

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**COUNTY OF MONMOUTH, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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# **SAMUEL KLEIN AND COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

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

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

## **INDEPENDENT AUDITOR'S REPORT**

Board of Fire Commissioners  
Aberdeen Township Fire District No. 1  
County of Monmouth  
State of New Jersey

### **Report on the Audit of the Financial Statements**

#### Opinions

We have audited the financial statements of the governmental activities and each major fund of the Township of Monroe Fire District No. 1 (the "District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **Responsibilities of Management for the Financial Statements**

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

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

### **Other Information**

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

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the *District's* internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.



Gerard Stankiewicz  
Certified Public Accountant  
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey  
December 30, 2022

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CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

Board of Fire Commissioners  
Aberdeen Township Fire District No. 1  
County of Monmouth  
State of New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements and the related notes to the financial statements of the Aberdeen Township Fire District No. 1, County of Monmouth, State of New Jersey (the "District") as of and for the year ended December 31, 2021, which comprise the District's basic financial statements and have issued our report thereon dated December 30, 2022.

### **Internal Control Over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Gerard Stankiewicz  
Certified Public Accountant  
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey  
December 30, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Within this section of the Aberdeen Township Fire District #1's (District) annual financial report, the management of the District provides narrative discussion and analysis of the financial activities of the District for the audit year ending December 31, 2021.

The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

### **Discussion of Financial Statements Included in Annual Audit**

The District prepares and presents its financial statements on several different bases, because of accounting requirements and for internal use purposes.

The first set of statements which consist of the Statement of Net Position, the Statement of Activities and Change in Net Position is prepared on an accrual basis and is in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. These statements are the official financial statements of the Aberdeen Township Fire District #1.

After the first set of statements and the "Notes to the Financial Statements" that follow is the second set of statements. These statements are considered "Supplemental Information".

The District has historically presented its financial statements on a "GAAP Basis", and continues to do so because it relates more fairly to the annual budget for the same period. The annual budget records all encumbrances as charges against the adopted appropriation even if the items or services have not been received.

Contained in the supplemental information are statements that report the Statement of Net Position, Statement of Revenues, Expenditures and Change in Net Position and Statement of Expenditures Compared to Budget. These statements compare the "Budget" revenues and expenses to "Actual" revenues and expenses. They include operating revenues and expenses, nonoperating revenues and nonoperating expenses. Principal and Interest are reported in this statement as Debt Service expense, and depreciation is not reported as an expense. On the "GAAP" based and "Modified GAAP" based, Depreciation Expense is included, and only the Interest Expense component of the Debt Service expense is reported.

The Budget to Actual statement is a very important statement to the District management, because it is how we measure our financial performance, particularly as it compares to the approved and adopted annual budget and how it relates to the operational performance.

Other information or statements incorporated within the annual audit report are the Schedules of Cash and Cash Equivalents and Investments – Restricted and Unrestricted.

For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the official statements of the District, those prepared on an accrual basis and in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. This is the first set of statements included in the annual audit report.

## Aberdeen Township Fire District #1

### Comparative Statement of Net Position

The Aberdeen Township Fire District #1's Total Assets \$1,692,098 and Deferred Outflow of Resources \$245,209 less Total Liabilities of \$1,133,331 and Deferred Inflow of Resources \$570,432, resulting in Net Position of \$233,544

The Aberdeen Township Fire District #1's Net Position of \$233,544 is comprised of the following:

1. Invested in Capital Assets is \$1,152,655.
2. Unrestricted Unreserved Net Position is a deficit of \$932,033 which is the result of the required accrual of the net PERS and OPEB liability.
3. Restricted Net Position of 12,922.

	As of December 31,	
	<u>2021</u>	<u>2020</u>
Total Current Assets	\$ 539,443	\$ 501,644
Capital Assets - Net	<u>1,152,655</u>	<u>1,251,430</u>
Total Assets	<u>\$ 1,692,098</u>	<u>\$ 1,753,074</u>
Deferred Outflow of Resources	<u>\$ 245,209</u>	<u>\$ 316,026</u>
Total Current Liabilities Payable from Current Assets:		
Unrestricted	<u>\$ 93,584</u>	<u>\$ 85,740</u>
Total Long-Term Liabilities Payable from Long-Term Assets:		
Pension Obligation	\$ 357,555	\$ 468,136
OPEB Obligation	<u>682,192</u>	<u>688,970</u>
	<u>1,039,747</u>	<u>1,157,106</u>
Total Liabilities	<u>\$ 1,133,331</u>	<u>\$ 1,242,846</u>
Deferred Inflow of Resources	<u>\$ 570,432</u>	<u>\$ 571,698</u>
Net Position		
Restricted:		
Net Investment in Capital Assets	\$ 1,152,655	\$ 1,251,430
Restricted Capital	12,922	12,922
Unrestricted:		
Unreserved (Deficit)	<u>(932,033)</u>	<u>(1,009,796)</u>
Net Position	<u>\$ 233,544</u>	<u>\$ 254,556</u>

Comparative Statement of Revenues, Expenses and Change in Net Position

Total Operating Revenues increased \$18,631 or 2.35% from the prior year.

