

**FIRE DISTRICT NO. 4  
OF THE TOWNSHIP OF OLD BRIDGE**

**Financial Statements and Supplementary Information**

**For the year ended December 31, 2021**

**(With Independent Auditor's Report thereon)**

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
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**For the year ended December 31, 2021**  
**(With Independent Auditor's Report thereon)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners  
Fire District No. 4 of the Township of Old Bridge  
County of Middlesex  
Township of Old Bridge, State of New Jersey

### Report on the Audit of 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. 4 of the Township of Old Bridge (hereafter referred to as the District), County of Middlesex, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our 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, 2021, 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 opinions.

#### *Responsibilities 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis as required by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2023 on our 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.**  
*Certified Public Accountants*

February 1, 2023  
Lakewood, New Jersey

**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**

To the Board of Fire Commissioners  
Fire District No. 4 of the Township of Old Bridge  
County of Middlesex  
Township of Old Bridge, State of 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. 4 of the Township of Old Bridge (hereafter referred to as the District), County of Middlesex, State of New Jersey as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 1, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 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.**  
*Certified Public Accountants*

February 1, 2023  
Lakewood, New Jersey

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE  
MANAGEMENT DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2021**

As management of the Fire District No. 4 of the Township of Old Bridge (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, 2021. 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 and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at December 31, 2021 by approximately \$1,165,100. During, 2020 the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources was approximately \$807,600. This is an increase of approximately \$357,500.
- During 2021 the District operated at a surplus of approximately \$357,500. During 2020 the Fire District operated at a surplus of approximately \$264,300. This is an increase of approximately \$93,200.
- The District's liabilities and deferred inflows of resources decreased approximately \$221,400 in 2021 and their assets and deferred outflows of resources increased by approximately \$136,100.

**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 Old Bridge, 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, the 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

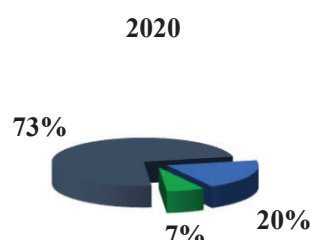
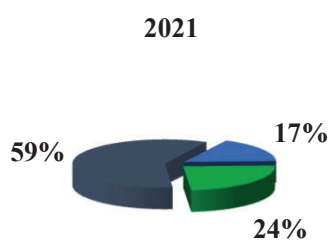
The District's net position is a useful indicator of the District's financial condition. At the end of 2021, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$1,165,100. The largest portion of The District's net position 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. 4 OF THE TOWNSHIP OF OLD BRIDGE DISTRICT WIDE STATEMENT OF NET POSITION DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Current and noncurrent assets and deferred outflows of resources	\$ 1,272,509	\$ 1,144,093	\$ 128,416	11.22%
Capital assets	<u>1,106,610</u>	<u>1,098,938</u>	<u>7,672</u>	0.70%
Total assets and deferred outflows of resources	2,379,119	2,243,031	136,088	6.07%
Total liabilities and deferred inflows of resources	<u>(1,214,006)</u>	<u>(1,435,444)</u>	<u>(221,438)</u>	15.43%
Net position	<u>\$ 1,165,113</u>	<u>\$ 807,587</u>	<u>\$ 357,526</u>	44.27%

#### Analysis of net position

Invested in capital assets, net of related debt	\$ 686,420	\$ 589,417	\$ 97,003	16.46%
Restricted for:				
Capital projects	197,482	163,591	33,891	20.72%
Unrestricted	<u>281,211</u>	<u>54,579</u>	<u>226,632</u>	415.24%
Total net position	<u>\$ 1,165,113</u>	<u>\$ 807,587</u>	<u>\$ 357,526</u>	44.27%



■ Invested in Capital Assets, Net of Related Debt  
■ Restricted for Capital  
■ Unrestricted

■ Invested in Capital Assets, Net of Related Debt  
■ Restricted for Capital  
■ Unrestricted

The net position of the District increased approximately \$357,500 as a result the current year surplus. In 2021 the capital assets increased by approximately \$7,700 after depreciation expense.

**DISTRICT WIDE FINANCIAL ANALYSIS (continued)**

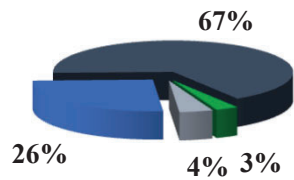
**Governmental Activities**

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:

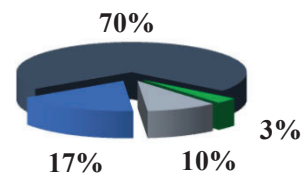
**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE  
DISTRICT WIDE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 87,704	\$ 59,805	\$ 27,899	46.65%
Cost of operations and maintenace	225,294	244,558	(19,264)	(7.88%)
Length of service awards program contribution	10,350	11,000	(650)	(5.91%)
Interest expense	15,316	34,621	(19,305)	(55.76%)
Total program expenses	<u>\$ 338,664</u>	<u>\$ 349,984</u>	<u>\$ (11,320)</u>	(3.23%)

**2021 Program Expenses**



**2020 Program Expenses**



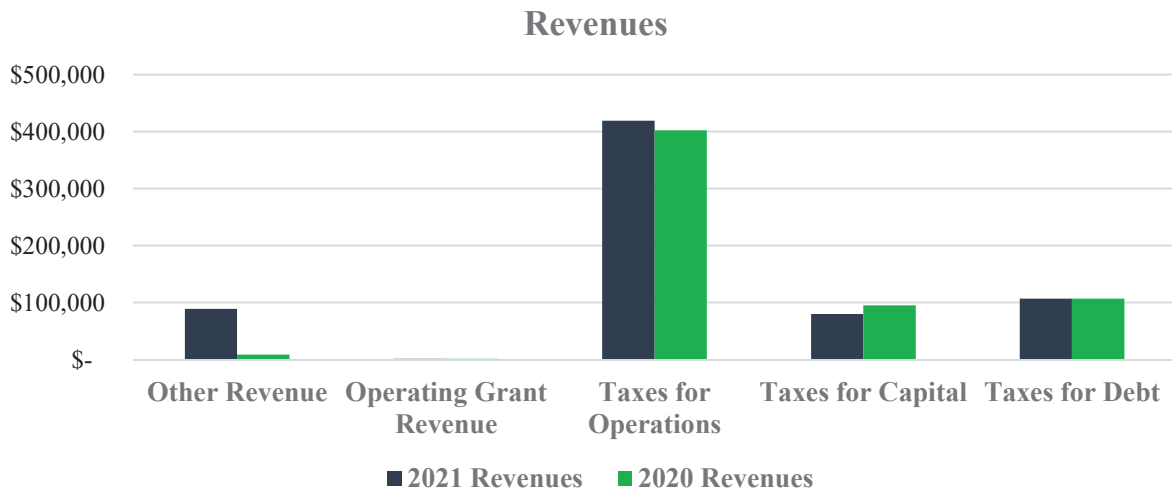
- Administrative
- Cost of Operations
- Length of Service Awards Program
- Interest Expense

