

MONROE TOWNSHIP FIRE DISTRICT NO. 1

COUNTY OF MIDDLESEX, NEW JERSEY

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

Prepared by:
Gerard Stankiewicz, CPA, RMA
For the Firm of:
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Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Monroe Township Fire District No. 1 (the "District") as of and for the year ended which collectively comprise the Fire District's basic financial statements as listed in the table of contents December 31, 2020. The basis audit financial statements for the year ended December 31, 2019 were audited by another firm, whose report dated June 26, 2020 was unmodified.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and auditing standards prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2020, and the respective changes on financial position where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* we have also issued our report dated September 30, 2021 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Our audit was performed for the purpose of forming an opinion on the financial statements of the District taken as a whole. The information included in the supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements, but is presented as additional analytical data as required by the Local Finance Board. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Gerard Stankiewicz
Certified Public Accountant



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
September 30, 2021

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**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, 2020, which comprise the District's basic financial statements and have issued our report thereon dated September 30, 2021.

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 identifying 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



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
September 30, 2021

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**MONROE TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020. 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 2020 are as follows:

In total, net position increased \$192,087 from 2019. This increase is primarily the result of a decrease in district expenditures.

General revenues accounted for \$2,395,190 or 99% of all revenues. Program specific revenues accounted for \$26,331 or 1% of total revenues of \$2,421,521.

The District had \$2,267,977 in expenses; these expenses were offset by program specific charges for services, grants or contributions in the amount of \$26,331. General revenues (primarily property taxes) of \$2,395,190 were adequate to provide for these programs.

Among governmental funds, the General Fund had \$1,872,678 in revenues and \$1,799,898 in expenditures. The General Fund's fund balance decreased \$164,254 from 2019.

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 2020?" 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, 2020 and 2019.

**Table A-1
Summary of Net Position**

	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$ 619,550	\$ 749,074
Capital Assets:		
Not Being Depreciated	772,688	772,688
Being Depreciated, Net	<u>8,051,799</u>	<u>8,059,643</u>
Total Assets	<u>\$ 9,444,037</u>	<u>\$ 9,581,405</u>
Deferred Outflows of Resources	<u>\$ 465,599</u>	<u>\$ 521,455</u>
Other Liabilities	\$ 269,205	\$ 252,873
Noncurrent Liabilities	<u>5,516,161</u>	<u>5,899,621</u>
Total Liabilities	<u>\$ 5,785,366</u>	<u>\$ 6,152,494</u>
Deferred Inflows of Resources	<u>\$ 201,693</u>	<u>\$ 219,876</u>
Net Position		
Net Investment in Capital Assets	\$ 4,031,577	\$ 3,655,002
Unrestricted	<u>(108,999)</u>	<u>75,488</u>
Net Position	<u>\$ 3,922,578</u>	<u>\$ 3,730,490</u>

Table A-2 shows the District's changes in net position for the years ended December 31, 2020 and 2019.

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

	December 31,	
	<u>2020</u>	<u>2019</u>
REVENUE:		
Program Revenues:		
Charges for Services	\$ 20,901	\$ 28,846
Operating Grants and Contributions	5,430	
General Revenues:		
Property Taxes	2,391,808	2,377,484
Other	3,382	176
Total Revenues	\$ 2,421,521	\$ 2,406,506
EXPENSES:		
Administration	\$ 181,200	\$ 293,352
Cost of Operations and Maintenance	1,932,286	1,552,199
Interest on Long-term Debt	154,491	165,968
Total Expenses	\$ 2,267,977	\$ 2,011,519
Other Financing Sources/(Uses)	38,544	
Change in Net Position	\$ 192,088	\$ 394,987

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 2020 and 2019. The District's total revenues were \$2,421,521 and \$2,406,506 for the years ended December 31, 2020 and 2019, 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	
	2020	2019	2020	2019
Administration	\$ 181,200	\$ 293,352	\$ 181,200	\$ 293,352
Cost of Operations and Maintenance	1,932,286	1,552,199	1,905,955	1,523,353
Interest on Long-Term Debt	154,491	165,968	154,491	165,968
	<u>\$ 2,267,977</u>	<u>\$ 2,011,519</u>	<u>\$ 2,241,646</u>	<u>\$ 1,982,673</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 \$2,421,521 and \$2,406,506 and expenditures were \$2,581,327 and \$1,987,943 for the years ended December 31, 2020 and 2019, respectively. The change in fund balance for 2020 in the governmental funds was a decrease of \$164,234, primarily the result of an increase 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, 2020 and 2019, and the amount of increases and decreases in relation to prior year amounts.

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

	2020	2019	Increase/ (Decrease)	Percent of Increase/ (Decrease)
REVENUES				
Local Sources:				
Miscellaneous Revenue	\$ 29,713	\$ 29,022	\$ 691	2.38%
Property Tax Levy	<u>2,391,808</u>	<u>2,377,484</u>	<u>14,324</u>	0.60%
Total	<u>\$ 2,421,521</u>	<u>\$ 2,406,506</u>	<u>\$ 15,015</u>	0.62%

The following schedule presents a summary of Governmental Funds expenditures for the years ended December 31, 2020 and 2019 and the increases and decreases in relation to prior year amounts.