Operating Expenses, exclusive of depreciation, decreased \$58,169 or 7.96% from the prior year.

Total Operating Revenues less Total Operating Expenses produced a gain of \$14,487.

Net Position as of December 31, 2021 decreased \$21,012 from \$254,556 to \$233,544.

	December 31,	
	<u>2021</u>	<u>2020</u>
Total Operating Revenues	\$ <u>809,937</u>	\$ <u>791,306</u>
Operating Expenses	\$ 672,174	\$ 730,343
Depreciation	<u>123,276</u>	<u>96,642</u>
Total Operating Expenses	\$ <u>795,450</u>	\$ <u>826,985</u>
Operating Income/(Loss)	14,487	(35,679)
Other Financing Sources/(Uses)		
Adj. to Prior Year Depreciation	<u>(35,499)</u>	<u></u>
Change in Net Position		
Increase/(Decrease)	\$ (21,012)	\$ (35,679)
Net Position, Beginning	<u>254,556</u>	<u>290,235</u>
Net Position, Ending	\$ <u><u>233,544</u></u>	\$ <u><u>254,556</u></u>

### **Core Competencies**

The Aberdeen Township Fire District #1 governs an all-volunteer fire company serving mainly the western portion of Aberdeen Township in the County of Monmouth and also some of the surrounding townships and boros. The Board of Fire Commissioners is made up of 5 members who are charged with serving the community by raising money through the budget process and expanding those funds for the protection of the township's residents.

The Fire District supports 1 firehouse and 5 pieces of fire apparatus, the last of which was purchased in 2018. Other expenses are incurred in the maintaining the volunteers with the best equipment to fight fires and maintaining the fire apparatus in top shape to provide a maximum amount of safety to the volunteers and residents.

The District's budget is voted on at the Annual Fire District Election which is by statute on the third Saturday of February. The budget process begins in October with preparing the details and is finalized and introduced in November and a public hearing is held in December. If the voters defeat the budget, then the Mayor and Township Committee have the right to set the budget. The budget is prepared on a calendar year basis.

The District has a contract with the fire company for use of their building. The Fire Company has approximately thirty-six (36) volunteer members. The District also participates on a mutual aid consortium for assistance to and from neighboring municipalities.

The main revenue of the District is property taxes which are subject to the annual fire district election. The other sources of revenue are surplus and miscellaneous revenue which accrues to the fund balance of the District.

The majority of the budget relates to salary, insurance, fire fighter protective equipment and uniforms, and repair and maintenance of fire trucks.

## **Accountability**

The Aberdeen Township Fire District #1's mission statement is:

### **The Mission Statement:**

Our mission for the Aberdeen Township Fire District #1 is to provide the ultimate in fire protection services. Always responsive to the residents' needs and the growing community, in compliance with the applicable laws, rules and regulations, the District will continue to set and exceed the standards for the protection of the property, while operating the most efficient system and maintaining a cost effective budget.

As the mission reads, this is who and what the District is accountable to. The District's accountability, first and foremost, is to protect the property. The goal is to provide a cost effective and reliable service, and at the same time to protect the property. This means the District is accountable to the residents, the agencies and people served using the same principles: cost effective, efficient, reliable and protective.

As a district, the District is also guided by or accountable to state government and the applicable rules and regulations that govern the Aberdeen Township Fire District #1. More specifically, the District is accountable to the Department of Community Affairs, Division of Local Government Services.

## **Management of the District**

The Commissioners manage the daily operations of the District in conjunction with the Fire Official. The clerk of the District handles the bookkeeping operations.

## **Funding of Infrastructure and Debt Management**

The District is required by statute to present it's capital projects or capital assets acquisition to the voters of the District for approval. Once approved, the District can proceed to put the required financing in place; however, subject to the Local Finance Board's approval.

