FIRE DISTRICT NO. 1
OF THE TOWNSHIP OF LITTLE EGG HARBOR

Financial Statements and Supplementary Information

For the year ended December 31, 2022

(With Independent Auditor's Report thereon)

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1 of the Township of Little Egg Harbor
County of Ocean
Little Egg Harbor, New Jersey

Report on the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended December 31, 2022 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* Our opinion is not modified with respect to this matter.

Other Information

Management is responsible for the other information included in the annual report. The other information as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated on our June 6, 2023 consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Holman Frenia Allison, P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

June 6, 2023
Lakewood, New Jersey

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

Board of Fire Commissioners
Fire District No. 1 of the Township of Little Egg Harbor
County of Ocean
Little Egg Harbor, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fire District No. 1 of the Township of Little Egg Harbor, (hereafter referred to as the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated June 6, 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) to determine 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holman Frenia Allison, P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

June 6, 2023
Lakewood, New Jersey

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022

As management of the Fire District No. 1 of the Township of Little Egg Harbor (hereafter referred to as the District) offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended, December 31, 2022. The intent of this narrative is to look at the District's overall financial performance in terms easily understood by the layperson. Please read this in conjunction with the District’s financial statements which begin on page 13. Notes to the financial statements will provide the reader with additional useful information and they begin on page 18.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at December 31, 2022 by approximately $2,089,500. During, 2021 the excess of assets over liabilities was approximately $2,044,800. This is a decrease of approximately $44,600.

- During 2022 the District operated at a surplus of approximately $44,600. During 2021 the Fire District operated at a surplus of approximately $137,100. This is a decrease of approximately $92,400.

- The District’s liabilities increased approximately $1,137,000 in 2022 and the assets increased by approximately $1,181,700.

- As described in Note 2 to the financial statements the District has adopted the provisions of GASB Statement to No. 87, Leases, for the year ended December 31, 2022. The adoption of this statement resulted the District recognizing right-of-use assets of $689,182 in exhange for right-to-use liabilities of $699,846.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The District's basic financial statements are comprised of three components: district wide financial statements; fund financial statements; and notes to the basic financial statements.

Reporting on the District as a Whole

Our analysis of the District as a whole begins on page 8. District wide financial statements are provided to give the reader a broad overview of the District’s financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

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

The district wide financial statements report on the financial data by function. The District has one basic function: activities that are supported by property taxes. The District provides firefighting services to the citizens of Litle Egg Harbor, State of New Jersey.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the District uses fund accounting to document compliance with finance-related legal matters. the District has one type of fund, which is the governmental fund.

Governmental Funds

The District's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

The District maintains three separate governmental funds; the General Fund, Capital Projects Fund and the Debt Service Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund and Debt Service Fund.

The relationship (or differences) between governmental activities (reported in the district wide statement of net position and the district wide statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by *N.J.S.A. 40A:14:78-3* , the District adopts an annual budget which is voted on by the legal voters of the district on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

Notes to Financial Statements

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

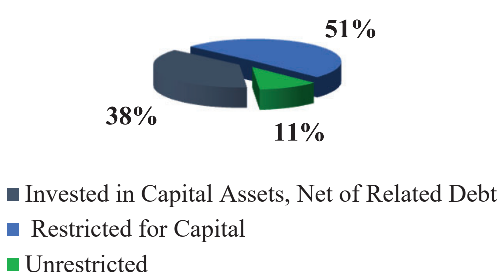
DISTRICT WIDE FINANCIAL ANALYSIS

The District's net position is a useful indicator of the District's financial condition. At the end of 2022, the District's assets exceed its liabilities by approximately $2,089,500. The largest portion of The District's net position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. The District's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt.

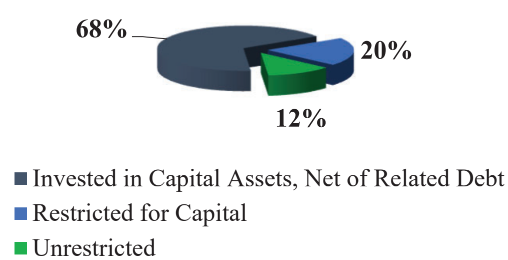
FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
DISTRICT WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021	$ Increase/ (Decrease)	% Increase/ (Decrease)
Current and other assets	$ 2,045,167	$ 681,518	$ 1,363,649	200.09%
Capital assets, net	1,319,608	1,501,607	(181,999)	(12.12%)
Total assets	3,364,775	2,183,125	1,181,650	54.13%
Total liabilities	1,275,304	138,293	(1,137,011)	822.18%
Net position	$ 2,089,471	$ 2,044,832	$ 44,639	2.18%
Analysis of net position				
Invested in capital assets, net of related debt	$ 790,877	$ 1,381,101	$ (590,224)	(42.74%)
Restricted for:				
Capital projects	1,061,928	413,197	648,731	157.00%
Unrestricted	236,666	250,534	(13,868)	(5.54%)
Total net position	$ 2,089,471	$ 2,044,832	$ 44,639	2.18%