- Administrative
- Cost of Operations
- Length of Service Awards Program
- Interest Expense

**DISTRICT WIDE FINANCIAL ANALYSIS (continued)**

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE  
DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)  
YEAR ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
General revenues:				
Property taxes levied for:				
General purposes	\$ 419,201	\$ 402,192	\$ 17,009	4.23%
Capital purchases	80,000	95,000	(15,000)	(15.79%)
Debt service	106,902	106,902	-	0.00%
Total property taxes levied	<u>606,103</u>	<u>604,094</u>	<u>2,009</u>	<u>0.33%</u>
Other revenue	88,764	8,860	79,904	901.85%
Operating grant revenue	<u>1,323</u>	<u>1,323</u>	<u>-</u>	<u>0.00%</u>
Total general revenues	<u>696,190</u>	<u>614,277</u>	<u>81,913</u>	<u>13.33%</u>
Increase in net position	357,526	264,293	93,233	35.28%
Net position, January 1, unadjusted	807,587	591,767	215,820	36.47%
Prior period adjustment	-	(48,473)	48,473	100.00%
Net position, January 1, restated	<u>807,587</u>	<u>543,294</u>	<u>264,293</u>	<u>48.65%</u>
Net position, December 31	<u><u>\$ 1,165,113</u></u>	<u><u>\$ 807,587</u></u>	<u><u>\$ 357,526</u></u>	<u><u>44.27%</u></u>



Property tax revenue constituted 87% of the total governmental activities revenues received by the District in 2021 and 98% 2020.

The Cost of Operations & Maintenance comprised 67% and 70% of the District's total expenses in 2021 and 2020, respectively. Administration expenses comprised 26% and 17% of the total expenses in 2021 and 2020, 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, 2021, the combined balance of the governmental cash funds of the District was approximately \$931,100. This balance is approximately \$186,900 higher than last year's combined governmental funds balance.

The combined fund balance of the governmental fund of the District was approximately \$1,037,300. Of that total, funds of approximately \$197,500 have been restricted for capital, \$188,200 have been restricted for length of service awards program and \$651,600 is unassigned.

The general fund is the main operating fund of the District. At the end of 2021, the total fund balance of the general fund was approximately \$839,800. Of this balance, approximately \$651,600 of it was unassigned.

During 2021 the general fund balance of the District increased by approximately \$142,200. The primary reason for this increased are as follows:

- The Board recognized revenues in excess of expenses of approximately \$142,200.

At the end of 2021, the District had a capital projects fund balance of approximately \$197,500. This is an increase of \$33,900. The primary reason for this increase are as follows:

- The Board recognized revenues in excess of expenses of approximately \$33,900.

### **General Fund Budgetary Highlights**

- The District recognized actual revenues in excess of budgeted revenues of approximately \$88,200 in 2021.
- Overall, the District's expenditures were approximately \$118,700 less than originally anticipated in the operating budget for 2021.

## CAPITAL ASSETS

As of December 31, 2021 the District had invested in capital assets for government activities of approximately \$1,106,600 (net of accumulated depreciation). Capital assets consist of buildings and improvements, equipment and trucks and vehicles.

### FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>	<u>\$ Increase (Decrease)</u>
Capital Assets:			
Depreciable:			
Buildings and improvements	\$ 148,922	\$ 128,997	\$ 19,925
Equipment	278,048	229,218	48,830
Trucks and vehicles	<u>1,470,557</u>	<u>1,424,448</u>	<u>46,109</u>
Total depreciable assets	<u>1,897,527</u>	<u>1,782,663</u>	<u>114,864</u>
Accumulated depreciation	<u>(790,917)</u>	<u>(683,725)</u>	<u>(107,192)</u>
Total capital assets, net of accumulated depreciation	<u><u>\$ 1,106,610</u></u>	<u><u>\$ 1,098,938</u></u>	<u><u>\$ 7,672</u></u>

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

## DEBT ADMINISTRATION

As of December 31, 2021 the District had obligations under capital leases for government activities of approximately \$420,200 of which approximately \$92,400 is due within one year.

Additional information on the District's debt obligations can be found in Note 8 in the notes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District introduced their 2022 budget on December 13, 2021. The voters subsequently voted to approve the budget at the February election. The 2022 adopted budget reflects an increase in the tax levy of \$24,500, in which the Board anticipates an increase of \$0.018 increase to the fire tax rate.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Fire District No. 4 of the Township of Old Bridge'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 Fire District No. 4 of the Township of Old Bridge, Cheryl Parker, 3011 Cheesequake Road, Parlin, New Jersey 08859.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**District Wide Statement of Net Position**  
**December 31, 2021**

