

MONROE TOWNSHIP FIRE DISTRICT NO. 1
COUNTY OF MIDDLESEX, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022

Prepared by:
Gerard Stankiewicz, CPA, RMA
For the Firm of:
Samuel Klein and Company, LLP
Certified Public Accountants
36 West Main Street, Suite 303
Freehold, New Jersey 07728

MONROE TOWNSHIP FIRE DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022

	<u>Page</u>
Independent Auditor's Report	1-4
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement – Performed in Accordance with Government Auditing Standards	5-6
Required Supplementary Information – Part 1	
Management's Discussion and Analysis	7-14
	<u>Exhibit</u>
Financial Statements	
Statement of Net Position	A-1 15
Statement of Activities	A-2 16
Governmental Funds:	
Statement of Net Position –	B-1 17-18
Statement of Revenues, Expenditures and Change in Net Position	B-2 19
Reconciliation of the Statement of Revenues, Expenditures and Change in Net Position	B-3 20
Fiduciary Funds:	
Statement of Net Position	B-4 21
Statement of Change in Net Assets Available for Benefits	B-5 22
Notes to Financial Statements	23-53
<u>Supplementary Information</u>	
Schedule of Proportionate Share of the Net Pension Liability – PERS	RSI-1 54
Schedule of Contributions to the PERS	RSI-2 55
Schedule of Proportionate Share of Net Pension Liability – PFRS	RSI-3 56
Schedule of Contribution to the PFRS	RSI-4 57

MONROE TOWNSHIP FIRE DISTRICT NO. 1
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022

		<u>Page</u>
Required Supplementary Information – Part II		
General Fund – Budgetary Comparison Schedule	C-1	58-60
Special Revenue Fund – Budgetary Comparison Schedule	D-1	61
Summary Statement of Project Expenditures and Restricted Net Position – Capital Projects Funds	E-1	62
Debt Service Fund:		
Budgetary Comparison Schedule	F-1	63
Schedule of Bonds Payable	F-2	64
Schedule of Obligations under Capital Lease	F-3	65
Statistical Information		66
Roster of Officials		67
General Comments and Recommendations		68-70

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Township of Monroe Fire District No. 1
County of Middlesex
State of New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Township of Monroe Fire District No. 1 (the "District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 the District's internal control. Accordingly, no such opinion is expressed evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The identify accompanying supplementary information such as the combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the *District'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 District's internal control over financial reporting and compliance.

Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

The financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the District's financial statements.

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the District's financial statements, we do not express an opinion of the LOSAP financial statements.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
December 18, 2023

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS – STATUTORY BASIS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Fire Commissioners
Monroe Township Fire District No. 1
County of Middlesex
State of New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements and the related notes to the financial statements of the Monroe Township Fire District No. 1, County of Middlesex, State of New Jersey (the "District") as of and for the year ended December 31, 2022, which comprise the District's basic financial statements and have issued our report thereon dated December 18, 2023.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS – STATUTORY BASIS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

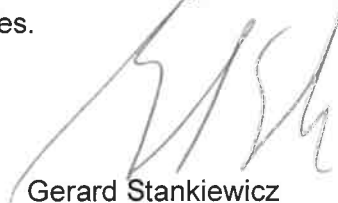
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We noted certain immaterial matters that are discussed in the Comments and Recommendation section. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed several instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the General Comments and Recommendations section of the audit that are immaterial matters are noted.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended solely for the information of the District and its management, and other federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
December 18, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**MONROE TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The discussion and analysis of Monroe Township Fire District No. 1's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and related notes which comprise the basic financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

Financial Highlights

Key financial highlights for 2022 are as follows:

In total, net position increased \$536,199 from 2021. This increase is primarily the result of a decrease in district expenditures.

General revenues accounted for \$2,683,042 or 99% of all revenues. Program specific revenues accounted for \$21,358 or 1% of total revenues of \$2,704,400.

The District had \$2,014,025 in expenses; these expenses were offset by program specific charges for services, grants or contributions in the amount of \$21,358. General revenues (primarily property taxes) of \$2,683,042 were adequate to provide for these programs.

Among governmental funds, the General Fund had \$1,990,054 in revenues and \$1,491,087 in expenditures. The General Fund's fund balance increased \$498,967 from 2021.

Using this Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Monroe Township Fire District No. 1 as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

**Government-Wide Financial Statements
(Statement of Net Position and Statement of Activities)**

These statements provide both short-term and long-term information about the District's overall financial status.

Fund Financial Statements

Fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**Figure A-1
Major Features of Government-Wide, Fund Financial Statements and Fiduciary Funds**

	Government-wide Statements	Fund Financial Statements Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Instances in which the district administers resources on behalf of someone else
Required Financial Statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balances	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Assets/Deferred Outflows/Inflows of Resources and Liability Information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included	All assets, deferred outflows/inflows of resources and liabilities both financial and capital and short-term. The district's funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions, during the year, regardless of when cash is received or paid

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Monroe Township Fire District No.1, the General Fund is by far the most significant fund.

Reporting the District as a Whole Statement of Net Position and the Statement of Activities

While this document contains several funds used by the District to provide programs and activities, the view of the District, as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows/inflows of resources and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required programs and other factors.

Reporting the District's Most Significant Funds Fund Financial Statements

Fund financial statements provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements.

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-1 shows the District's net position as of December 31, 2022 and 2021.

Table A-1
Summary of Net Position

	As of December 31,	
	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 1,181,258	\$ 621,568
Capital Assets:		
Not Being Depreciated	772,688	772,688
Being Depreciated, Net	<u>8,025,612</u>	<u>8,095,888</u>
Total Assets	<u>\$ 9,979,558</u>	<u>\$ 9,490,144</u>
Deferred Outflows of Resources	<u>\$ 261,121</u>	<u>\$ 308,350</u>
Other Liabilities	\$ 263,669	\$ 265,714
Noncurrent Liabilities	<u>4,900,386</u>	<u>4,757,365</u>
Total Liabilities	<u>\$ 5,164,055</u>	<u>\$ 5,023,079</u>
Deferred Inflows of Resources	<u>\$ 116,447</u>	<u>\$ 316,851</u>
Net Position		
Net Investment in Capital Assets	\$ 4,453,372	\$ 4,470,561
Unrestricted	<u>506,805</u>	<u>(11,997)</u>
Net Position	<u>\$ 4,960,177</u>	<u>\$ 4,458,564</u>

Table A-2 shows the District's changes in net position for the years ended December 31, 2022 and 2021.

**Table A-2
Changes in Net Position**

	December 31,	
	2022	2021
REVENUE:		
Program Revenues:		
Charges for Services	\$ 18,643	\$ 29,236
Operating Grants and Contributions	2,715	2,715
General Revenues:		
Property Taxes	2,676,648	2,516,315
Other	6,394	376
Total Revenues	\$ 2,704,400	\$ 2,548,642
EXPENSES:		
Administration	\$ 86,670	\$ 143,514
Cost of Operations and Maintenance	1,784,448	1,732,007
Interest on Long-term Debt	142,907	142,702
Total Expenses	\$ 2,014,025	\$ 2,018,223
Other Financing Sources/(Uses)	(154,176)	3,005
Change in Net Position	\$ 536,199	\$ 533,424

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District operations. Property taxes made up 99% of revenues for governmental activities for Monroe Township Fire District No. 1 for 2022 and 2021. The District's total revenues were \$2,704,400 and \$2,548,642 for the years ended December 31, 2022 and 2021, respectively. Charges for services accounted for 1% of revenues. General revenues (primarily property taxes) accounted for 99% of total revenues.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table A-3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table A-3
Total Cost and Net Cost of Services**

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Administration	\$ 86,670	\$ 143,514	\$ 86,670	\$ 143,514
Cost of Operations and Maintenance	1,784,448	1,732,007	1,318,299	1,700,056
Interest on Long-Term Debt	142,907	142,702	142,907	142,702
	<u>\$ 2,014,025</u>	<u>\$ 2,018,223</u>	<u>\$ 1,547,876</u>	<u>\$ 1,986,272</u>

Administration includes expenses associated with administrative and financial supervision of the District.