2022



2021



The net position of the District increased approximately $44,600 as a result of a current year surplus. In 2022 the capital assets decreased by approximately $182,000 after depreciation expense.

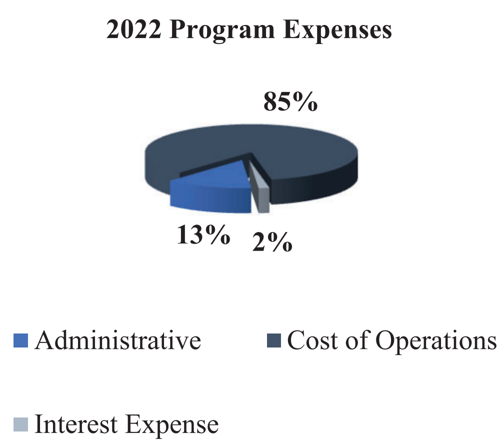
DISTRICT WIDE FINANCIAL ANALYSIS (continued)

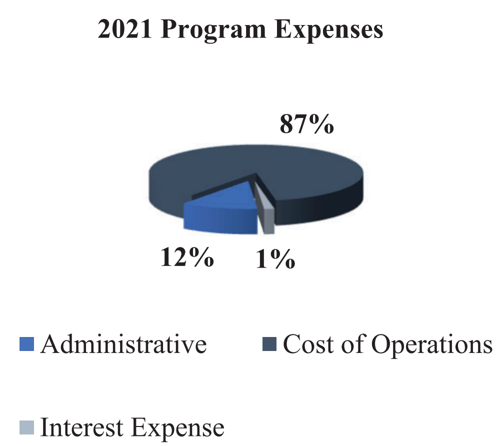
Governmental Activities

The district wide statement of activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
DISTRICT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022 AND 2021

	2022	2021	$ Increase/ (Decrease)	% Increase/ (Decrease)
Expenses:				
Program expenses:				
Administrative expenses	$ 80,814	$ 58,832	$ 21,982	37.36%
Cost of operations and maintenance	523,904	440,011	83,893	19.07%
Interest expense	9,959	7,813	2,146	27.47%
Total program expenses	$ 614,677	$ 506,656	$ 108,021	21.32%

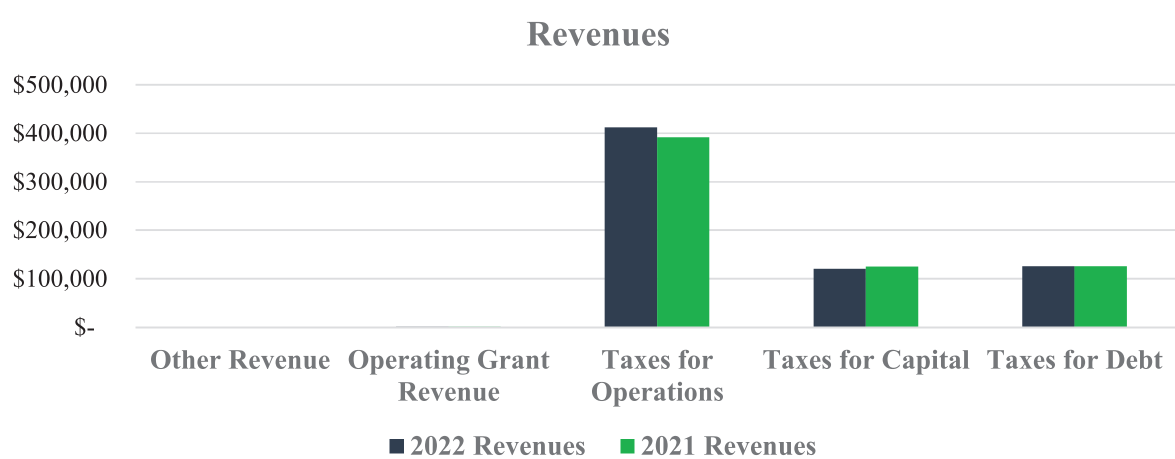




DISTRICT WIDE FINANCIAL ANALYSIS (continued)