<b>ASSETS</b>	<b>Governmental Activities</b>
Current assets:	
Cash (Note 3)	\$ 931,140
Accounts receivable (Note 4)	8,463
Prepaid expenses	4,270
Total current assets	943,873
Noncurrent assets:	
Investment in length of service awards program:	
at fair value (Note 5)	133,049
at contract value (Note 6)	44,763
Total investment in length of service awards program	177,812
Total noncurrent assets	1,121,685
Capital assets, net:	
Depreciable (Note 7)	1,106,610
Total capital assets	1,106,610
Total assets	2,228,295
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to other post-employment benefits (Note 10)	150,824
Total deferred outflow of resources	150,824
Total assets and deferred outflow of resources	\$ 2,379,119
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 75,968
Accrued interest	11,124
Accrued payroll liabilities	4,166
Current portion capital leases payable (Note 8)	92,350
Total current liabilities	183,608
Noncurrent liabilities:	
Capital leases payable, net of current portion (Note 8)	327,840
Net other post-employment benefits liability (Note 10)	170,458
Investment in length of service award program payable (Note 8)	188,162
Total noncurrent liabilities	686,460
Total liabilities	870,068
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions (Note 9)	265,336
Deferred inflows related to other post-employment benefits (Note 10)	78,602
Total deferred inflow of resources	343,938
Total liabilities and deferred inflow of resources	1,214,006
Net position:	
Net investment in capital assets	686,420
Restricted for:	
Capital projects	197,482
Unrestricted	281,211
Total net position	1,165,113
Total liabilities, deferred inflows of resources and net position	\$ 2,379,119

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

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**District Wide Statement of Activities**  
**For the year ended December 31, 2021**

	<u>Expenses</u>	<u>Governmental Activities</u>
Governmental activities:		
Operating appropriations:		
Administration	\$ 87,704	\$ 87,704
Costs of operations and maintenance	225,294	225,294
Interest expense	15,316	15,316
Length of service awards program contribution	10,350	10,350
Total operating appropriations	<u>\$ 338,664</u>	<u>338,664</u>
General revenues:		
Miscellaneous revenue		88,764
Operating grant revenues		1,323
Amount raised by taxation		<u>606,103</u>
Total general revenues		<u>696,190</u>
Change in net position		357,526
Net position, January 1		<u>807,587</u>
Net position, December 31		<u>\$ 1,165,113</u>

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



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2021**

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets:</b>				
<b>Current assets:</b>				
Cash	\$ 931,140	\$ -	\$ -	\$ 931,140
Accounts receivable	8,463	-	-	8,463
Other receivables	-	243,591	-	243,591
Total current assets	<u>939,603</u>	<u>243,591</u>	<u>-</u>	<u>1,183,194</u>
<b>Noncurrent assets:</b>				
Investment in length of service awards program:				
at fair value	133,049	-	-	133,049
at contract value	44,763	-	-	44,763
Total investment in length of service awards program	<u>177,812</u>	<u>-</u>	<u>-</u>	<u>177,812</u>
Total noncurrent assets	<u>177,812</u>	<u>-</u>	<u>-</u>	<u>177,812</u>
Total assets	<u>\$ 1,117,415</u>	<u>\$ 243,591</u>	<u>\$ -</u>	<u>\$ 1,361,006</u>
<b>Liabilities, equity and other credits:</b>				
Accounts payable	\$ 29,859	\$ 46,109	\$ -	\$ 75,968
Accrued payroll liabilities	4,166	-	-	4,166
Other payables	243,591	-	-	243,591
Total liabilities	<u>277,616</u>	<u>46,109</u>	<u>-</u>	<u>323,725</u>
<b>Fund balances:</b>				
Restricted for:				
Capital	-	197,482	-	197,482
Investment in length of service awards program	188,162	-	-	188,162
Unassigned, reported in:				
General fund	651,637	-	-	651,637
Total fund balances	<u>839,799</u>	<u>197,482</u>	<u>-</u>	<u>1,037,281</u>
Total liabilities and fund balances	<u>\$ 1,117,415</u>	<u>\$ 243,591</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the statement of net position (A-1) 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.				
				4,270
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,897,527 and the accumulated depreciation is \$790,917.				
				1,106,610
Accrued interest payable is not recorded in the fund financial statements due to the fact that the payable is not due in the period.				
				(11,124)
Deferred outflows and inflows of resources related to pensions and other post-employment health benefits are applicable to future reporting periods and, therefore, are not reported in the funds.				
				(193,114)
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.				
				<u>(778,810)</u>
Net position of governmental activities				<u>\$ 1,165,113</u>

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

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Miscellaneous anticipated revenue:				
Investment income - unrestricted cash and investments	\$ 499	\$ -	\$ -	\$ 499
Appreciation in the value of length of service awards program	35,136	-	-	35,136
Other revenue	88,265	-	-	88,265
Total miscellaneous revenues	<u>123,900</u>	<u>-</u>	<u>-</u>	<u>123,900</u>
Operating grant revenue:				
Supplemental fire service grant	1,323	-	-	1,323
Total operating grant revenue	<u>1,323</u>	<u>-</u>	<u>-</u>	<u>1,323</u>
Total revenues	<u>125,223</u>	<u>-</u>	<u>-</u>	<u>125,223</u>
Amount raised by taxation to support district budget	419,201	80,000	106,902	606,103
Total anticipated revenues	<u>544,424</u>	<u>80,000</u>	<u>106,902</u>	<u>731,326</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	30,000	-	-	30,000
Other expenditures:				
Professional fees	35,226	-	-	35,226
Advertising	306	-	-	306
Elections	712	-	-	712
Office supplies and postage	21,446	-	-	21,446
Total administration	<u>87,704</u>	<u>-</u>	<u>-</u>	<u>87,704</u>
Cost of operations and maintenance:				
Fringe benefits	20,136	-	-	20,136
Other expenditures:				
Rental charges	45,000	-	-	45,000
Materials and supplies	3,373	-	-	3,373
Insurance	38,141	-	-	38,141
Fire protection	10,770	-	-	10,770
Training and education	5,426	-	-	5,426
Utilities	30,054	-	-	30,054
Maintenance and repairs	36,294	-	-	36,294
Other non-bondable assets	58,144	-	-	58,144
Total cost of operations and maintenance	<u>247,338</u>	<u>-</u>	<u>-</u>	<u>247,338</u>
Length of service awards program:				
Administrative fees	1,833	-	-	1,833
Participant forfeitures	59,088	-	-	59,088
Participant withdrawals	6,212	-	-	6,212
Total length of service awards program	<u>67,133</u>	<u>-</u>	<u>-</u>	<u>67,133</u>
Capital appropriations	<u>-</u>	<u>46,109</u>	<u>-</u>	<u>46,109</u>
Debt service for capital appropriations:				
Principal on capital leases	-	-	89,331	89,331
Interest on capital leases	-	-	17,571	17,571
Total debt service for capital appropriations	<u>-</u>	<u>-</u>	<u>106,902</u>	<u>106,902</u>
Total operating appropriations	<u>402,175</u>	<u>46,109</u>	<u>106,902</u>	<u>555,186</u>
Excess (efficiency) of revenues over (under) expenditures before other financing sources/(uses)	142,249	33,891	-	176,140
Fund balance, January 1	697,550	163,591	-	861,141
Fund balance, December 31	<u>\$ 839,799</u>	<u>\$ 197,482</u>	<u>\$ -</u>	<u>\$ 1,037,281</u>

