

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

**Financial Statements
December 31, 2020 and 2019
With Independent Auditor's Reports**

Little Egg Harbor Township Fire District No. 2
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December 31, 2020 and 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Board of Fire Commissioners
Little Egg Harbor Township Fire District #2
827B Radio Rd., Little Egg Harbor, New Jersey 08087
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MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Little Egg Harbor Township Fire District No. 2’s, the “District”, financial performance provides an overview of the District’s financial activities for the years ended December 31, 2020 and 2019.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statements of Net Position and Governmental Funds Balance Sheets and the Statements of Revenues, Expenses, and Changes in Governmental Fund Balances and Net Position provide information about the activities of the District as a whole and present a long 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. Fund financial statements also report the District’s operations in more detail than the government-wide statements by providing information about the District’s most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a Board for the benefit of those outside of the government.

Reporting on the District as a Whole

The Statements of Net Position and Governmental Funds Balance Sheets and the Statements of Revenues, Expenses, and Changes in Governmental Fund Balances and Net Position

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 Governmental Funds Balance Sheets and the Statements of Revenues, Expenses, and Changes in Governmental Fund Balances and Net Position 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 them. You can think of the District’s net position – the difference between assets and liabilities – as 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. You will need to consider other nonfinancial factors, however, such as changes in the District’s property tax base and the condition of the District’s equipment that was regularly inspected by the fire chief to assess the overall health of the District.

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

In the Statements of Net Position and Governmental Funds Balance Sheets and the Statements of Revenues, Expenses, and Changes in Governmental Fund Balances and Net Position, 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.

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 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. We describe the relationship (or differences) between general fund activities (reported in the Statements of Net Position and Governmental Funds Balance Sheets and the Statements of Revenues, Expenses, and Changes in Governmental Fund Balances and Net Position) and capital funds in reconciliation at the bottom of the fund 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, 2020 and 2019, net position changed as follows:

	2020 GAAP Basis		Total	Increase (Decrease) over 2019	Percentage Increase (Decrease)
	General Fund Activities	Capital Fund Activities			
Assets					
Current and other assets	\$ 1,517,973	\$ -	\$ 1,517,973	\$ (286,396)	-15.87%
Capital assets	-	1,052,831	1,052,831	173,872	19.78%
Total assets	<u>\$ 1,517,973</u>	<u>\$ 1,052,831</u>	<u>\$ 2,570,804</u>	<u>\$ (112,524)</u>	-4.19%
Total liabilities	\$ 384,985	\$ 244,171	\$ 629,156	\$ (153,310)	-19.59%
Net position					
Net investment in capital assets			808,660	335,660	70.96%
Restricted for capital acquisitions			688,415	(331,863)	-32.53%
Unrestricted			<u>444,573</u>	<u>36,989</u>	9.08%
Total net position			<u>1,941,648</u>	<u>40,786</u>	2.15%
Total liabilities and net position			<u>\$ 2,570,804</u>	<u>\$ (112,524)</u>	-4.19%

	2019 GAAP Basis		Total	Increase (Decrease) over 2018	Percentage Increase (Decrease)
	General Fund Activities	Capital Fund Activities			
Assets					
Current and other assets	\$ 1,804,369	\$ -	\$ 1,804,369	\$ 130,178	7.78%
Capital assets	-	878,959	878,959	(167,899)	-16.04%
Total assets	<u>\$ 1,804,369</u>	<u>\$ 878,959</u>	<u>\$ 2,683,328</u>	<u>\$ (37,721)</u>	-1.39%
Total liabilities	\$ 376,507	\$ 405,959	\$ 782,466	\$ (94,440)	-10.77%
Net position					
Net investment in capital assets			473,000	(11,580)	-2.39%
Restricted for capital acquisitions			1,020,278	100,000	10.87%
Unrestricted			<u>407,584</u>	<u>(31,701)</u>	-7.22%
Total net position			<u>1,900,862</u>	<u>56,719</u>	3.08%
Total liabilities and net position			<u>\$ 2,683,328</u>	<u>\$ (37,721)</u>	-1.39%

In both years, the District's increase in net position signifies an improved financial condition.

Governmental Activities

The General Fund is mainly to provide fire protection to its residents, to educate the public as to fire prevention and precaution, 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.

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

THE DISTRICT'S FUNDS

The following schedules present a summary of revenues and expenditures of general and capital fund for the fiscal years ended December 31, 2020 and 2019 and the amount and percentage of increases and decreases in relation to the prior year.

	2020 GAAP Basis	Percentage of Total Revenues	Increase (Decrease) over 2019	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 500,941	96.04%	\$ (51,744)	-9.36%
SFSG	1,745	0.33%	1,745	100.00%
Miscellaneous income	18,926	3.63%	18,926	100.00%
	<u>\$ 521,612</u>	<u>100.00%</u>	<u>\$ (31,073)</u>	<u>-5.62%</u>

For the year ended December 31, 2020, the District experienced a decrease in total revenue of approximately \$31,000 or 6%. The decrease is mainly from a decrease in tax revenue.

	2019 GAAP Basis	Percentage of Total Revenues	Increase (Decrease) over 2018	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 552,685	100.00%	\$ (67,001)	-10.81%
SFSG	-	0.00%	(10,470)	-100.00%
Miscellaneous income	-	0.00%	(6,100)	-100.00%
	<u>\$ 552,685</u>	<u>100.00%</u>	<u>\$ (83,571)</u>	<u>-13.13%</u>

For the year ended December 31, 2019, the District experienced a decrease in total revenue of approximately \$83,600 or 13%. The decrease is mainly from a decrease in tax revenue.

