

**MAURICE RIVER FIRE DISTRICT NO. 1**

**COUNTY OF CUMBERLAND**

**REPORT OF AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**MAURICE RIVER FIRE DISTRICT NO. 1**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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M I C H A E L B O H R E R  
Attorney-at-Law, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Maurice River Fire District #1  
Leesburg, NJ

I have audited the accompanying financial statements of the governmental activities and each major fund of Maurice River Fire District #1 as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of Maurice River Fire



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District #1, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

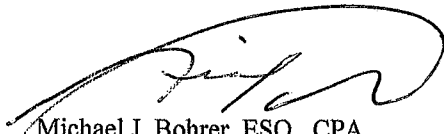
**Other Matters**

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 on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated August 31, 2022, on my consideration of the Maurice River Fire District #1's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Maurice River Fire District #1's internal control over financial reporting and compliance.



Michael J. Bohrer, ESQ., CPA.  
Marmora, New Jersey

August 31, 2022



MICHAEL BOHRER  
Attorney-at-Law, CPA

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

To the Board of Commissioners  
Maurice River Fire District #1  
Leesburg, New Jersey

I 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 the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division), the financial statements of the governmental activities, and each major fund of Maurice River Fire District #1, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Maurice River Fire District #1's basic financial statements, and have issued my report thereon dated June 15, 2020.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Maurice River Fire District #1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Maurice River Fire District #1's internal control. Accordingly, I do not express an opinion on the effectiveness of Maurice River Fire District #1'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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Attorney-at-Law, CPA

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Maurice River Fire District #1's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'M. Bohrer', with a large, sweeping flourish at the end.

Michael J. Bohrer, ESQ, CPA  
Marmora, New Jersey

August 31, 2022

## MAURICE RIVER FIRE DISTRICT NO. 1

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Maurice River Fire District No. 1 (the "District") annual financial report presents a discussion and analysis of the Fire District's financial performance during the fiscal year that ended on December 31, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

#### Financial Highlights

Total assets were \$1,154,591 and total liabilities were \$741,622 resulting in net position of \$412,969 at December 31, 2021.

The Fire District's unrestricted net position was \$34,568 at December 31, 2021.

Operating Revenues totaled \$182,712 for the year ended December 31, 2021.

Operating expenses were \$222,597 for the year ended December 31, 2021.

Outstanding debt decreased by \$88,543 during 2021.

#### Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplemental information. The MD&A represents management's examination and analysis of the Fire district's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Fire district's capital plan, budget, and other management tools were used for this analysis.

The financial statements report information about the District using the accrual basis of accounting, and, for the governmental funds, using the modified accrual basis of accounting. The combined financial statement, Governmental Funds Balance Sheet/Statement of Net Position includes a column to report governmental funds, a conversion column and a column to report Net Position.

The combined financial statement, Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Net Position also includes columns to report governmental funds, conversion transactions and the Statement of Activity.

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Fire District's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

MAURICE RIVER FIRE DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 1 provides a comparative summary of the Fire District's Net Position for the years ended in 2021 and 2020.

**Table 1**

**Net Position**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 130,339	\$ 121,728
Accounts Receivable	576	2,510
Capital Assets, Net	<u>1,023,676</u>	<u>1,159,399</u>
Total Assets	<u>1,154,591</u>	<u>1,283,637</u>
<b>Liabilities</b>		
Accounts Payable	1,353	1,971
Accrued Interest	4,085	4,522
Due Within One Year	90,909	88,543
Noncurrent Liabilities		
Due Beyond One Year	<u>645,275</u>	<u>736,018</u>
Total Liabilities	<u>741,622</u>	<u>831,054</u>
<b>Net Position</b>	<u>\$ 412,969</u>	<u>\$ 452,583</u>
<b>Analysis of Net Position</b>		
Invested in Capital Assets, Net of Related Debt	\$ 287,492	\$ 334,838
Restricted for:		
Other Purposes	90,909	88,543
Unrestricted	<u>34,568</u>	<u>29,202</u>
Total Net Position	<u>412,969</u>	<u>452,583</u>

See Accompanying Notes to Financial Statements



MAURICE RIVER FIRE DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2 summarizes the changes in revenues, expenses and net assets between fiscal years December 31, 2021 and 2020