Table A-5
Summary of Expenditures-Governmental Funds

<u>EXPENDITURES</u>	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>	<u>Percent of Increase/ (Decrease)</u>
Administration	\$ 192,753	\$ 163,833	\$ 28,920	17.65%
Cost of Operations and Maintenance	1,612,574	1,279,622	332,952	26.02%
Debt Service	543,413	544,488	(1,075)	-0.20%
Total	<u>\$ 2,348,740</u>	<u>\$ 1,987,943</u>	<u>\$ 360,797</u>	18.15%

Capital Assets

As of December 31, 2020 and 2019, the District had \$3,342,043 and \$3,074,548, respectively, invested, net of accumulated depreciation, in land, buildings and improvements, vehicles and equipment. Table A-6 shows 2020 and 2019 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>2020</u>	<u>2019</u>		
Land	\$ 772,688	\$ 772,688	\$ -	0.00%
Buildings	6,363,655	6,313,166	50,489	0.80%
Vehicles	1,688,144	1,746,477	(58,333)	-3.34%
Total	<u>\$ 8,824,487</u>	<u>\$ 8,832,331</u>	<u>\$ (7,844)</u>	-0.09%

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

Debt Administration

At December 31, 2020 and December 31, 2019, the District had \$5,466,212 and \$5,899,621 in long term debt, respectively.

Table A-7
Summary of Outstanding Liabilities

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>	<u>Percent of Increase/ (Decrease)</u>
Bonds Payable	\$ 3,375,000	\$ 3,580,000	\$ (205,000)	-5.73%
Lease Purchase Obligations	1,417,890	1,597,329	(179,439)	-11.23%
Litigation Settlement	51,447	102,900	(51,453)	-50.00%
Net Pension Liability	<u>621,875</u>	<u>619,392</u>	<u>2,483</u>	<u>0.40%</u>
Total	<u>\$ 5,466,212</u>	<u>\$ 5,899,621</u>	<u>\$ (433,409)</u>	<u>-7.35%</u>

Additional information about the District's debt can be found in Note 2 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, 2020

	Balance December 31, <u>2020</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 604,696.45
Prepaid Expenses	14,854.00
Capital Assets:	
Not being Depreciated	772,688.00
Being Depreciated, Net	<u>8,051,799.00</u>
Total Assets	<u>\$ 9,444,037.45</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Amounts on Net Pension Liability	<u>\$ 465,599.00</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,909,636.45</u>
<u>LIABILITIES</u>	
Accounts Payable and Other Current Liabilities	\$ 269,204.65
Accrued Pension Obligation	621,675.00
Accrued Interest Payable	50,146.14
Settlement Payable	51,450.00
Noncurrent Liabilities:	
Due within One Year	394,876.00
Due beyond One Year	<u>4,398,014.00</u>
Total Liabilities	<u>\$ 5,785,365.79</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Amounts on Net Pension Liability	<u>\$ 201,693.00</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 5,987,058.79</u>
<u>NET POSITION</u>	
Investment in Capital Assets	\$ 4,031,597.00
Fund Balance:	
Fireman's Benefit Program	60,000.00
Unrestricted (Deficit)	<u>(169,019.34)</u>
Total Net Position	<u>\$ 3,922,577.66</u>

See Accompanying Notes to Financial Statements

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue/</u> <u>(Expenses) and</u> <u>Change in</u> <u>Net Assets</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities:				
Administration	\$ 181,200.45			\$ (181,200.45)
Cost of Operations and Maintenance	1,932,286.06	\$ 20,901.33	\$ 5,430.00	(1,905,954.73)
Interest on Long-Term Debt	<u>154,491.20</u>			<u>(154,491.20)</u>
Total Governmental Activities	<u>\$ 2,267,977.71</u>	<u>\$ 20,901.33</u>	<u>\$ 5,430.00</u>	<u>\$ (2,241,646.38)</u>
Total Primary Government	<u>\$ 2,267,977.71</u>	<u>\$ 20,901.33</u>	<u>\$ 5,430.00</u>	<u>\$ (2,241,646.38)</u>
General Revenues:				
Property Taxes, Levied for General Purposes				\$ 1,848,395.26
Property Taxes Levied for Debt Service				543,412.74
Investment Earnings				<u>3,381.50</u>
				<u>2,395,189.50</u>
Excess/(Deficiency) of Revenues				153,543.12
Other Financing Sources/(Uses)				<u>38,544.54</u>
Change in Net Position				\$ 192,087.66
Net Position - Beginning				<u>3,730,490.00</u>
Net Position - Ending				<u>\$ 3,922,577.66</u>

See accompanying Notes to Financial Statements.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2020