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

	<u>2020 GAAP Basis</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) over 2019</u>	<u>Percentage Increase (Decrease)</u>
Expenditures				
Elections	\$ 2,935	0.61%	\$ 125	4.45%
Office supplies	1,158	0.24%	899	347.10%
Office services	1,873	0.39%	685	57.66%
Professional services	31,668	6.59%	7,446	30.74%
Travel expenses	-	0.00%	(5,034)	-100.00%
Fringe benefits	48,716	10.13%	(7,004)	-12.57%
Advertising	453	0.09%	(317)	-41.17%
Insurance	34,277	7.13%	153	0.45%
Maintenance and repairs	22,602	4.70%	(10,007)	-30.69%
Membership and dues	300	0.06%	-	0.00%
Non-bondable assets	13,186	2.74%	(20,380)	-60.72%
Supplies expense	400	0.08%	300	300.00%
Training and education	2,798	0.58%	(3,217)	-53.48%
Uniforms - clothing and equipment	3,072	0.64%	(13,412)	-81.36%
Fire protection services	67,000	13.93%	-	0.00%
Interest expense	13,397	2.79%	(5,469)	-28.99%
Other rentals	29,000	6.03%	-	0.00%
Depreciation expense	207,991	43.25%	40,092	23.88%
Total expenditures	<u>\$ 480,826</u>	<u>99.98%</u>	<u>\$ (15,140)</u>	<u>-3.05%</u>

Some expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. Overall, the District experienced a decrease in total expenditures of approximately \$15,000 or 3% due to a decrease in fringe benefits, maintenance & repairs, uniforms, interest expense, uniform expenses, and travel expense, netted against an increase in depreciation expense.

Little Egg Harbor Township Fire District #2

Management's Discussion and Analysis

	<u>2019 GAAP Basis</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) over 2018</u>	<u>Percentage Increase (Decrease)</u>
Expenditures				
Elections	\$ 2,810	0.57%	\$ 909	47.82%
Office supplies	259	0.05%	75	40.76%
Office services	1,188	0.24%	(163)	-12.07%
Professional services	24,222	4.88%	742	3.16%
Travel expenses	5,034	1.01%	412	8.91%
Fringe benefits	55,720	11.23%	(3,276)	-5.55%
Advertising	770	0.16%	250	48.08%
Insurance	34,124	6.88%	1,727	5.33%
Maintenance and repairs	32,609	6.57%	15,494	90.53%
Membership and dues	300	0.06%	-	0.00%
Non-bondable assets	33,566	6.77%	30,253	913.16%
Supplies expense	100	0.02%	100	100.00%
Training and education	6,015	1.21%	3,130	108.49%
Uniforms - clothing and equipment	16,484	3.32%	11,348	220.95%
Utilities	-	0.00%	-	100.00%
Fire protection services	67,000	13.53%	135	0.20%
Interest expense	18,866	3.80%	(5,267)	-21.82%
Other rentals	29,000	5.85%	(1,609)	-5.26%
Depreciation expense	167,899	33.85%	(8,383)	-4.76%
Total expenditures	<u>\$ 495,966</u>	<u>100.00%</u>	<u>\$ 45,877</u>	<u>10.19%</u>

Some expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. Overall, the District experienced an increase in total expenditures of approximately \$46,000 or 10% due to several non-bondable asset purchases made throughout the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

For 2020, the district tax rate decreased from \$0.062 to \$0.057, which produced a decrease in tax revenue of approximately \$50,000. For 2019, the district tax revenue decreased approximately \$67,000 due to the decrease 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, 2020 and 2019, capital assets changed as follow:

	2019 GAAP Basis	Additions	Deletions	2020 GAAP Basis	Percentage Increase (Decrease)
Capital assets					
Apparatus	\$ 111,776	\$ 134,427	\$ -	\$ 246,203	120.26%
Equipment	316,648	247,436	-	564,084	78.14%
Vehicles	<u>1,993,545</u>	<u>-</u>	<u>-</u>	<u>1,993,545</u>	0.00%
	2,421,969	381,863	-	2,803,832	15.77%
Accumulated depreciation	<u>1,543,010</u>	<u>207,991</u>	<u>-</u>	<u>1,751,001</u>	13.48%
Capital assets, net	<u>\$ 878,959</u>	<u>\$ 173,872</u>	<u>\$ -</u>	<u>\$ 1,052,831</u>	19.78%
	2018 GAAP Basis	Additions	Deletions	2019 GAAP Basis	Percentage Increase (Decrease)
Capital assets					
Apparatus	\$ 111,776	\$ -	\$ -	\$ 111,776	0.00%
Equipment	316,648	-	-	316,648	0.00%
Vehicles	<u>1,993,545</u>	<u>-</u>	<u>-</u>	<u>1,993,545</u>	0.00%
	2,421,969	-	-	2,421,969	0.00%
Accumulated depreciation	<u>1,375,111</u>	<u>167,899</u>	<u>-</u>	<u>1,543,010</u>	12.21%
Capital assets, net	<u>\$ 1,046,858</u>	<u>\$ (167,899)</u>	<u>\$ -</u>	<u>\$ 878,959</u>	-16.04%

The District accounted for its additions of Apparatus and Equipment assets in the current year, and there were no additions or deletions in the prior year.

Debts

At year end, the District had \$244,171 in capital leases payable outstanding versus \$405,959 last year – a decrease of 40%. 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 decrease 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,
Little Egg Harbor Township Fire District No. 2:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Little Egg Harbor Township Fire District No. 2, Ocean County, New Jersey as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Little Egg Harbor Township Fire District No. 2's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Little Egg Harbor Township Fire District No. 2's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinions, 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 Little Egg Harbor Township Fire District No. 2, Ocean County, New Jersey as of December 31, 2020 and 2019, 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.

Other Matters

Required Supplementary Information

The accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages A1 through A7, and schedule of revenues, expenditures, and changes in fund balances – budget and actual – all governmental fund types and related notes on pages 23 to 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Little Egg Harbor Township Fire District No. 2's basic financial statements. The accompanying financial information listed as other schedules, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the financial statements.

The information listed as other schedules in the table of contents 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 audits 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 statistical information and roster of officials have not been subjected to the auditing procedures applied in the audits 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 August 3, 2021 on our consideration of Little Egg Harbor Township Fire District No. 2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Township Fire District No. 2's internal control over financial reporting and compliance.