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)
YEAR ENDED DECEMBER 31, 2022 AND 2021

	2022	2021	$ Increase/ (Decrease)	% Increase/ (Decrease)
General revenues:				
Property taxes levied for:				
General purposes	$ 411,850	$ 391,350	$ 20,500	5.24%
Debt service	125,267	125,266	1	0.00%
Total property taxes levied	657,117	641,416	15,701	2.45%
Other revenue	454	574	(120)	(20.91%)
Operating grant revenue	1,745	1,745	-	0.00%
Total general revenues	659,316	643,735	15,581	2.42%
Increase in net position	44,639	137,079	(92,440)	(67.44%)
Net position, January 1	2,044,832	1,907,753	137,079	7.19%
Net position, December 31	$ 2,089,471	$ 2,044,832	$ 44,639	2.18%



Property tax revenue constituted 100% of the total governmental activities revenues received by the District in 2022 and 2021.

The Cost of Operations & Maintenance comprised 85% and 87% of the District's total expenses in 2022 and 2021, respectively. Administration expenses comprised 13% and 12% of the total expenses in 2022 and 2021, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

Governmental Fund

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

As of December 31, 2022, the combined balance of the governmental cash funds of the District was approximately $1,314,700. This balance is approximately $826,100 higher than last year's combined governmental funds balance.

The combined fund balance of the governmental fund of the District was approximately $1,276,500. Of that total, funds of approximately $1,061,900 have been restricted for capital and $214,600 is unassigned

The general fund is the main operating fund of the District. At the end of 2022, the total fund balance of the general fund was approximately $214,600. Of this balance, approximately $214,600 of it was unassigned.

At the end of 2022 the general fund balance of the District decreased by approximately ($6,700). The primary reason for this decreased are as follows:

- The Board recognized expenses in excess of revenues of approximately ($6,700).

At the end of 2022, the District had a capital projects fund balance of approximately $1,061,900. This is an increase of $648,700. The primary reason for this increase are as follows:

- The Board recognized revenues in excess of expenses of approximately $648,700.

General Fund Budgetary Highlights

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

- The District recognized actual revenues in excess of budgeted revenues of approximately $300 in 2022.

- Overall, the District's expenditures were approximately $113,000 less than originally anticipated in the operating budget for 2022.

CAPITAL ASSETS

As of December 31, 2022 the District had invested in capital assets for government activities of approximately $1,319,600 (net of accumulated depreciation). Capital assets consists of vehcicles and various equipment.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
CAPITAL ASSETS
NET OF ACCUMULATED DEPRECATION
DECEMBER 31, 2022 AND 2021

	2022	2021	$ Increase (Decrease)
Capital Assets:			
Depreciable:			
Vehicles and apparatus	$ 2,684,497	$ 2,684,497	$ -
Fire equipment	915,814	903,524	12,290
Office equipment	12,424	12,424	-
Total depreciable assets	3,612,735	3,600,445	12,290
Accumulated depreciation	(2,293,127)	(2,098,838)	(194,289)
Total capital assets, net of accumulated depreciation	$ 1,319,608	$ 1,501,607	$ (181,999)

Additional information on the District's capital assets can be found in Note 6 in the notes to the financial statements.

DEBT ADMINISTRATION

As of December 31, 2022 the District long-term liabiltiies for government activities of approximately $1,211,800 of which approximately $113,000 is due within one year.

Additional information on the District's debt obligations can be found in Note 7 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District introduced their 2023 budget on November 14, 2022. The voters subsequently voted to approve the budget at the February election. The 2023 adopted budget reflects an increase in the tax levy of $13,353, in which the Board does not anticipate an increase increase to the fire tax rate.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to District's, P.O Box 1173, Little Egg Harbor, NJ 08087.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
District Wide Statement of Net Position
December 31, 2022

