

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Independent auditor's report</b>	1 - 3
<b>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</b>	4 - 5
<b>Management's discussion and analysis</b>	6 - 11
<b>Financial statements:</b>	
<b>A. Government-wide Financial Statements</b>	
A - 1 - Statement of net position	12
A - 2 - Statement of activities	13
<b>B. Governmental Funds Fund Financial Statements</b>	
B - 1 - Balance Sheet	14
B - 2 - Statement of revenues, expenditures and changes in fund balances	15
B - 3 - Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	16
Notes to financial statements	17 - 50
<b>Required supplementary information:</b>	
<b>C. Budgetary Comparison Schedule</b>	
C - 1 - Budgetary comparison schedule - general fund	51 - 52
C - 2 - Reconciliation of budget to statement of revenues, expenditures, and changes in fund balance	53
Schedule of District's Proportionate Share of the Net Pension Liability - PERS	54
Schedule of District Contributions - PERS	55
Schedule of District's Proportionate Share of the Net Pension Liability - PFRS	56
Schedule of District Contributions - PFRS	57
Notes to the Required Supplementary Information	58
<b>Schedule of Findings and Recommendations</b>	
Schedule of Financial Statement Findings	59
Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	60

# MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

FOUNDED IN 1926 BY SIDNEY MOHEL

CERTIFIED PUBLIC ACCOUNTANTS

8 EXECUTIVE DRIVE, SUITE 1, TOMS RIVER, NEW JERSEY 08755  
732/363-6500 FAX: 732/363-0675  
WWW.MEBGCPA.COM



## INDEPENDENT AUDITOR'S REPORT

**Board of Fire Commissioners  
District No. 2, Township of Jackson  
County of Ocean  
Jackson, New Jersey 08527**

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**MOHEL ELLIOTT BAUER & GASS**  
A P R O F E S S I O N A L A S S O C I A T I O N  
C E R T I F I E D P U B L I C A C C O U N T A N T S

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey's ability to continue as a going concern for a reasonable period of time.

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

# MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

## Required Supplementary Information

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

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024 on our consideration of the Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey's internal control over financial reporting and compliance.

*MoHEL Elliott Bauer & Gass*

Toms River, New Jersey  
November 14, 2024

# MOHEL ELLIOTT BAUER & GASS

A PROFESSIONAL ASSOCIATION

FOUNDED IN 1926 BY SIDNEY MOHEL

CERTIFIED PUBLIC ACCOUNTANTS

8 EXECUTIVE DRIVE, SUITE 1, TOMS RIVER, NEW JERSEY 08755  
732/363-6500 FAX: 732/363-0675  
WWW.MEBGCPA.COM



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

**Board of Fire Commissioners  
Fire District No. 2, Township of Jackson  
Jackson, New Jersey 08527**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey as of and for the year ended December 31, 2023, and the related notes to the financial statements which collectively comprise Fire District No. 2, Township of Jackson's basic financial statements, and have issued our report thereon dated November 14, 2024.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey's internal control.

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

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

# MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District No. 2, Township of Jackson in the County of Ocean, State of New Jersey's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

## Purpose of this Report

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

*MoHEL Elliott Bauer & Gass*

Toms River, New Jersey  
November 14, 2024

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Unaudited)**

As management of Fire District No. 2, Township of Jackson (hereafter referred to as the "Fire District") we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole; readers should also review the information furnished in the notes to the basic financial statements and financial statements to enhance, their understanding of the Fire District's financial performance.

**Financial Highlights**

- The net position of the fire district which represents the difference between assets and liabilities was \$1,992,880. This represents a decrease of \$11,701 from 2022.
- The amount raised by taxation was \$2,394,201 or 82.94% of all revenues.
- Total expenditures were \$2,898,456 as compared to \$2,635,042 in 2022; an increase of \$263,414 or 10.0%. The most significant increases were new equipment, \$84,224, fringe benefits, \$74,054, salaries and wages, \$66,487 and architect fees, \$51,953. The most significant decrease was maintenance and repairs - apparatus, \$57,937.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. Fire District No. 2, Township of Jackson's basic financial statements is comprised of three components: district-wide financial statements; fund financial statements; and notes to the basic financial statements.

**Reporting on the District as a Whole**

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

The Statement of Net Position presents information on all the assets and liabilities of Fire District No. 2, Township of Jackson, The difference between the two is reported as the District's Net Position. Significant increases or decreases in the District's Net Position can be an indication of the financial health of the District.

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



**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Reporting on the District as a Whole (Continued)**

The district-wide financial statements report on the financial data by function. Fire District No.2, Township of Jackson provides firefighting services to the citizens of Jackson Township.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Fire District No. 2, Township of Jackson uses fund accounting to document compliance with finance-related legal matters. Fire District No. 2, Township of Jackson has three types of fund groups, and that is the general fund, capital projects fund and debt service fund.