Withum Smith + Brown, PC

August 3, 2021

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,
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, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Little Egg Harbor Township Fire District No. 2, Ocean County, New Jersey, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Little Egg Harbor Township Fire District No. 2's basic financial statements, and have issued our report thereon dated August 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Little Egg Harbor Township Fire District No. 2's internal control over financial reporting ("internal control") as a basis for determining 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 Little Egg Harbor Township Fire District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Little Egg Harbor Township Fire District No. 2'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 over financial reporting 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 have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Little Egg Harbor Township Fire District No. 2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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

August 3, 2021

BASIC FINANCIAL STATEMENTS

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2020

	General Fund	Capital Fund	Total	Adjustments (Note 2)	Statement of Net Position
Assets					
Cash	\$ 1,010,026	\$ -	\$ 1,010,026	\$ -	\$ 1,010,026
Due from Little Egg Harbor Township	125,235	-	125,235	-	125,235
Prepaid expenses	126,756	-	126,756	-	126,756
Interfund receivable	-	688,415	688,415	(688,415)	-
Investment in LOSAP	-	-	-	255,956	255,956
Deferred charges to future taxation	-	593,488	593,488	(593,488)	-
Capital assets, net	-	-	-	1,052,831	1,052,831
Total assets	<u>\$ 1,262,017</u>	<u>\$ 1,281,903</u>	<u>\$ 2,543,920</u>	<u>\$ 26,884</u>	<u>\$ 2,570,804</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 1,411	\$ -	\$ 1,411	\$ -	\$ 1,411
Accrued expenses	15,879	-	15,879	-	15,879
Reserve for LOSAP trust	111,739	-	111,739	-	111,739
Net assets available for LOSAP	-	-	-	255,956	255,956
Interfund payable	688,415	-	688,415	(688,415)	-
Improvement authorizations	-	442,454	442,454	(442,454)	-
Capital lease payable - current	-	167,461	167,461	-	167,461
Total current liabilities	<u>817,444</u>	<u>609,915</u>	<u>1,427,359</u>	<u>(874,913)</u>	<u>552,446</u>
Other liabilities					
Capital lease payable - long-term	-	76,710	76,710	-	76,710
Total liabilities	<u>817,444</u>	<u>686,625</u>	<u>1,504,069</u>	<u>(874,913)</u>	<u>629,156</u>
Fund Balances and Net Position					
Fund balances					
Committed					
Capital improvements	-	595,278	595,278	(595,278)	-
Assigned					
Appropriation reserves	114,563	-	114,563	(114,563)	-
Designated for subsequent years' expenditures	47,500	-	47,500	(47,500)	-
Unassigned					
General fund	282,510	-	282,510	(282,510)	-
Total fund balances	<u>444,573</u>	<u>595,278</u>	<u>1,039,851</u>	<u>(1,039,851)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,262,017</u>	<u>\$ 1,281,903</u>	<u>\$ 2,543,920</u>		
Net position					
Net investment in capital assets				808,660	808,660
Restricted for capital acquisitions				688,415	688,415
Unrestricted				444,573	444,573
Total net position				<u>1,941,648</u>	<u>1,941,648</u>
Total liabilities and net position				<u>\$ 26,884</u>	<u>\$ 2,570,804</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 Net Position and Governmental Funds Balance Sheet
December 31, 2019

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets					
Cash	\$ 1,311,005	\$ -	\$ 1,311,005	\$ -	\$ 1,311,005
Due from Little Egg Harbor Township	138,171	-	138,171	-	138,171
Prepaid expenses	127,776	-	127,776	-	127,776
Interfund receivable	-	1,020,278	1,020,278	(1,020,278)	-
Investment in LOSAP	-	-	-	227,417	227,417
Deferred charges to future taxation	-	755,276	755,276	(755,276)	-
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>878,959</u>	<u>878,959</u>
Total assets	<u>\$ 1,576,952</u>	<u>\$ 1,775,554</u>	<u>\$ 3,352,506</u>	<u>\$ (669,178)</u>	<u>\$ 2,683,328</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 24,000	\$ -	\$ 24,000	\$ -	\$ 24,000
Accrued expenses	15,879	-	15,879	-	15,879
Reserve for LOSAP trust	109,211	-	109,211	-	109,211
Net assets available for LOSAP	-	-	-	227,417	227,417
Interfund payable	1,020,278	-	1,020,278	(1,020,278)	-
Improvement authorizations	-	349,317	349,317	(349,317)	-
Capital lease payable - current	<u>-</u>	<u>161,789</u>	<u>161,789</u>	<u>-</u>	<u>161,789</u>
Total current liabilities	1,169,368	511,106	1,680,474	(1,142,178)	538,296
Other liabilities					
Capital lease payable - long term	<u>-</u>	<u>244,170</u>	<u>244,170</u>	<u>-</u>	<u>244,170</u>
Total liabilities	<u>1,169,368</u>	<u>755,276</u>	<u>1,924,644</u>	<u>(1,142,178)</u>	<u>782,466</u>
Fund Balances and Net Position					
Fund balances					
Committed					
Capital improvements	-	1,020,278	1,020,278	(1,020,278)	-
Assigned					
Appropriation reserves	64,799	-	64,799	(64,799)	-
Designated for subsequent years' expenditures	96,500	-	96,500	(96,500)	-
Unassigned					
General fund	<u>246,285</u>	<u>-</u>	<u>246,285</u>	<u>(246,285)</u>	<u>-</u>
Total fund balances	<u>407,584</u>	<u>1,020,278</u>	<u>1,427,862</u>	<u>(1,427,862)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,576,952</u>	<u>\$ 1,775,554</u>	<u>\$ 3,352,506</u>		
Net position					
Net investment in capital assets				473,000	473,000
Restricted for capital acquisitions				1,020,278	1,020,278
Unrestricted				<u>407,584</u>	<u>407,584</u>
Total net position				<u>1,900,862</u>	<u>1,900,862</u>
Total liabilities and net position				<u>\$ (669,178)</u>	<u>\$ 2,683,328</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 Revenues, Expenses, and Changes in Governmental
Fund Balances and Net Position
Year Ended December 31, 2020

