

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Financial Statements and Supplementary Information

For the Year Ended December 31, 2021

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Financial Statements and Supplementary Information
Year Ended December 31, 2021

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PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
Roster of Officials
For the year ended December 31, 2021

Board of Fire Commissioners

Robert Brady, Chairman
Kenneth Hagen, Vice-Chairman
Donald Robbins, Treasurer
Chris Chaney, Secretary
Ken Friedrich, Commissioner

Other Officials

Richard M. Braslow, Esq., Attorney
Lane J. Biviano, Esq., LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners
Plumsted Township Fire Commissioners District No. 1
New Egypt, New Jersey

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the District's proportionate share of the net pension liability – PERS and PFRS, schedules of District

contributions – PERS and PFRS and notes to the required supplementary information (pages 5 to 11 and 44 to 51) be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of supplemental fire services grant expenditures (page 52) but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022, on our consideration of Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey ’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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* in considering Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey’s internal control over financial reporting and compliance.

DePietto & DePietto, LLC

Holland, Pennsylvania
September 29, 2022

REQUIRED SUPPLEMENTARY INFORMATION

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The discussion and analysis of the Plumsted Township Fire Commissioners District No. 1's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2021. The intent of the discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes 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 2021 are as follows:

In total, net position increased \$319,399 from 2020.

General revenues accounted for \$2,261,588 or 100% of all revenues.

Per generally accepted accounting principles (GAAP) basis, the District had \$1,942,189 in expenses including \$50,820 of depreciation and \$343,793 in pension recovery to be in compliance with GASB 68 for 2021. General revenues (primarily taxes) of \$2,261,588 were adequate to provide for these programs, resulting in a change in net position of \$319,399.

Per Non-GAAP budgetary basis, the District had \$2,335,162 in expenditures and capital outlay and \$2,335,162 of actual revenue and included utilization of \$73,574 of \$166,630 budgeted from unrestricted reserves, which resulted in \$0 of revenues over expenditures. General revenues (primarily taxes) and utilization of the budgeted unrestricted fund balance were adequate to provide for these programs.

Using this Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Plumsted Township Fire Commissioners 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 the following three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

District-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.

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

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.

While this document contains the large number of 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 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets 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 those positions. 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 reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transaction. The District's governmental funds are the General Fund and Capital Projects 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 District-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.

A summary of the District's Statement of Net Position and Statement of Changes in Net Position is presented below.

Table 1
Condensed Statement of Net Position

	<u>Governmental</u> <u>Activities</u> <u>2021</u>	<u>Governmental</u> <u>Activities</u> <u>2020</u>
Current and Other Assets	\$ 741,583	\$ 729,155
Capital Assets, net of accumulated depreciation	<u>297,358</u>	<u>348,178</u>
Total Assets	<u>1,038,941</u>	<u>1,077,333</u>
Deferred Outflow of Resources	<u>551,393</u>	<u>921,605</u>
Total Assets and Deferred Outflow of Resources	<u>\$1,590,334</u>	<u>\$1,998,938</u>
Current Liabilities	\$ 258,594	\$ 276,133
Long-Term Liabilities	<u>1,584,350</u>	<u>2,867,933</u>
Total Liabilities	<u>1,842,944</u>	<u>3,144,066</u>
Deferred Inflow of Resources	<u>1,584,290</u>	<u>1,011,171</u>
Net Position:		
Invested in Capital Assets, net of related debt	297,358	348,178
Restricted for Capital Projects	380,920	280,920
Restricted for Post-Retirement Sick Pay Benefits	39,946	44,407
Unrestricted	<u>(2,555,124)</u>	<u>(2,829,804)</u>
Total Net Position	<u>(1,836,900)</u>	<u>(2,156,299)</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$1,590,334</u>	<u>\$1,998,938</u>

Table 2
Condensed Statement of Changes in Net Position

	<u>Governmental</u> <u>Activities</u> <u>2021</u>	<u>Governmental</u> <u>Activities</u> <u>2020</u>
REVENUES:		
General Revenues:		
Property Taxes	\$1,927,855	\$1,825,491
EMS Revenue	252,079	272,951
Fire inspection revenue	71,629	32,434
Miscellaneous revenue	7,885	10,000
State Grant	<u>2,140</u>	<u>2,140</u>
Total Revenues	<u>\$2,261,588</u>	<u>\$2,143,016</u>
EXPENSES:		
Administration	\$ 95,499	\$ 87,645
Cost of Operations and Maintenance	<u>1,846,690</u>	<u>2,193,824</u>
Total Expenses	<u>1,942,189</u>	<u>2,281,469</u>
Increase (Decrease) in Net Position	<u>\$ 319,399</u>	<u>(\$ 138,453)</u>