**Governmental Funds**

Fire District No. 2 of the Township of Jackson's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

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

As required by N.J.S.A. 40A:14:78-3, Fire District No. 2 Township of Jackson 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.

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**DISTRICT-WIDE FINANCIAL ANALYSIS**

Fire District No. 2 Township of Jackson's Net Position is a useful indicator of the District's financial condition. At the end of 2023, the District's assets exceeded the liabilities by approximately \$1.993 million. A significant portion of Fire District No. 2, Township of Jackson's Net Position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending.

**Statement of Net Position:**

<b>FIRE DISTRICT NO. 2 TOWNSHIP OF JACKSON NET POSITION DECEMBER 31, 2023</b>				
	<b>2023</b>	<b>2022</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
Total assets and deferred outflows of resources	\$ 6,260,424	\$ 6,583,249	\$ (322,825)	-4.90%
Total liabilities and deferred inflows of resources	<u>(4,267,544)</u>	<u>(4,578,668)</u>	<u>(311,124)</u>	-6.80%
Net position	<u>\$ 1,992,880</u>	<u>\$ 2,004,581</u>	<u>\$ (11,701)</u>	-0.58%
<b>Analysis of net position</b>				
Net investment in capital assets	\$ 1,935,357	\$ 1,750,132	\$ 185,225	10.58%
Restricted for:				
Capital projects	964,012	1,026,795	(62,783)	-6.11%
Unrestricted	<u>(906,489)</u>	<u>(772,346)</u>	<u>(134,143)</u>	17.37%
Total net position	<u>\$ 1,992,880</u>	<u>\$ 2,004,581</u>	<u>\$ (11,701)</u>	-0.58%

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Governmental Activities**

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

	<u>2023</u>	<u>2022</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
<b>Expenses</b>				
Administration	\$ 273,359	\$ 209,923	\$ 63,436	30.22%
Cost of operations and maintenance	2,104,479	1,892,562	211,917	11.20%
Operating appropriations offset with revenues	185,238	170,306	14,932	8.77%
Interest expense	15,373	19,008	(3,635)	-19.12%
Length of Service Award Program Contribution	24,276	32,912	(8,636)	-26.24%
Special funding situation - OPEB - State of NJ	257,067	269,284	(12,217)	-4.54%
Special funding situation - PFRS - State of NJ	38,664	41,047	(2,383)	-5.81%
Total program expenses	<u>2,898,456</u>	<u>2,635,042</u>	<u>263,414</u>	10.00%
<b>General revenues</b>				
Property taxes levied for:				
General purposes	2,111,016	1,734,462	376,554	21.71%
Capital projects	70,000	200,000	(130,000)	-65.00%
Debt service	213,185	213,185	-	0.00%
Total property taxes levied	<u>2,394,201</u>	<u>2,147,647</u>	<u>246,554</u>	11.48%
Charges for services	163,880	152,067	11,813	7.77%
Other revenue	32,943	92,816	(59,873)	-64.51%
Special funding situation - OPEB - State of NJ	257,067	269,284	(12,217)	-4.54%
Special funding situation - PFRS - State of NJ	38,664	41,047	(2,383)	-5.81%
Total general revenues	<u>2,886,755</u>	<u>2,702,861</u>	<u>183,894</u>	6.80%
Increase (decrease) in net position	(11,701)	67,819	(79,520)	117.25%
Net position, January 1	2,004,581	1,936,762	67,819	3.50%
Net position, December 31	<u>\$ 1,992,880</u>	<u>\$ 2,004,581</u>	<u>\$ (11,701)</u>	-0.58%

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS**

Fire District No. 2, Township of Jackson uses fund accounting to document compliance with finance-related legal requirements.

**Government Fund**

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

As of December 31, 2023, the combined balance of the governmental cash and cash equivalents of Fire District No. 2, Township of Jackson was approximately \$2.501 million. This balance is approximately \$167,000 less than last year's combined governmental funds balance.

**FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS (Continued)**

The combined fund balance of the governmental funds of Fire District No. 2, Township of Jackson was a surplus of approximately \$2.580 million. Amounts of approximately \$964,000 is restricted for capital projects, approximately \$577,000 is restricted for investment in length of service award program, approximately \$7,000 is assigned - other, approximately \$484,000 is assigned - designated for subsequent year's expenditures and approximately \$548,000 is unassigned.

The general fund is the main operating fund of Fire District No. 2, Township of Jackson. At the end of 2023, the total fund balance of the general fund was approximately \$1.616 million.