Cost of Operations and Maintenance involve keeping equipment in an effective working condition.

The District's Funds

All governmental funds (i.e., general fund and debt service fund) are presented in the fund-based statements and are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$2,704,400 and \$2,548,641 and expenditures were \$2,014,025 and \$2,018,223 for the years ended December 31, 2022 and 2021, respectively. The change in fund balance for 2022 in the governmental funds was an increase of \$598,968 primarily the result of a decrease in district expenditures from the prior year.

The following schedule presents a summary of the revenues of the Governmental Funds for the years ended December 31, 2022 and 2021, and the amount of increases and decreases in relation to prior year amounts.

**Table A-4
Summary of Revenues-Governmental Funds**

	2022	2021	Increase/ (Decrease)	Percent of Increase/ (Decrease)
REVENUES				
Local Sources:				
Miscellaneous Revenue	\$ 27,752	\$ 32,326	\$ (4,574)	-14.15%
Property Tax Levy	2,676,648	2,516,315	160,333	6.37%
Total	<u>\$ 2,704,400</u>	<u>\$ 2,548,641</u>	<u>\$ 155,759</u>	6.11%

The following schedule presents a summary of Governmental Funds expenditures for the years ended December 31, 2022 and 2021 and the increases and decreases in relation to prior year amounts.

**Table A-5
Summary of Expenditures-Governmental Funds**

<u>EXPENDITURES</u>	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>	<u>Percent of Increase/ (Decrease)</u>
Administration	\$ 98,320	\$ 168,946	\$ (70,626)	-41.80%
Cost of Operations and Maintenance	1,341,308	1,578,149	(236,841)	-15.01%
Capital Outlay		45,000	(45,000)	
Debt Service	611,631	542,188	69,443	12.81%
Total	<u>\$ 2,051,259</u>	<u>\$ 2,334,282</u>	<u>\$ (283,023)</u>	-12.12%

Capital Assets

As of December 31, 2022 and 2021, the District had \$4,453,372 and \$4,470,561, respectively, invested, net of accumulated depreciation, in land, buildings and improvements, vehicles and equipment. Table A-6 shows 2022 and 2021 balances and the amount of increases and decreases in relation to prior year amounts.

**Table A-6
Summary of Capital Assets
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Increase/ (Decrease)</u>	<u>Percent of Increase/ (Decrease)</u>
	<u>2022</u>	<u>2021</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
Land	\$ 772,688	\$ 772,688	\$ -	0.00%
Buildings	6,147,378	6,369,972	(222,594)	-3.49%
Vehicles	1,498,389	1,595,416	(97,027)	-6.08%
Equipment	379,845	130,500	249,345	191.07%
Total	<u>\$ 8,798,300</u>	<u>\$ 8,868,576</u>	<u>\$ (70,276)</u>	<u>-0.79%</u>

Additional information about the District's capital assets can be found in Note 2 of this report.

Debt Administration

At December 31, 2022 and December 31, 2021, the District had \$4,900,386 and \$4,757,365 in long term debt, respectively.

Table A-7
Summary of Outstanding Liabilities

	<u>2022</u>	<u>2021</u>	<u>Increase/ (Decrease)</u>	<u>Percent of Increase/ (Decrease)</u>
Bonds Payable	\$ 2,945,000	\$ 3,165,000	\$ (220,000)	-6.95%
Lease Purchase Obligations	1,399,928	1,233,015	166,913	13.54%
Net Pension Liability	<u>555,458</u>	<u>359,350</u>	<u>196,108</u>	<u>54.57%</u>
Total	<u>\$ 4,900,386</u>	<u>\$ 4,757,365</u>	<u>\$ 143,021</u>	3.01%

Additional information about the District's debt can be found in Notes 2 and 5 of this report.

For the Future

The Monroe Township Fire District No.1 is proud of its community support.

In conclusion, the Monroe Township Fire District No.1 has committed itself to financial prudence for many years. In addition, the District's system for financial planning, budgeting, and internal financial controls are in place. The District plans to continue its fiscal management to meet the challenge of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Treasurer, Monroe Township Fire District No.1, 24 Harrison Avenue, Monroe Township, NJ 08831.

FINANCIAL STATEMENTS

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2022

	Balance December 31, <u>2022</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 964,852.05
Prepaid Expenses	<u>16,406.12</u>
	<u>981,258.17</u>
Restricted Assets:	
Cash and Cash Equivalents	<u>200,000.00</u>
Capital Assets:	
Not being Depreciated	772,688.00
Being Depreciated, Net	<u>8,025,612.00</u>
	<u>8,798,300.00</u>
Total Assets	\$ <u>9,979,558.17</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Amounts on Net Pension Liability	\$ <u>261,121.00</u>
Total Assets and Deferred Outflows of Resources	\$ <u>10,240,679.17</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 80,370.16
Accrued Expenses	79,802.01
Accrued Pension Obligation	61,941.00
Accrued Interest Payable	<u>41,555.56</u>
	<u>263,668.73</u>
Noncurrent Liabilities:	
Pension Liability	\$ 555,458.00
Due within One Year	476,961.48
Due beyond One Year	<u>3,867,966.92</u>
	<u>4,900,386.40</u>
Total Liabilities	\$ <u>5,164,055.13</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Amounts on Net Pension Liability	\$ <u>116,447.00</u>
Total Liabilities and Deferred Inflows of Resources	\$ <u>5,280,502.13</u>
<u>NET POSITION</u>	
Investment in Capital Assets	\$ 4,453,371.60
Fund Balance:	
Restricted Reserve for Future Capital Outlay	200,000.00
Fireman's Benefit Program	60,000.00
Unrestricted (Deficit)	<u>246,805.44</u>
Total Net Position	\$ <u>4,960,177.04</u>

See Accompanying Notes to Financial Statements

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF NET POSITIOIN
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31,2022

	<u>General</u> <u>Fund</u>	<u>Capital Projects</u> <u>Fund</u>	<u>Total</u> <u>Funds</u>
Unrestricted Assets:			
Cash and Cash Equivalents	\$ 964,852.05		\$ 964,852.05
Prepaid Expenses	16,406.12		16,406.12
	<u>\$ 981,258.17</u>	<u>-</u>	<u>\$ 981,258.17</u>
Restricted Assets:			
Cash and Cash Equivalents		\$ 200,000.00	\$ 200,000.00
Total Assets	<u>\$ 981,258.17</u>	<u>\$ 200,000.00</u>	<u>\$ 1,181,258.17</u>
Liabilities:			
Accounts Payable	\$ 80,370.16		\$ 80,370.16
Accrued Expenses	45,093.58		45,093.58
Total Liabilities	<u>\$ 125,463.74</u>	<u>-</u>	<u>\$ 125,463.74</u>
Net Position:			
Committed Fireman's Benefit Program	\$ 60,000.00		\$ 60,000.00
Restricted for Future Capital Outlay		\$ 200,000.00	200,000.00
Unassigned	795,794.43		795,794.43
Total Net Position	<u>\$ 855,794.43</u>	<u>\$ 200,000.00</u>	<u>\$ 1,055,794.43</u>