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 85.2% of revenues for governmental activities for Plumsted Township Fire Commissioners District No. 1 for 2021. The District's total revenues were \$2,261,588 for the year ended December 31, 2021. The state grant and other income accounted for another .4% of revenue and EMS revenue and fire inspection revenue accounted for the remaining 14.4%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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 capital projects fund) are accounted for using the modified-accrual basis of accounting. Total revenues amounted to \$2,261,588 and expenditures and reserves for future capital outlays were \$2,335,162. The total change in fund balance for the year in the governmental funds was \$26,426 less a transfer of internal funds to the capital projects fund for future capital outlays of \$100,000.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the General Fund for the year ended December 31, 2021 and 2020:

Table 3
Summary of Revenues – General Fund

	<u>2021</u>	<u>2020</u>
Revenue:		
Local Sources:		
Amount to be Raised by Taxation	\$1,927,855	\$1,825,491
Miscellaneous	331,593	315,385
State sources	<u>2,140</u>	<u>2,140</u>
Total	<u>\$2,261,588</u>	<u>\$2,143,016</u>

The following schedule presents a summary of the expenditures of the General Fund for the year ended December 31, 2021 and 2020:

Table 4
Summary of Expenditures – General Fund

	<u>2021</u>	<u>2020</u>
Expenditures:		
Administration	\$ 95,499	\$ 87,645
Cost of Operations and Maintenance	<u>2,139,663</u>	<u>2,017,518</u>
Total	<u>\$2,235,162</u>	<u>\$2,105,163</u>

Capital Assets

At the end of the year 2021, the District had \$297,358 invested in land, fire equipment, fire apparatus and office equipment net of depreciation. Table 5 shows 2021 balances compared to 2020.

Table 5
Capital Assets (Net of Depreciation)

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease) from 2020</u>
Building	\$ 47,685	\$ 47,685	\$ (0)
Fire Apparatus	39,447	90,267	(50,820)
Land – not depreciated	<u>210,226</u>	<u>210,226</u>	<u>0</u>
Total	<u>\$297,358</u>	<u>\$348,178</u>	<u>\$(50,820)</u>

In 2021, depreciation expense for was \$50,820. A piece of property was purchased in January 2018 for \$210,226 including the purchase of the land, demolition of the building and real estate taxes required to be paid as part of the purchase. The property is being held for future development of a new firehouse.

Economic Factors

For the 2021 year, the Plumsted Township Fire Commissioners District No. 1 was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 85.2% of total revenue was from the local tax levy, while the remaining 14.8% was from other sources. The tax rate levy per \$100 of property valuation increased from \$.2320 in 2020 to \$.2427 in 2021.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, creditors and other interested parties with a general overview of the District's finances and to show the District's accountability for the money it receives. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Treasurer, at Plumsted Township Fire Commissioners District No. 1, County of Ocean, State of New Jersey, P.O. Box 267, New Egypt, New Jersey, 08533.

BASIC FINANCIAL STATEMENTS

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Statement of Net Position

December 31, 2021

	<u>Governmental</u> <u>Activites</u>
ASSETS	
Cash and cash equivalents	\$ 711,311
Capital assets, net of accumulated depreciation	297,358
Account and other receivables	<u>30,272</u>
Total assets	<u>1,038,941</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>551,393</u>
Total deferred inflows of resources	<u>551,393</u>
Total assets and deferred outflows of resources	<u><u>\$ 1,590,334</u></u>
LIABILITIES	
Accounts payable	\$ 11,474
Accrued expenses	9,400
Pension payable	237,720
Long-term liabilities:	
Net pension liability	<u>1,584,350</u>
Total liabilities	<u>1,842,944</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>1,584,290</u>
Total deferred inflows of resources	<u>1,584,290</u>
Total liabilities and deferred inflows of resources	<u>3,427,234</u>
NET POSITION	
Invested in capital assets, net of related debt	297,358
Restricted for:	
Capital projects	380,920
Post-retirement sick pay benefits	39,946
Unrestricted	<u>(2,555,124)</u>
Total net position	<u>(1,836,900)</u>
Total liabilities and deferred inflows of resources and net position	<u><u>\$ 1,590,334</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Statement of Activities

For the Year Ended December 31, 2021

	<u>Governmental</u> <u>Activites</u>
Expenditures:	
Emergency services - administration	\$ 95,499
Emergency services - operations	<u>1,846,690</u>
Total expenditures	<u>1,942,189</u>
General revenues:	
Taxes	1,927,855
EMS revenue	252,079
Fire inspection revenue	71,629
Grants - state	2,140
Miscellaneous revenue	7,885
Transfers - internal activities	<u>0</u>
Total general revenues	<u>2,261,588</u>
Change in net position	319,399
Net position	
Beginning of the year	<u>(2,156,299)</u>
Net position, end of year	<u><u>\$ (1,836,900)</u></u>

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Governmental Funds

Balance Sheet

December 31, 2021

	<u>Governmental Funds</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 330,391	\$ 380,920	\$ 711,311
Account and other receivables	30,272	0	30,272
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 360,663</u>	<u>\$ 380,920</u>	<u>\$ 741,583</u>
LIABILITIES			
Accounts payable	\$ 11,474	\$ 0	\$ 11,474
Accrued expenses	9,400		9,400
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>20,874</u>	<u>0</u>	<u>20,874</u>
FUND BALANCES			
Fund balances:			
Unassigned	299,843	0	299,843
Assigned			
For capital projects	0	380,920	380,920
Committed			
For post retirement sick pay benefits	39,946	0	39,946
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>339,789</u>	<u>380,920</u>	<u>720,709</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 360,663</u>	<u>\$ 380,920</u>	<u>\$ 741,583</u>