During 2023, the general fund balance surplus of Fire District No. 2 Township of Jackson decreased by approximately \$139,000. The primary reason for this decrease is due to the excess of expenditures over revenues.

At the end of 2023, the District has a capital projects fund balance of approximately \$964,000. This was a decrease of approximately \$63,000 from the previous year.

**General Fund Budgetary Highlights**

The original budget projected a deficit of \$250,000. The District had a deficiency of revenues under expenditures of approximately \$266,000 in 2023.

Administrative expenses were approximately \$31,000 less than originally budgeted in 2023.

Cost of operations and maintenance were approximately \$15,000 less than originally budgeted in 2023.

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of December 31, 2023, Fire District No. 2 Township of Jackson had invested in capital assets for government activities of approximately \$2,551,000 (net of accumulated depreciation). Capital assets consist of land, buildings and leasehold improvements, fire apparatus, vehicles and fire equipment. Additions for 2023 were a 2022 Ford Interceptor Utility vehicle, \$58,592, improvements to Station 56 and Station 57 parking lots in the amounts of \$32,502 and \$53,246, respectively, a hydraulic generator, \$40,801, improvements to Station 56, \$34,685, a fire alarm system at Station 56, \$22,703 and a computer and console for the 2022 Ford Interceptor, \$7,290.

**CAPITAL ASSETS  
DECEMBER 31, 2023**

	<b>2023</b>	<b>2022</b>	<b>\$ Increase (Decrease)</b>
Capital assets			
Land	\$ 165,000	\$ 165,000	\$ -
Buildings and leasehold improvements	2,483,682	2,340,546	143,136
Fire apparatus	4,245,351	4,145,957	99,394
Vehicles and fire equipment	1,037,228	1,029,938	7,290
Total capital assets	7,931,261	7,681,441	249,820
Accumulated depreciation	(5,379,835)	(5,117,428)	262,407
Total capital assets, net	\$ 2,551,426	\$ 2,564,013	\$ (12,587)

**ECONOMIC FACTORS AND NEXT YEARS BUDGET**

In 2023, Fire District No. 2 Township of Jackson was able to fund its appropriations through the fire tax levy and other revenues. The 2023 budget projected a deficit of \$250,000 but it finished the year with a deficiency of \$265,542.

Fire District No. 2, Township of Jackson adopted the 2024 budget on January 11, 2024. The 2024 budget reflects a 10.8% increase in the tax levy compared to 2023. The proposed budget reflects an increase in the tax rate for 2024 of \$.005. The proposed tax rate per \$100 of assessed value will be \$.118.

**REQUESTS FOR INFORMATION**

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

If you have any questions about this report or need additional information please contact The Board Clerk at 81 South Hope Chapel Road, Jackson New Jersey 08527.

FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023

	<b>2023</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,500,591
Accounts receivable	14,774
Prepaid expenses	73,589
Capital assets, net	2,551,426
Right of use asset	6,653
Contribution receivable - length of service award program	24,276
Cash and investments - length of service award program	552,835
<b>Total assets</b>	<b>5,724,144</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - PERS	12,723
Deferred outflows - PFRS	523,557
<b>Total deferred outflows of resources</b>	<b>536,280</b>
<b>Total assets and deferred outflows of resources</b>	<b>6,260,424</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Capital lease obligation payable	201,528
Lease liability	1,785
Due to fire companies	27,213
Accounts payable and accrued expenses	558,982
<b>Total current liabilities</b>	<b>789,508</b>
<b>Noncurrent liabilities</b>	
Capital lease obligation payable	414,541
Lease liability	4,868
Net pension liability - PERS	232,927
Net pension liability - PFRS	1,844,710
Net assets available for program benefits - length of service award program	577,111
<b>Total noncurrent liabilities</b>	<b>3,074,157</b>
<b>Total liabilities</b>	<b>3,863,665</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - PERS	102,991
Deferred inflows - PFRS	212,538
Deferred inflows - other	88,350
<b>Total deferred inflows of resources</b>	<b>403,879</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>4,267,544</b>
<b>NET POSITION</b>	
Net investment in capital assets	1,935,357
Restricted for capital projects	964,012
Unrestricted	(906,489)
<b>Total net position</b>	<b>\$ 1,992,880</b>