See Accompanying Notes to the Financial Statements

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF NET POSITIOIN
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31,2022

Total Net Position \$ 1,055,794.43

Amounts reported for Governmental Activities in the Statement of Net Position (A-1) are different because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The Cost of the Net Position is \$11,705,928.00 and the Accumulated Depreciation is \$2,837,852.00. (Note 4) 8,798,300.00

The District contributes to pension obligations. The pension obligation at yearend is: (61,941.00)

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred outflows of resources or deferred inflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 261,121.00	
Deferred Inflows of Resources	<u>(116,447.00)</u>	144,674.00

The District has financed capital assets through the issuance of fire district bonds and lease purchase agreements. The accrued interest at yearend is: (41,555.56)

Compensated absence charged in accordance with GAAP (34,708.43)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at yearend consist of:

Bond Payable	\$ (2,945,000.00)	
Obligations under Lease Purchase	(1,399,928.40)	
Net Pension Liability	<u>(555,458.00)</u>	<u>(4,900,386.40)</u>

Net Position of Governmental Activities (A-1) \$ 4,960,177.04

See Accompanying Notes to the Financial Statements

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN NET POSITION
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenue:					
Property Tax Levy	\$ 1,965,017.19		\$ 100,000.00	\$ 611,630.81	\$ 2,676,648.00
Interest	314.48				314.48
Miscellaneous	18,643.45	\$ 2,715.00			21,358.45
Fire Prevention Revenue	6,079.30				6,079.30
Total Revenues	<u>\$ 1,990,054.42</u>	<u>\$ 2,715.00</u>	<u>\$ 100,000.00</u>	<u>\$ 611,630.81</u>	<u>\$ 2,704,400.23</u>
Expenditures:					
Administration	\$ 98,320.17				\$ 98,320.17
Cost of Operations and Maintenance	1,275,731.97	\$ 2,715.00			1,278,446.97
Fire Prevention	20,268.59				20,268.59
Length of Service Award Program	42,592.00				42,592.00
Debt Service:					
Principal				\$ 464,742.34	464,742.34
Interest				146,888.47	146,888.47
Total Expenditures	<u>\$ 1,436,912.73</u>	<u>\$ 2,715.00</u>	<u>\$ -</u>	<u>\$ 611,630.81</u>	<u>\$ 2,051,258.54</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 553,141.69</u>	<u>\$ -</u>	<u>\$ 100,000.00</u>	<u>\$ -</u>	<u>\$ 653,141.69</u>
Other Financing Sources/(Uses):					
PY Expenditures	<u>\$ (54,174.19)</u>				<u>\$ (54,174.19)</u>
Total Other Financing Sources/(Uses)	<u>(54,174.19)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,174.19)</u>
Change in Net Position	<u>\$ 498,967.50</u>	<u>\$ -</u>	<u>\$ 100,000.00</u>	<u>\$ -</u>	<u>\$ 598,967.50</u>
Net Position, January 1	<u>356,826.93</u>		<u>100,000.00</u>		<u>456,826.93</u>
Net Position, December 31	<u>\$ 855,794.43</u>	<u>\$ -</u>	<u>\$ 200,000.00</u>	<u>\$ -</u>	<u>\$ 1,055,794.43</u>

See accompanying Notes to the Financial Statements.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN NET POSITION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
AS OF DECEMBER 31, 2022

Total Net Change in Net Position - Governmental Funds (From B-2) \$ 598,967.50

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.

Capital Asset Retired	\$ (100,000.00)	
Capital Asset Added	411,654.60	
Depreciation Expense	<u>(381,930.00)</u>	(70,275.40)

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of principal on long term debt consumes the current financial resources of governmental funds. These transactions have no effect on net position.

Payment of Bond Principal	\$ 220,000.00	
Payment of Lease Purchase Principal	244,742.34	
Lease Proceeds	<u>(411,654.60)</u>	53,087.74

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Increase in Accrued Expense	\$ (121.60)	
Decrease in Accrued Interest	3,979.41	
Decrease in Pension Expense	<u>(49,438.00)</u>	<u>(45,580.19)</u>

Change in Net Position of Governmental Activities (from A-2) \$ 536,199.65

See accompanying Notes to the Financial Statements.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2022

	<u>Deferred Compensation LOSAP (Unaudited)</u>
<u>ASSETS</u>	
Cash, Cash Equivalents and Investments	\$ 791,824.70
Accounts Receivable - District	<u>42,592.00</u>
Total Current Assets	<u><u>\$ 834,416.70</u></u>
 <u>NET POSITION</u>	
Held in Trust For:	
Deferred Compensation (LOSAP)	<u>\$ 834,416.70</u>
Total Net Position	<u><u>\$ 834,416.70</u></u>

See accompanying Notes to Financial Statements

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Deferred Compensation LOSAP <u>(Unaudited)</u>
<u>ADDITIONS</u>	
Additions to Net Assets Attributed to:	
Contributions - District	\$ 42,592.00
	<u>42,592.00</u>
Total Additions	\$ 42,592.00
<u>DEDUCTIONS</u>	
Payment of Benefits	\$ 32,635.53
Administrative Charges	1,050.00
Net Depreciation in Fair Value in Investments (See Note B)	<u>144,176.70</u>
Total Deductions	\$ 177,862.23
Net Increase	\$ (135,270.23)
Beginning of the Year	<u>969,686.93</u>
End of the Year	<u><u>\$ 834,416.70</u></u>

NOTES TO FINANCIAL STATEMENTS

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1. REPORTING ENTITY

This report includes the financial statements of the Monroe Township Fire District No. 1 (the "District"), within the County of Monmouth, in the State of New Jersey and reflects the activities for the District that are under the control of the Board of Fire Commissioners.

The District was established in accordance with the provisions of N.J.S.A. 40A:14-70.

The District is not a component unit of any other financial reporting entity nor does the District have any component units to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61.

The Monroe Township Fire District No. 1 is a political subdivision of the Monroe Township, Monmouth County, New Jersey. The District's geographic area is described in Monroe Township of Ordinance 14-70. The District functions independently through a Board of Fire Commissioners. The Board is comprised of five members elected to three-year terms. The annual Fire District election is held the third Saturday of February.

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

Based on the aforementioned criteria, the District has no component units.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 government-wide financial statements (i.e., the statement of net position and the statement of change in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to residents or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Basis of Accounting

The accrual basis of accounting is followed. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

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

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

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 specified 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 fire fighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the reservation of fund balance that must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for resources that will be used to service general noncurrent liabilities.

Capital Assets – Property, plant and equipment purchased by the general fund and the capital projects fund are recorded as expenditures at the time of purchase. The historical cost, or if such cost is not practically determinable, the estimated historical cost, of such fixed assets is reflected in the Capital Assets account.

Noncurrent Obligations

Noncurrent debt is recognized as a liability of the Fire District when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other noncurrent obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for Fire Districts, and *N.J.S.A. 40A:14-85 to 87* governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase firefighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000.00 or 2 percent of the assessed valuation of property, whichever is larger.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Fire District Taxes

Upon the proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be raised in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following 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.