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Governmental Funds

Balance Sheet

December 31, 2021

Governmental Funds - Fund Balance, December 31, 2021	\$ 720,709
Differences to amounts reported for governmental activities in the statement of net position:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,409,289 and the accumulated depreciation is \$2,111,931	297,358
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	(1,032,897)
Accrued PERS and PFRS pension payable is not recorded in financial statements of governmental funds	(237,720)
Long-term liabilities, including net pension liability, are not due and payable in the current period and are therefore not reported as liabilities in the	<u>(1,584,350)</u>
Governmental Activities - Net Position, December 31, 2021	<u><u>\$ (1,836,900)</u></u>

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended December 31, 2021

	Governmental Funds		
	<u>General</u>	<u>Capital</u>	<u>Total</u>
	<u>Fund</u>	<u>Projects</u> <u>Fund</u>	
Expenditures/expenses:			
Emergency services - administration	\$ 95,499	\$ 0	\$ 95,499
Emergency services - operations	2,139,663	0	2,139,663
	<hr/>	<hr/>	<hr/>
Total expenditures/expenses	2,235,162	0	2,235,162
	<hr/>	<hr/>	<hr/>
General revenues:			
Taxes	1,927,855	0	1,927,855
EMS revenue	252,079	0	252,079
Fire inspection revenue	71,629	0	71,629
Grants - state	2,140	0	2,140
Miscellaneous revenue	7,885	0	7,885
	<hr/>	<hr/>	<hr/>
Total general revenues	2,261,588	0	2,261,588
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures before internal transfers	26,426	0	26,426
Transfers - internal activities:			
For future capital outlays	(100,000)	100,000	0
Total transfers - internal activities	<hr/>	<hr/>	<hr/>
	(100,000)	100,000	0
	<hr/>	<hr/>	<hr/>
Revenues over expenditures and internal transfers	(73,574)	100,000	26,426
Fund balance:			
Beginning of the year	413,363	280,920	694,283
	<hr/>	<hr/>	<hr/>
End of the year	\$ 339,789	\$ 380,920	\$ 720,709
	<hr/>	<hr/>	<hr/>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
in the Governmental Funds to the Statement of Activities

December 31, 2021

Total changes in Governmental Funds - Fund Balance, December 31, 2021 \$ 26,426

Differences to amounts reported for governmental
activities in the statement of net position:

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.

Depreciation Expense (50,820)

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

Pension (recovery) expense 343,793

Governmental Activities - Change in Net Position, December 31, 2021 \$ 319,399

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Statement of Fiduciary Net Assets

Fiduciary Funds

December 31, 2021

	Deferred Compensation Trust
ASSETS	
Investments with fiscal agents	\$ 206,973
Receivables - participants' contributions	<u>1,970</u>
TOTAL CURRENT ASSETS	<u>\$ 208,943</u>
NET ASSETS	
Held in trust for deferred compensation	<u>\$ 208,943</u>

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended December 31, 2021

	Deferred Compensation Trust
ADDITIONS TO NET ASSETS	
Additions to net assets attributed to:	
Investment income:	
Net appreciation in fair value of investments	<u>\$ 34,292</u>
Net investment earnings	34,292
Contributions:	
Participants'	<u>21,130</u>
TOTAL ADDITIONS TO NET ASSETS	<u>55,422</u>
DEDUCTIONS FROM NET ASSETS	
Distributions:	
Administrative Fees	<u>265</u>
TOTAL DEDUCTIONS FROM NET ASSETS	<u>265</u>
Net increase prior to interfund transfers	55,157
Interfund transfers	<u>0</u>
NET INCREASE	55,157
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	<u>153,786</u>
END OF YEAR	<u><u>\$ 208,943</u></u>

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

Plumsted Township Fire Commissioners District No. 1 is a political subdivision of the Township of Plumsted, County of Ocean, New Jersey. The District was formed to provide fire prevention and suppression services to the residents of Plumsted Township. 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 first Tuesday after the first Monday of November.

In accordance with the requirements of Statement No. 14, *The Financial Reporting Entity, of the Governmental Accounting Standards Board (GASB)*, the financial statements must present the District (the primary government) and its component units. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization’s governing body and either (1) the District’s ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

Basis of Presentation

The financial statements of the District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with the provisions of N.J.A.C. 5:31-7-1. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board’s accounting policies are described below.

The basic financial statements report using the economic resources measurement focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon thereafter, within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all the financial resources and the legally authorized activities of the District except those required to be accounted for in other specialized funds.