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

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Reconciliation of Governmental Funds Statement of Revenues,**  
**Expenditures and Changes in Fund Balance**  
**to the District Wide Statement of Activities**  
**December 31, 2021**

Total net changes in Fund Balance-Governmental Funds (B-2)	\$		176,140
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Prepaid expenses are reported in governmental funds as expenditures. However, in the district wide statement of net position, the cost of those assets are expensed.</p>			
		Prior year	(8,526)
		Current year	4,270
			(4,256)
<p>Length of service awards program (LOSAP) contribution is not reported in governmental funds as expenditures. However, in the district wide statement of net position, the expense is equal to the amount of contributions to the volunteers accounts as determined by the benefit terms. Change in value of LOSAP investments is not a revenue in the government wide financial statements as it is payable to the volunteers in accordance with the plan benefits.</p>			
		Length of service awards program contribution	(10,350)
		Appreciation in the value of length of service awards program	(35,136)
		Administrative fees	1,833
		Participant forfeitures	59,088
		Participant withdrawals	6,212
			21,647
<p>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.</p>			
		Capital Outlay - General Fund	68,755
		Capital Outlay - Capital Projects Fund	46,109
		Depreciation Expense	(107,192)
			7,672
<p>Accrual of interest on capital lease purchase loan 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.</p>			
		Prior year	13,379
		Current year	(11,124)
			2,255
<p>Repayment of capital lease principal 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.</p>			
			89,331
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the district wide statement of net position because the reported net pension liability is measured a year before the district's report date. Pension (expense) credit, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the district wide statement of activities.</p>			
		Pension credit	89,539
			89,539
<p>District other postemployment benefit contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the district wide statement of net position because the reported net other postemployment benefit liability is measured a year before the District's report date. Other postemployment expense, which is the change in the net other postemployment benefit liability adjusted for changes in deferred outflows and inflows of resources related to other postemployment benefits is reported in the district wide statement of activities.</p>			
		Other postemployment benefit credit (expense)	(24,802)
			(24,802)
			\$ 357,526
			\$ 357,526

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

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements**

**NOTE 1: GENERAL INFORMATION**

**Description of Reporting Entity**

Fire District No. 4 of the Township of Old Bridge (here after referred to as the District) is a political subdivision of the Township of Old Bridge, County of Middlesex, State of New Jersey. A board of five commissioners (the Board) 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 every February.

Fire districts are governed by the *N.J.S.A. 40A: 14-70* et al. and are taxing authorities charged with the responsibility of providing the resources necessary to provide firefighting 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 hold 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 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, 2021:

<u>Officials:</u>	<u>Term Expires</u> <u>March</u>
Mike Donahue	2023
Anthony Guarnera	2024
Patricia Guarnera	2022
Ann B. Peel	2022
Drew Vagts	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.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**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, 2021.

**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 include the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using the same focus. 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."

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**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 fire fighting 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**

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.

*Fund Financial Statements*

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**District Wide and Fund Financial Statements (continued)**

*Fund Financial Statements (continued)*

However, the fiduciary funds are not included in the district wide financial 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.

In its accounting and financial reporting, the District follows the pronouncements of the GASB.

**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.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**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. There were no encumbrances at December 31, 2021.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds and cash in banks. 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 they 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 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 receivable represents amounts due from employees for health benefits and workers compensation claims paid by on behalf of the District. The District evaluates its receivables to determine if any portion is uncollectable. Management has determined all receivables to be collectible for the year ended December 31, 2021.

**Prepaid Expenses**

Prepaid expenses, which 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 capital 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.



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**Capital Assets**

Capital assets, which include, buildings and improvement, equipment and truck and vehicles are reported in the district 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 no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Building and improvements	7 to 20 Years
Equipment	5 to 10 Years
Trucks and vehicles	5 to 20 Years

**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 Receivables and Payables**

Other receivables and payables are interfund 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, an 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.

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the district wide statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Outflows and Deferred Inflows of Resources (continued)**

In addition to liabilities, the district wide statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**Pensions and Other Post-employment Benefits**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Equity**

In accordance with GASB Statement 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 District 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 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.

**Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. 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.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**Impact of Recently Issued Accounting Pronouncements**

*Recently Issued Accounting Pronouncements Not Yet Adopted*

GASB has issued the following statements which will become effective in future fiscal years as shown below:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

**Investments**

Investments are reported at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value). Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Board determines the valuation policies utilizing information provided by the investment advisers, custodians, and insurance company. See Note 5 and Note 6 for discussion of fair value and contract value measurements, respectively.

**Subsequent Events**

The District has evaluated subsequent events occurring after December 31, 2021 through the date of February 1, 2023, which is the date the financial statements were available to be issued.

**NOTE 3: CASH**

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2021, and reported at fair value are as follows:

Type	Carrying Value
<b>Deposits:</b>	
Demand deposits	\$ 931,140
Total deposits	<u>\$ 931,140</u>

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 3: CASH (continued)**

**Reconciliation to the Governmental Funds**

Governmental Funds	\$ 931,140
Total	<u>\$ 931,140</u>

**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, 2021, the District's bank balance of \$941,724 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the District's name under GUDPA	<u>691,724</u>
Total	<u>\$ 941,724</u>

**NOTE 4: ACCOUNTS RECEIVABLE**

As of December 31, 2021, accounts receivables consisted of the following:

Health benefits reimbursement	\$ 6,969
Workers compensation reimbursement	<u>1,494</u>
Total	<u>\$ 8,463</u>

**NOTE 5: INVESTMENTS HELD AT FAIR VALUE**

**Custodial Credit Risk**

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. All of the District's investments are held in the name of the District and are collateralized by GUDPA.