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Expenditures					
Operating appropriations	\$ 434,623	\$ -	\$ 434,623	\$ 46,203	\$ 480,826
Capital appropriations	<u>525,000</u>	<u>-</u>	<u>525,000</u>	<u>(525,000)</u>	<u>-</u>
Total expenditures	<u>959,623</u>	<u>-</u>	<u>959,623</u>	<u>(478,797)</u>	<u>480,826</u>
Revenues and other financing sources					
General revenues					
District taxes	500,941	-	500,941	-	500,941
Supplemental fire services grant	1,745	-	1,745	-	1,745
Miscellaneous income	18,926	-	18,926	-	18,926
Fund balance utilized - restricted	<u>475,000</u>	<u>-</u>	<u>475,000</u>	<u>(475,000)</u>	<u>-</u>
Total general revenues	<u>996,612</u>	<u>-</u>	<u>996,612</u>	<u>(475,000)</u>	<u>521,612</u>
Transfers					
Capital fund balance utilized	-	(475,000)	(475,000)	475,000	-
Reserve for future capital outlays	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
Total transfers	<u>-</u>	<u>(425,000)</u>	<u>(425,000)</u>	<u>425,000</u>	<u>-</u>
Total general revenues and transfers	<u>996,612</u>	<u>(425,000)</u>	<u>571,612</u>	<u>(50,000)</u>	<u>521,612</u>
(Deficit) excess of revenues and transfers over expenditures	36,989	(425,000)	(388,011)	388,011	-
Changes in net position	-	-	-	40,786	40,786
Fund balances / net position					
Beginning of year	<u>407,584</u>	<u>1,020,278</u>	<u>1,427,862</u>	<u>473,000</u>	<u>1,900,862</u>
End of year	<u>\$ 444,573</u>	<u>\$ 595,278</u>	<u>\$ 1,039,851</u>	<u>\$ 901,797</u>	<u>\$ 1,941,648</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 Revenues, Expenses, and Changes in Governmental
Fund Balances and Net Position
Year Ended December 31, 2019

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Expenditures					
Operating appropriations	\$ 484,386	\$ -	\$ 484,386	\$ 11,580	\$ 495,966
Capital appropriations	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Total expenditures	<u>584,386</u>	<u>-</u>	<u>584,386</u>	<u>(88,420)</u>	<u>495,966</u>
Revenues and other financing sources					
General revenues					
District taxes	<u>552,685</u>	<u>-</u>	<u>552,685</u>	<u>-</u>	<u>552,685</u>
Total general revenues	552,685	-	552,685	-	552,685
Transfers					
Reserve for future capital outlays	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Total transfers	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Total general revenues and transfers	<u>552,685</u>	<u>100,000</u>	<u>652,685</u>	<u>(100,000)</u>	<u>552,685</u>
(Deficit) excess of revenues and transfers over expenditures	(31,701)	100,000	68,299	(68,299)	-
Changes in net position	-	-	-	56,719	56,719
Fund balances / net position					
Beginning of year	<u>439,285</u>	<u>920,278</u>	<u>1,359,563</u>	<u>484,580</u>	<u>1,844,143</u>
End of year	<u>\$ 407,584</u>	<u>\$ 1,020,278</u>	<u>\$ 1,427,862</u>	<u>\$ 473,000</u>	<u>\$ 1,900,862</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, 2020 and 2019

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, 2020 and 2019, 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 combined 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 2020 and 2019. 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 its 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, 2020 and 2019

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.

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".

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.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2020 and 2019

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Specific encumbrances in governmental funds are reported as liabilities at year end as they do not constitute expenditures but rather commitments related to unperformed contracts for goods and services.

The encumbered appropriation authority carries over into the following year. The balance of the unencumbered appropriations is recorded as a reserve to fund balance for unrecorded expenditures and commitments that pertain to the prior year. At the end of the following year, an entry will be made to fund balance for the unexpended appropriations of the prior year.

Fixed Assets

In the fund financial statements, fixed 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 extended 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 fixed assets is recorded as an operating expense in the statements of revenues, expenses, and changes in governmental fund balances and net position with accumulated depreciation reflected in the statements of net position and governmental funds balance sheet.

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, 2020 and 2019, management has determined that there was no impairment of capital assets.

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 statements of revenues, expenses, and changes in governmental fund balances and 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 and governmental funds balance sheets.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2020 and 2019

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.
- Restricted for capital acquisitions – Current balance consists of net position restricted to the acquisition of a fire truck.
- Unrestricted net position – 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, 2020 and 2019

2. ADJUSTMENT TO ARRIVE AT NET POSITION

Interfund Receivables and Payables

For the years ended December 31, 2020 and 2019, interfund receivables and payables in the amounts of \$688,415 and \$1,020,278, respectively, have been eliminated in arriving at the government-wide presentation.

Capital Assets – Net and Net Investment in Capital Assets

For the years ended December 31, 2020 and 2019, capital assets, net in the amounts of \$1,052,831 and \$878,959, respectively, and net investment in capital assets in the amounts of \$808,660 and \$473,000, respectively, have been included in the government-wide presentation.

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

For the years ended December 31, 2020 and 2019, fund balances in the amounts of \$1,039,851 and \$1,427,862, respectively, have been eliminated. Unrestricted net position in the amounts of \$444,573 and \$407,584, respectively, and net position restricted for capital acquisitions in the amounts of \$688,415 and \$1,020,278, respectively, have been included in the government-wide presentation.

Improvement Authorizations

Improvement authorizations, which are liabilities that represent the District's earmarking of fund balance for a specified future project, do not represent liabilities as defined by U.S. generally accepted accounting principles. Therefore, for the years ended December 31, 2020 and 2019, improvement authorizations in the amount of \$442,454 and \$349,317, respectively, have been eliminated in arriving at the government-wide presentation.

Deferred Charges to Future Taxation

For the years ended December 31, 2020 and 2019, deferred charges to future taxation in the amounts of \$593,488 and \$755,276, respectively, have been eliminated in arriving at the government-wide presentation.