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

Years Ended December 31	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Revenues			
Operating Revenues			
Property Taxes, Levied for General Purpose	\$ 68,660	\$ 69,501	\$ (841)
Taxes Levied for Debt Service	113,440	111,955	1,485
Supplemental Fire Service	576	576	-
Unrestricted Investment Earnings	36	86	(50)
Total Revenues	<u>\$ 182,712</u>	<u>\$ 182,118</u>	<u>\$ 594</u>
Operating Expenses			
Administration	\$ 11,643	\$ 9,842	\$ 1,801
Cost of Operations and Maintenance	51,395	41,970	9,425
Depreciation Expense	135,723	135,723	-
Interest on Long-Term Debt	23,836	25,705	(1,869)
Total Program Expenses	<u>\$ 222,597</u>	<u>\$ 213,240</u>	<u>\$ 9,357</u>
Increase in Net Position	(39,885)	(31,122)	(8,763)
Net Position, January 1	452,583	483,705	(31,122)
Immaterial Adjustment	271	-	271
Net Position, December 31	<u>\$ 412,969</u>	<u>\$ 452,583</u>	<u>\$ (39,614)</u>

The summary of revenues, expenses and changes in net position provides information as to the nature and source of changes in financial position.

See Accompanying Notes to Financial Statements

MAURICE RIVER FIRE DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Financial Analysis of the Government Funds**

As previously stated, the Maurice River Township Fire District No. 1 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund.** The focus of the Maurice River Township Fire District No. 1's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Maurice River Township Fire District No. 1's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year and as a useful measure of permitting a governmental unit to maintain cash flow in anticipation of tax collections.

As of the end of the current year, the Maurice River Township Fire District No. 1's governmental funds reported combined ending fund balances of \$129,562, representing an increase of \$7,295 in comparison with the prior year.

Of the combined ending fund balances, unrestricted fund balance was \$38,653 and is entirely unassigned in the General Fund while the restricted fund balance of \$90,909 is for Debt Service.

**Long-Term Obligations**

As of December 31, 2021, Maurice River Township Fire District No. 1 had long-term obligations in the form of two (2) notes payable of \$379,874 and \$34,177, and one capital lease of \$322,133.

**Next Year's Budget**

The Board of Fire Commissioners adopted the 2021 budget on November 30, 2020 and the voters subsequently approved the budget at an election held on April 20, 2021. However, an unintended clerical error on the ballot caused the District's funds received from taxation to be \$3,000.00 less than that approved in its budget.

The Fire District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of accrual accounting.

**Requests for Information**

This financial report is designed to provide a general overview of the Fire District's finances and to demonstrate the Fire District's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Fire District in writing, at P.O. Box 60, Leesburg, New Jersey, 08327.

Maurice River Fire District #1  
 Governmental Funds Balance Sheet/Statement of Net Position  
 December 31, 2021

	General Fund	Debt Service Fund	Capital Project Fund	Total Governmental Funds	Adjustments (Below)	Statement of Net Position
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 39,430	\$ 90,909	\$	\$ 130,339	\$	\$ 130,339
Accounts Receivable	576			576		576
Capital Assets, Less Accumulated Depreciation					1,023,676	1,023,676
<b>Total Assets</b>	<u>40,006</u>	<u>90,909</u>	<u>-</u>	<u>130,915</u>	<u>1,023,676</u>	<u>1,154,591</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	1,353			1,353		1,353
Long Term Debt					736,184	736,184
Accrued Interest on Long-Term Debt					4,085	4,085
<b>Total Liabilities</b>	<u>1,353</u>			<u>1,353</u>	<u>740,269</u>	<u>5,438</u>
Fund Balances						
Restricted:						
Debt Service Fund		90,909		90,909		
Unrestricted, Reported in:						
General Fund	38,653			38,653		
<b>Total Fund Balances</b>	<u>38,653</u>	<u>90,909</u>		<u>129,562</u>		
<b>Total Liabilities and Fund Balances</b>	<u>40,006</u>	<u>90,909</u>		<u>130,915</u>		
<b>NET POSITION</b>						
Invested in Capital Assets, net of related debt					287,492	
Assigned for Debt Service					90,909	
Unrestricted					34,568	
<b>TOTAL NET POSITION</b>					<u>412,969</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Fund Balance (Above)	129,562
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,023,676
Accrued Interest on Long-Term Debt	(4,085)
Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds	(736,184)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 412,969</u>

See Accompanying Notes to Financial Statements

Maurice River Fire District #1  
Statement of Governmental Fund Revenues, Expenditures,  
and change in Fund Balance / Statement of Activities  
December 31, 2021