The accompanying notes are an integral part of these financial statements

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON**

**STATEMENTS OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

	<b>2023</b>
<b>Expenses:</b>	
Operating appropriations:	
Administration	\$ 273,359
Cost of operations and maintenance	2,104,479
Operating appropriations offset with revenues	185,238
Interest expense	15,373
Length of service award program (LOSAP) - Contribution P.L. 1997, c.388)	24,276
Special funding situation - OPEB - State of NJ	257,067
Special funding situation - PFRS - State of NJ	38,664
<b>Total program expenses</b>	<b>2,898,456</b>
 <b>General revenues:</b>	
Amount raised by taxation	2,394,201
Charges for services	163,880
Interest on investments and deposits	744
Operating grant revenues	4,342
Other revenue	27,857
Special funding situation - OPEB - State of NJ	257,067
Special funding situation - PFRS - State of NJ	38,664
<b>Total general revenues</b>	<b>2,886,755</b>
 <b>Change in net position</b>	 <b>(11,701)</b>
 <b>Net position - beginning of year</b>	 <b>2,004,581</b>
<b>Net position - end of year</b>	<b>\$ 1,992,880</b>

The accompanying notes are an integral part of these financial statements

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2023**

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,536,579	\$ 964,012	\$	\$ 2,500,591
Accounts receivable	14,774			14,774
Prepaid expenses	73,589			73,589
Contribution receivable - length of service award program	24,276			24,276
Cash and investments - length of service award program	552,835			552,835
<b>Total assets</b>	<u>2,202,053</u>	<u>964,012</u>	<u>-</u>	<u>3,166,065</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	558,982			558,982
Due to fire companies	27,213			27,213
<b>Total liabilities</b>	<u>586,195</u>	<u>-</u>	<u>-</u>	<u>586,195</u>
<b>FUND BALANCES</b>				
Restricted for Capital Projects		964,012		964,012
Investment in length of service award program	577,111			577,111
Assigned - other	6,936			6,936
Assigned - Designated for subsequent year's expenditures	484,193			484,193
Unassigned	547,618			547,618
<b>Total fund balances</b>	<u>1,615,858</u>	<u>964,012</u>	<u>-</u>	<u>2,579,870</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,202,053</u>	<u>\$ 964,012</u>	<u>\$ -</u>	<u>\$ 2,579,870</u>

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets and right of use assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,551,426 and \$6,653, respectively.

Deferred outflows and inflows related to pensions and other

Long-term liabilities, including net position liability, capital lease obligation payable, length of service awards program payable and lease liability, are not due and payable in the current period and are therefore not reported as liabilities in the funds.

	2,558,079
	132,401
	<u>(3,277,470)</u>
	<u>\$ 1,992,880</u>

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



**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>Revenues:</b>				
Amount raised by taxation	\$ 2,111,016	\$ 70,000	\$ 213,185	\$ 2,394,201
Charges for services	163,880			163,880
Interest on investments and deposits	744			744
Investment income - length of service award program	77,558			77,558
Operating grant revenues	4,342			4,342
Other revenue	22,157			22,157
<b>Total revenues</b>	<u>2,379,697</u>	<u>70,000</u>	<u>213,185</u>	<u>2,662,882</u>
<b>Expenditures:</b>				
Administration	336,416			336,416
Cost of operations and maintenance	1,958,968			1,958,968
Operating appropriations offset with revenues	185,238			185,238
Capital Expenditures		132,783		132,783
Debt service principal payments			197,812	197,812
Interest payments on debt			15,373	15,373
Participant distributions, forfeitures and charges length of service award program	38,212			38,212
<b>Total expenditures</b>	<u>2,518,834</u>	<u>132,783</u>	<u>213,185</u>	<u>2,864,802</u>
Excess (deficiency) of revenues over expenditures	(139,137)	(62,783)	-	(201,920)
Fund balance, January 1	<u>1,754,995</u>	<u>1,026,795</u>	<u>-</u>	<u>2,781,790</u>
Fund balance, December 31	<u>\$ 1,615,858</u>	<u>\$ 964,012</u>	<u>\$ -</u>	<u>\$ 2,579,870</u>

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

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Total net changes in fund balance - governmental funds (B - 2)	\$	(201,920)
--	----	-----------

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense

Capital outlays	249,820	
Depreciation expense	<u>(262,407)</u>	
		(12,587)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension - PERS	63,057	
Pension - PFRS	(141)	
Deferred inflows - other	<u>5,700</u>	
		68,616

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

District contribution to length of service award program	(24,276)	
Length of service award investment income	(77,558)	
Participant withdrawals	<u>38,212</u>	
		(63,622)

Principal payments on capital leases		<u>197,812</u>
--------------------------------------	--	----------------

Changes in net position of governmental activities (A - 2)	\$	<u><u>(11,701)</u></u>
--	----	------------------------

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

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**GENERAL INFORMATION**

**A. Description of Reporting Entity**

Fire District No. 2 Township of Jackson is a political subdivision of the Township of Jackson, County of Ocean, State of New Jersey. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

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

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

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

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

**B. District Officials**

The District is governed by a board of five commissioners. The following were in office at December 31, 2023:

<u>Officials</u>	<u>Term Expires March</u>
Vincent Rubio	2024
Joseph Burdge	2026
John Ryan	2024
Bryan Quackenbush	2026
Raymond Tremmer	2025

**C. Accounting Records**

The official accounting records of the Fire District No. 2 Township of Jackson are maintained in the office of the district.