Investment in LOSAP/Net Assets Available for LOSAP

For GAAP purposes, investment in LOSAP and related net assets available for LOSAP are funds held in the trust for future distribution to retirees. For budgetary purposes, it is not a financial resource for the District's operating expenses. Therefore, for the years ended December 31, 2020 and 2019, the investment in LOSAP and related net assets available for LOSAP in the amounts of \$255,956 and \$227,417, respectively, have been included in the government-wide presentation.

3. ADJUSTMENTS TO ARRIVE AT THE CHANGES IN NET POSITION

Operating Appropriations

For the year ended December 31, 2020, depreciation expense in the amount of \$207,991 has been included in the government-wide presentation. In addition, principal payments on capital leases have been decreased by \$161,788. The net effect on operating appropriations is an increase of \$46,203.

For the year ended December 31, 2019, depreciation expense in the amount of \$167,899 has been included in the government-wide presentation. In addition, principal payments on capital leases have been decreased by \$156,319. The net effect on operating appropriations is an increase of \$11,580.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2020 and 2019

Capital Appropriations

For the years ended December 31, 2020 and 2019, reserve for future capital outlays and related transfers have reduced by \$50,000 and \$100,000, respectively, on the government-wide presentation to eliminate the general fund expenditure and capital fund revenue related to the creation of improvement authorizations. Additionally, for the years ended December 31, 2020 and 2019, capital projects have been reduced by \$475,000 and \$0, respectively, to eliminate the general fund and capital fund expenditures related to the creation of improvement authorizations. The net effect on capital appropriations and related transfers for the years ended December 31, 2020 and 2019 is a decrease of \$475,000 and \$0, respectively.

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.
- 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.

Investments

New Jersey statutes establish the following securities as eligible for the investment of District funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Associates or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- (c) Bonds or other obligations of the District or bonds or other obligations of school districts of which the district is a part or within which the school district is located.
- (d) Bonds or other obligations, having a maturity date of not more than twelve months from the date of purchase that are approved by the New Jersey Department of Treasury Division of Investments.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2020 and 2019

(e) Qualified mutual funds with portfolios limited to (i) bonds or other obligations of, or guaranteed by, the United States of America; and (ii) repurchase agreements fully collateralized by such obligations. These investments must be transacted only through national or state banks located within New Jersey.

During the year, the District had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the District.

As of December 31, 2020 and 2019, the District's cash accounts consisted of:

	<u>2020</u>	<u>2019</u>
Ocean First Bank – Checking	\$ 1,009,226	\$ 1,310,205
Petty Cash	<u>800</u>	<u>800</u>
Total Cash	<u>\$ 1,010,026</u>	<u>\$ 1,311,005</u>

The carrying amount of the Board's cash at December 31, 2020, was \$1,010,026 and the bank balance was \$1,112,720. Of the balance, \$250,000 was covered by federal depository insurance, and \$861,920 was covered by the Government Unit Deposit Protection Act ("GUDPA"), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units' deposits in excess of the federal deposit maximums.

The cash deposits at financial institutions and on hand can be categorized according to three levels of risk as described below:

Category 1	Deposits which are covered by FDIC, or collateralized by securities held by the District or its agent, in the district's name	\$ 250,000
Category 2	Deposits which are collateralized with securities held by the pledging financial institution's trust department, or Agent in the District's name	862,720
Category 3	Cash on hand which is not collateralized or insured	800

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.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2020 and 2019

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.

The commissioners may also pay back, or cause to be paid back to such municipality, any funds or any part thereof paid to the treasurer or custodian of funds of such fire district by the collector or treasurer of the municipality, representing taxes levied for fire district purposes but not actually collected in cash by said collector or treasurer.

6. FUNDING

The activities of Little Egg Harbor Township Fire District No. 2 are primarily funded by the striking of a fire tax on the property owners of the Fire District, as provided for by state statute. For the years ended December 31, 2020 and 2019, the fire tax rate on Fire District No. 2 was \$.056 and \$.062, respectively, per \$100 of assessed valuation.

7. LONG-TERM DEBT

Capital Lease

On May 25, 2011, the District entered into an agreement with Capital One Public Funding to finance the purchase of one new aerial fire truck. The financed amount for this truck was \$777,898. The final payment is due on January 25, 2021.

On August 10, 2015, the District entered into a lease agreement with Commerce Bank to finance the purchase of one new pumper-tanker fire truck from Pierce Manufacturing, Inc. The financed amount for this truck was \$500,785. The final payment is due on August 13, 2022.

Interest expense on these capital leases amounted to \$13,397 and \$18,866 for the years ended December 31, 2020 and 2019, respectively.

The tables that follow provide information about the change in capital leases over the past two years for the District:

<u>Capital Lease for</u>	<u>Balance at 01/01/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/20</u>	<u>Current</u>	<u>Non-current</u>
Aerial fire truck	\$ 181,164	\$ -	\$ 88,619	\$ 92,545	\$ 92,545	\$ -
Pierce pumper-tanker	224,795	-	73,169	151,626	74,916	76,710
	<u>\$ 405,959</u>	<u>\$ -</u>	<u>\$ 161,788</u>	<u>\$ 244,171</u>	<u>\$ 167,461</u>	<u>\$ 76,710</u>

<u>Capital Lease for</u>	<u>Balance at 01/01/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/19</u>	<u>Current</u>	<u>Non-current</u>
Aerial fire truck	\$ 266,023	\$ -	\$ 84,859	\$ 181,164	\$ 88,619	\$ 92,545
Pierce pumper-tanker	296,255	-	71,460	224,795	73,169	151,626
	<u>\$ 562,278</u>	<u>\$ -</u>	<u>\$ 156,319</u>	<u>\$ 405,959</u>	<u>\$ 161,788</u>	<u>\$ 244,171</u>

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2020 and 2019

Future debt service requirements for capital leases are as follows:

<u>Fiscal Year</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal Balance</u>
2021	\$ 175,185	\$ 7,724	\$ 167,461	\$ 76,710
2022	<u>78,542</u>	<u>1,832</u>	<u>76,710</u>	
	<u>\$ 253,727</u>	<u>\$ 9,556</u>	<u>\$ 244,171</u>	