	<u>General Fund</u>
Assets:	
Cash and Cash Equivalents	\$ 604,696.45
Prepaid Expenses	<u>14,854.00</u>
Total Assets	<u>\$ 619,550.45</u>
Liabilities:	
Accounts Payable	\$ 159,546.84
Accrued Expenses	<u>56,738.81</u>
Total Liabilities	<u>\$ 216,285.65</u>
Net Position:	
Committed Fireman's Benefit Program	\$ 60,000.00
Assigned - Designated for Subsequent Year's Expenditures	45,000.00
Unassigned	<u>298,264.80</u>
Total Net Position	<u>\$ 403,264.80</u>

See Accompanying Notes to the Financial Statements

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2020

Total Net Position \$ 403,264.80

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 \$11,906,879 and the Accumulated Depreciation is \$3,342,043. (Note 4) 8,824,487.00

The District contributes to pension obligations. The pension obligation at yearend is: (52,919.00)

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	\$ 465,599.00	
Deferred Inflows of Resources	<u>(201,693.00)</u>	263,906.00

The District has financed capital assets through the issuance of fire district bonds and lease purchase agreements. The accrued interest at yearend is: (50,146.00)

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	\$ (3,375,000.00)	
Obligations under Lease Purchase	(1,417,891.00)	
Litigation Settlement	(51,449.14)	
Net Pension Liability	<u>(621,675.00)</u>	<u>(5,466,015.14)</u>

Net Position of Governmental Activities (A-1) \$ 3,922,577.66

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, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenue:				
Property Tax Levy	\$ 1,848,395.26		\$ 543,412.74	\$ 2,391,808.00
Interest	3,381.50			3,381.50
Miscellaneous	<u>20,901.33</u>	<u>\$ 5,430.00</u>		<u>26,331.33</u>
Total Revenues	<u>\$ 1,872,678.09</u>	<u>\$ 5,430.00</u>	<u>\$ 543,412.74</u>	<u>\$ 2,421,520.83</u>
Expenditures:				
Administration	\$ 192,753.45			\$ 192,753.45
Cost of Operations and Maintenance	1,502,418.43	\$ 5,430.00		1,507,848.43
Fire Prevention	46,793.67			46,793.67
Length of Service Award Program	57,932.28			57,932.28
Debt Service:				
Principal			\$ 384,439.00	384,439.00
Interest			<u>158,973.74</u>	<u>158,973.74</u>
Total Expenditures	<u>\$ 1,799,897.83</u>	<u>\$ 5,430.00</u>	<u>\$ 543,412.74</u>	<u>\$ 2,348,740.57</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 72,780.26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,780.26</u>
Other Financing Sources/(Uses):				
Add:				
Miscellaneous Revenues	\$ 12,582.35			\$ 12,582.35
Other Charges	(3,157.50)			(3,157.50)
Required Site Improvements	(232,586.40)			(232,586.40)
Prior Period Adjustment - Insurance	<u>(13,872.91)</u>			<u>(13,872.91)</u>
	<u>(237,034.46)</u>	<u>0.00</u>	<u>0.00</u>	<u>(237,034.46)</u>
Change in Net Position	<u>\$ (164,254.20)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (164,254.20)</u>
Net Position, January 1	<u>567,519.00</u>			<u>567,519.00</u>
Net Position, December 31	<u>\$ 403,264.80</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,264.80</u>

See accompanying Notes to the Basic 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
FOR THE YEAR ENDED DECEMBER 31, 2020

Total Net Change in Net Position - Governmental Funds (From B-2) \$ (164,254.20)

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 Added	\$ 275,579.00	
Depreciation Expense	<u>(283,423.00)</u>	(7,844.00)

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	\$ 205,000.00	
Payment of Lease Purchase Principal	<u>179,439.00</u>	<u>384,439.00</u>

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 Miscellaneous Expense	\$ (828.17)	
Decrease in Accrued Interest	4,482.54	
Decrease in Litigation Settlement Expense	51,450.00	
Increase in Pension Expense	(92,875.00)	
Decrease in Prepaid Expense	<u>17,517.49</u>	<u>(20,253.14)</u>

Change in Net Position of Governmental Activities (from A-2) \$ 192,087.66

See accompanying Notes to the Basic Financial Statements.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2020

	<u>Deferred Compensation LOSAP (Unaudited)</u>
<u>ASSETS</u>	
Cash, Cash Equivalents and Investments	\$ 783,173.55
Accounts Receivable - District	<u>55,397.00</u>
Total Current Assets	<u><u>\$ 838,570.55</u></u>
 <u>NET POSITION</u>	
Held in Trust For:	
Deferred Compensation (LOSAP)	<u>\$ 838,570.55</u>
Total Net Position	<u><u>\$ 838,570.55</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, 2020

	Deferred Compensation LOSAP <u>(Unaudited)</u>
<u>ADDITIONS</u>	
Additions to Net Assets Attributed to:	
Contributions - District	\$ 94,557.00
Investment Income:	
Net Appreciation in Fair Value in Investments (See Note B)	<u>109,068.16</u>
Total Additions	<u>\$ 203,625.16</u>
<u>DEDUCTIONS</u>	
Payment of Benefits	\$ 43,326.54
Administrative Charges	<u>1,667.32</u>
Total Deductions	<u>\$ 44,993.86</u>
Net Increase	\$ 158,631.30
Beginning of the Year	<u>679,939.25</u>
End of the Year	<u>\$ 838,570.55</u>

NOTES TO FINANCIAL STATEMENTS

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020 through September 30, 2021, 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, 2020

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, 2020.