		Governmental Activities
ASSETS		
Current assets:		
Cash (Note 3)	$	786,014
Accounts receivable (Note 5)		1,745
Prepaid expenses		39,495
Total current assets		827,254
Current restricted assets:		
Cash held with trustee (Note 4)		528,731
Total current restricted assets		528,731
Capital assets, net:		
Depreciable (Note 6)		1,319,608
Total capital assets		1,319,608
Right-to-use leased assets, net of amortization (Note 9)		689,182
Total assets	$	3,364,775
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	$	27,441
Accrued expenses		12,500
Accrued interest payable		6,786
Current portion of right-of-use lease liability (Note 7)		68,079
Current portion of finance purchases payable (Note 7)		44,366
Total current liabilities		159,172
Noncurrent liabilities:		
Right-of-use lease liability, net of current portion (Note 7)		631,767
Finance purchases payable, net of current portion (Note 7)		484,365
Total noncurrent liabilities		1,116,132
Total liabilities		1,275,304
Net investment in capital assets		790,877
Restricted net position:		
Capital		1,061,928
Unrestricted		236,666
Total net position		2,089,471
Total liabilities and net position	$	3,364,775

The accompanying notes to financial statements are an integral part of this statement

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
District Wide Statement of Activities
For the year ended December 31, 2022

	Expenses	Total Governmental Activities
Governmental activities:		
Operating appropriations:		
Administration	$ 80,814	$ 80,814
Costs of operations and maintenance	523,904	523,904
Interest expense	9,959	9,959
Total operating appropriations	$ 614,677	614,677
General revenues:		
Miscellaneous revenue		454
Operating grant revenue		1,745
Amount to be raied by taxation		657,117
Total general revenues		659,316
Change in net position		44,639
Net position, January 1		2,044,832
Net position, December 31		$ 2,089,471

The accompanying notes to financial statements are an integral part of this statement

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Governmental Funds
Balance Sheet
December 31, 2022

	General Fund	Capital Projects Fund	Debt Service Fund	Total Govermental Funds
Assets:				
Current assets:				
Cash	$ 786,014	$ -	$ -	$ 786,014
Cash held with trustee	-	528,731	-	528,731
Accounts receivable	1,745	-	-	1,745
Other receivables	-	533,197	-	533,197
Total assets	$ 787,759	$ 1,061,928	$ -	$ 1,849,687
Liabilities, equity and other credits:				
Accounts payable	$ 27,441	$ -	$ -	$ 27,441
Accrued expenses	12,500	-	-	12,500
Other payables	533,197	-	-	533,197
Total liabilities	573,138	-	-	573,138
Fund balances:				
Restricted for:				
Capital	-	1,061,928	-	1,061,928
Unassigned, reported in:				
General fund	214,621	-	-	214,621
Total fund balance	214,621	1,061,928	-	1,276,549
Total liabilities and fund balance	$ 787,759	$ 1,061,928	$ -	

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

Prepaid expenses are reported in governmental funds as expenditures. However, in the statement of net position, the cost of those assets is expensed over the term of the policy as insurance expense.	39,495
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $3,612,735 and the accumulated depreciation is $2,293,127.	1,319,608
Accrued interest payable is not recorded in the fund financial statements due to the fact that the payable is not due in the period.	(6,786)
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $749,478 and the accumulated amortization is $23,240.	689,182
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.	(1,228,577)
Net governmental activities	$ 2,089,471

The accompanying notes to financial statements are an integral part of this statement

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2022

	General Fund	Capital Projects Fund	Debt Service Fund	Total Govermental Funds
Revenues:				
Miscellaneous anticipated revenues:				
Interest income	$ 454	-	-	$ 454
Total miscellaneous revenues	454	-	-	454
Operating grant revenues:				
Supplemental fire service act	1,745	-	-	1,745
Total operating grant revenue	1,745	-	-	1,745
Total revenues	2,199	-	-	2,199
Amount raised by taxation to support district budget	411,850	120,000	125,267	657,117
Total anticipated revenues	414,049	120,000	125,267	659,316
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	30,000	-	-	30,000
Other expenditures:				
Professional fees	36,417	-	-	36,417
Elections	2,040	-	-	2,040
Office Supplies	12,357	-	-	12,357
Total administration	80,814	-	-	80,814
Cost of operations and maintenance:				
Fringe benefits	33,518	-	-	33,518
Other expenditures:				
Advertising	896	-	-	896
Contingencies	1,200	-	-	1,200
Fire prevention	11,629	-	-	11,629
Fire service contract	90,000	-	-	90,000
Insurance	49,223	-	-	49,223
Maintenance and repairs	42,644	-	-	42,644
Reimbursement of expenses	8,050	-	-	8,050
Materials and supplies	47,810	-	-	47,810
Training and education	7,495	-	-	7,495
Uniforms	20,683	-	-	20,683
Non-bondable equipment	26,828	-	-	26,828
Total cost of operations and maintenance	339,976	-	-	339,976
Debt service for capital appropriations:				
Principal on finance purchases	-	-	120,507	120,507
Interest on finance purchases	-	-	4,760	4,760
Total debt service for capital appropriations	-	-	125,267	125,267
Total operating appropriations	420,790	-	125,267	546,057
Excess (efficiency) of revenues over (under) expenditures before other financing sources (uses)	(6,741)	120,000	-	113,259
Other financing sources (uses):				
Proceeds from finance purchases	-	528,731	-	528,731
Total other financing sources (uses)	-	528,731	-	528,731
Excess (efficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(6,741)	648,731	-	641,990
Fund balance, January 1	221,362	413,197	-	634,559
Fund balance, December 31	$ 214,621	$ 1,061,928	$ -	$ 1,276,549