**Investment Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 5: INVESTMENTS HELD AT FAIR VALUE (continued)**

**Investment Credit Risk**

The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the District or bonds or other obligations of the local unit or units within which the District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the District;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

**Fair Value Measurement**

The District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the District may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value. The following methods and assumptions were used by the District in estimating the fair value of its financial instruments:

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 5: INVESTMENTS HELD AT FAIR VALUE (continued)**

*Registered Investment Companies* – Investments in registered investment companies consist of shares of mutual funds that are valued at quoted market prices which represent the NAV of shares held by the LOSAP Plan at year-end.

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

The following table sets forth by level, within the value hierarchy, the District’s investments at fair value at December 31, 2021.

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
<i>Registered investment companies</i>	\$ 133,049	\$ -	\$ -	\$ 133,049
Total investments held at fair value	<u>\$ 133,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,049</u>

**NOTE 6: INVESTMENTS HELD AT CONTRACT VALUE**

The District held a fully benefit-responsive investment contract with Lincoln Financial (Lincoln) totaling \$44,763 as of December 31, 2021. Lincoln maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the District is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP plan. The District's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer’s ability to meet its financial obligations.

The fixed account continues in-force until they are terminated by Lincoln or the LOSAP plan. For this reason, such contracts are referred to as "evergreen" contracts and do not define a maturity date. No events are probable of occurring might limit the ability of the LOSAP plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value (see Note 2: *Investments*).

**NOTE 7: CAPITAL ASSETS**

*N.J.S.A. 40A: 14-84* governs the procedures for the acquisition of property and equipment for 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 firefighting 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, 2021:

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 7: CAPITAL ASSETS (continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 128,997	\$ 19,925	\$ -	\$ 148,922
Equipment	229,218	48,830	-	278,048
Trucks and vehicles	<u>1,424,448</u>	<u>46,109</u>	-	<u>1,470,557</u>
Total capital assets being depreciated	<u>1,782,663</u>	<u>114,864</u>	-	<u>1,897,527</u>
Less: accumulated depreciation:				
Buildings and improvements	(100,932)	(5,737)	-	(106,669)
Equipment	(60,434)	(31,321)	-	(91,755)
Trucks and vehicles	<u>(522,359)</u>	<u>(70,134)</u>	-	<u>(592,493)</u>
Total accumulated depreciation	<u>(683,725)</u>	<u>(107,192)</u>	-	<u>(790,917)</u>
Total capital assets net of accumulated depreciation	<u>\$ 1,098,938</u>	<u>\$ 7,672</u>	<u>\$ -</u>	<u>\$ 1,106,610</u>

**NOTE 8: NONCURRENT LIABILITIES**

During the year ended December 31, 2021, the following changes occurred in long-term obligations:

	<u>Beginning Balance</u>	<u>Accrued/ Increases</u>	<u>(Retired)/ (Decreases)</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Obligations under capital lease	\$ 509,521	\$ -	\$ (89,331)	\$ 420,190	\$ 92,350
Length of service awards program	209,809	45,486	(67,133)	188,162	-
Net OPEB liability	<u>172,287</u>	-	<u>(1,829)</u>	<u>170,458</u>	-
Total	<u>\$ 891,617</u>	<u>\$ 45,486</u>	<u>\$ (158,293)</u>	<u>\$ 778,810</u>	<u>\$ 102,700</u>

**Capital Leases**

The following is a schedule of future minimum capital lease payments at December 31, 2021:

<b>For the year ended December 31,</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 92,350	\$ 14,553	\$ 106,903
2023	95,471	11,431	106,902
2024	98,700	8,204	106,904
2025	65,640	4,866	70,506
2026	<u>68,029</u>	<u>2,476</u>	<u>70,505</u>
Total	<u>\$ 420,190</u>	<u>\$ 41,530</u>	<u>\$ 461,720</u>



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS**

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

**Plan Description**

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

The vesting and benefit provisions are set by *N.J.S.A. 43:16A*. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Basis of Presentation**

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



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Contributions**

The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2020, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2021, the District's contractually required contributions to PFRS plan was \$0.

**Net Pension Liability and Pension (Benefit) Expense**

At December 31, 2021 the District's proportionate share of the PFRS net pension liability was \$0. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, to the measurement date of June 30, 2021. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended December 31, 2021. The District's proportion measured as of June 30, 2021, was 0.0000000000%, which has remained unchanged from its proportion measured as of June 30, 2020.

**Balances at December 31, 2021 and December 31, 2020**

	<u>12/31/2021</u>	<u>12/31/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Deferred outflows of resources	\$ -	\$ 2,451
Deferred inflows of resources	265,336	357,326
Net pension liability	-	-
District's portion of the plan's total net pension liability	0.00000%	0.00000%

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Pension (Benefit) Expense and Deferred Outflows/Inflows of Resources**

At December 31, 2021, the District's proportionate share of the PFRS expense (benefit), calculated by the plan as of the June 30, 2021 measurement date was \$(89,539). The District had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between the District's contributions and proportion share of contributions	-	265,336
	<u>\$ -</u>	<u>\$ 265,336</u>

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

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
June 30, 2020	5.90	-
June 30, 2021	-	6.17
Changes in assumptions		
Year of pension plan deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
June 30, 2020	-	5.90
June 30, 2021	6.17	-

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Pension (Benefit) Expense and Deferred Outflows/Inflows of Resources (continued)**

Net difference between projected and actual earnings on pension plan investments

Year of pension plan deferral:

June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-

Changes in proportion and differences between The District's contributions and proportionate share of contributions

Year of Pension Plan Deferral:

June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92
June 30, 2020	5.90	5.90
June 30, 2021	6.17	6.17

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

<b>Year Ending December 31,</b>	<b><u>Amount</u></b>
2022	\$ (81,768)
2023	(98,911)
2024	(83,899)
2025	(758)
2026	-
Total	<u>\$ (265,336)</u>

**Special Funding Situation**

Under *N.J.S.A. 43:16A-15*, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Special Funding Situation (continued)**

Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation. Additionally, the State's proportionate share of the PFRS net pension liability attributable to the District is \$0 as of December 31, 2021. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, to the measurement date of June 30, 2021. The State's proportion of the net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2021 was 0.00000%, which has remained unchanged, from its proportion measured as of June 30, 2020, which is the same proportion as the District's. At December 31, 2021, the District's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

District's proportional share of net pension liability	\$ _____ -
State of New Jersey's proportionate share of net pension liability associated with the District	\$ _____ -

At December 31, 2021, the State's proportionate share of the PFRS expense, associated with the District, calculated by the plan as of the June 30, 2021 measurement date was \$0.