Deferred Outflows/Inflows of Resources

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

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net position to what is now referred to as the statement of net position and the term “net assets” is changed to “net position” throughout the financial statements. Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. 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 noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Accounting and Financial Reporting for Pensions

GASB #68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 17, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement on Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the stated net position. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the fall of each preceding year for the general, special revenue, and debt service funds. The budgets are submitted to the State, Department of Community Affairs, Division of Local Government Services, Bureau of District Regulation for approval and are voted upon by the registered voters of the District at the annual fire district election on the third Saturday in February. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts. Transfers of appropriations may be made by District resolution at any time during the last two months of the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Subsequent Events

Management has reviewed and evaluated all events and transactions from December 31, 2022 through December 18, 2023, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital Assets, which include apparatus and equipment, are reported in the Government-Wide Financial Statements. Capital Assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets at \$5,000.

Depreciation is recorded on the straight-line method (with one half year applied to the first year of acquisition) over the useful lives of the assets as follows:

Buildings	40 years
Building Improvements	20 years
Fire Trucks	20 years
Other Vehicles	5 years

Inventory Materials and Supplies

Purchase of materials and supplies are recorded as expenditures when they are acquired, regardless of when used.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2022.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

In addition, by regulation of the Division of Local Government Services, fire districts are allowed to deposit funds in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or,

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The amount on deposit of the District's cash and cash equivalents at December 31, 2022 is as follows:

Checking Account	\$ 1,009,564.62
Money Market	155,524.63
Escrow	<u>187.05</u>
	<u>\$ 1,165,276.30</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

New Jersey statutes permit the District to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk Analysis

All bank deposits, as of the net position date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 4. CAPITAL ASSETS

All reported capital assets except for land are depreciated. At December 31, 2022, capital assets and the useful lives used for determination of annual depreciation were as follows:

	Balance December 31, <u>2021</u>	<u>Current Year Activity</u>		Balance December 31, <u>2022</u>	(Years) <u>Useful Life</u>
		<u>Decrease</u>	<u>Increase</u>		
Capital Assets:					
Non-Depreciable:					
Land	\$ <u>772,688</u>	<u> </u>	<u> </u>	\$ <u>772,688</u>	N/A
Total Non-Depreciable	\$ <u><u>772,688</u></u>	<u> </u>	<u> </u>	\$ <u><u>772,688</u></u>	
Depreciable:					
Bldgs. & Improvements	\$ 7,268,588			\$ 7,268,588	35-40
Equipment	655,957	\$ 411,654	\$ (100,000)	967,611	5-20
Vehicles	<u>3,009,195</u>	<u> </u>	<u> </u>	<u>3,009,195</u>	5-10
Total Depreciable	<u>10,933,740</u>	<u>411,654</u>	<u>(100,000)</u>	<u>11,245,394</u>	
Less Accumulated					
Depreciation:					
Bldgs. & Improvements	(898,616)	(222,594)		(1,121,210)	
Equipment	(525,457)	(62,309)		(587,766)	
Vehicles	<u>(1,413,779)</u>	<u>(97,027)</u>	<u> </u>	<u>(1,510,806)</u>	
	<u>(2,837,852)</u>	<u>(381,930)</u>	<u> </u>	<u>(3,219,782)</u>	
Depreciable Assets, Net	\$ <u><u>8,095,888</u></u>	\$ <u><u>29,724</u></u>	\$ <u><u>(100,000)</u></u>	\$ <u><u>8,025,612</u></u>	

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 5. DISTRICT DEBT

Lease Purchase Agreement

A. The District has entered into a lease purchase agreement for the acquisition of a fire truck. The acquisition was approved by the voters on February 20, 2016 and the Local Finance Board approved the financing on May 10, 2017. The lease dated June 15, 2017 is for a term of ten (10) years with an annual interest rate of 3.03%. The principal and interest payments are due in annual installments on June 15th of each year through 2027. The maturity schedule of the remaining lease payments for principal and interest is as follows:

<u>Year Ending</u> <u>December 31,</u> Next Five Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 196,249	\$ 31,589	\$ 227,838
2024	202,195	25,643	227,838
2025	208,322	19,516	227,838
2026	214,634	13,204	227,838
2027	221,138	6,702	227,840
	<u>1,042,538</u>	<u>96,654</u>	<u>1,139,192</u>

B. The District has entered into a lease purchase agreement for the acquisition of self-contained breathing apparatus. The acquisition was approved by the voters on February 15, 2020 and the Local Finance Board approved the financing on December 4, 2020. The lease dated February 1, 2021 is for a term of seven (7) years with an annual interest rate of 2.66%. The principal and interest payments are due in annual installments on February 1st of each year through 2028. The maturity schedule of the remaining lease payments for principal and interest is as follows:

<u>Year Ending</u> <u>December 31,</u> Next Five Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 55,713	\$ 9,538	\$ 65,251
2024	57,200	8,051	65,251
2025	58,726	6,525	65,251
2026	60,293	4,958	65,251
2027	61,904	3,349	65,253
	<u>293,836</u>	<u>32,421</u>	<u>326,257</u>
2028	<u>63,555</u>	<u>1,697</u>	<u>65,252</u>
	<u>\$ 357,391</u>	<u>\$ 34,118</u>	<u>\$ 391,509</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 5. DISTRICT DEBT

Lease Purchase Agreement (Continued)

Total for both leases as of December 31, 2022 is as follows:

TOTAL FOR LEASES			
<u>Year Ending</u> <u>December 31,</u> <u>Next Five Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 251,962	\$ 41,127	\$ 293,089
2024	259,395	33,694	293,089
2025	267,048	26,041	293,089
2026	274,927	18,162	293,089
2027	283,042	10,051	293,093
	1,336,374	129,075	1,465,449
2028	63,555	1,697	65,252
	\$ 1,399,929	\$ 130,772	\$ 1,530,701

Long Term Debt

On April 30, 2014 the District issued fire district bonds in the amount of \$4,500,000 to finance the construction of a new firehouse. The project was approved by voters on February 17, 2007 and Local Finance Board approved the financing on March 12, 2014. The principal payments are due in annual installments on April 1 of each year through 2034 with interest rates ranging from 3.00% to 4.00%. Interest payments are due in semi-annual installments on April 1 and October 1 of each year through 2034. The full faith and credit of the District are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 5. DISTRICT DEBT (CONTINUED)

Long Term Debt (Continued)

The District's schedule of principal and interest for bonds outstanding is as follows:

<u>Year Ending</u> <u>December 31,</u> <u>Next Five Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 225,000	\$ 91,225	\$ 316,225
2024	235,000	84,325	319,325
2025	240,000	77,200	317,200
2026	245,000	69,925	314,925
2027	250,000	62,500	312,500
	<u>1,195,000</u>	<u>385,175</u>	<u>1,580,175</u>
Thereafter			
2028	250,000	55,000	305,000
2029	250,000	47,500	297,500
2030	250,000	39,844	289,844
2031	250,000	32,031	282,031
2032	250,000	24,063	274,063
	<u>1,250,000</u>	<u>198,438</u>	<u>1,448,438</u>
2033	250,000	15,000	265,000
2034	250,000	5,000	255,000
	<u>500,000</u>	<u>20,000</u>	<u>520,000</u>
	<u>\$ 2,945,000</u>	<u>\$ 603,613</u>	<u>\$ 3,548,613</u>