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, 2020

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 \$25,000,000.00.

The amount on deposit of the District's cash and cash equivalents at December 31, 2020 is as follows:

Checking Account	\$	347,246.08
Money Market		155,281.09
Escrow		187.05
Certificate of Deposit		<u>102,002.23</u>
	\$	<u><u>604,716.45</u></u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

Note 4. **CAPITAL ASSETS**

All reported capital assets except for land are depreciated. At December 31, 2020, capital assets and the useful lives used for determination of annual depreciation were as follows:

	Balance December 31, <u>2019</u>	Current Year's Activity <u>Increase</u>	Balance December 31, <u>2020</u>
Capital Assets:			
Non-Depreciable:			
Land	\$ <u>772,688</u>	<u> </u>	\$ <u>772,688</u>
Total Non-Depreciable	\$ <u><u>772,688</u></u>	<u><u> </u></u>	\$ <u><u>772,688</u></u>
Depreciable:			
Buildings & Improvements	6,818,720	\$ 232,586	7,051,306
Equipment	510,957		510,957
Vehicles	<u>3,804,514</u>	<u>42,993</u>	<u>3,847,507</u>
Total Depreciable	<u>11,134,191</u>	<u>275,579</u>	<u>11,409,770</u>
Less:			
Accumulated Depreciation	<u>(3,074,548)</u>	<u>(283,424)</u>	<u>(3,357,972)</u>
Depreciable Assets, Net	\$ <u><u>8,059,643</u></u>	\$ <u><u>(7,845)</u></u>	\$ <u><u>8,051,798</u></u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 5. DISTRICT DEBT

Lease Purchase Agreement

The District has entered into a lease purchase agreement for the acquisition of fire trucks. 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>
2021	\$ 184,876	\$ 42,962	\$ 227,838
2022	190,478	37,360	227,838
2023	196,249	31,589	227,838
2024	202,195	25,643	227,838
2025	208,322	19,516	227,838
	<u>982,120</u>	<u>157,070</u>	<u>1,139,190</u>
Thereafter			
2026	214,634	13,204	227,838
2027	221,136	6,702	227,838
	<u>435,770</u>	<u>19,906</u>	<u>455,676</u>
	<u>\$ 1,417,890</u>	<u>\$ 176,976</u>	<u>\$ 1,594,866</u>

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 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, 2020

Note 5. DISTRICT DEBT (CONTINUED)

Long Term Debt (Continued)

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

Year Ending December 31, Next Five Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 210,000	\$ 104,350	\$ 314,350
2022	220,000	97,900	317,900
2023	225,000	91,225	316,225
2024	235,000	84,325	319,325
2025	240,000	77,200	317,200
	<u>1,130,000</u>	<u>455,000</u>	<u>1,585,000</u>
Thereafter			
2026	245,000	69,925	314,925
2027	250,000	62,500	312,500
2028	250,000	55,000	305,000
2029	250,000	47,500	297,500
2030	250,000	39,844	289,844
	<u>1,245,000</u>	<u>274,769</u>	<u>1,519,769</u>
2031	250,000	32,031	282,031
2032	250,000	24,063	274,063
2033	250,000	15,000	265,000
2034	250,000	5,000	255,000
	<u>1,000,000</u>	<u>76,094</u>	<u>1,076,094</u>
	<u>\$ 3,375,000</u>	<u>\$ 805,863</u>	<u>\$ 4,180,863</u>

Changes in Long Term Liabilities

Long-term liability activity for the year ended December 31, 2020 is as follows:

	Balance, December 31, 2019	<u>Additions</u>	<u>Deductions</u>	Balance, December 31, 2020	<u>Due Within One Year</u>
Fire District Bond Payable	\$ 3,580,000		\$ 205,000	\$ 3,375,000	\$ 210,000
Lease Purchase Obligation	1,597,329		179,439	1,417,890	184,876
Litigation Settlement Payable	102,900		51,450	51,450	51,450
Net Pension Liability	619,392	\$ 31,711	29,428	621,675	
Total Long-Term Liabilities	<u>\$ 5,899,621</u>	<u>\$ 31,711</u>	<u>\$ 465,317</u>	<u>\$ 5,466,015</u>	<u>\$ 446,326</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

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:

<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

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Note 6. **PENSION PLANS (CONTINUED)**

Description of Systems (Continued)

Public Employees' Retirement System (Continued)