The accompanying notes to financial statements are an integral part of this statement

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Governmental Fund Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the District Wide Statement of Activities
December 31, 2022

Total net changes in Fund Balance Governmental Funds (B-2)		$	641,990
Amounts reported for governmental activities in the district wide Statement of Activities (A-2) are different because:			
Prepaid expenses are reported in governmental funds as expenditures. However, in the district wide statement of net position, the cost of those assets is expensed over the term of the policy as insurance expense.			
Prior Year	(30,759)		
Current Year	39,495		
			8,736
Capital outlays are reported in governmental funds as expenditures. However, in the district wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.			
Capital Outlay - General Fund	12,290		
Depreciation Expense	(194,289)		
			(181,999)
Accrual of interest on finance purchases is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the district wide statement of activities.			
Prior year	1,587		
Current year	(6,786)		
			(5,199)
Certain activity related to right-of-use assets and liaibilities is not reported in governmental funds, whereas such activity is a reported on the district wide statement of			
Amortization of Right-to-use Leased Assets	(76,575)		
Repayment of Right-to-use Lease Liability	65,910		
			(10,665)
Proceeds from finance purchases are recorded as an other financing source in the governmental funds, the amount is recorded as a long-term finance payable on the			(528,731)
Repayment of finance purchase principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the district wide statement of net position and is not reported in the district wide statement of activities.			120,507
Changes in net position of governmental activities		$	44,639

The accompanying notes to financial statements are an integral part of this statement

NOTE 1: GENERAL INFORMATION

Description of Reporting Entity

Fire District No. 1 of the Township of Little Egg Harbor (hereafter referred to as the District) is a political subdivision of the Township of Little Egg Harbor, County of Ocean, State of New Jersey. A board of five commissioners oversees all of the operations of the District. The length of each commissioner's term is three years with the annual election held the third Saturday of February.

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

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

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

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

District Officials

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

Officials:	**Term Expires March**
Joseph Bird, IV	2024
Thomas Bramhall	2025
Jennie Hollingsworth	2025
John Mathis, Jr	2023
Mario Vitulli.	2023

Accounting Records

The official accounting records of the District are maintained in the office of the District.

Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

NOTE 1: GENERAL INFORMATION (continued)

Component Units

GASB Statement No. 14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 80, Blending Requirements for Certain Component Units*. The District did not have a component unit as of and for the year ended December 31, 2022.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

Fund Accounting

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Governmental Funds:

General Fund

The General Fund is the general operating fund of the District and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as fire fighting apparatus and equipment, is accounted for in the General Fund when it is responsible for the financing of such expenditures.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities such as firehouses and firefighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the voters as a separate question of the ballot either during the annual election or at a special election.

Debt Service Fund

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

District Wide and Fund Financial Statements

District Wide Financial Statements

The district wide financial statements (A-1 and A-2) include the district wide statement of net position and the district wide statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity, excluding the fiduciary funds, has been eliminated in the district wide statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

The district wide statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit.

Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District’s policy to use restricted resources first, and then unrestricted resources as they are needed.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

District Wide and Fund Financial Statements (continued)

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The fund financial statements provide detail of the governmental funds.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

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

Budgets and Budgetary Accounting

The District must adopt an annual budget in accordance with *N.J.S.A. 40A: 14-78.1 et al*.

The Board must introduce and adopt the annual budget no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

Amendments may be made to the District budget in accordance with *N.J.S.A 40A: 14-78.3*. The budget may be amended subsequent to its final adoption and approval for additional items of revenue with offsetting appropriations in accordance with *N.J.S.A 40A: 14-78.5*. Subsequent to the adoption of the District budget, the amount of money to be raised by taxation in support of the District budget must appear on the ballot for the annual election for approval of the legal voters.

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the Districts general-purpose financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. As of December 31, 2022, there were no encumbrances.