8. CAPITAL ASSETS

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

<u>Description</u>	<u>January 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2020</u>
Capital assets being depreciated				
Apparatus	\$ 111,776	\$ 134,427	\$ -	\$ 246,203
Equipment	316,648	247,436	-	564,084
Vehicles	<u>1,993,545</u>	<u>-</u>	<u>-</u>	<u>1,993,545</u>
	<u>2,421,969</u>	<u>381,863</u>	<u>-</u>	<u>2,803,832</u>
Less accumulated depreciation				
Apparatus	106,078	20,779	-	126,857
Equipment	300,913	34,089	-	335,002
Vehicles	<u>1,136,019</u>	<u>153,123</u>	<u>-</u>	<u>1,289,142</u>
	<u>1,543,010</u>	<u>207,991</u>	<u>-</u>	<u>1,751,001</u>
Net capital assets	<u>\$ 878,959</u>	<u>\$ 173,872</u>	<u>\$ -</u>	<u>\$ 1,052,831</u>

<u>Description</u>	<u>January 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2019</u>
Capital assets being depreciated				
Apparatus	\$ 111,776	\$ -	\$ -	\$ 111,776
Equipment	316,648	-	-	316,648
Vehicles	<u>1,993,545</u>	<u>-</u>	<u>-</u>	<u>1,993,545</u>
	<u>2,421,969</u>	<u>-</u>	<u>-</u>	<u>2,421,969</u>
Less accumulated depreciation				
Apparatus	104,503	1,575	-	106,078
Equipment	288,713	12,200	-	300,913
Vehicles	<u>981,895</u>	<u>154,124</u>	<u>-</u>	<u>1,136,019</u>
	<u>1,375,111</u>	<u>167,899</u>	<u>-</u>	<u>1,543,010</u>
Net capital assets	<u>\$ 1,046,858</u>	<u>\$ (167,899)</u>	<u>\$ -</u>	<u>\$ 878,959</u>

Depreciation expense for the years ended December 31, 2020 and 2019 amounted to \$207,991 and \$167,899, respectively.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2020 and 2019

Capital assets acquired through capital lease obligation consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Vehicle	\$ 1,600,683	\$ 1,600,683
Less – accumulated depreciation	<u>924,380</u>	<u>790,990</u>
	<u>\$ 676,303</u>	<u>\$ 809,693</u>

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. In this agreement, the District paid the fire company \$67,000 for the fire company to provide personnel for fire and other emergency services. In the second agreement, the District paid the fire company \$29,000 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 \$1,787 for the year ended December 31, 2020, and \$1,742 for the year ended December 31, 2019. 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 the years ended December 31, 2020 and 2019, respectively, per eligible volunteer, into the Plan.

For 2020 and 2019, the budgeted amount of contribution was \$30,000 for both years ended. The contribution made in 2020 and 2019 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.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2020 and 2019

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.

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, 2020 and 2019, payments of \$18,626 and \$7,624, respectively, were made to vested participants.

Forfeited Accounts

There were no forfeitures during the years ended December 31, 2020 and 2019.

Investments in LOSAP

The investments of the LOSAP reported on the government-wide presentation statements of net position and governmental funds balance sheets are recorded at fair value.

The District uses a fair value hierarchy established by GAAP that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are:

Level 1 – Valuation is based upon quoted prices for identical assets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable instruments in the market.

Level 3 – Valuation is generated from model-based techniques that use significant unobservable inputs.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2020 and 2019

The following tables set forth by level, within the value hierarchy, the District's assets at fair value at December 31.

	2020			
	Level 1	Level 2	Level 3	Total
Growth	\$ 19,636	\$ -	\$ -	\$ 19,636
Small Cap Value	8,908	-	-	8,908
Mid-Cap Series/Growth	19,207	-	-	19,207
Large Cap Value	7,086	-	-	7,086
Index Fund	28,930	-	-	28,930
Systematic Core Fund	1,917	-	-	1,917
Health, Science and Technology Fund	28,790	-	-	28,790
Government Money Market	-	20,210	-	20,210
Fixed Account	121,137	-	-	121,137
International Equities Index	135	-	-	135
Total assets at fair value	<u>\$ 235,746</u>	<u>\$ 20,210</u>	<u>\$ -</u>	<u>\$ 255,956</u>

	2019			
	Level 1	Level 2	Level 3	Total
Growth	\$ 6,913	\$ -	\$ -	\$ 6,913
Small Cap Value	6,285	-	-	6,285
Mid-Cap Series/Growth	29,601	-	-	29,601
Large Cap Value	6,005	-	-	6,005
Index Fund	23,774	-	-	23,774
Ariel Fund	8,142	-	-	8,142
Health, Science and Technology Fund	6,059	-	-	6,059
Government Money Market	-	20,151	-	20,151
Fixed Account	120,361	-	-	120,361
International Equities Index	126	-	-	126
Total assets at fair value	<u>\$ 207,266</u>	<u>\$ 20,151</u>	<u>\$ -</u>	<u>\$ 227,417</u>

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 a participant's account balance and the amounts reported in the statements of net position and governmental funds balance sheets.