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

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.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Note 6. **PENSION PLANS (CONTINUED)**

Description of Systems (Continued)

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 2020 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:

	PERS		
	2020	2019	2018
Covered Payroll	\$ 19,024	\$ 18,841	\$ 25,783
Actuarial Contribution Requirements	42,872	72,300	77,952
Total Contributions Employer Share	42,872	72,300	77,952
Percent of Covered Employee - Payroll	225.00 %	384.00 %	302.00 %
Employee's Share	2,876	3,903	3,938
Percent of Covered Payroll	7.50 %	7.50 %	7.34 %

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

Due to the employee contribution percent changing July 1st of every year; the percent of covered payroll is an average of the first two quarters and the last two quarters of the year.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 6. **PENSION PLAN (CONTINUED)**

Public Employees' Retirement System (PERS) (Continued)

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, 2020 and June 30, 2019 Independent Auditor's Report dated June 15, 2020 and May 15, 2019, respectively.

The District reported a liability of \$42,872 and \$72,300 for its proportionate share of the net pension liability at December 31, 2020 and December 31, 2019, respectively. The net pension liability was measured as of June 30, 2020 and June 30, 2019 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 entities, actuarially determined.

	June 30,	
	2020	2019
Local Group Share	\$ 16,435,616,426	\$ 18,143,832,135
District Proportionate Percentage	0.0026920061 %	0.0004012520 %
Difference - Decrease	0.0941485622 %	

For the year ended December 31, 2020, the District recognized pension benefit of \$8,677. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of of Resources	Deferred Inflows of of Resources
Changes in assumptions	\$ 1,391	\$ 17,951
Net difference between expected and actual experience	781	152
Net difference between projected and actual investment earnings on pension plan investment	1,465	
Changes in proportion	2,004	26,339
District contributions subsequent to the measurement date	2,876	
Total	\$ 8,517	\$ 44,442

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 6. PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

The \$16,373 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, 2020, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the District year ended December 31, 2020. 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>
2020	\$ (5,338)
2021	(4,866)
2022	(2,781)
2023	(1,125)
2024	(291)

Additional Information:

Collective (local employers) balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective deferred inflows of resources	7,849,949,467	7,645,087,574
Collective net pension liability	5,616,426	18,143,832,135
Collective pension expenses	407,705,399	974,471,686
District's proportion (of Local Group)	0.0002629006 %	0.0004012520 %

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

Inflation	
Price	2.75 %
Wage	3.25 %
Salary Increases:	
Through 2026	2.00–6.00% (based on years of service)
Thereafter	3.00–7.00% (based on years of service)
Investment Rate of Return	7.00 %

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 6. PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2000 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-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2019. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 5. **PENSION PLAN (CONTINUED)**

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 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 %	7.71 %
Non-U.S. Developed Market Equity	13.50	8.57
Emerging Market Equity	5.50	10.23
Private Equity	13.00	11.42
Real Assets	3.00	9.73
Real Estate	8.00	9.56
High Yield	2.00	5.95
Private Credit	8.00	7.59
Investment Grade Credit	8.00	2.67
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	1.94
Risk Mitigation Strategies	3.00	3.40
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% of the actuarially determined contributions for the State employer and 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.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 6. PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

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, 2020, 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, 2020]		
	December 31, 2020		
	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	\$ 53,964	\$ 42,872	\$ 33,456

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.

Police and Firemen's Retirement System (PFRS)

The District's reported liability of \$578,803 and \$547,092 for its proportionate share of the net pension liability at December 31, 2020 (*measurement date of June 30, 2020*) and December 31, 2019 (*measurement date of June 30, 2019*), respectively. The net pension liability was measured as of June 30, 2020 and June 30, 2019 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, 2020

Note 6. **PENSION PLANS (CONTINUED)**

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

	<u>PFRS</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Covered Payroll	\$ 157,600	\$ 153,040	\$ 183,214
Actuarial Contribution Requirements	578,803	547,092	473,073
Total Contributions Employer Share	578,803	547,092	473,073
Percent of Covered Employee - Payroll	367.00 %	357.00 %	258.00 %
Employee's Share	50,043	45,157	34,179
Percent of Covered Payroll	10.00 %	10.00 %	10.00 %

	<u>June 30, (Measurement Date)</u>	
	<u>2020</u>	<u>2019</u>
Local Group Share	\$ 14,926,648,722	\$ 12,237,818,793
District Proportionate Percentage	0.0044794402 %	0.0044705006 %
Difference - Increase	0.0000089396	

For the year ended December 31, 2020, the District's recognizable (under GAAP) pension expense was \$247,190. At December 31, 2020, 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	\$ 1,457	\$ 1,651,174
Net difference between expected and actual experience	5,835	2,077
Net difference between projected and actual investment earnings on pension plan investment	33,938	
Changes in proportion	365,809	155,174
District contributions made subsequent to measurement date	50,043	
Total	<u>\$ 457,082</u>	<u>\$ 1,808,425</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Note 6. PENSION PLANS (CONTINUED)