Changes in Long Term Liabilities

Long-term liability activity for the year ended December 31, 2022 is as follows:

	<u>Balance,</u> <u>December 31,</u> <u>2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance,</u> <u>December 31,</u> <u>2022</u>	<u>Due Within</u> <u>One Year</u>
Fire District Bond Payable	\$ 3,165,000		\$ 220,000	\$ 2,945,000	\$ 225,000
Lease Purchase Obligation	1,233,015	\$ 411,655	244,742	1,399,928	190,477
Net Pension Liability:	-				
PERS	30,751	8,203		38,954	
PFRS	328,599	187,905		516,504	
Total Long-Term Liabilities	<u>\$ 4,757,365</u>	<u>\$ 607,763</u>	<u>\$ 464,742</u>	<u>\$ 4,900,386</u>	<u>\$ 415,477</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 5. DISTRICT DEBT (CONTINUED)

Subsequent Event

On February 19, 2022 at the annual election of the District, the voters approved the acquisition of a new fire pumper and the Local Finance Board (LFB) approved the financing on September 13, 2023 to issue debt to finance the pumper. The total cost is \$950,000.00, of which \$50,000.00 is appropriated as a downpayment. The repayment is expected to be amortized over seven (7) years at an average annual debt service of \$148,000.00 per year.

Note 6. PENSION PLANS

Description of Systems

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Pension Fund (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered cost sharing multiple-employer plans.

The PERS and PFRS issue a publicly available financial report that includes financial statements and required supplementary information and separate actuarial valuations. Those reports are available by visiting their website at www.state.nj.us/treasury/pensions/actuarial-valuations.shtml.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) was established January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees and all that qualify of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after eight to ten years of service and twenty-five years for health care coverage. The following represents the membership tiers for PERS:

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLANS

Description of Systems (Continued)

Public Employees' Retirement System (Continued)

<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 or more years 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.

Police and Firemen's Retirement System

The Police and Firemen's Retirement System (PFRS) was established July 1, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. The following represents the membership tiers for PFRS:

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

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLANS (CONTINUED)

Description of Systems (Continued)

Police and Firemen's Retirement System (Continued)

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year 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.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contributions Required to be Made

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 an option for local employers of PERS and PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Employee contributions for 2022 were 7.50% for PERS and 10% for PFRS of the employee's base wages. Employer's contributions are actuarially determined annually by the Division of Pensions. The District's contributions to the plan for the past three (3) years are as follows:

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLANS (CONTINUED)

Contributions Required to be Made (Continued)

	PERS		
	2022	2021	2020
Covered Payroll	\$ 10,756	\$ 19,024	\$ 19,024
Actuarial Contribution Requirements	3,040	2,876	3,903
Total Contributions Employer Share	3,040	2,876	3,903
Percent of Covered Employee - Payroll	28.26 %	15.12 %	20.52 %
Employee's Share	806	1,427	1,427
Percent of Covered Payroll	7.58 %	7.50 %	7.50 %

All contributions were equal to the required contributions for each of the three (3) years, respectively.

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2022 and June 30, 2021 Independent Auditor's Report dated May 18, 2023 and July 21, 2022, respectively.

The District reported a liability of \$38,954 and \$30,751 for its proportionate share of the net pension liability at December 31, 2022 and December 31, 2021, respectively. The net pension liability was measured as of June 30, 2022 and June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative District to the projected contributions of all participating

	June 30,	
	2022	2021
Local Group Share	\$ 15,219,184,920	\$ 11,972,782,878
District Proportionate Percentage	0.0002581186 %	0.0002595814 %
Difference - Increase	(0.0000014628) %	

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

For the year ended December 31, 2022, the District recognized pension benefit of \$11,650. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of of Resources</u>	<u>Deferred Inflows of of Resources</u>
Changes in assumptions	\$ 121	\$ 5,833
Net difference between expected and actual experience	281	248
Net difference between projected and actual investment earnings on pension plan investment	1,612	-
Changes in proportion	582	13,705
District contributions subsequent to the measurement date	3,255	
Total	\$ 5,851	\$ 19,786

The \$3,255 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the District year ending December 31, 2022, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the District year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2023	(3,314)
2024	(1,688)
2025	(823)
2026	1,796
2027	(5)

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLAN (CONTINUED)

Additional Information

Collective (local employers) balances at June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$ 1,660,772,008	\$ 1,164,738,169 \$
Collective deferred inflows of resources	3,236,303,935	8,339,123,762
Collective net pension liability	15,219,184,920	11,972,782,878
Collective pension expenses	(1,032,778,934)	(1,566,674,464)
District's proportion (of Local Group)	0.0002581186	0.0002595814 %

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

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%

Mortality Rates

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 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 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLAN (CONTINUED)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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 weighing 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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	8.12 %
Non-U.S. Developed Market Equity	13.50	8.38
Emerging Market Equity	5.50	10.33
Private Equity	13.00	11.80
Real Estate	8.00	11.19
Real Assets	3.00	7.60
High Yield	4.00	4.95
Private Credit	8.00	8.10
Investment Grade Credit	7.00	3.38
Cash Equivalents	4.00	1.75
U.S. Treasuries	4.00	1.75
Risk Mitigation Strategies	<u>3.00</u>	4.91
	<u>100.00 %</u>	

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 5. PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 made based on 100% of the 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 Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability of the participating employers as of (*measurement dates*) June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	[Measurement Date June 30, 2022]		
	December 31, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the pension liability	\$ 50,044	\$ 38,954	\$ 29,514

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at:
www.state.nj.us/treasury/pensions.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation

Under N.J.S.A.43:15A-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, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the 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 the 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 pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers 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.

	<u>Nonemployer Contribution</u>	<u>Employer Proportionate Share</u>	<u>State Proportionate Share of Liability Attributed to Employer</u>	<u>Employer Pension Expense and Related Revenue</u>
2022	\$82.00	0.0002591494	None	\$82.00

Police and Firemen's Retirement System (PFRS)

The District's reported liability of \$516,504 and \$328,599 for its proportionate share of the net pension liability at December 31, 2022 (*measurement date of June 30, 2022*) and December 31, 2021 (*measurement date of June 30, 2021*), respectively. The net pension liability was measured as of June 30, 2022 and June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension liability 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 entities, actuarially determined.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLANS (CONTINUED)

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

	PFRS		
	2022	2021	2020
Covered Payroll	\$ 160,800	\$ 160,800	\$ 157,600
Actuarial Contribution Requirements	52,396	50,043	45,157
Total Contributions Employer Share	52,396	50,043	45,157
Percent of Covered Employee - Payroll	32.58 %	31.10 %	28.66 %
Employee's Share	16,080	16,080	15,760
Percent of Covered Payroll	10.00 %	10.00 %	10.00 %

	June 30, (Measurement Date)	
	2022	2021
Local Group Share	\$ 13,483,472,009	\$ 9,364,849,587
District Proportionate Percentage	0.0045123900 %	0.0044957189 %
Difference - Increased	0.0000166711 %	

For the year ended December 31, 2022, the District's recognizable (under GAAP) pension expense was \$61,088. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 1,416	\$ 65,018
Net difference between expected and actual experience	23,378	31,643
Net difference between projected and actual investment earnings on pension plan investment	47,297	-
Changes in proportion	124,493	
District contributions made subsequent to measurement date	58,686	
Total	<u>\$ 255,270</u>	<u>\$ 96,661</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLANS (CONTINUED)