Plan Information

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

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Financial Statements
December 31, 2020 and 2019

12. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after December 31, 2020 through the date of August 3, 2021, 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
Year Ended December 31, 2020

	Governmental Fund Type		Total Actual Amounts			Budgeted Amounts		Budgetary Variance
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original	Final	
Revenues								
District taxes	\$ 500,941	\$ -	\$ 500,941	\$ -	\$ 500,941	\$ 500,941	\$ 500,941	\$ -
Fund balance utilized - restricted	475,000	-	475,000	(475,000)	-	475,000	475,000	-
Fund balance utilized - unrestricted	-	-	-	-	-	96,500	96,500	(96,500)
Supplemental grant revenue	1,745	-	1,745	-	1,745	1,745	1,745	-
Miscellaneous income	18,926	-	18,926	-	18,926	-	-	18,926
Total revenues	996,612	-	996,612	(475,000)	521,612	1,074,186	1,074,186	(77,574)
Transfers								
Capital fund balance utilized	-	(475,000)	(475,000)	475,000	-	-	-	(475,000)
Reserve for future capital outlays	-	50,000	50,000	(50,000)	-	-	-	50,000
Total transfers	-	(425,000)	(425,000)	425,000	-	-	-	(425,000)
Total revenues and transfers	996,612	(425,000)	571,612	(50,000)	521,612	1,074,186	1,074,186	(502,574)
Expenditures								
Operating appropriations								
Administration								
Election	2,935	-	2,935	-	2,935	2,000	2,000	(935)
Office services	1,873	-	1,873	-	1,873	2,500	2,500	627
Office supplies	1,158	-	1,158	-	1,158	4,000	4,000	2,842
Professional services	31,668	-	31,668	-	31,668	27,000	27,000	(4,668)
Travel expenses	-	-	-	-	-	11,000	11,000	11,000
Total administration	37,634	-	37,634	-	37,634	46,500	46,500	8,866
Operations and maintenance								
Fringe benefits								
LOSAP	30,000	-	30,000	-	30,000	30,000	30,000	-
Employee benefits	18,716	-	18,716	-	18,716	38,500	38,500	19,784

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
Year Ended December 31, 2020

	<u>Governmental Fund Type</u>		<u>Total Actual Amounts</u>			<u>Budgeted Amounts</u>		<u>Budgetary Variance</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Budgetary Basis</u>	<u>Adjustments Note B</u>	<u>GAAP Basis</u>	<u>Original</u>	<u>Final</u>	
Total fringe benefits	48,716	-	48,716	-	48,716	68,500	68,500	19,784
Other expenses								
Advertising	453	-	453	-	453	4,000	4,000	3,547
Insurance	34,277	-	34,277	-	34,277	39,000	39,000	4,723
Maintenance and repairs	22,602	-	22,602	-	22,602	40,000	40,000	17,398
Membership and dues	300	-	300	-	300	1,000	1,000	700
Non-bondable assets	13,186	-	13,186	-	13,186	43,000	43,000	29,814
Supplies expense	400	-	400	-	400	2,000	2,000	1,600
Training and education	2,798	-	2,798	-	2,798	12,000	12,000	9,202
Uniforms - clothing and equipment	3,072	-	3,072	-	3,072	8,000	8,000	4,928
Utilities	-	-	-	-	-	5,000	5,000	5,000
Fire protection services	67,000	-	67,000	-	67,000	67,000	67,000	-
Leases principal	161,788	-	161,788	(161,788) (1)	-	161,788	161,788	-
Interest expense	13,397	-	13,397	-	13,397	13,398	13,398	1
Other rentals	29,000	-	29,000	-	29,000	38,000	38,000	9,000
Depreciation expense	-	-	-	207,991 (1)	207,991	-	-	-
Total other expenses	<u>348,273</u>	<u>-</u>	<u>348,273</u>	<u>46,203</u>	<u>394,476</u>	<u>434,186</u>	<u>434,186</u>	<u>85,913</u>
Total operations and maintenance	<u>396,989</u>	<u>-</u>	<u>396,989</u>	<u>46,203</u>	<u>443,192</u>	<u>502,686</u>	<u>502,686</u>	<u>105,697</u>
Total operating appropriations	<u>434,623</u>	<u>-</u>	<u>434,623</u>	<u>46,203</u>	<u>480,826</u>	<u>549,186</u>	<u>549,186</u>	<u>114,563</u>
Capital appropriations								
Capital projects	475,000	-	475,000	(475,000) (1)	-	475,000	475,000	-
Reserve for future capital outlays	50,000	-	50,000	(50,000)	-	50,000	50,000	-
Total capital appropriations	<u>525,000</u>	<u>-</u>	<u>525,000</u>	<u>(525,000)</u>	<u>-</u>	<u>525,000</u>	<u>525,000</u>	<u>-</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
Year Ended December 31, 2020

	<u>Governmental Fund Type</u>		<u>Total Actual Amounts</u>			<u>Budgeted Amounts</u>		<u>Budgetary Variance</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Budgetary Basis</u>	<u>Adjustments Note B</u>	<u>GAAP Basis</u>	<u>Original</u>	<u>Final</u>	
Total expenditures	<u>959,623</u>	<u>-</u>	<u>959,623</u>	<u>(478,797)</u>	<u>480,826</u>	<u>1,074,186</u>	<u>1,074,186</u>	<u>114,563</u>
(Deficit) excess of revenue and transfers over expenditures	36,989	(425,000)	(388,011)	388,011	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (388,011)</u>
Changes in net position	-	-	-	40,786	40,786			
Fund balances/net position								
Beginning of year	<u>407,584</u>	<u>1,020,278</u>	<u>1,427,862</u>	<u>473,000</u> (2)	<u>1,900,862</u>			
End of year	<u>\$ 444,573</u>	<u>\$ 595,278</u>	<u>\$ 1,039,851</u>	<u>\$ 901,797</u>	<u>\$ 1,941,648</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 Supplementary Information
Year Ended December 31, 2020

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".