The Capital Projects Fund is used to account for the financial resources for the acquisition of capital assets or the construction of major capital facilities within the District. The financial resources are derived from the issuance of debt or by reservation of fund balance that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The District currently has committed the balance of \$380,920 in the financial statements.

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds.

District Wide and Fund Financial Statements

The district-wide financial statements report information of all of the nonfiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use,

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District Wide and Fund Financial Statements (continued)

generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The district-wide financial statements include the statement of net position and the statement of activities. These statements report financial information of the District as a whole. All inter-fund activity has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

Fund Financial Statements

The fund financial statements provide detail of the governmental funds.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB).

Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures of liabilities but rather commitments related to unperformed contracts for goods and services. The encumbered appropriation authority carries over into the next fiscal year. An entry will

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances (continued)

be made at the beginning of the next fiscal year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current fiscal year end.

Revenues and Expenditures

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are recorded when the related liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Prepaid Expenses

Prepaid expenses that benefit future periods are recorded as expenditures during the year of purchase.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported on the government –wide statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$1,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method.

The estimated useful lives are as follows:

Fire equipment	5 years
Fire apparatus	10 years
Office equipment	5 years

Employee Benefits

Vacation, sick pay and other employee benefits are recorded as expenditures when paid except for other post employment benefits noted in Note 10.

Use of Estimates

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

As a public body, the District is exempt from both federal and state taxes existing under statute.

Budget and Budgetary Accounting

The District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et. al.

The fire commissioners must introduce and approve the annual budget no later than 25 days prior to the third Saturday in February, with the adopted budget advertised at least seven days prior to the same date, regardless of when the annual fire district election is held. Upon introduction, the commissioners fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget. When the annual election is in November, the public no longer votes on approving the fire district's budget when it is within the tax levy guidelines issued by the NJ Department of Community Affairs.

Amendments may be made to the District budget in accordance with N.J.S.A. 40A:14-78.3.

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the District's financial statements. Each annual budget lapses at the end of the year.

Fire District Taxes

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

Deferred Outflows and Deferred 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 a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions Section

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

Fund Equity

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making by the District and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

Net position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 2 – CASH AND CASH EQUIVALENTS, INVESTMENTS AND CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

Cash used for the day-to-day operations and capital projects of the Fire District is in non-interest bearing checking accounts. The balance in the accounts at December 31, 2021 was \$711,311. Of this balance, the amount available for operations was \$330,391 and \$380,920 was restricted for future capital projects.

Concentration of Credit Risk

The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Bank deposits

All bank deposits are classified as to credit risk by the three categories. **Category 1** consists of bank deposits insured or collateralized with securities held by the District or in the District’s name by its agent. **Category 2** consists of bank deposits collateralized with securities held by pledging public depository’s trust department or agent in the District’s name. **Category 3** includes uncollateralized deposits including any deposits that are collateralized with securities held by the pledging public depository or by its trust department or agent but not in the District’s name. At December 31, 2021, the District’s deposits of \$711,311 are classified as Category 1 deposits.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 3 – FIXED ASSETS

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Being Depreciated:				
Building	\$ 47,685	\$ 0	\$ 0	\$ 47,685
Fire apparatus	1,802,822	0	0	1,802,822
Fire equipment	<u>348,556</u>	<u>0</u>	<u>0</u>	<u>348,556</u>
Total Capital Assets, Being Depreciated	2,199,063	0	0	2,199,063
Less: Total Accumulated Depreciation	<u>2,061,111</u>	<u>50,820</u>	<u>0</u>	<u>2,111,931</u>
	137,952	(50,820)	0	87,132
Land	<u>210,226</u>	<u>0</u>	<u>0</u>	<u>210,226</u>
Governmental Activities Capital Assets, Net	<u>\$348,178</u>	<u>\$(50,820)</u>	<u>\$ 0</u>	<u>\$ 297,358</u>

The District purchased a piece of property in January 2018. The cost was \$210,226 This included purchase of the land, demolition of the building and real estate taxes required to be paid as part of the purchase. It is being held for future development. Depreciation expense of \$50,820 was charged to governmental activities as part of its cost of operations in 2021.

NOTE 4 – ACCRUED EXPENSES

Accrued expenses include professional fees that were incurred for the year ended December 31, 2021 but were not paid by that date.

NOTE 5 – PENSION OBLIGATIONS

Public Employees' Retirement System (PERS)

Plan Description

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

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

Public Employees' Retirement System (PERS) (continued)

Plan Description (continued)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit 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.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the New Jersey Public Employees' Retirement System PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows and inflows of resources and collective pension expense. The employer allocation percentages presented and applied are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2020 through June 30, 2021. The employer allocation percentages have been rounded for presentation purposes; therefore amounts may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

Public Employees’ Retirement System (PERS) (continued)

Contributions (continued)

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19,P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal 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 is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>% of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/21	\$ 23,193	100%	\$ 246,041
12/31/20	\$ 7,416	100%	\$ 345,735
12/31/19	\$ 7,674	100%	\$ 137,375