A-2

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (A-3)	Statement of Activities
<b>REVENUES</b>						
District Taxes	\$ 68,660	\$ 113,440	\$ -	\$ 182,100	\$	\$ 182,100
Supplemental Fire Services	576			576		576
Interest	36			36		36
<b>TOTAL REVENUES</b>	<u>69,272</u>	<u>113,440</u>	<u>-</u>	<u>182,712</u>	<u>-</u>	<u>182,712</u>
<b>EXPENDITURES / EXPENSES</b>						
Administration	11,643			11,643		11,643
Operating and Maintenance	51,395			51,395		51,395
Debt Service				-		-
Principal		88,543		88,543	(88,543)	-
Interest		23,836		23,836	-	23,836
Capital Outlay			-	-	-	-
Depreciation Expense					135,723	135,723
<b>TOTAL EXPENDITURES / EXPENSES</b>	<u>63,038</u>	<u>112,379</u>	<u>-</u>	<u>175,417</u>	<u>47,180</u>	<u>222,597</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>6,234</u>	<u>1,061</u>	<u>-</u>	<u>7,295</u>	<u>(47,180)</u>	<u>(39,885)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Immaterial Adjustment	(868)	1,305	-	437	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>6,234</u>	<u>1,061</u>	<u>-</u>	<u>7,732</u>	<u>(47,180)</u>	<u>-</u>
<b>Fund Balances / Net Position</b>						
Beginning of Year	29,202	88,543		117,745		
End of Year	\$ 34,568	\$ 90,909		\$ 125,477		

See ADJUSTMENTS on A-3

See Accompanying Notes to Financial Statements

**Maurice Fire District #1  
 Reconciliation of the Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statements of Activities  
 For the Year Ended December 31, 2021**

**Total net change in fund balances - governmental funds (from A-2)** \$ 7,295

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 estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation expense	(135,723)
Capital outlays	-

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

88,543

Accrued interest on long term debt is recorded as an expenditure in the Statement of Activities where as payments of interest are reflected in the Governmental Funds.

-

Proceeds from debt issues are a financing source in the Governmental Funds. They are not revenue in the Statement of Activities; issuing debt increases long-term liabilities in the statement of net assets.

Note payable for purchase of capital assets

-

**Change in net assets of governmental activities (Table 2)**

**\$ (39,885)**

See Accompanying Notes to Financial Statements

MAURICE RIVER FIRE DISTRICT NO. 1 NOTES  
TO BASIC FINANCIAL STATEMENTS FOR THE  
YEAR ENDED DECEMBER 31, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Maurice River Fire District No. 1 (the Fire District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fire District's accounting policies are described below.

A Description of Reporting Entity

Fire District No. 1 of Maurice River is a political subdivision of the Township of Maurice River, Cumberland County, New Jersey. It was formed through the adoption of a Township ordinance. 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 N.J.S.A. 40A:14-70 et al. and are organized as a taxpaying authority charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location. Fire District No. 1 serves the Leesburg area of the Township.

The Fire District is not a component unit of any other financial reporting entity as to Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39 and No. 61.

Basis of Presentation, Measurement Focus and Basis of Accounting

Basis of Presentation

The Fire District's basic financial statements consist of a statement of net position and a statement of activities and fund financial statements, which provide a more detailed level of financial information.

District-Wide Financial Statements:

The statement of net position and the statement of activities display information about the Fire District as a whole. These statements report financial activities of the overall Fire District. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by District assessments, intergovernmental revenues, and other non-exchange transactions from business-type activities, if any, generally financed in whole or in part with fees charged to external parties.

The statement of net position presents the financial condition of the Fire District at year end. The statement of activities presents a comparison between direct expenses and program revenues for the governmental activity of the Fire District.

Fund Financial Statements:

During the fiscal year, 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. The fund financial statements provide information about the Fire District's funds.

Governmental Funds

The Fire District reports the following governmental funds:

General Fund -The General Operating Fund of the Fire District accounts for all administrative and operational activities of the Fire District.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of

specific revenue sources, such as state or federal government grants and appropriations that are legally restricted to expenditures for specific purposes.

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

Debt Service Fund – The Debt Service Fund is used to account for resources that will be used to service general long-term debt liabilities in the Statement of Net Position.

### Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The district-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. Property tax assessments are recognized as revenues in the year in which they are levied.

Contributions and grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

### B. Budget/Budgetary Control

An annual operating budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures in accordance with NJSA 40A:5A. The operating budget, adopted annually, is in the form prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### C. Assets, Liabilities and Equity

#### Cash, Cash Equivalents and Investments

Cash and cash equivalents include various checking and money market accounts, U.S. obligations, and certificates of deposit with maturities of three months or less.

Investments are carried at cost with associated premiums and discounts amortized over the term of the investment. Purchase of investments is limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of or guaranteed by the federal government and to bonds or other obligations of federal or local units. These investments are required to have a maturity date not more than twelve months from the date of purchase.