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

The \$50,043 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the Borough year ending December 31, 2020, the plan measurement date is June 30, 2020) would be recognized (under GAAP) as a reduction of the net pension liability in the District year ended December 31, 2020. 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>
2021	\$ (46,866)
2022	(31,629)
2023	(12,876)
2024	(4,865)
2025	4,191

Additional Information:

Collective (local employers) balances at June 30, 2020 and June 30, 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Collective deferred outflows of resources	\$ 1,601,195,680	\$ 1,198,936,924
Collective deferred inflows of resources	4,191,274,402	4,874,748,912
Collective pension expenses	949,220,570	1,325,963,796
Collective net pension liability		
Local Group	14,926,648,722	14,170,193,618
Less: Special Funding Situation (1)	<u>2,005,329,818</u>	<u>1,932,374,825</u>
	<u>\$ 12,921,318,904</u>	<u>\$ 12,237,818,793</u>
District's proportion (of Local Group)	0.0044794402 %	0.0044705006 %

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Note 6. **PENSION PLANS (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 \$2,005,329,818 and \$1,932,374,825 as of June 30, 2020 and June 30, 2019, 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.

	State Proportionate Share Net Pension Liability <u>Attributed to District</u>	State Pension <u>Expense Proportion</u>
June 30, 2020	\$ 89,828.00	\$ 10,180.00
June 30, 2019	86,387.00	10,037.00
June 30, 2018	64,259.00	7,811.00

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Note 6. PENSION PLANS (CONTINUED)

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

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions.

Inflation rate:

Price	2.75%
Wage	3.25%

Salaries Increase:

Through all Future Years	3.25–15.25% (based on years of services)
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Investment Rate of Return	7.00%
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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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

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, 2020) 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, 2020 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 %	7.71 %
Non-U.S. Developed Market Equity	13.50	8.57
Emerging Market Equity	5.50	10.23
Private Equity	13.00	11.42
Real Assets	3.00	9.73
Real Estate	8.00	9.56
High Yield	2.00	5.95
Private Credit	8.00	7.59
Investment Grade Credit	8.00	2.67
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	1.94
Risk Mitigation Strategies	<u>3.00</u>	3.40
	<u>100.00 %</u>	

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 78% of the actuarially determined contributions for the State employer and 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, 2020, 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, 2020		
	<u>[Measurement Date June 30, 2020]</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	\$ 769,640	\$ 578,803	\$ 420,231

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).

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2020

Note 7. **POST EMPLOYMENT RETIREMENT BENEFITS**

The District does not offer post-employment retirement benefits.

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, 2020 was \$783,174. The 2020 budget charge to fund the LOSAP was \$55,397. 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>
2020	\$ 55,397.00	\$ 1,787.00
2012-2019 <i>[Retro]</i>	31,157.00	1,623.00 -1,742.00
2019	41,808.00	1,742.00
2018	36,057.00	1,717.00

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 2020, 2019 and 2018.

Note 10. **FUND BALANCE APPROPRIATED**

Basic Financial Statements

General Fund – of the \$403,265 General Fund fund balance at December 31, 2020, \$45,000 has been appropriated and included as anticipated revenue for the year 2021 and \$60,000 is restricted for Fireman's Benefit Program

MONROE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 11. **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 \$8,824,487 indicated as part of the Governmental Activities net position is calculated as follows:

		<u>Amount</u>
Capital assets, net of depreciation	\$	8,824,487.00
Bonds payable *		(3,375,000.00)
Capital lease *		<u>(1,417,890.00)</u>
	\$	<u><u>4,031,597.00</u></u>

* *Used to build or acquire capital assets*

Note 12: **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, 2020 financial statements. Management does not believe that there will be an adverse impact for the year ending December 31, 2021. 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 EIGHT (8) 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>
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
2013	0.06235	119,165	N/A	N/A	48.72

Note: Only the last eight (8) 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 changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST SIX (6) 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>
2020	\$ 2,876	\$ 2,876	None	\$ 19,024	15.12 %
2019	3,903	3,903	None	18,841	20.72
2018	3,938	3,938	None	25,783	15.27
2017	3,557	3,557	None	27,808	12.79
2016	3,435	3,435	None	N/A	N/A
2015	3,776	3,776	None	N/A	N/A
2014	3,612	3,612	None	N/A	N/A
2013	4,698	4,698	None	N/A	N/A

Note: Only the last eight (8) 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 changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

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 THREE (3) 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>
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 three (3) 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 changed from 6.85% as of June 30, 2019 to 7.00% as of June 30, 2020.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)
LAST THREE (3) 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>
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 three (3) 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 changed from 6.85% as of June 30, 2019 to 7.00% as of June 30, 2020.