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Notes to Supplementary Information
Year Ended December 31, 2020

B. Budgetary-To-GAAP Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with accounting principles generally accepted in the United States of America follows:

	<u>Change in Fund Balance</u>
(1) Principal debt payments are reported as budgetary expenditures in the year payment is made. For GAAP purposes, debt payments are not expenses, but are applied toward the reduction of debt.	\$ 161,788
Depreciation expense is not recorded on the budgetary basis of accounting. For GAAP purpose, capitalized assets are depreciated on a straight line basis over their respective useful lives.	(207,991)
Capital projects approved in the current year budget are reported as expenses in the year the funds are designated by voter election. For GAAP purposes, expenses are recorded when actual invoices are received.	<u>475,000</u>
Net increase in fund balance – budget to GAAP	428,797
(2) The amount reported as “fund balance” on the budgetary basis of accounting derives from the basis of accounting used in preparing the District’s budget. (See Note A for a description of the District’s budgetary accounting method.) This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above.	<u>473,000</u>
	<u>\$ 901,797</u>

C. Budget Cancellation

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2020, the District canceled no appropriations resulting in a reservation of fund balance as follows:

Adopted budget	\$ 1,074,186
Expenditures	<u>959,623</u>
Favorable variance	114,563
Canceled	<u>-</u>
Fund balance reserve	<u>\$ 114,563</u>

See Independent Auditor’s Report.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Schedule of Deferred Charges to Future Taxation - Capital Fund
Year Ended December 31, 2020

Purpose	Balance January 1, 2020	2020 Budget Appropriation	2020 Cancellation	Balance December 31, 2020	December 31, 2020	
					Funded	Unfunded
Aerial fire truck	\$ 303,265	\$ 88,619	\$ -	\$ 214,646	\$ -	\$ 214,646
Pierce pumper/tanker	452,011	73,169	-	378,842	-	378,842
	<u>\$ 755,276</u>	<u>\$ 161,788</u>	<u>\$ -</u>	<u>\$ 593,488</u>	<u>\$ -</u>	<u>\$ 593,488</u>

See Independent Auditor's Report.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Schedule of Deferred Charges to Future Taxation - Capital Fund
Year Ended December 31, 2019

<u>Purpose</u>	<u>Balance</u>	<u>2019</u>	<u>2019</u>	<u>Balance</u>	<u>December 31, 2019</u>	
	<u>January 1,</u>	<u>Budget</u>		<u>December 31,</u>	<u>Funded</u>	<u>Unfunded</u>
	<u>2019</u>	<u>Appropriation</u>	<u>Cancellation</u>	<u>2019</u>		
Aerial fire truck	\$ 388,124	\$ 84,859	\$ -	\$ 303,265	\$ -	\$ 303,265
Pierce pumper/tanker	523,472	71,461	-	452,011	-	452,011
	<u>\$ 911,596</u>	<u>\$ 156,320</u>	<u>\$ -</u>	<u>\$ 755,276</u>	<u>\$ -</u>	<u>\$ 755,276</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, 2020

<u>Purpose</u>	<u>Authorized Appropriation</u>		<u>Balance</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>Balance</u>	<u>December 31, 2020</u>	
	<u>Date</u>	<u>Amount</u>	<u>January 1, 2020</u>	<u>Authorization</u>	<u>Expenditures</u>	<u>Cancelled</u>	<u>December 31, 2020</u>	<u>Funded</u>	<u>Unfunded</u>
Aerial fire truck	12/07/10	\$ 900,000	\$ 122,102	\$ -	\$ -	\$ -	\$ 122,102	\$ -	\$ 122,102
Pierce pumper/tanker	08/23/15	900,000	227,215	-	-	-	227,215	-	227,215
Radios	04/07/20	300,000	-	300,000	247,436	-	52,564	52,564	-
SCBA	04/07/20	175,000	-	175,000	134,427	-	40,573	40,573	-
		<u>\$ 2,275,000</u>	<u>\$ 349,317</u>	<u>\$ 475,000</u>	<u>\$ 381,863</u>	<u>\$ -</u>	<u>\$ 442,454</u>	<u>\$ 93,137</u>	<u>\$ 349,317</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, 2019

<u>Purpose</u>	<u>Authorized Appropriation</u>		<u>Balance</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>Balance</u>	<u>December 31, 2019</u>	
	<u>Date</u>	<u>Amount</u>	<u>January 1, 2019</u>				<u>Authorization</u>	<u>Expenditures</u>	<u>Cancelled</u>
Aerial fire truck	12/07/10	\$ 900,000	\$ 122,102	\$ -	\$ -	\$ -	\$ 122,102	\$ -	\$ 122,102
Pierce pumper/tanker	08/23/15	900,000	227,215	-	-	-	227,215	-	227,215
		<u>\$ 1,800,000</u>	<u>\$ 349,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349,317</u>	<u>\$ -</u>	<u>\$ 349,317</u>

See Independent Auditor's Report.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Statistical Information
Years Ended December 31, 2020 and 2019

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>
2011	\$ 1,238,965,082	\$ 392,270	\$ 0.032
2012	1,221,255,814	545,065	0.045
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	0.057

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, 2011	\$ 58,341	\$ 49,000
December 31, 2012	115,698	49,000
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

Capital Fund – Fund Balance

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2011	\$ 235,700	\$ -
December 31, 2012	335,700	-
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	595,278	-

See Independent Auditor's Report.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Roster of Officials
Years Ended December 31, 2020 and 2019

The following Officials were in the 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	250,000*
Mike Tompkins	Treasurer	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, 2020 and 2019

Scope of Examination and Conditions of Records

Our examination covered the funds of the Board of Fire Commissioners, Fire District No 2, Township of Little Egg Harbor handled by the Treasurer and Board Bookkeeper.

The Financial records were maintained in good condition.

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

Cash in Banks

The balance in bank at December 31, 2020 was reconciled with statements issued by the depositories.

Examination of Claims

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

Contracts and Agreements Required to be Advertised

For N.J.S. 40A:11-4

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate of \$17,500 except by contract or agreement". Furthermore, contracting units now have a quotation threshold of \$2,625.

The members of the Township of Little Egg Harbor Fire District #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.

Miscellaneous

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

See Independent Auditor's Report.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Comments and Recommendations
Years Ended December 31, 2020 and 2019

Acknowledgment

During the course of the audit, we received the cooperation of the officials of the Fire 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,

William Smith + Brown, PC

August 3, 2021

**Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Schedule of Findings and Recommendations
Years Ended December 31, 2020 and 2019**

Schedule of Financial Statement Findings

This section identifies the 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 Regulations, Division of Local Government Services, Department of Community Affairs ("DCA"), State of New Jersey.

Material Weaknesses

None reported.

Little Egg Harbor Township Fire District No. 2
Ocean County, New Jersey
Schedule of Prior Year Findings and Recommendations
Years Ended December 31, 2020 and 2019

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.