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Fire District No. 2, Township of Jackson (the "Fire District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Government-wide and Fund Financial Statements**

The Fire District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. The Fire District's operations consist of governmental activities, which normally are supported by property taxes.

The statement of activities demonstrates the degree to which the direct expenses of a given function of segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function.

In regards to the fund financial statements, the Fire District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Fire District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column.

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount voted upon or certified, prior to the end of the fire district year. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The Fire District is entitled to receive moneys under the following established payment schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire District considers revenues to be available if they are collected within sixty (60) days of the end of the current year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, reimbursable-type grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the Fire District.

The Fire District reports the following major governmental funds:

**General Fund** - The general fund is the primary operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**Debt Service Fund** - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**(Continued)**

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets/Budgetary Control**

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et al. The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

Amendments may be made to the Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval, except for provisions allowed by N.J.S.A 40A:14-78.5.

Subsequent to the adoption of the Fire District budget, the amount of money to be raised by taxation in support of the Fire District budget must appear on the ballot for the annual election for approval of the legal voters.

**(Continued)**

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets/Budgetary Control (Continued)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year-end.

The budget, as detailed on exhibit C-1, includes all amendments and modifications to the adopted budget has approved by the Board of Commissioners.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

The encumbered appropriation authority carries over into the next year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current year end. The encumbrances at December 31, 2023 totaled \$6,936 for the general fund and \$294,398 for the capital projects fund.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, include petty cash, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey fire districts.

**(Continued)**

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash, Cash Equivalents and Investments (Continued)**

N.J.S.A 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State of federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey. The deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Inventories**

Inventories recorded on the government-wide financial statements are recorded as expenses when consumed rather than when purchased. The Fire District did not have any significant inventory for the year ended December 31, 2023.

**Prepaid Expenses**

Prepaid expenses recorded on the government-side financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2023.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the Fire District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The Fire District's capitalization threshold is \$5,000. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	20 - 50 years
Apparatus	10 -25 years
Vehicles	5 years
Equipment	5 - 15 years

(Continued)



**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position**

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

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

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

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

The Fire District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balance**

The Fire District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Fire District is bound to honor constraints of the specific purposes for which amounts in those funds can be spent. The Fire District's classifications, and policies for determining such classifications, are as follows:

**Nonspendable** - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

**Restricted** - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**Committed** - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire District's highest level of decision-making authority, which, for the Fire District, is the Board of Fire Commissioners. Such formal actions consists of an affirmative vote by the Board of Fire Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Fire Commissioners removes, or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**(Continued)**

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance (Continued)**

**Assigned** - The assigned fund balance classification includes amounts that are constrained by the Fire District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by either the Board of Fire Commissioners or by the Fire Chief, to which the Board of Fire Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the Fire Chief is established by way of a formal job description for the position, approved by the Board of Fire Commissioners.

**Unassigned** - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Fire District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Fire District to spend fund balances, if appropriated in the following order: committed, assigned, and then unassigned.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Subsequent Events**

The District has evaluated subsequent events through November 14, 2024, the date the financial statements were available to be issued.

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation ("FDIC"). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA.

**PROPERTY TAX LEVIES:**

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

<u>Calendar Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
12/31/2023	\$ 2,159,290,300	\$ 2,394,201	0.111
12/31/2022	\$ 2,089,419,000	\$ 2,147,647	0.103
12/31/2021	\$ 2,034,812,553	\$ 2,035,248	0.100
12/31/2020	\$ 2,022,223,773	\$ 2,005,999	0.100
12/31/2019	\$ 2,006,264,502	\$ 1,948,350	0.098

**SITE LEASE WITH OPTION - CELL PHONE TOWER**

The Board of Fire Commissioners, District No. 1, Township of Jackson, which is now a part of District No. 2 (landlord), entered into a rental lease agreement with Mobilite Investments II, LLC (tenant). Term of lease is thirty (30) years commencing July 17, 2009. The purchase price paid at closing was \$171,000. The rental is being amortized over three hundred sixty (360) months at \$475 per month.