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, 2020

	<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	\$ 15,493.00	\$ (6,507.00)
Fire Prevention Fees	11,045.00	11,045.00	5,408.33	(5,636.67)
Interest Earned	<u>250.00</u>	<u>250.00</u>	<u>3,381.50</u>	<u>3,131.50</u>
Subtotal:	<u>33,295.00</u>	<u>33,295.00</u>	<u>24,282.83</u>	<u>3,570.18</u>
Amounts to be Raised by Taxation	\$ <u>1,848,395.00</u>	\$ <u>1,848,395.00</u>	\$ <u>1,848,395.26</u>	\$ <u>0.26</u>
Total Revenues	\$ <u>1,881,690.00</u>	\$ <u>1,881,690.00</u>	\$ <u>1,872,678.09</u>	\$ <u>3,570.18</u>
Expenditures:				
Administration:				
Salaries:				
Commissioners	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	
Health Coordinator	15,000.00	15,000.00	15,000.00	
Secretary	<u>10,200.00</u>	<u>10,200.00</u>	<u>10,200.00</u>	
Total Salaries and Wages	\$ <u>65,200.00</u>	\$ <u>65,200.00</u>	\$ <u>65,200.00</u>	
Benefits				
Employee Benefits	\$ <u>8,000.00</u>	\$ <u>8,000.00</u>	\$ <u>7,316.42</u>	\$ <u>683.58</u>
Other Expenses				
Advertising	\$ 1,000.00	\$ 1,000.00	\$ 409.52	\$ 590.48
Professional Fees	80,000.00	80,000.00	99,699.04	(19,699.04)
Election Expenses	4,000.00	4,000.00	1,172.60	2,827.40
Office Supplies	<u>17,000.00</u>	<u>17,000.00</u>	<u>18,955.87</u>	<u>(1,955.87)</u>
Total Other Expenses	\$ <u>102,000.00</u>	\$ <u>102,000.00</u>	\$ <u>120,237.03</u>	\$ <u>(18,237.03)</u>
Total Administration	\$ <u>175,200.00</u>	\$ <u>175,200.00</u>	\$ <u>192,753.45</u>	\$ <u>(17,553.45)</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Final To Actual</u>
Expenditures (Continued):				
Operations & Maintenance:				
Salaries and Wages				
Payroll - Firefighters	\$ 165,000.00	\$ 165,000.00	\$ 170,283.89	\$ (5,283.89)
Benefits				
Employee Benefits	\$ 101,000.00	\$ 101,000.00	\$ 101,734.52	\$ (734.52)
Other Expenses				
Dues & Subscriptions	1,000.00	1,000.00	586.50	413.50
Hydrant Rental	185,000.00	185,000.00	182,007.89	2,992.11
Insurance	56,500.00	56,500.00	55,790.17	709.83
MTVFC #1 - Fire Protection Service	152,032.00	152,032.00	152,032.00	
Insurance - Workmans Comp.	31,100.00	31,100.00	21,610.00	9,490.00
Contingency	75,000.00	75,000.00	42,993.06	32,006.94
Prior Year Fund Balance Deficit	211,044.00	211,044.00		211,044.00
Equipment Acquisition	180,000.00	180,000.00	171,551.07	8,448.93
Cell Phone/CAD/Computer	12,000.00	12,000.00	32,415.00	(20,415.00)
IT Services	35,000.00	35,000.00	44,510.00	(9,510.00)
Firehouse Maint and Operations	210,000.00	210,000.00	309,724.67	(99,724.67)
Fuel/Supplies Expenses	15,000.00	15,000.00	12,705.81	2,294.19
Repair & Maintenance - Equipment	100,000.00	100,000.00	163,773.63	(63,773.63)
Training and Education	30,000.00	30,000.00	10,644.51	19,355.49
Uniforms - Fire Fighters	27,500.00	27,500.00	22,751.05	4,748.95
Reimbursement - Expenses & Losses	1,500.00	1,500.00	509.66	990.34
Safety & Health	17,000.00	17,000.00	6,795.00	10,205.00
Total Other Expenses	\$ 1,339,676.00	\$ 1,339,676.00	\$ 1,230,400.02	\$ 109,275.98
Total Operations & Maintenance Expenses	\$ 1,605,676.00	\$ 1,605,676.00	\$ 1,502,418.43	\$ 103,257.57
Operating Appropriations Offset with Revenues				
Uniform Safety Act:				
Salaries	\$ 26,014.00	\$ 26,014.00	\$ 26,014.00	
Employee Benefits	4,800.00	4,800.00	4,490.60	\$ 309.40
Fire Prevention Expenses	25,000.00	25,000.00	16,289.07	8,710.93
Total Uniform Safety Act	\$ 55,814.00	\$ 55,814.00	\$ 46,793.67	\$ 9,020.33
Length of Service Awards Program	\$ 45,000.00	\$ 45,000.00	\$ 57,932.28	\$ (12,932.28)
Total Expenditures	\$ 1,881,690.00	\$ 1,881,690.00	\$ 1,799,897.83	\$ 81,792.17