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

The \$58,686 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the District year ending December 31, 2022, the plan measurement date is June 30, 2022) would be recognized (under GAAP) as a reduction of the net pension liability in the District year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share is as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2023	\$ (21,933)
2024	(14,016)
2025	(13,365)
2026	27,890
2027	269
Thereafter	282

Additional Information:

Collective (local employers) balances at June 30, 2022 and June 30, 2021 are as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Collective deferred outflows of resources	\$ 2,163,793,985	\$ 817,271,932
Collective deferred inflows of resources	2,805,919,493	6,875,738,520
Collective pension expenses	165,943,124	(742,955,825)
Collective net pension liability		
Local Group	13,483,472,009	9,364,849,587
Less: Special Funding Situation (1)	<u>2,037,115,833</u>	<u>2,036,258,082</u>
	<u>\$ 11,446,356,176</u>	<u>\$ 7,328,591,505</u>
District's proportion (of Local Group)	0.0045123900 %	0.0047551211 %

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLANS (CONTINUED)

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

Additional Information: (Continued)

(1) 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 nonemployer contributing entity. The State special funding situation net pension liability amount of \$2,037,115,833 and \$2,055,697,552 as of June 30, 2022 and June 30, 2021, respectively, are the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. 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 nonemployer 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.

<u>Fiscal</u> <u>Year Ended</u>	<u>State Proportionate Share</u> <u>Net Pension Liability</u> <u>Attributed to District</u>	<u>State Pension</u> <u>Expense Proportion</u>
June 30, 2022	\$ 91,923.00	\$ 10,605.00
June 30, 2021	92,418.00	10,293.00
June 30, 2020	89,828.00	10,180.00

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLANS (CONTINUED)

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

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which rolled forward to June 30, 2022. This actuarial valuation used the following assumptions.

Inflation rate:

Price	2.75%
Wage	3.25%

Salaries Increase:

Through all Future Years	3.25–16.25% (based on years of services)
--------------------------	--

Investment Rate of Return	7.00%
---------------------------	-------

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLANS (CONTINUED)

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00 %	8.12 %
Non-U.S. Developed Market Equity	13.50	8.38
Emerging Market Equity	5.50	10.33
Private Equity	13.00	11.80
Real Estate	8.00	11.19
Real Assets	3.00	7.60
High Yield	4.00	4.95
Private Credit	8.00	8.10
Investment Grade Credit	7.00	3.38
Cash Equivalents	4.00	1.75
U.S. Treasuries	4.00	1.75
Risk Mitigation Strategies	3.00	4.91
	<u>100.00 %</u>	

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

Note 6. PENSION PLANS (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, 2022. 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 made based on 100% of the 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 Collective Net Pension Liability to Changes in the Discount Rate.

The following presents the collective net pension liability of the participating employers as of (*measurement dates*) June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage-point higher than the current rate:

	December 31, 2022		
	<u>[Measurement Date June 30, 2022]</u>		
	1% Decrease	At Current	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the pension liability	\$ 708,768	\$ 516,904	\$ 356,537

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS).

Note 7. POST EMPLOYMENT RETIREMENT BENEFITS

The District does not offer post-employment retirement benefits.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

Note 8. LENGTH OF SERVICE AWARD PROGRAM

The District adopted resolution - on - establishing a Length of Service Awards Program (“LOSAP”). The LOSAP will provide tax-deferred income benefits to the active volunteer firefighters and first aid squad members who are eligible to participate. The balance at December 31, 2022 was \$791,824. The 2022 budget charge to fund the LOSAP was \$42,592. The financial statements of the LOSAP are included in the Fiduciary Fund financial statements and are unaudited. Contributions from the District for the last three (3) years are as follows:

<u>Applicable Year</u>	<u>Amount</u>	<u>Per Member Contribution</u>
2022	\$ 42,592.00	\$ 1,804.00
2021	54,120.00	1,804.00
2020	55,397.00	1,787.00

Note 9. RISK MANAGEMENT

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

Property and Liability Insurance – the District maintains commercial insurance coverage for property, liability and surety bonds. There were no significant reductions in coverage from the prior year and no settlements in excess of insurance coverage in 2022, 2021 and 2020.

Note 10. ACCRUED COMPENSATED ABSENCES – STATEMENT POSTING GASB#3

The District’s two (2) full-time firefighters are covered under a Collective Bargaining Agreement (“agreement”) that provides for compensation for sick and vacation time. The time is accumulated by the District in-house bookkeeper. The accrued amounts in accordance with the agreement are as follows:

	<u>2022</u>	<u>2021</u>
Vacation	\$ 6,577.30	\$ 6,184.60
Sick Pay	25,664.62	26,573.78
Payroll Tax	2,466.51	2,507.55
	<u>\$ 34,708.43</u>	<u>\$ 35,265.93</u>

These amounts have been included in the accrued expense liability, the statutes and the agreement also provide for \$15,000.00 maximum for an individual’s sick pay however, only upon retirement.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 11. FUND BALANCE APPROPRIATED

Basic Financial Statements

General Fund – of the General Fund fund balance \$855,794 at December 31, 2022, \$none has been appropriated and included as anticipated revenue for the year 2022 and \$60,000 is restricted for Fireman’s Benefit Program and the remainder \$795,794 is unassigned.

Capital Projects Fund – of the \$200,000 Capital Fund fund balance is a reserve for future capital outlay that is being funded by budget appropriations.

Note 12. NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$8,868,576 indicated as part of the Governmental Activities net position is calculated as follows:

		<u>Amount</u>
Capital assets, net of depreciation	\$	8,798,300.00
Bonds payable *		(2,945,000.00)
Capital lease *		<u>(1,399,928.00)</u>
	\$	<u><u>4,453,372.00</u></u>

* Used to build or acquire capital assets

Note 13: SUBSEQUENT EVENT – COVID-19 CORONAVIRUS PANDEMIC

The COVID-19 Coronavirus outbreak in the United States has caused the Governor of the State of New Jersey to mandate closures and a curfew for all nonessential citizens and businesses. The management of the District (which is essential) has evaluated the impact of the situation and has determined that there is no adverse impact on its December 31, 2022 financial statements. Management does not believe that there will be an adverse impact for the year ending December 31, 2023. A significant portion of the revenue to support District operations is tax levy. Certain other miscellaneous revenues may be impacted due to the economic effect of the closures and curfew. It is not known at this time if there are any federal or state funds available for impact relief.