**Permitted Use** - Premises may be used by tenant for transmission and reception of radio communication signals.

(Continued)

**FIRE DISTRICT NO. 2**  
**TOWNSHIP OF JACKSON**  
 (Continued)  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**CAPITAL ASSETS**

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

	<b>2023</b>	<b>Estimated Useful Life (Years)</b>
<b>Assets</b>		
Land	165,000	--
Buildings and leasehold improvements	2,483,682	20 - 30
Apparatus	4,245,351	10
Equipment	1,037,228	5
	7,931,261	
Less: accumulated depreciation	(5,379,835)	
	\$ 2,551,426	

**ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

	<b>2023</b>
Accounts payable	\$ 79,458
Accrued LOSAP	24,276
Accrued professional fees	23,495
Accrued payroll	34,920
Accrued vacation and comp time	153,061
Accrued pension	243,772
	\$ 558,982

**COMMITMENTS**

The District leases facilities from Cassville Volunteer Fire Company #1 for storage of equipment, housing of fire apparatus, training and education of fire fighters, public meetings, deployment of fire personnel and other appropriate and necessary fire service related functions. The lease is for a term of one year and is automatically renewable from year to year unless either party notifies the other by written notice that the leases will not be renewed or extended. Rental is paid to Cassville Volunteer Fire Company #1 quarterly in the amount of \$7,500 totaling \$30,000 per annum subject to annual appropriation by legal voters within the District.

The District has entered into a Fire Protection Service Agreement with Whitesville Volunteer Fire Company #1. The Agreement has a one year duration commencing January 1, 2023 and terminating December 31, 2023. Consideration for the agreement is \$10,000 per annum.

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**CAPITAL LEASE OBLIGATIONS PAYABLE**

Voters approved the purchase of a fire truck for an amount not exceeding \$900,000 at a special fire district election held on September 29, 2018. The cost of the truck was financed by a capital lease/purchase and a down payment coming from the Reserve for Future Capital Outlays. On June 12, 2019 the Board entered into a lease/purchase agreement with U.S. Bancorp Government leasing and Finance, Inc. To purchase a 75' Aerial Ladder Truck. The terms of the lease require the principal repayment of \$541,990 to be paid in seven annual installments beginning June 12, 2020 at 2.906%.

The fire district obtained voter approval on April 20, 2021 to purchase a fire truck for an amount not exceeding \$610,000. The vote was 136 yes and 51 no. Application was filed with the Local Finance Board for a Pierce Arrow XT Custom Pumper lease with an option to purchase in the amount of \$610,000. The Local Finance Board voted affirmatively on the Board's application on August 11, 2021.

The Board has entered into a five (5) year lease with the option to purchase agreement with TD Equipment Finance. The lease dated August 20, 2021 in the amount of \$610,000 is payable in annual installments of \$126,501. The note bears interest at the rate of 1.22%.

<u>Balance</u> <u>12/31/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2023</u>	<u>Due Within</u> <u>One Year</u>
\$ <u>813,881</u>	\$ _____	\$ <u>(197,812)</u>	\$ <u>616,069</u>	\$ <u>201,528</u>

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

<u>Due Date</u>	<u>75' Aerial</u> <u>Ladder</u>	<u>Pierce Arrow XT</u> <u>Custom Pumper</u>	<u>Total</u>
2024	\$ 86,684	\$ 126,501	\$ 213,185
2025	86,684	126,501	213,185
2026	<u>86,684</u>	<u>126,501</u>	<u>213,185</u>
Total lease payments	260,052	379,503	639,555
Less: amount representing interest	<u>(14,412)</u>	<u>(9,074)</u>	<u>(23,486)</u>
Present value of lease payments	\$ <u>245,640</u>	\$ <u>370,429</u>	\$ <u>616,069</u>

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**RIGHT OF USE ASSET/LEASE LIABILITY**

The Board leases office equipment under a long-term operating lease agreement. The lease is for a term of five (5) years. The copier lease expires on July 31, 2027. We include in the determination right-of-use asset and liabilities any renewal options when the options are reasonably certain to be exercised.

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

The right-of-use assets and lease liabilities at December 31, 2023 are as follows:

		<u><b>2022</b></u>
Operating right-of-use asset - copier	\$	<u>6,653</u>
Operating lease liability - copier	\$	<u>6,653</u>

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

	<u><b>2022</b></u>
Weighted-average remaining lease term in years:	
Operating lease - copier	4
Weighted -average incremental borrowing rate:	
Operating lease - copier	3.00%

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

<u><b>Year Ended December 31:</b></u>		<u><b>Principal</b></u>	<u><b>Interest</b></u>	<u><b>Total</b></u>
<b>2024</b>	\$	1,785	\$ 175	\$ 1,960
<b>2025</b>		1,840	120	1,960
<b>2026</b>		1,896	64	1,960
<b>2027</b>		<u>1,132</u>	<u>11</u>	<u>1,143</u>
<b>Total lease payments</b>	\$	<u>6,653</u>	<u>370</u>	<u>\$ 7,023</u>

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN**

**Public Employees' Retirement System (PERS)**

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

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

The following represents the membership tiers for PERS:

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

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

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

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

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

**Allocation Methodology** - GASB Statement No. 68 Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. Pension amounts are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2022 through June 30, 2023.