**Actuarial Assumptions**

The total pension asset (liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation:		
Price		2.75%
Salary increases:		
Through all future years		3.25% - 15.25%
Investment rate of return		7.00%
Mortality rate table		Pub-2010 Safety Employee mortality table with fully generational improvement projections from the central year using Scale MP-2021
Period of actuarial experience study upon which actuarial assumptions were based		July 1, 2013 - June 30, 2018

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Actuarial Assumptions (continued)**

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long –Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Credit	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 9: PENSION OBLIGATIONS (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1 % Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State of New Jersey's proportionate share of net pension liability associated with the District	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Related Party Investments**

The Division of Pensions and Benefits does not invest in securities issued by the District.

**NOTE 10: OTHER POST-EMPLOYMENT BENEFITS**

**General Information about the Other Post-employment Benefits Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**General Information about the Other Post-employment Benefits Plan (continued)**

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

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

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

**Basis of Presentation**

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

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities.



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**Allocation Methodology (continued)**

For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2021 were \$3,872,142,278 and \$14,177,910,609, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**Net OPEB Liability**

The components of the collective net OPEB liability of the plan as of June 30, 2021 is as follows:

Total OPEB Liability	\$ 18,050,052,887
Plan's fiduciary net position	<u>50,271,652</u>
Net OPEB Liability	<u>\$ 17,999,781,235</u>

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS):	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's' Retirement System (PFRS):	
Rate for all future periods	3.25% to 15.25%

Mortality Rate Table:

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

\* Salary increases are based on years of service within the respective plan

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**OPEB Obligation and OPEB (Benefit) Expense**

The District’s proportionate share of the total Other Post-Employment Benefits Obligations was \$170,458. The OPEB Obligation was measured as of June 30, 2021, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating entities, actuarially determined. At June 30, 2021, the State proportionate share of the OPEB Obligation attributable to the District was 0.000947%, which was a decrease of 0.000013% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$28,241 for the State’s proportionate share of the OPEB (benefit) expense attributable to the District. This OPEB (benefit) expense was based on the OPEB plans June 30, 2021 measurement date.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7% decreasing to a 4.5% long-term trend rate after seven years.

**Discount Rate**

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the collective net OPEB liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<b>At 1 % Decrease</b> <b><u>(1.16%)</u></b>	<b>At Discount</b> <b><u>Rate (2.16%)</u></b>	<b>At 1% Increase</b> <b><u>(3.16%)</u></b>
State of New Jersey’s proportionate share of total OPEB obligation associated with the District	\$ 200,596	\$ 170,458	\$ 146,573
State of New Jersey’s total nonemployer OPEB Liability	\$ 21,182,289,882	\$ 17,999,781,235	\$ 15,477,574,697

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

The following presents the net OPEB liability as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>Healthcare Cost</b>		
	<u><b>1 % Decrease</b></u>	<u><b>Trend Rate</b></u>	<u><b>1% Increase</b></u>
State of New Jersey's proportionate share of total OPEB obligation associated with the District	\$ 142,219	\$ 170,458	\$ 207,306
State of New Jersey's total nonemployer OPEB Liability	\$ 15,017,879,689	\$ 17,999,781,235	\$ 21,890,793,528

**Additional Information**

The following is a summary of the deferred outflows of resources, deferred inflows of resources, and net OPEB liability balances as of June 30, 2021:

**Balances at December 31, 2021 and December 31, 2020**

	<u><b>12/31/2021</b></u>	<u><b>12/31/2020</b></u>
	June 30, 2021	June 30, 2020
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 150,824	\$ 181,595
Deferred Inflows of Resources	78,602	82,742
Net OPEB Liability	170,458	172,287
District's portion of the plan's total OPEB Liability	0.00095%	0.00096%

**OPEB Deferred Outflows/Inflows of Resources**

At December 31, 2021, the District's proportionate share of the OPEB outflows and inflows, calculated by the plan as of the June 30, 2021 measurement date is \$150,824 and \$78,602, respectively. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Differences between expected and actual experience	\$ 3,825	\$ 35,662
Changes of assumptions	24,521	30,130
Net difference between projected and actual earnings on OPEB plan investments	82	-
Changes in proportion and differences between the District's contributions and proportion share of contributions	122,396	12,810
	<u>\$ 150,824</u>	<u>\$ 78,602</u>

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 10: OTHER POSTEMPLOYMENT BENEFITS (continued)**

**OPEB Deferred Outflows/Inflows of Resources (continued)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to OPEB that will be recognized in future periods:

<b>Fiscal Year(s) Ending</b>	<b>December 31,</b>	<b><u>Amount</u></b>
2022	\$	19,372
2023		19,354
2024		19,346
2025		19,334
2026		2,249
Thereafter		<u>(7,433)</u>
Total	\$	<u><u>72,222</u></u>

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

**Plan Membership**

At June 30, 2020, the Program membership consisted of the following:

Active plan members	64,243
Retirees current receiving benefits	<u>32,624</u>
Total plan members	<u><u>96,867</u></u>

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

Service costs	\$ 846,075,674
Interest on the total OPEB Liability	413,837,061
Change of benefit terms	2,029,119
Differences between expected and actual experience	(1,196,197,410)
Changes of assumptions	339,165,715
Contributions from the employer	(325,097,477)
Contributions from nonemployer contributing entities	(37,777,433)
Net investment income	(201,343)
Administrative expenses	<u>11,334,383</u>
Net change in total OPEB Liability	53,168,289
Total OPEB Liability (beginning)	<u>17,946,612,946</u>
Total OPEB Liability (ending)	<u><u>\$ 17,999,781,235</u></u>

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM**

The District's length of service awards program (LOSAP), which is reported in the District's general fund, pursuant to Section 457 (e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents the Township of Old Bridge come from contributions made solely by the governing body of the District, on behalf of those volunteers who meet the criteria of a LOSAP plan created by that governing body. Participants should refer to the LOSAP Plan agreement for a more complete description of the LOSAP Plan's provisions.