SUPPLEMENTARY INFORMATION

MONROE TOWNSHIP FIRE DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST NINE (9) FISCAL YEARS

<u>Year</u>	<u>District's Proportion of Net Pension Liability</u>	<u>District's Proportionate Share of Net Pension Liability (asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
2022	0.02581 %	\$ 38,954	\$ 10,756	362.20 %	62.91 %
2021	0.02596	30,751	19,024	162.00 %	61.86
2020	0.02629	42,872	19,024	225.00	58.32
2019	0.04012	72,300	18,841	384.00	56.27
2018	0.03959	77,952	25,783	302.00	53.60
2017	0.03839	89,370	27,808	321.00	48.69
2016	0.03866	114,517	N/A	N/A	47.92
2015	0.04392	98,593	N/A	N/A	47.92
2014	0.04381	82,033	N/A	N/A	52.08

Note: Only the last nine (9) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate of 7.00% as of June 30, 2021 did not change for June 30, 2022.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST NINE (9) FISCAL YEARS

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as Percentage o Covered-Payroll</u>
2022	\$ 3,040	\$ 3,040	None	\$ 10,756	28.26 %
2021	2,876	2,876	None	19,024	15.12
2020	3,903	3,903	None	19,024	20.52
2019	3,938	3,938	None	18,841	20.90
2018	3,557	3,557	None	25,783	13.80
2017	3,435	3,435	None	27,808	12.35
2016	3,776	3,776	None	N/A	N/A
2015	3,612	3,612	None	N/A	N/A
2014	3,612	3,612	None	N/A	N/A

Note: Only the last nine (9) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate of 7.00% as of June 30, 2021 did not change for June 30, 2022.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)
LAST FIVE (5) FISCAL YEARS

<u>Year</u>	<u>District's Proportion of Net Pension Liability</u>	<u>District's Proportionate Share of Net Pension Liability (asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
2022	0.00045 %	\$ 516,504	\$ 160,800	321.20 %	68.30 %
2021	0.00045	328,599	160,800	204.00	48.94
2020	0.00045	578,803	157,600	367.00	63.52
2019	0.00447	547,092	153,040	357.00	64.99
2018	0.00349	473,073	183,214	258.00	62.47

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate of 7.00% as of June 30, 2021 did not change for June 30, 2022.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)
LAST FIVE (5) FISCAL YEARS

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as Percentage of Covered-Payroll</u>
2022	\$ 58,686	\$ 58,686	None	\$ 160,800	36.50 %
2021	52,396	52,396	None	160,800	32.58
2020	50,043	50,043	None	157,600	31.75
2019	45,157	45,157	None	153,040	29.51
2018	34,179	34,179	None	183,214	18.66

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

Notes to Required Supplementary Information:

Benefit Changes - there were none.

Changes of Assumptions - the discount rate of 7.00% as of June 30, 2021 did not change for June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

MONROE TOWNSHIP FIRE DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Adopted</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>Final</u> <u>To Actual</u>
Revenues:				
Annual Registration Fees	\$ 22,000.00	\$ 22,000.00	\$ 18,643.45	\$ 3,356.55
Fire Prevention Fees (LEA Fees)	6,000.00	6,000.00	6,079.30	(79.30)
Interest Earned	250.00	250.00	314.48	(64.48)
Subtotal:	<u>28,250.00</u>	<u>28,250.00</u>	<u>25,037.23</u>	<u>3,212.77</u>
Amounts To Be Raised By Taxes	\$ <u>1,965,659.00</u>	\$ <u>1,965,659.00</u>	<u>1,965,017.19</u>	\$ <u>641.81</u>
Total Revenues	\$ <u>1,993,909.00</u>	\$ <u>1,993,909.00</u>	\$ <u>1,990,054.42</u>	\$ <u>3,854.58</u>
Expenditures:				
Administration:				
Salaries:				
Commissioners	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	
Health Coordinator	15,000.00	15,000.00	2,500.00	\$ 12,500.00
Secretary	10,500.00	10,500.00	10,500.00	
Total Salaries	<u>65,500.00</u>	<u>65,500.00</u>	<u>53,000.00</u>	<u>12,500.00</u>
Benefits				
Employee Benefits	<u>8,000.00</u>	<u>8,000.00</u>	<u>7,679.54</u>	<u>320.46</u>
Other Expenses				
Professional Fees	95,000.00	95,000.00	26,323.04	68,676.96
Election Expenses	8,000.00	8,000.00	2,734.58	5,265.42
Office Supplies	17,000.00	17,000.00	8,583.01	8,416.99
Total Other Expenses	<u>120,000.00</u>	<u>120,000.00</u>	<u>37,640.63</u>	<u>82,359.37</u>
Total Administration	\$ <u>193,500.00</u>	\$ <u>193,500.00</u>	\$ <u>98,320.17</u>	\$ <u>95,179.83</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Adopted</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>Final</u> <u>To Actual</u>
Expenditures (Continued):				
Operations & Maintenance:				
Salaries and Wages				
Payroll - Firefighters	\$ 175,000.00	\$ 175,000.00	\$ 159,493.42	\$ 15,506.58
Payroll- Inspector	3,034.00	3,034.00	3,034.00	
Benefits				
Employee Benefits	<u>108,000.00</u>	<u>108,000.00</u>	<u>109,960.47</u>	<u>(1,960.47)</u>
	<u>286,034.00</u>	<u>286,034.00</u>	<u>272,487.89</u>	<u>13,546.11</u>
Other Expenses				
Insurance	62,500.00	62,500.00	48,498.00	14,002.00
Advertising	1,000.00	1,000.00		
Repair & Maintenance - Equipment	100,000.00	100,000.00	60,424.13	39,575.87
Fuel/Supplies Expenses	15,000.00	15,000.00	18,770.91	(3,770.91)
Safety & Health	17,000.00	17,000.00	6,125.71	10,874.29
Hydrant Rental	185,000.00	185,000.00	183,522.79	1,477.21
Reimbursement for expenses and losses	1,500.00	1,500.00	1,200.28	299.72
Insurance - Workmans Comp.	33,700.00	33,700.00	35,637.00	(1,937.00)
Uniforms	27,500.00	27,500.00	16,682.84	10,817.16
Contract Services: Volunteer Fire Company	158,175.00	158,175.00	158,175.00	
USFA expenses	25,000.00	25,000.00	15,995.15	9,004.85
Firehouse maintenance and operations	350,000.00	350,000.00	246,062.71	103,937.29
Computer Expenses	80,000.00	80,000.00	61,975.45	18,024.55
Training and Education	32,000.00	32,000.00	16,180.58	15,819.42
Contingent	100,000.00	100,000.00		100,000.00
Nonbondable Assets	<u>275,000.00</u>	<u>275,000.00</u>	<u>133,993.53</u>	<u>141,006.47</u>
Total Other Expenses	<u>1,463,375.00</u>	<u>1,463,375.00</u>	<u>1,003,244.08</u>	<u>459,130.92</u>
Total Operations & Maintenance Expenses	\$ <u>1,749,409.00</u>	\$ <u>1,749,409.00</u>	\$ <u>1,275,731.97</u>	\$ <u>472,677.03</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Final To Actual</u>
Expenditures (Continued):				
Operating Appropriations Offset with Revenues				
Uniform Safety Act:				
Salaries	\$ 23,200.00	\$ 23,200.00	\$ 18,664.67	\$ 4,535.33
Employee Benefits	<u>4,800.00</u>	<u>4,800.00</u>	<u>1,603.92</u>	<u>3,196.08</u>
Total Uniform Safety Act:	<u>\$ 28,000.00</u>	<u>\$ 28,000.00</u>	<u>\$ 20,268.59</u>	<u>\$ 7,731.41</u>
Length of Service Awards Program	<u>\$ 70,000.00</u>	<u>\$ 70,000.00</u>	<u>\$ 42,592.00</u>	<u>27,408.00</u>
Total Expenditures	<u>\$ 2,040,909.00</u>	<u>\$ 2,040,909.00</u>	<u>\$ 1,436,912.73</u>	<u>\$ 602,996.27</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ (47,000.00)</u>	<u>\$ (47,000.00)</u>	<u>\$ 553,141.69</u>	<u>\$ (600,141.69)</u>
Other Sources/Uses:				
PY Expenditures			<u>(54,174.19)</u>	<u>54,174.19</u>
Total Other Sources/Uses			<u>(54,174.19)</u>	<u>54,174.19</u>
Net Change in Fund Balance	<u>\$ (47,000.00)</u>	<u>\$ (47,000.00)</u>	<u>\$ 498,967.50</u>	<u>\$ (545,967.50)</u>
Fund Balance, January 1	<u>\$ 356,826.93</u>	<u>\$ 356,826.93</u>	<u>\$ 356,826.93</u>	
Fund Balance, December 31	<u>\$ 309,826.93</u>	<u>\$ 309,826.93</u>	<u>\$ 855,794.43</u>	<u>\$ (545,967.50)</u>
Reconciliation of Budget				
Budgeted Revenue	\$ 1,993,909.00			
Budgeted Appropriations	<u>2,040,909.00</u>			
Net Change in Fund Balance	<u>\$ (47,000.00)</u>			