MONROE TOWNSHIP FIRE DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Final To Actual</u>
Excess of Revenues Over/ (Under) Expenditures			\$ 72,780.26	\$ 72,780.26
Other Sources/Uses:				
Miscellaneous Revenues			\$ 12,582.35	\$ 12,582.35
Other Charges			(3,157.50)	(3,157.50)
Required Site Improvements			(232,586.40)	(232,586.40)
Prior Period Adjustment			(13,872.91)	(13,872.91)
			<u>(164,254.20)</u>	<u>(164,254.20)</u>
Fund Balance, January 1	\$ 567,519.00	\$ 567,519.00	\$ 567,519.00	\$ 567,519.00
Fund Balance, December 31	<u>\$ 567,519.00</u>	<u>\$ 567,519.00</u>	<u>\$ 403,264.80</u>	<u>\$ 403,264.80</u>

MONROE TOWNSHIP FIRE DISTRICT NO.1
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Adopted/Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES</u>			
SFSP	<u>\$ 2,715.00</u>	<u>\$ 5,430.00</u>	<u>\$ 2,715.00</u>
<u>EXPENDITURES</u>			
Operations and Maintenance	<u>\$ 2,715.00</u>	<u>\$ 5,430.00</u>	<u>\$ 2,715.00</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>REVENUES</u>	<u>Adopted/Final Budget</u>	<u>Actual</u>
Amount to be Raised by Taxation	<u>\$ 543,412.74</u>	<u>\$ 543,412.74</u>
Total Revenues	<u>\$ 543,412.74</u>	<u>\$ 543,412.74</u>
 <u>EXPENDITURES</u>		
Debt Service:		
Bond Principal	\$ 205,000.00	\$ 205,000.00
Interest on Bonds	110,575.00	110,575.00
Lease Purchase Principal	179,439.00	179,439.00
Interest on Lease Purchase	<u>48,398.74</u>	<u>48,398.74</u>
Total Expenditures	<u>\$ 543,412.74</u>	<u>\$ 543,412.74</u>

See accompanying Notes to Financial Statements.

MONROE TOWNSHIP FIRE DISTRICT NO. 1
SCHEDULE OF BONDS PAYABLE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

Series	Date	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance December 31, 2019	Paid	Balance December 31, 2020
			Date	Amount				
Fire District Bonds	4/30/2014	\$ 4,500,000.00	4/1/2020	\$ 205,000.00	3.000 %	\$ 3,580,000.00	\$ 205,000.00	\$ 3,375,000.00
			4/1/2021	210,000.00	3.000			
			4/1/2022	220,000.00	3.000			
			4/1/2023	225,000.00	3.000			
			4/1/2024	235,000.00	3.000			
			4/1/2025	240,000.00	3.000			
			4/1/2026	245,000.00	3.000			
			4/1/2027	250,000.00	3.000			
			4/1/2028	250,000.00	3.000			
			4/1/2029	250,000.00	3.000			
			4/1/2030	250,000.00	3.125			
			4/1/2031	250,000.00	3.125			
			4/1/2032	250,000.00	3.250			
			4/1/2033	250,000.00	4.000			
			4/1/2034	250,000.00	4.000			
						<u>\$ 3,580,000.00</u>	<u>\$ 205,000.00</u>	<u>\$ 3,375,000.00</u>

MONROE TOWNSHIP FIRE DISTRICT NO. 1
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2020

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Maturity of Lease</u>		<u>Balance December 31, 2019</u>	<u>Paid</u>	<u>Balance December 31, 2020</u>
		<u>Date</u>	<u>Amount</u>			
Fire Trucks	3.030%	6/15/2020	\$ 179,439.00	\$ 1,597,330.14	\$ 179,439.00	\$ 1,417,891.14
		6/15/2021	184,876.00			
		6/15/2022	190,477.00			
		6/15/2023	196,249.00			
		6/15/2024	202,195.00			
		6/15/2025	208,321.69			
		6/15/2026	214,633.83			
		6/15/2027	221,138.62			
				\$ 1,597,330.14	\$ 179,439.00	\$ 1,417,891.14

MONROE TOWNSHIP FIRE DISTRICT NO. 1
STATISTICAL INFORMATION
DECEMBER 31, 2020

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>
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
2017	1,907,913,648	2,106,995	0.110
2016	1,888,716,587	2,041,067	0.108

Unrestricted Net Position – General Fund

<u>Fiscal Year</u>	<u>Unassigned Balance/(Deficit) Fiscal Year</u>	<u>Utilization in Subsequent Year Budget</u>
2020	\$ 343,265	\$ 45,000
2019	507,519	None
2018	(211,044)	300,000
2017	7,494	250,000
2016	119,627	235,000

MONROE TOWNSHIP FIRE DISTRICT NO. 1

ROSTER OF OFFICIALS

DECEMBER 31, 2020

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. Yousouf	Attorney

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2020

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, 2020 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 eight (8) individual line items were overexpended. 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.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2020

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, 2020 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, 2020

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". The signature is fluid and cursive, with a large initial "G" and "S".

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