**Contributions**

If an active member meets the year of active service requirement, a LOSAP Plan must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per initial plan year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The District elected to contribute \$1,150 for the year ended December 31, 2021, per eligible volunteer, into the LOSAP Plan. During the year ended December 31, 2021, the District contributed a total of \$10,350 to the LOSAP Plan. Participants direct the investment of the contributions into various investment options offered by the LOSAP 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 LOSAP Plan. The types of investment options, and the administering of such investments, rests solely with the LOSAP Plan administrator.

**Participant Accounts**

Each participant's account is credited with the District's contribution and LOSAP 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 Lincoln Financial Group (Plan Administrator), as an approved LOSAP provide a third-party administrator for the exclusive benefit of the LOSAP 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 LOSAP Plan Administrator. The District's practical involvement in administering the LOSAP Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the LOSAP Plan Administrator.

**Vesting**

Benefits, plus actual earnings thereon, are one hundred percent (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.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM (continued)**

**Payment of Benefits**

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 year ended December 31, 2021, \$6,212 in withdrawals were made to vested participants.

**Forfeited Accounts**

There were \$59,088 of forfeitures during the year ended December 31, 2021.

**Investments**

The investments of the LOSAP reported on the statement of fiduciary net position are recorded at fair value and contract value as described in Note 2: *Investments*.

**Plan Information**

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

**NOTE 12: FUNDING**

The activities of the District 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, 2021, the fire tax rate on the District was approximately \$.332 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 \$1,323.

**NOTE 13: OTHER RECEIVABLES AND PAYABLES**

Other receivable and payables are interfunds whose purpose is for short-term borrowing. As of December 31, 2021, the following interfund balances remained on the balance sheet:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General	\$ -	\$ 243,591
Capital projects	243,591	-
Totals	<u>\$ 243,591</u>	<u>\$ 243,591</u>

Other receivables and 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 the governmental columns of the district wide statement of net position.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to Financial Statements (continued)**

**NOTE 14: FUND BALANCE**

**General Fund** – Of the \$839,799 General Fund balance at December 31, 2021, \$188,812 is restricted for length of service award program and \$651,637 is unassigned.

**Capital Projects Fund** – Of the \$197,482 Capital Projects Fund balance at December 31, 2021, \$197,482 is restricted for capital.

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.

**NOTE 15: COOPERATIVE AGREEMENT**

As of July 1, 2017, the fire bureau operations were taken over by the Fire District No. 3 of the Township of Old Bridge through a cooperative agreement.

**NOTE 16: PENDING LITIGATION**

There are actions, which have been instituted against the District. The outcome of these actions cannot be determined at the present time. The final outcomes, if unfavorable to the District, will be covered through the budgetary process.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Budgetary Comparison Schedule**  
**For the year ended December 31, 2021**

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
<b>Revenues:</b>				
Miscellaneous anticipated revenue:				
Investment income	\$ 600	\$ 600	\$ 499	\$ (101)
Other revenue	-	-	88,265	88,265
Total miscellaneous revenues	600	600	88,764	88,164
Operating grant revenue:				
Supplemental fire service grant	1,323	1,323	1,323	-
Total operating grant revenue	1,323	1,323	1,323	-
Total revenues	1,923	1,923	90,087	88,164
Amount raised by taxation to support district budget	606,103	606,103	606,103	-
Total anticipated revenues	608,026	608,026	696,190	88,164
<b>Expenditures:</b>				
<b>Operating appropriations:</b>				
<b>Administration:</b>				
Salaries and wages	30,000	30,000	30,000	-
Fringe benefits	2,700	2,700	14	2,686
<b>Other expenditures:</b>				
Professional fees	35,000	35,300	35,226	74
Advertising	-	-	306	(306)
Elections	-	-	712	(712)
Office supplies and postage	15,000	21,500	21,446	54
Total administration	82,700	89,500	87,704	1,796
<b>Cost of operations and maintenance:</b>				
Fringe benefits	20,000	20,000	20,136	(136)
<b>Other expenditures:</b>				
Rental charges	45,000	48,750	45,000	3,750
Materials and supplies	4,000	4,000	3,373	627
Insurance	60,000	45,400	38,141	7,259
Fire protection	30,000	30,000	10,770	19,230
Training and education	12,500	12,500	5,426	7,074
Utilities	26,000	30,050	30,054	(4)
Maintenance and repairs	50,000	50,000	36,294	13,706
Other non-bondable assets	80,000	80,000	58,144	21,856
Total cost of operations and maintenance	327,500	320,700	247,338	73,362
Length of service award program	20,000	20,000	10,350	9,650
Capital appropriations	80,000	80,000	46,109	33,891
<b>Debt service for capital appropriations:</b>				
Principal on capital leases	89,331	89,331	89,331	-
Interest on capital leases	17,571	17,571	17,571	-
Total debt service for capital appropriations	106,902	106,902	106,902	-
Total operating appropriations	617,102	617,102	498,403	118,699
Excess (efficiency) of revenues over (under) expenditures before other financing sources/(uses)	(9,076)	(9,076)	197,787	206,863
Fund balance, January 1	651,332	651,332	651,332	-
Fund balance, December 31	\$ 642,256	\$ 642,256	\$ 849,119	\$ 206,863
<b>RECAPITULATION OF FUND BALANCE:</b>				
<b>Restricted fund balance:</b>				
Capital			\$ 197,482	
Unassigned fund balance			651,637	
Total - budgetary basis			849,119	
<b>Reconciliation to governmental fund statements (GAAP):</b>				
Length of service award program investment balance not recognized on the budgetary basis			188,162	
Total fund balance per governmental funds (GAAP)			\$ 1,037,281	

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to the Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the year ended December 31, 2021**