Components of Net Pension Liability

At December 31, 2021, the District reported a liability of \$246,041 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The District's proportion measured as of June 30, 2021, was 0.00207690740%, which was a decrease of 0.00004320860% from its proportion of 0.00212011600% measured as of June 30, 2020.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
Notes to the Financial Statements
December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

Public Employees’ Retirement System (PERS) (continued)

Components of Net Pension Liability (continued)

	<u>PERS Collective balances at December 31, 2021 and 2020</u>	
	<u>12/31/21</u>	<u>12/31/20</u>
Actuarial valuation date	July 1, 2020	July 1, 2019
Deferred Outflows of Resources	\$ 194,637	\$ 281,558
Deferred Inflows of Resources	\$ 162,626	\$ 147,255
Net Pension Liability (NPL)	\$ 246,041	\$ 345,735
District's portion of the Plan's total NPL	0.00207690740%	0.00212011600%

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended December 31, 2021, the District recognized pension expense of \$3,728. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,281	\$ 87,592
Net difference between expected and actual experience	3,880	1,761
Net difference between projected and actual earnings on pension plan investments	0	64,814
Changes in proportion and differences between District contributions and proportionate share of contributions	189,476	8,459
Total	<u>\$ 194,637</u>	<u>\$ 162,626</u>

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
Notes to the Financial Statements
December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

Public Employees’ Retirement System (PERS) (continued)

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

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

<u>Year Ended</u> <u>June 30:</u>	<u>PERS</u>
2022	\$ 6,019
2023	9,563
2024	15,482
2025	19,608
2026	(17,548)
Thereafter	<u>(1,114)</u>
	<u>\$ 32,011</u>

Actuarial Assumptions

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

Measurement date	June 30, 2021
Actuarial valuation date	July 1, 2020
Investment rate of return	7.00%
Salary increases:	
Through 2026	2.00 – 6.00%
	based on years of service
Thereafter	3.00 – 7.00%
	based on years of service
Inflation rate:	
Price	2.75%
Wage	3.25%

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

Public Employees’ Retirement System (PERS) (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	.95%
Risk Mitigation Strategies	<u>3.00%</u>	3.35%
Total	<u>100.00%</u>	

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

Public Employees’ Retirement System (PERS) (continued)

Discount Rate

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

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>At 1% decrease (6.00%)</u>	<u>At current discount rate (7.00%)</u>	<u>At 1% increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ 338,629	\$246,041	\$172,315

Police and Firemen’s Retirement System (PFRS)

Plan Description

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

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

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

Plan Description (continued)

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 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.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in the New Jersey Police and Firemen’s Retirement System (PFRS) to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer and nonemployer allocation percentages presented and applied are based on the ratio of the contributions of an individual employer to the total contributions to PFRS during the measurement period July 1, 2020 through June 30, 2021. The employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedules may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Special Funding Situation

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

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

Special Funding Situation (continued)

portion of the non-employer contributing entities’ total proportionate share of the collective net pension liability that is associated with the local participating employer.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For fiscal year 2021, the State contributed an amount less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of 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.

Three-Year Trend Information for PFRS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>% of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/21	\$ 218,068	100%	\$ 1,338,309
12/31/20	\$ 172,159	100%	\$ 2,522,198
12/31/19	\$ 183,203	100%	\$ 2,085,762

Components of Net Pension Liability

At December 31, 2021, the District reported a liability of \$1,338,309 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The District’s proportion of the net pension liability was based on the District’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2021. The District’s proportion measured as of June 30, 2021, was 0.01831004150% which was a decrease of 0.0012096228% from its proportion of 0.01951966430% which was measured as of June 30, 2020.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
Notes to the Financial Statements
December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

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

Components of Net Pension Liability (continued)

<u>PFRS Collective balances at December 31, 2021 and 2020</u>		
Actuarial valuation date	<u>12/31/21</u> July 1, 2020	<u>12/31/20</u> July 1, 2019
Deferred Outflows of Resources	\$ 356,756	\$ 640,047
Deferred Inflows of Resources	\$ 1,421,664	\$ 863,916
Net Pension Liability (NPL)	\$ 1,338,309	\$ 2,522,198
District's portion of the Plan's total NPL	0.01831004150%	0.01951966430%

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended December 31, 2021, the District recognized pension recovery of \$347,521. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes of assumptions	\$ 7,121	\$ 401,085
Net difference between expected and actual experience	15,268	160,316
Net difference between projected and actual earnings on pension plan investments		570,297
Changes in proportion and differences between District contributions and proportionate share of contributions	334,367	289,966
Total	<u>\$ 356,756</u>	<u>\$ 1,421,664</u>

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
Notes to the Financial Statements
December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

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

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

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

<u>Year Ended</u> <u>June 30:</u>	<u>PFRS</u>
2022	\$ (225,739)
2023	(226,347)
2024	(178,888)
2025	(186,176)
2026	(188,918)
Thereafter	<u>(58,841)</u>
	<u>\$ (1,064,908)</u>

Special Funding Situation – State’s Proportionate Share

Additionally, the State’s proportionate share of the net pension liability attributable to the District is \$376,399 as of December 31, 2021. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, to the measurement date of June 30, 2021. The State’s proportion of the net pension liability associated with the District was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State’s proportion measured as of June 30, 2021 was 0.01831004150% which was a decrease of 0.0012096228% from its proportion of 0.01951966430% which was measured as of June 30, 2021, which is the same proportion as the District’s.