Cash and Cash Equivalents

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

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

Accounts Receivable

Accounts receivables represent amounts due from intergovernmental grant awards. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible. Allowances are reported when accounts are proven to be uncollectible. All receivables are current and therefore due within one year, thus no allowance was recorded by the District.

Prepaid Expenses

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

Debt Limitation

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include land, building, improvements, and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of $2,000. Depreciation is recorded on the straight-line method (with half year depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Vehicles and apparatus	5 – 25 Years
Firematic equipment	5 – 10 Years
Office equipment	5 – 8 Years

Right-to-use Assets and Liabilities

The District has recorded right-to-use lease assets as a result of implementing GASB Statement No. 87: *Leases* for the year ended December 31, 2022. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Inventory, Materials and Supplies

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

Other Receivable/Payable

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

Revenues and Expenditures – Governmental Funds

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

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

Fire District Taxes

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity

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

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

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Net Position

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

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of Recently Issued Accounting Pronouncements

Recently Issued Accounting Pronouncements

In the current year, the District adopted GASB Statement No. 87: *Leases,* which requires the District to recognize most leases on the district wide statement of net position. Adoption of this statement resulted in the recognition of right-to-use assets of $689,182 and right-to-use lease liabilities of $699,846. These amounts were determined based on the present value of remaining minimum lease payments, discounted rate (3.25%) as of the date of adoption. There was no material impact to the timing of expense or income recognition in the district wide statement of activities. Prior periods were not restated and continue to be presented under legacy GAAP. Disclosures regarding the Company's leasing activities are presented in note 8: *Right-of-use Lease Obligations* for more information.

Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2022 through the date of June 6, 2023, which is the date the financial statements were available to be issued.

NOTE 3: CASH

The District is governed by the deposit limitations of New Jersey state law. The deposits held at December 31, 2022, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand deposits	$ 1,314,744
Total deposits	$ 1,314,744
Reconciliation to the Governmental Funds	
Governmental Funds	$ 1,314,744
Total	$ 1,314,744

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2022, the District's bank balance of $1,321,568 was exposed to custodial credit risk as follows:

Insured	$ 250,000
Collateralized in the District's name under GUDPA	542,837
Uninsured	528,731
Total	$ 1,321,568

NOTE 4: CASH HELD WITH TRUSTEE

Cash held with trustee consists of amounts held with financial intuitions that is legally restricted for the purchase of a fire apparatus, such funds are uninsured and uncollateralized. As of December 31, 2022, the District had $528,731 in cash held with trustees.

NOTE 5: ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2022 consisted of the following:

Description:	
Supplemental fire service grant	$ 1,745
Total	$ 1,745

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Additions	Adjustments /Retirements	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Vehicles and apparatus	$ 2,684,497	$ -	$ -	$ 2,684,497
Firematic equipment	903,524	12,290	-	915,814
Office equipment	12,424	-	-	12,424
Total capital assets being depreciated	3,600,455	12,290	-	3,612,735
Less: accumulated depreciation:				
Vehicles and apparatus	(1,570,603)	(96,239)	-	(1,666,842)
Firematic equipment	(519,420)	(97,347)	-	(616,767)
Office equipment	(8,815)	(703)	-	(9,518)
Total accumulated depreciation	(2,098,838)	(194,289)	-	(2,293,127)
Total capital assets being depreciated net of accumulated depreciation	$ 1,501,607	$ (181,999)	$ -	$1,319,608

NOTE 7: LONG-TERM OBLIGATIONS

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

	Beginning Balance	Accrued/ Increases	Retired)/ (Decreases)	Ending Balance	Due within One Year
Governmental activities:					
Right-of-use lease liability	$ -	$ 765,757	$ (65,901)	$ 699,846	$ 68,079
Finance purchases payable	120,507	528,731	(120,507)	528,731	44,366
Total	$ 120,507	$ 1,294,487	$ (186,417)	$1,228,577	$ 112,445

Right-of-use Lease Liability

The District has entered into an agreement to lease office space. The lease agreements qualify as other than short-term leases under GASB Statement No. 87: *Leases*, and therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreement was executed January 1, 2022 and has been renewed annually. Management has determined it is reasonable that they will continue to renew this lease for ten additional one-year leases and then evaluate the lease space after the ten-year period. The lease is for office space and utilization of equipment that requires quarterly payments of $22,500. The lease liability is measured at a discount rate of 3.25%. As a result of the lease, the District has recorded a lease liability with the net book value of $765,757. The right-to-use asset is described in more detail at Note 8: *Right-of-use Asset*. The following is a schedule of the remaining future minimum lease payments under these lease obligations and the present value of the net minimum lease payments at December 31, 2022:

For the year ended December 31,	Principal	Interest	Total
2023	$ 68,079	$ 21,921	$ 90,000
2024	70,319	19,681	90,000
2025	72,632	17,368	90,000
2026	75,022	14,978	90,000
2027	77,490	12,510	90,000
2028 - 2031	336,304	23,696	360,000
Total	$ 699,846	$ 110,154	$ 810,000

NOTE 7: LONG-TERM OBLIGATIONS (continued)

Obligations under Finance Purchases

As of December 31, 2022, the District is purchasing a fire apparatus with a total cost of $528,731 under a finance purchase agreement. The finance purchase agreement is for a term of ten (10) years with an interest rate of 5.48% for the apparatus. The following is a schedule of the remaining future minimum lease payments under the finance purchase, and the present value of the net minimum lease payments at December 31, 2022:

For the year ended December 31,	Principal	Interest	Total
2023	$ 44,366	$ 20,304	$ 64,670
2024	46,070	18,600	64,670
2025	47,839	16,831	64,670
2026	49,736	14,934	64,670
2027	51,584	13,086	64,670
2028 - 2032	289,136	34,210	323,346
Total	$ 528,731	$ 117,965	$ 646,696

NOTE 8: RIGHT-TO-USE LEASE ASSET

The District has recorded a right-to-use leased asset. The asset is a right-to-use asset for leased office space. The related lease is discussed in the lease liability subsection of Note 7: *Long-Term Obligations*. The right-to-use lease asset is amortized on a straight-line basis over the terms of the related leases. Right-to-use asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Adjustments /Retirements	Ending Balance
Governmental activities:				
Right-to-use Assets:				
Property	$ -	$ 765,757	$ -	$ 765,757
Total right-to-use assets	-	765,757	-	765,757
Less: accumulated amortization:				
Property	-	(76,575)	-	(76,575)
Total accumulated amortization	-	(76,575)	-	(76,575)
Total right-of- use assets, net of accumulated amortization	$ -	$ 689,182	$ -	$ 689,182

NOTE 9: OTHER RECEIVABLE/PAYABLE

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

Fund	Interfund receivable	Interfund payable
General	$ -	$ 533,197
Capital projects	533,197	-
Totals	$ 533,197	$ 533,197

NOTE 9: OTHER RECEIVABLE/PAYABLE (continued)

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

NOTE 10: FUNDING

The activities of the Board of Commissioners are primarily funded by the striking of the fire tax on the property owners of the District, as provided for by the state statute. For the year ended December 31, 2022, the fire tax rate on the District was $.066 per $100 of assessed valuation.

The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of approximately $1,745.

NOTE 11: FUND BALANCE

General Fund – Of the $214,621 General Fund fund balance at December 31, 2022; the entire balance is unassigned.

Capital Projects Fund – Of the $1,061,928 Capital Projects Fund fund balance at December 31, 2022; the entire balance is restricted for capital appropriations.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Budgetary Comparison Schedule
For the year ended December 31, 2022

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Revenues:				
Miscellaneous anticipated revenues:				
Interest income	$ 150	$ 150	$ 454	$ 304
Total miscellaneous revenues	150	150	454	304
Operating grant revenues:				
Supplemental fire service act	1,745	1,745	1,745	-
Total operating grant revenue	1,745	1,745	1,745	-
Total revenues	1,895	1,895	2,199	304
Amount raised by taxation to support district budget	657,117	657,117	657,117	-
Total anticipated revenues	659,012	659,012	659,316	304
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	30,000	30,000	30,000	-
Other expenditures:				
Membership dues	3,800	600	-	600
Professional fees	20,000	32,400	36,417	(4,017)
Elections	6,000	2,100	2,040	60
Office Supplies	11,200	12,600	12,357	243
Total administration	71,000	77,700	80,814	(3,114)
Cost of operations and maintenance:				
Fringe benefits	35,000	37,900	33,518	4,382
Other expenditures:				
Advertising	500	900	896	4
Contingencies	1,000	1,200	1,200	-
Fire prevention	12,000	12,000	11,629	371
Fire service contract	90,000	90,000	90,000	-
Insurance	50,000	50,000	49,223	777
Maintenance and repairs	55,000	43,000	42,644	356
Reimbursement of expenses	10,000	10,000	8,050	1,950
Materials and supplies	45,000	33,300	47,810	(14,510)
Training and education	12,500	8,400	7,495	905
Uniforms	20,000	20,700	20,683	17
SFSG expenses	1,745	1,745	-	1,745
Non-bondable equipment	10,000	26,900	26,828	72
Total cost of operations and maintenance	342,745	336,045	339,976	(3,931)
Capital appropriations	120,000	120,000	-	120,000
Debt service for capital appropriations:				
Principal on finance purchases	120,507	120,507	120,507	-
Interest on finance purchases	4,760	4,760	4,760	-
Total debt service for capital appropriations	125,267	125,267	125,267	-
Total operating appropriations	659,012	659,012	546,057	112,955
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	113,259	113,259
Other financing sources (uses):				
Proceeds from finance purchases	-	-	528,731	(528,731)
Total other financing sources (uses)	-	-	528,731	(528,731)
Excess (efficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	-	-	641,990	641,990
Fund balance, January 1	634,559	634,559	634,559	-
Fund balance, December 31	$ 634,559	$ 634,559	$ 1,276,549	$ 641,990