	<u>Total Governmental Funds</u>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-1):	\$ 696,190
Difference - Budget to GAAP:	
Budgetary basis differs from GAAP in that the District does not budget for length of service awards program investment income. GASB 73 requires the investment appreciation in the length of service awards program to be shown in financial statements using the current financial resources measurement focus and modified accrual basis of accounting:	
Net appreciation of investments	<u>35,136</u>
Total Revenues as Reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 731,326</u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Appropriations"	
From the Budgetary Comparison Schedule (C-1)	\$ 498,403
Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service awards program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the LOSAP Plan.	
Length of service awards program contribution	(10,350)
Administrative fees	1,833
Participant forfeitures	59,088
Participant withdrawals	<u>6,212</u>
Total Expenditures as Reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 555,186</u>



**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Police and Firemen's Retirement System**  
**Last Nine Fiscal Years \***

	Measurement Date Ended June 30,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00000%	0.00000%	0.00000%	0.00338%	0.00340%	0.00344%	0.00327%	0.00328%	0.00330%
Districts proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ 457,294	\$ 524,186	\$ 656,900	\$ 544,766	\$ 412,484	\$ 438,740
State's proportionate share of the net pension liability associated with the District (asset)	-	-	-	62,116	58,713	55,163	47,774	44,418	40,896
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 519,410</b>	<b>\$ 582,899</b>	<b>\$ 712,063</b>	<b>\$ 592,540</b>	<b>\$ 456,902</b>	<b>\$ 479,636</b>
District's covered-employee payroll	-	-	-	65,399	111,012	109,912	106,204	103,572	102,548
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0%	0%	0%	0%	472%	598%	513%	398%	428%
Plan fiduciary net position as a percentage of the total pension liability	77.26%	63.52%	65.00%	62.48%	58.60%	52.01%	56.31%	62.41%	58.70%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
 Schedule of District Contributions  
 Police and Firemen's Retirement System  
 Last Nine Fiscal Years \*

	Year Ended December 31,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ -	\$ -	\$ -	\$ 33,039	\$ 30,050	\$ 28,038	\$ 26,585	\$ 25,186	\$ 24,078
Contributions in relation to the contractually required contribution	-	-	-	(33,039)	(30,050)	(28,038)	(26,585)	(25,186)	(24,078)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	-	-	-	-	65,399	111,012	109,912	106,204	103,572
Contributions as a percentage of covered-employee payroll	0%	0%	0%	0%	46%	25%	24%	24%	23%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability**  
**Last Four Fiscal Years \***

	<b>Measurement Date Ended June 30,</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's Proportion of the Other Postemployment Benefit Liability (asset)	0.000947%	0.000960%	0.000894%	0.000966%
District's Proportionate Share of the Net Other Postemployment Benefit Liability (asset)	170,458	172,287	121,102	151,340
District's Covered-employee Payroll	-	-	-	65,399
District's Proportionate Share of the Net Other Postemployment Benefit Liability (asset) as a Percentage of its Covered-employee payroll	0.00%	0.00%	0.00%	43.21%
Plan Fiduciary Net Position as a Percentage of the Total Other Postemployment Benefit Liability	0.28%	0.91%	1.98%	1.97%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Notes to the Required Supplementary Information**  
**December 31, 2021**

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

*Changes of Benefit Terms*

None noted.

*Changes of Assumptions*

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2018	6.51%	2015	5.79%
2020	7.00%	2017	6.14 %	2014	6.32%
2019	6.85%	2016	5.55%		

The long-term expected rate of return used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2018	7.00%	2015	7.90%
2020	7.00%	2017	7.00%	2014	7.90%
2019	7.00%	2016	7.65%		

The mortality assumption was updated upon the direction from the Division of Pensions and Benefits.

**Other Post-Employment Benefits (OPEB)**

*Changes of Benefit Terms*

The increase in benefit terms from June 30, 2020 to June 30, 2021 was a result of employers adopting and or changing Chapter 48 provisions which provide different levels of subsidy than in the prior year.

*Differences Between Expected and Actual Experiences*

The increase in differences between expected and actual experiences from June 30, 2020 to June 30, 2021 was a result of changes to the census, claims and premiums experience.

*Changes of Assumptions*

The increase in changes in assumptions from June 30, 2020 to June 30, 2021 is a result of a change in the discount rate, trend update and the mortality projection scale update.

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%
2019	3.50%	2016	2.85%

**FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF OLD BRIDGE**  
**Long-Term Debt**  
**Schedule of Obligations Under Capital Leases**  
**For the year ended December 31, 2021**

Description	Date of Lease	Term of Lease	Amount of Original Issue		Annual Maturities Date	Annual Maturities Amount	Interest Rate Payable	Amount Outstanding December 31, 2020	Issued	Retired	Amount Outstanding December 31, 2021
			Principal	Interest							
Pumper - Lease 2004	5/12/14	10 years	\$ 311,740	\$ 52,224	5/12/2022	\$ 33,385	2.92%	\$	\$	\$	\$ 103,111
					5/12/2023	34,360	2.92%				
					5/12/2024	35,365	2.92%				
Fire Apparatus - Lease 2020	3/15/2021	7 years	\$ 425,000	\$ 68,541	3/15/2022	58,965	3.64%	373,972	\$	\$	317,079
					3/15/2023	61,111	3.64%				
					3/15/2024	63,335	3.64%				
					3/15/2025	65,640	3.64%				
					3/15/2026	68,029	3.64%				
Total								\$ 509,521	\$ -	\$ 89,331	\$ 420,190



To the Board of Fire Commissioners  
Fire District No. 4 of the Township of Old Bridge  
County of Middlesex  
Township of Old Bridge, State of New Jersey

We have audited the basic financial statements of the Fire District No. 4 of the Township of Old Bridge, (hereafter referred to as the District), County of Middlesex, State of New Jersey for the year ended December 31, 2021. 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 have 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. The results of our examination did not disclose any discrepancies.

### **Contracts and Agreements Requiring Solicitation of Quotations**

The examination of expenditures revealed 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.

### **Examination of Payroll**

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the District employees and we ascertained that the accumulated withholdings were disbursed to the proper agencies.

### **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 14, 2020 and adopted its operating budget on January 11, 2021.

### ***Current Year Finding***

There were no current year findings

### **Follow-up on Prior Year's Findings**

In accordance with *Government 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, please call us.

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

February 1, 2023  
Lakewood, New Jersey