District’s Proportionate Share of the Net Pension Liability	\$1,338,309
State’s Proportionate Share of the Net Pension Liability Associated with the District	<u>376,399</u>
Total Net Pension Liability	<u>\$1,714,708</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by using an actuarial valuation date as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
Notes to the Financial Statements
December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

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

Measurement date	June 30, 2021
Actuarial valuation date	July 1, 2020
Investment rate of return	7.00%
Salary increases:	3.25 – 15.25% based on years of service
Inflation rate:	2.75%

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

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

Long-Term Expected Rate of Return

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

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

Long-Term Expected Rate of Return (continued)

of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	<u>3.00%</u>	3.35%
Total	<u>100.00%</u>	

Discount Rate

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 5 – PENSION OBLIGATIONS (CONTINUED)

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

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>At 1%</u> <u>decrease</u> <u>(6.00%)</u>	<u>At current</u> <u>discount rate</u> <u>(7.00%)</u>	<u>At 1%</u> <u>increase</u> <u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 2,603,730	\$ 1,714,708	\$ 974,693

Deferred Compensation Plan

The District also provides a deferred compensation plan under section 457(b) of the Internal Revenue Code of 1986, as amended, which was approved by the State of New Jersey, Department of Community Affairs. The purpose of this Plan is to provide an optional benefit to employees whereby a designated amount of the participant’s compensation is withheld each month from his paycheck and is then invested in the plan according to the investments the employee selected. An employee becomes a participant when he has executed and entered into an agreement with the employer. A participant must agree to defer a minimum of twenty dollars per payroll period or such greater amount as specified by the employee in his agreement. For 2021, the maximum amount deferred could not exceed the lesser of \$19,500 or 100% of normal compensation. There was a catch-up contribution of \$6,500 allowed for those individuals who were age 50 and over. The agent providing administrative services for the plan is AXA Equitable Life Insurance Company.

NOTE 6 – LONG-TERM LIABILITIES

During the fiscal year ended December 31, 2021, the following changes occurred in liabilities reported in long-term debt:

	<u>Balance</u> <u>12/31/20</u>	<u>Accrued/</u> <u>Increases</u>	<u>Retired/</u> <u>Decreases</u>	<u>Balance</u> <u>12/31/21</u>	<u>Due within</u> <u>one year</u>
Net pension liability	<u>\$2,867,933</u>	<u>\$ 0</u>	<u>\$1,283,583</u>	<u>\$1,584,350</u>	<u>\$ 0</u>

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 7 – NJ SUPPLEMENTAL FIRE SERVICES PROGRAM GRANT

New Jersey Basic Entitlement Grant

Annually, the Supplemental Fire Services Program (SFSP) awards a grant to the Fire District for volunteer fire services. By acceptance of the grant, the Fire District agrees to all obligations and responsibilities pursuant to the SFSP as provided in Ch. 295, P.L., 1985.

The funds are utilized for the purchase of items as defined in compliance with state statutes. The grant was budgeted for \$2,140 for the year ended December 31, 2021. The District received and expended the grant in 2021.

NOTE 8 – FIRE SUPPRESSION SERVICES CONTRACT

Fire suppression services

The fire safety of the Township of Plumsted is administered through a fire district organized, operated and funded pursuant to NJSA 40A:14-70 et seq.

The Fire Commissioners, District No. 1, Plumsted Township are elected members and provide fire support to the Volunteers to District No. 1, Plumsted Township (also known as the New Egypt Volunteer Fire Company). The District has an agreement with the fire company for the volunteers to provide fire services on an annual basis. The District paid the volunteer fire company \$108,000 in 2021 for these services.

NOTE 9 – SHARED SERVICES AGREEMENT UNIFORM SAFETY ACT

Effective September 2009, Plumsted Township Fire District No. 1 entered into a shared services agreement with the Township of North Hanover for fire inspection services and emergency medical services in accordance with the provisions of New Jersey state statute N.J.S.A. 52:27D-202 and all regulations promulgated thereto to provide for the enforcement of the Uniform Safety Act (the “Act”). All costs incurred in the enforcement of the Act are the sole responsibility of Plumsted Township Fire District No. 1 and all fees and penalties collected belong only to District No.1.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS

HEALTHCARE

Plan Description

The District participates in the New Jersey State Health Benefits Program (“the SHBP”), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB Statement 45 “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions” (“OPEB”). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pensions and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the SHBP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The SHBP is established under the District of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. The required contribution rate is determined on an annual pay as you go basis. There were no retirees for the year ended December 31, 2021.

