ended December 31, 2022. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the General Comments and Recommendations for the year then ended.

The Financial records were readily available upon request.

Minutes of Board meetings were properly maintained by the Board Bookkeeper.

Cash in Banks

The balance in bank at December 31, 2022 was reconciled with statements issued by the depositories.

Examination of Bills

Paid bills during the period under review were examined on a test basis to determine that they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, allocated to the proper accounts and charged to the proper fiscal period, and in agreement with the bill list set forth in the approved minutes of the Board. The results of testing did not disclose any discrepancies with respect to signatures, certification, or supporting documentation.

The District's five (5) Commissioners do not receive a fee for meeting attendance during the year.

Contracts and Agreements Required to be Advertised (N.J.S.A.40A:11-4)

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. N.J.S. 40A:11-3 defines the bid threshold for any contract awarded as \$17,500."

The members of the Little Egg Harbor Township Fire District No. 2 have the responsibility of determining whether any contract or agreement might result in violation of the statute and, when necessary, the Board Attorney's opinion should be sought before a commitment is made.

The results of our examination indicated that no individual payment, contract or agreement was made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21.

Capital Assets

The Capital Asset subledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S.A.40A:11-5.

See Independent Auditor's Report.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Comments and Recommendations
Years Ended December 31, 2022 and 2021

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500 "for the performance of any work or the furnishings or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of (N.J.S.A.40A:11-6.1).

Miscellaneous

An exit conference was held in accordance with generally accepted governmental auditing standards.

Acknowledgment

During the course of the audit, we received the cooperation of the officials of the District and we appreciate the courtesies extended to us.

Recommendations

None

Prior Year Comments

See schedule of prior year findings and recommendations.

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Respectfully submitted,



December 15, 2023

See Independent Auditor's Report.

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners of
Little Egg Harbor Township Fire District No. 2:

We have audited, 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, the financial statements of the governmental activities and each fund of Little Egg Harbor Township Fire District No. 2, Ocean County, New Jersey (the "District") as of and for the year ended December 31, 2022 and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses under generally accepted government auditing standards as item 2022-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Withum Smith + Brown, PC

December 15, 2023

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Schedule of Findings and Responses under Generally Accepted Government
Auditing Standards
Year Ended December 31, 2022

Finding 2022-01

Treatment of LOSAP under GASB 68

Criteria: Under *GASB 68*, the treatment of defined contribution plans are an important part of internal control and assist in the recording of the appropriate LOSAP expense. The District's recording of a LOSAP reserve under a defined contribution plan was incorrect in accordance with required accounting principles and in a manner that allowed for ease of audit substantiation.

Condition: The District did not properly record the treatment of LOSAP under the guidelines of GASB 68.

Context: During the course of the audit procedures, it was determined that the recording of a reserve liability for LOSAP benefit liability was improper under the guidance of GASB 68, which states that defined contribution plans are not to have an accrued balance.

Effect or Potential Effect: In the improper recording, the District was overstating their liabilities and understating general fund balances and overall net position, therefore potentially causing the District to be in violation of not acting within the budget.

Cause: The Commissioners should implement procedures to ensure financial information is recorded properly and reported accurately within reporting requirements. Additionally, we recommend the District hire an individual who possesses the knowledge of Generally Accepted Accounting Principles ("GAAP"), Government Accounting Standard Board ("GASB"), and DLGS.

Views of Responsible Official(s) and Planned Corrective Actions: The Commissioners are aware of the need to properly treat the LOSAP and not record a reserve for a liability.

Management's Response: Management takes the finding of the above-mentioned significant deficiency very seriously. The District will hire new professionals to adequately service the District and all records will be reviewed quarterly.

Material Weaknesses

None reported.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Schedule of Prior Year Findings and Responses
Year Ended December 31, 2021

Schedule of Prior Year Financial Statement Findings

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

Material Weaknesses

None reported.