Additionally, the Fire District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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 Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value 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 full amount of their deposits to the governmental units.

### Capital Assets

The Fire District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over their estimated useful lives. Useful lives vary from 5 to 12 years for equipment and vehicles.

### Accrued Liabilities and Long-Term Obligations

All payables and accrued liabilities are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

### Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing (if any) used for the acquisition, construction, or improvement of those assets. Net position are 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.

### Fund Balances

In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Fire District classifies governmental fund balances as follows;

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



Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk

All bank deposits and investments as of the balance sheet date are entirely insured or collateralized by a pool maintained by public depositories as required by the Governmental Unit Protection Act and are classified as to credit risk.

Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits may not be recovered. Although the District does not have a policy for 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.

The Fire District designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of December 31, 2021, none of the districts bank balance of \$130,339 was exposed to custodial credit risk.

Investments

The District does not have any investments at December 31, 2021.

NOTE 3 – GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the year ended December 31, 2021 follows:

	Balance 12/31/20	Additions	Adjustment	Balance 12/31/21
Land, Building & Improvement	\$ 896,736			\$ 896,736
Equipment	365,623			365,623
Vehicle	648,067			648,067
Total at Historical Cost	1,910,426			1,910,426
Less: Accum. Depreciation for:				
Land, Bldg. & Improvement	(221,013)	(29,891)		(250,904)
Equipment	(319,392)	(41,025)		(360,417)
Vehicle	(210,622)	(64,807)		(275,429)
Total Accum. Depreciation	(751,027)	(135,723)		886,750
Capital Assets, Net	\$1,159,399	\$ (135,723)		\$ 1,023,676

NOTE 4 – LONG-TERM DEBT

The following changes occurred in long-term obligations:

	Principal		Principal			
	Outstanding 12/31/2020	Increases	Decreases	Outstanding 12/31/2021	Due Within One Year	Due After One Year
Obligations Under:						
Note Payable (Bldg)	391,968		12,094	379,874	12,521	367,353
Capital Lease (Truck)	382,549		60,416	322,133	61,715	260,418
Note Payable (Airpacks)	50,044		15,867	34,177	16,673	17,504
	<u>\$ 824,561</u>		<u>\$88,377</u>	<u>\$ 736,184</u>	<u>\$ 90,909</u>	<u>\$ 645,275</u>

NOTE 5 - RISK MANAGEMENT

The Fire District is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property, and Liability Insurance - The Fire District maintains insurance for property, liability and surety bonds.

From time to time, the Fire district may be a defendant in legal proceedings relating to its operations as a Fire District.

NOTE 6 – LITIGATION

No contingent liabilities were noted per the Solicitor’s written response to our inquiry.

NOTE 7 - SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2021 and August 31, 2022, the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. None are noted.

**Maurice River Fire District #1**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
District Taxes	\$ 71,660	\$ 68,660	\$ (3,000)
Supplemental Fire Services Program	575	576	1
Interest	75	36	(39)
<b>Total Revenues</b>	<b>\$ 72,310</b>	<b>\$ 69,272</b>	<b>\$ (3,038)</b>
<b>Expenditures</b>			
<b>Operating and Maintenance</b>			
Equipment	\$ 17,000	\$ 16,962	\$ 38
Turnout Gear	6,000	6,190	(190)
Repairs & Maintenance	16,610	15,559	1,051
Training & Education	3,500	3,000	500
Utilities	11,000	9,684	1,316
<b>Total Operating &amp; Maintenance</b>	<b>\$ 54,110</b>	<b>\$ 51,395</b>	<b>\$ 2,715</b>
<b>Administration</b>			
Election	\$ 550	\$ 486	\$ 64
Advertising	150	133	17
Professional Services	17,500	11,024	6,476
<b>Total Administration</b>	<b>\$ 18,200</b>	<b>\$ 11,643</b>	<b>\$ 6,557</b>
<b>Total Expenditures</b>	<b>\$ 72,310</b>	<b>\$ 63,038</b>	<b>\$ 9,272</b>
<b>Excess (Deficiencies) of Revenues Over Expenditures</b>	<b>\$ -</b>	<b>\$ 6,234</b>	<b>\$ 6,234</b>
<b>Fund Balance Beginning of Year</b>	<b>20,115</b>	<b>29,202</b>	
<b>Immaterial Adjustment</b>		<b>(868)</b>	
<b>Fund Balance End of Year</b>	<b>\$ 20,115</b>	<b>\$ 34,568</b>	

See Accompanying Notes to Financial Statements

**Findings and Responses:**

**None**

**Prior Year Findings:**

**None**