Sick Pay

Each employee receives 10 days of sick time per year. Unused sick time may be accumulated toward post-retirement payment. The calculation of accumulated time is based on an equation determined by Plumsted Township Fire Commissioners District No.1. It is based upon number of years already worked and approximate number of years to retirement for each employee who has accumulated sick time. An hourly rate is determined based upon current employment contracts and applied toward the unused sick time. The result is divided in half to determine the amount of the final payment. The final payment cannot exceed \$15,000 for all employees. Based on accumulated sick days as of December 31, 2021, the sick pay reserved for employees under the terms of the contract at death or retirement was \$39,946.

NOTE 11– RISK MANAGEMENT

The District is exposed to various risks of loss related to 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.

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to the Financial Statements

December 31, 2021

NOTE 12 – DATE OF MANAGEMENT’S REVIEW

Subsequent events have been evaluated through September 29, 2022, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

NOTE 13 – UNASSIGNED FUND BALANCE – GOVERNMENT FUNDS

Unassigned fund balance – government funds at December 31, 2021 totaled \$299,843. Of that amount, \$225,000 is anticipated to be utilized in the 2022 budget.

NOTE 14 – DEFICIT IN UNRESTRICTED NET POSITION

As reflected on the Statement of Net Position, a deficit in unrestricted net position of (\$1,836,900) existed as of December 31, 2021. The primary cause of this deficit was the recording of the long-term liability for net position. In accordance with full accrual accounting, which is the basis of accounting for the Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget, pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position does not indicate that the District is facing financial difficulties.

NOTE 15 – LITIGATION AND SUBSEQUENT EVENTS

In October 2021, there was a civil rights suit filed by a Plumsted firefighter against Plumsted Township Fire Commissioners District No. 1. The matter was referred to the Ocean County Joint Insurance Fund (“JIF”). The counsel assigned by JIF filed an Answer and subsequently filed a Stipulation of Dismissal with Prejudice with the court on September 7, 2022. The insurance claim deductible due and owing from Plumsted Township Fire Commissioners District No. 1 in the amount of \$35,000 to \$40,000 is expected to be paid before the end of 2022.

REQUIRED SUPPLEMENTARY INFORMATION

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP Budgetary Basis) - General Fund

For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 1,927,855	\$ 1,927,855	\$ 1,927,855	\$ 0
Fund balance utilized	166,630	166,630	73,574	(93,056)
EMS revenue	257,000	257,000	252,079	(4,921)
Fire inspection revenue	37,000	37,000	71,629	34,629
Miscellaneous income	0	0	7,885	7,885
Supplemental fire services grant	2,140	2,140	2,140	0
Total Revenues	2,390,625	2,390,625	2,335,162	(55,463)
<u>Expenditures:</u>				
General Government:				
Salaries and wages	\$ 1,072,101	\$ 1,139,401	\$ 1,133,741	\$ 5,660
Fringe benefits	655,280	605,280	610,023	(4,743)
Administration:				
Advertising	0	600	579	21
Insurance	30,000	30,000	29,158	842
Miscellaneous contingency	5,000	3,300	0	3,300
Office expenses	5,501	6,601	6,583	18
Professional fees	50,000	50,000	59,179	(9,179)
Total Administration	90,501	90,501	95,499	(4,998)
Operations:				
EMS operations	146,143	146,143	134,926	11,217
Fire marshall and prevention operations	17,380	15,480	14,516	964
Fire protection services	299,220	293,820	246,457	47,363
Miscellaneous contingency	10,000	0	0	0
Total Operations	472,743	455,443	395,899	59,544
Total General Government	2,290,625	2,290,625	2,235,162	55,463

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP Budgetary Basis) - General Fund

For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				Positive (Negative)
Capital Outlay				
Reserve for future capital	100,000	100,000	100,000	0
Total Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Total Expenditures	<u>2,390,625</u>	<u>2,390,625</u>	<u>2,335,162</u>	<u>55,463</u>
Excess of Revenues				
Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Reconciliation of Budget Basis to GAAP Basis:

Excess of Revenues Over Expenditures - Budget Basis	\$ 0
Depreciation is not an outflow of a budgetary resource but is an expenditure for financial reporting purposes	(50,820)
Fund balance utilized is an inflow of resources for budgetary purposes but not for financial reporting purposes	(73,574)
Reserve for future capital outlay is an outflow of a budgetary resource but is not an expenditure for financial reporting purposes	100,000
Pension recovery reported in accordance with GASB 68 is an outflow for financial reporting purposes but is not an outflow of a budgetary resource	<u>343,793</u>
Excess of Revenues Over Expenditures - GAAP Basis	<u>\$ 319,399</u>

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00207690740%	0.00212011600%	0.00076240960%	0.00077150680%	0.00074547180%	0.00071522990%	0.00065276170%	0.0005972933%	0.000569889%
District's proportionate share of the net pension liability (asset) \$	246,041 \$	345,735 \$	137,375 \$	151,906 \$	173,534 \$	211,831 \$	146,532 \$	111,830 \$	108,917
District's covered-employee payroll	158,336 \$	152,204 \$	154,707 \$	103,260 \$	54,180 \$	51,498 \$	49,108 \$	45,032 \$	41,304
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	155.39%	227.15%	88.80%	147.11%	320.29%	411.34%	298.39%	248.33%	263.70%