MONROE TOWNSHIP FIRE DISTRICT NO.1
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Adopted/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES</u>			
SFSP	<u>\$ 2,715.00</u>	<u>\$ 2,715.00</u>	<u>\$ -</u>
<u>EXPENDITURES</u>			
Operations and Maintenance	<u>\$ 2,715.00</u>	<u>\$ 2,715.00</u>	<u>\$ -</u>

MONROE TOWNSHIP FIRE DISTRICT NO.1
SUMMARY STATEMENT OF PROJECT EXPENDITURES AND RESTRICTED NET POSITION
CAPITAL PROJECTS FUND
AS OF DECEMBER 31, 2022

<u>Issue/Project Title</u>	Balance December 31 <u>2021</u>	Increased by <u>Budget</u>	Balance December 31, <u>2022</u>
Capital Projects to be Determined in Future Years	<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 200,000.00</u>
	<u>\$ 100,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 200,000.00</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Adopted/Final Budget</u>	<u>Actual</u>	<u>Variance to Actual</u>
<u>REVENUES</u>			
Amount to be Raised by Taxation	<u>\$ 610,989.00</u>	<u>\$ 611,630.81</u>	<u>\$ 641.81</u>
<u>EXPENDITURES</u>			
Debt Service:			
Bond Principal	\$ 220,000.00	\$ 220,000.00	-
Interest on Bonds	97,900.00	98,541.67	\$ (641.67)
Lease Purchase Principal	244,742.00	244,742.34	(0.34)
Interest on Lease Purchase	<u>48,347.00</u>	<u>48,346.80</u>	<u>0.20</u>
Total Expenditures	<u>\$ 610,989.00</u>	<u>\$ 611,630.81</u>	<u>\$ (641.81)</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

Series	Amount	Payable	Maturity of Lease		Balance December 31, 2021	Increased by	Decreased by	Balance December 31, 2022
			Date	Amount				
Fire Trucks	2,278,377.40	3.030%	6/15/2023	\$ 196,249.00	\$ 1,233,015.14		\$ 190,477.00	\$ 1,042,538.14
			6/15/2024	202,195.00				
			6/15/2025	208,321.69				
			6/15/2026	214,633.83				
			6/15/2027	221,138.62				
					\$ 1,233,015.14		190,477.00	\$ 1,042,538.14
SCBA Airpacks	411,654.40	2.66%	2/1/2023	\$ 55,713.00		\$ 411,655.00	\$ 54,265.00	\$ 357,390.00
			2/1/2024	57,200.00				
			2/1/2025	58,726.00				
			2/1/2026	60,294.00				
			2/1/2027	61,903.00				
			2/1/2028	63,555.00				
					\$ 411,655.00	\$ 54,265.00	\$ 357,390.00	
					\$ 1,233,015.14	\$ 411,655.00	\$ 244,742.00	\$ 1,399,928.14

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATISTICAL INFORMATION
DECEMBER 31, 2022

Property Tax Levies

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

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2022	\$ 1,990,876,971	\$ 2,676,648	0.135
2021	1,947,934,813	2,516,315	0.129
2020	1,924,327,721	2,391,808	0.125
2019	1,903,153,640	2,377,484	0.125
2018	1,908,184,924	2,366,864	0.124

Unrestricted Net Position – General Fund

<u>Fiscal Year</u>	<u>Unassigned Balance/(Deficit) Fiscal Year</u>	<u>Utilization in Subsequent Year Budget</u>
2022	\$ 795,794	\$ None
2021	356,827	47,000
2020	343,265	45,000
2019	507,519	None
2018	(211,044)	300,000

MONROE TOWNSHIP FIRE DISTRICT NO. 1

ROSTER OF OFFICIALS

DECEMBER 31, 2022

Board of Fire Commissioners

Charles DiPierro	Chairman
Vincent DiLieto	Vice Chairman
Michael Costello	Treasurer
Christian Ventriello	Clerk
Leandra Kane	Commissioner at Large

Other Officials

Tricia Mercado	Board Secretary
William Gardner	Health and Human Services Director
Joseph D. Youssef	Attorney

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2022

Scope of Examination and Conditions of Records

Our examination covered the funds of the Board of Fire Commissioners, Fire District #1, Township of Monroe handled by the Treasurer.

The financial records were maintained in good condition.

Minutes of Board meetings were properly maintained by the Recording Secretary.

Cash and Cash Equivalents

The balances in banks at December 31, 2022 were verified with the bank and reconciliations and/or statements issued by the depositories.

Our examination revealed that the Fire District maintains funds in a money market fund.

Examination of Claims

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Claims paid during the period under audit were examined on a test basis to determine that they are submitted on Board vouchers, audit, itemized, signed by the officials as to approval for payment, allocation to the proper accounts and charged to the proper fiscal period, and in agreement with bill lists set forth in the approved minutes of the Board.

The schedules revealed that two (2) individual line items were overexpended; however not insignificant amounts. Inasmuch as certain expenditures may have been of an emergent nature, i.e. repairs and maintenance, it is essential that expenditures be curtailed to funds be available.

Payroll

Employees were paid in accordance with the authorized salaries. Payroll deductions were also paid timely.

Capital Assets

The Capital (Fixed) Assets should be reviewed and adjusted to include the actual detail items.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2022

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (as amended)

N.J.S. 40A:11-4 (as amended) states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate \$17,500.00 in the absence of a Qualified Purchasing Agent ("QPA"), except by contract or agreement."

The members of the Township of Monroe Fire District #1 have the responsibility of determining whether any contract or agreement might result in violation of the statute and, when necessary, the Board Attorney's opinion should be sought before a commitment is made.

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

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21.

The District has purchased firefighting equipment utilizing the state contract method during the year in accordance with the Local Public Contracts bidding threshold.

LOSAP

The Length of Service Awards Program as Accountants Review Report for December 31, 2022 has been prepared.

Miscellaneous

An exit conference was held in accordance with Auditing Standards Generally Accepted in the United States of America for governmental entities.

Acknowledgment

During the course of the audit, we received the cooperation of the officials of the Fire District and we appreciate the courtesies extended to us.

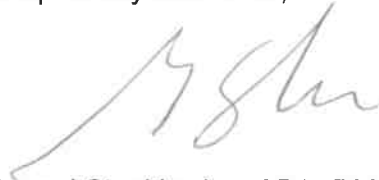
RECOMMENDATIONS
DECEMBER 31, 2022

None.

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "G Stankiewicz", written in a cursive style.

Gerard Stankiewicz, CPA, RMA
For the Firm
SAMUEL KLEIN AND COMPANY, LLP