**Contributions** - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was more than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal an accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2023, the District's contractually required contribution to PERS was \$21,493.

**Components of Net Pension Liability** - As of December 31, 2023, the District reported a liability of \$232,927 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on the ratio of the District's contribution to the total contributions to PERS during the measurement period July 1, 2022 through June 30, 2023. The District's proportion measured as of June 30, 2023 was .001608%. There was a decrease from its proportion measured as of June 30, 2022 of .000007%.

**(Continued)**



**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

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

Collective Balances as of December 31, 2023 and 2022

	<b>2023</b>	<b>2022</b>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred outflows of resources	\$ 12,723	\$ 24,444
Deferred inflows of resources	\$ 102,991	\$ 166,969
Net pension liability	\$ 232,927	\$ 243,727
District's portion of the plan's total net pension liability	0.001608%	0.001615%

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended December 31, 2023 the District recognized pension expense (benefit) of (\$41,563). As of December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 512	\$ 14,116
Difference between expected and actual experience	2,227	952
Net difference between projected and actual earnings on pension plan investments	1,073	
Changes in proportion and differences between District contributions and proportionate share of contributions	8,911	87,923
Total	\$ 12,723	\$ 102,991

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be included in pension expense (benefit) as follows:

	<u>Year Ended December 31:</u>	<u>PERS</u>
	2024	\$ (98,612)
	2025	(55,042)
	2026	76,917
	2027	(13,765)
	2028	234
	Total	\$ (90,268)

(Continued)

**FIRE DISTRICT NO. 2**  
**TOWNSHIP OF JACKSON**  
 (Continued)  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

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

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience		
Year of pension plan deferral:		
2018		5.63
2019	5.21	
2020	5.16	
2021		5.13
2022		5.04
2023	5.08	
Changes of assumptions		
Year of pension plan deferral:		
2018		5.63
2019		5.21
2020		5.16
2021	5.13	
2022		5.04
Difference between projected and actual investment earning on pension plan investments:		
Year of pension plan deferral:		
2019	5.00	
2020	5.00	
2021	5.00	
2022	5.00	
2023	5.00	
Changes in proportion:		
Year of pension plan deferral:		
2018	5.63	5.63
2019	5.21	5.21
2020	5.16	5.16
2021	5.13	5.13
2022	5.04	5.04
2023	5.08	5.08
2021	5.13	5.13
2022	5.04	5.04
2020	5.16	5.16

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

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

**Actuarial Assumptions** - The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Measurement date	June 30, 2023
Actuarial valuation date	July 1, 2022
Inflation rate	
price	2.75%
wage	3.25%
Salary increases:	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income employee mortality table with an 82.2% adjustment for males and a 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with a future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and a 117.2% adjustment for females, and with a future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) 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 PERS's target asset allocation as of June 30, 2023 are summarized in the following table.

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity 1.25%	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability as of June 30, 2023 calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage -point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ 303,221	\$ 232,927	\$ 173,097

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

**B. Police and Firemen's Retirement System (PFRS)**

Effective in 2021, District No. 1 was enrolled in the Police and Firemen's Retirement System (PFRS). They were not reflected in the State of New Jersey Police and Firemen's Retirement System Schedule of Employer and Nonemployer allocations and schedule of Pension Amounts by Employer and Nonemployer-June 30, 2022.

**Plan Description** - The Police and Firemen's Retirement System of New Jersey (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 annual financial statements which can be found at <https://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:

Tier	Definition
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 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 of 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 non-employer allocations and the schedule of pension amounts by employer and non-employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a non-employer 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 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.

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

**Allocation Methodology** - GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PFRS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions of PFRS during the measurement period July 1, 2022 through June 30, 2023. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Although the Division administers one cost-sharing multiple -employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2023 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2023.

**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 2023, the State contributed an amount more 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 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, 2023 the Districts contractually required contribution to PFRS was \$222,258.

**(Continued)**

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

**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 that 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. 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 or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities total proportionate share of the collective pension expense associated with the local participating employer.

**Components of Net Pension Liability** - At December 31, 2023, the District reported a liability of \$1,844,710 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on the ratio of the District's contribution to the total contributions to PFRS during the measurement period July 1, 2022 through June 30 2023. The District's proportion measured as of June 30, 2023 was .0016696%. There was an increase from its proportion measured as of June 30, 2022 of .000511%.