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Police and Firemen's Retirement System (PPRS)
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.01831004150%	0.01951966430%	0.01704357930%	0.01873917040%	0.01718585630%	0.01720753280%	0.01607404370%	0.0161873463%	0.0157396522%
District's proportionate share of the net pension liability (asset) \$	1,338,309	2,522,198	2,085,762	2,535,719	2,653,164	3,287,079	2,677,375	2,036,218	2,092,445
District's covered-employee payroll	\$ 617,711	\$ 642,629	\$ 573,890	\$ 597,015	\$ 602,908	\$ 575,692	\$ 534,472	\$ 511,613	\$ 549,887
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	216.66%	392.48%	363.44%	424.73%	440.06%	570.98%	500.94%	398.00%	380.52%

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Schedule of District Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 23,193	\$ 7,416	\$ 7,674	\$ 6,906	\$ 6,354	\$ 5,612	\$ 4,924	\$ 4,294	\$ 4,114
Contributions in relation to the contractually required contributions	23,193	7,416	7,674	6,906	6,354	5,612	4,924	4,294	4,114
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered-employee payroll	\$ 158,336	\$ 152,204	\$ 154,707	\$ 103,260	\$ 54,180	\$ 51,498	\$ 49,108	\$ 45,032	\$ 41,304
Contributions as a percentage of its covered-employee payroll	14.65%	4.87%	4.96%	6.69%	11.73%	10.90%	10.03%	9.54%	9.96%

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Schedule of District Contributions
Police and Firemen's Retirement System (PFRS)
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 218,068	\$ 172,159	\$ 183,203	\$ 152,098	\$ 140,300	\$ 130,658	\$ 124,330	\$ 114,833	\$ 113,534
Contributions in relation to the contractually required contributions	218,068	172,159	183,203	152,098	140,300	130,658	124,330	114,833	113,534
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered-employee payroll	\$ 617,711	\$ 642,629	\$ 573,890	\$ 597,015	\$ 602,908	\$ 575,692	\$ 534,472	\$ 511,613	\$ 549,887
Contributions as a percentage of its covered-employee payroll	35.30%	26.79%	31.92%	25.48%	23.27%	22.70%	23.26%	22.45%	20.65%

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to Required Supplementary Information

For the Year Ended December 31, 2021

Budgets and Budgetary Controls

Annual budgets are prepared each year for the operations of the fire district. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budgets are then voted upon by the public, at the annual fire district election held on the third Saturday in February. Budgetary transfers may be made during the last two months of the year.

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

Public Employees' Retirement System (PERS)

Basis of Presentation

The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 21, 2022. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Changes of Benefit Terms

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

Changes of Assumptions

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

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

Notes to Required Supplementary Information

For the Year Ended December 31, 2021

Public Employees' Retirement System (PERS)

Changes of Assumptions (continued)

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018

Police and Firemen's Retirement System (PFRS)

Basis of Presentation

The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated August 26, 2022. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Changes of Benefit Terms

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

Changes of Assumptions

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

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

OTHER SUPPLEMENTARY INFORMATION

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1
Schedule of Supplemental Fire Services Grant Expenditure Report
For the Year Ended December 31, 2021

REVENUE

State of New Jersey Supplemental Fire Services Grant \$ 2,140

Total revenue \$ 2,140

EXPENDITURES

Emergency equipment and fire gear \$ 2,140

Total expenditures \$ 2,140

GOVERNMENT AUDITING STANDARDS REPORTING



Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

To the Board of Fire Commissioners
Plumsted Township Fire Commissioners District No. 1
New Egypt, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund of Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Plumsted Township Fire Commissioners District No. 1's basic financial statements and have issued our report thereon dated September 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plumsted Township Fire Commissioners District No. 1, in the County of Ocean, State of New Jersey's internal control.

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

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



material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plumsted Township Fire Commissioners District No. 1 in the County of Ocean, State of New Jersey's 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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Plumsted Township Fire Commissioners District No. 1 in a separate letter dated September 29, 2022.

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.

DePietto & DePietto, LLC

Holland, Pennsylvania
September 29, 2022

PLUMSTED TOWNSHIP FIRE COMMISSIONERS DISTRICT No. 1

General Comments and Recommendations

For the Year Ended December 31, 2021

This section identifies any material weaknesses and significant deficiencies in internal control and instances of non-compliance related to the December 31, 2021 financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Section I - Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Plumsted Township Fire Commissioners District No. 1.
2. There were no material weaknesses identified and there were no significant deficiencies reported relating to the audit of the financial statements as reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. There were no instances of noncompliance or other matters reported relating to the audit of the financial statements as reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

Section II – Financial Statement Findings – Current Year

None

Section III – Financial Statement Findings - Current Year Status of Prior Year Findings

None