EXHIBIT I-1

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Long-Term Debt
Schedule of Obligations Under Finance Purchases
For the year ended December 31, 2022

Description	Date of Lease	Term of Lease	Amount of Original Issue Principal	Amount of Original Issue Interest	Annual Maturity Date	Annual Maturity Amount	Interest Rate Payable	Balance December 31, 2021	Issued	Retired	Balance December 31, 2022
Apparatus	September 1, 2012	10 years	$ 1,018,557	$ 234,108			3.95%	$ 120,507	$ -	$ 120,507	$ -
Apparatus	August 31, 2022	10 years	528,731	117,965	August 31, 2023	44,366	5.48%	-	528,731	-	528,731
					August 31, 2024	46,070					
					August 31, 2025	47,839					
					August 31, 2026	49,736					
					August 31, 2027	51,584					
					August 31, 2028	53,564					
					August 31, 2029	55,621					
					August 31, 2030	57,767					
					August 31, 2031	59,976					
					August 31, 2032	62,208					
							Total	$ 120,507	$ 528,731	$ 120,507	$ 528,731

EXHIBIT I-2

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Long-Term Debt
Schedule of Obligations Under Leases Obligations
For the year ended December 31, 2022

Description	Date of Lease	Term of Lease	Principal	Interest	Annual Maturity Date	Annual Maturity Amount	Interest Rate Payable	Balance December 31, 2021	Issued	Retired	Balance December 31, 2022
Property Lease	January 1, 2022	Ten Years	$ 765,756	$ 134,243	December 31, 2023	$ 68,079	3.25%	$ -	$ 765,756	$ 65,910	$ 699,846
					December 31, 2024	70,319					
					December 31, 2025	72,632					
					December 31, 2026	75,022					
					December 31, 2027	77,490					
					December 31, 2028	80,039					
					December 31, 2029	82,672					
					December 31, 2030	85,392					
					December 31, 2031	88,201					
							Total	$ -	$ 765,756	$ 65,910	$ 699,846

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Board of Fire Commissioners
Fire District No. 1 of the Township of Little Egg Harbor
County of Ocean
Little Egg Harbor, New Jersey

We have audited the basic financial statements of the Fire District No. 1 of the Township of Little Egg Harbor (hereafter referred to as the "District"), County of Ocean, State of New Jersey for the year ended December 31, 2022. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate $44,000, except by contract or agreement.

The District has a qualified purchasing agent on staff and therefore may award contracts up to $44,000 without competitive bids.

It is pointed out that the Board of Fire Commissioners has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Review of the minutes and financial transactions did not identify any bids requested by public advertising.

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

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

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of $6,600 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

The supporting documentation indicated that quotes were requested for all items that required them.

Examination of Cash Receipts

A test check of cash receipts was performed. The results of the test did not disclose any discrepancies.

Examination of Bills

A test check of paid bills was performed and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Capital Assets

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

Budget Adoption

The State of New Jersey requires that the District's operating and capital budgets be approved and adopted for each fiscal year. The District approved its operating budget on December 13, 2021 and adopted its operating budget on January 24, 2022.

Current Year Findings

There were no current year findings.

Prior Year Findings

In accordance with G*overnment Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. There were no prior year findings.

Acknowledgment

We received the complete cooperation of all the staff of the District and we greatly appreciate the courtesies extended to the members of the audit team during our audit, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please contact us.

Holman Frenia Allison, P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

June 6, 2023
Lakewood, New Jersey