**Collective Balances at December 31, 2023**

	<u>2023</u>	<u>2022</u>
	June 30, 2023	June 30, 2022
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 523,557	\$ 723,841
Deferred Inflows of Resources	\$ 212,538	\$ 404,786
Net Pension Liability	\$ 1,844,710	\$ 1,852,605
District's portion of the Plan's total net pension liability	0.016696%	0.016185%

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended December 31, 2023, the District recognized pension expense of \$222,426. At December 31, 2023, the District reported 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>
Changes of assumptions	\$ 3,982	\$ 124,562
Difference between expected and actual experience	78,987	87,976
Net difference between projected and actual earnings on pension plan investments	93,948	
Changes in proportion and differences between District contributions and proportionate share of contributions	346,640	
	\$ 523,557	\$ 212,538

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

<b>Year Ended December 31:</b>	<b>PFRS</b>
2024	\$ 626,793
2025	601,519
2026	(967,783)
2027	83,237
2028	(29,709)
Thereafter	(3,038)
Total	\$ 311,019

(Continued)



**FIRE DISTRICT NO. 2**  
**TOWNSHIP OF JACKSON**  
 (Continued)  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

**Police and Firemen's Retirement System (PFRS) - (Continued)**

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:		
2018	5.73	-
2019	-	5.92
2020	5.90	-
2021	-	6.17
2022	6.22	-
2023	6.16	
Changes of assumptions		
Year of pension plan deferral:		
2018	-	5.73
2019	-	5.92
2020	-	5.90
2021	6.17	-
2022	-	6.22
Difference between projected and actual investment earning on pension plan investments:		
Year of pension plan deferral:		
2019	5.00	-
2020	5.00	-
2021	5.00	-
2022	5.00	-
2023	5.00	
Changes in proportion:		
Year of pension plan deferral:		
2018	5.73	5.73
2019	5.92	5.92
2020	5.90	5.90
2021	6.17	6.17
2022	6.22	6.22
2023	6.16	6.16

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

Additionally, the State's proportionate share of the net pension liability attributable to the District is \$339,909 as of December 31, 2023. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. 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, 2023 was .016696%, which is the same proportion as the District's.

District's Proportionate Share of the Net Pension Liability	\$ 1,844,710
State's Proportionate Share of the New Pension Liability Associated With the District	<u>339,909</u>
Total Net Pension Liability	<u>\$ 2,184,619</u>

For the year ended December 31, 2023 the state's proportionate share of PFRS expense associated with the District was \$38,664.

**Actuarial Assumptions** - The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The actuarial valuations used the following actuarial assumptions:

Measurement date	June 30, 2023
Actuarial valuation date	July 1, 2022
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through	All future years 3.25% - 16.25%
	based on years of service
Thereafter	Not Applicable
Investment rate of return	7.00%

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

Employee mortality rates were based on the PubS - 2010 amount - weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS 2010 amount - weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS - 2010 amount - weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**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, 2023) 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 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	28.00%	8.98%
Non-U.S. developed markets equity	12.75%	9.22%
International small cap equity	1.25%	9.22%
Emerging markets equity	5.50%	11.13%
Private equity	13.00%	12.50%
Real estate	8.00%	8.58%
Real assets	3.00%	8.40%
High yield	4.50%	6.97%
Private credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

(Continued)

**FIRE DISTRICT NO. 2**  
**TOWNSHIP OF JACKSON**  
**(Continued)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**PENSION PLAN - (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability as of June 30, 2023 calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ 2,570,280	\$ 1,844,710	\$ 1,240,483

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**OTHER POST EMPLOYMENT BENEFITS**

**State Health Benefit Local Government Retired Employees Plan**

**General Information about the OPEB 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>.

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 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 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.

(Continued)

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**OTHER POST EMPLOYMENT BENEFITS - (Continued)**

**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 presentation 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 expense (benefit) are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2023 were \$3,461,898,890 and \$11,427,677,896, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense (benefit) 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 measurement period July 1, 2022 through June 30, 2023. 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.

**Special Funding Situation** - Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or health maintenance organization participating in the program providing the lowest premium or periodic charge. 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.

Therefore these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State if treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation.

**(Continued)**

**FIRE DISTRICT NO. 2  
TOWNSHIP OF JACKSON  
(Continued)  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2023**

**OPEB Plan - (Continued)**

**Special Funding Situation**

The amount of actual contributions to the OPEB Plan made by the State, on behalf of the Fire District is not known; however under the special funding situation the State's OPEB expense, on behalf of the Fire District is \$257,067 for the year ended December 31, 2023. The State of New Jersey proportionate share of the net OPEB liability attributable to Jackson Township Fire District No. 2 is \$1,417,758 as of June 30, 2023. The District has 8 (eight) members included in the plan and District No. 2's proportionate share of the net OPEB liability is .040634%. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

**(Continued)**