## **Auditors**

The District Auditor is Gerard Stankiewicz, CPA of Samuel Klein and Company, LLP.

Audits can be obtained by contacting Aberdeen Township Fire District #1.

## **FINANCIAL STATEMENTS**

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**COUNTY OF MONMOUTH**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

Balance  
December 31,  
2021

**ASSETS**

Current Assets:	
Cash and Cash Equivalents	\$ <u>539,443.12</u>
Noncurrent Assets:	
Capital Assets, Net	<u>1,152,654.58</u>
Total Assets	\$ <u><u>1,692,097.70</u></u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension	\$ 82,217.00
OPEB	<u>162,992.00</u>
	\$ <u><u>245,209.00</u></u>

**LIABILITIES**

Current Liabilities Payable from Current Assets:	
Account Payable	\$ 36,793.35
Commitments Payable	<u>56,790.27</u>
Total Current Liabilities Payable from Current Assets	<u>93,583.62</u>
Noncurrent Liabilities:	
Pension Obligation	\$ 357,555.00
OPEB Obligation	<u>682,192.00</u>
	<u>1,039,747.00</u>
Total Liabilities	\$ <u><u>1,133,330.62</u></u>

**DEFERRED INFLOWS OF RESOURCES**

Pension	\$ 224,041.00
OPEB	<u>346,391.00</u>
	\$ <u><u>570,432.00</u></u>

**NET POSITION**

Restricted:	
Net Investment in Capital Assets	\$ 1,152,654.58
Restricted	12,921.63
Unrestricted (Deficit)	<u>(932,032.13)</u>
Net Position	\$ <u><u>233,544.08</u></u>

See Accompanying Notes to Financial Statements

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**COUNTY OF MONMOUTH**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

<u>Functions/Programs</u>	Total <u>Government Activities</u> Net (Expense)/Revenue and <u>Change in Net Position</u>
Expenditures:	
Administrative:	
Personnel:	
Salaries and Fringe Benefits	\$ 118,353.43
Other:	
Professional Services	22,791.97
Office Expenses & Maintenance	39,653.14
Membership Dues & Travel Expenses	2,380.86
Advertising & Elections	2,851.72
Utilities and Related Expenses	17,935.47
Fire Prevention	1,120.00
Insurance	40,397.37
	\$ <u>245,483.96</u>
Cost of Providing Services:	
Personnel:	
Salary & Fringe Benefits	\$ 270,900.73
Other:	
Automotive Fuel	4,139.81
Firefighter protective equipment	16,861.02
Fire Fighter Uniforms	58,800.00
Maintenance & Repairs	67,659.68
Assistance to Training Grounds	5,000.00
Grant - SFSP	3,328.50
Depreciation	123,275.91
	\$ <u>549,965.65</u>
Total Government Activities	\$ <u>795,449.61</u>
<u>General Revenues</u>	
Taxation:	
General Fund	\$ 675,847.00
Capital Projects	60,000.00
Interest	1,027.80
Grant - SFSP	3,328.50
Miscellaneous Revenue	23,776.76
Other Revenue - Inspections, Fines and Tickets	45,956.99
	\$ <u>809,937.05</u>
Change in Net Position	\$ 14,487.44
Other Financing Sources/(Uses) -	
Adjustment to Prior Year Depreciation	<u>(35,499.08)</u>
Net Increase/(Decrease) in Net Position	(21,011.64)
Net Position - Beginning	<u>254,555.72</u>
Net Position - Ending	\$ <u><u>233,544.08</u></u>

See accompanying Notes to Financial Statements.

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**COUNTY OF MONMOUTH**  
**GOVERNMENTAL FUNDS**  
**COMBINED STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

	Fund		
	General	Capital Projects	Total
Current Assets:			
Unrestricted Assets:			
Cash and Cash Equivalents	\$ 512,093.49	\$ 12,921.63	\$ 525,015.12
Accounts Receivable - Tax Levy	14,428.00		14,428.00
Total Current Assets	<u>\$ 526,521.49</u>	<u>\$ 12,921.63</u>	<u>\$ 539,443.12</u>
Current Liabilities Payable from			
Unrestricted Assets:			
Accounts Payable	\$ 1,446.35		\$ 1,446.35
Commitments Payable	56,790.27		56,790.27
Total Current Liabilities	<u>\$ 58,236.62</u>	<u></u>	<u>\$ 58,236.62</u>
Net Position:			
Restricted		\$ 12,921.63	\$ 12,921.63
Unrestricted	<u>\$ 468,284.87</u>	<u></u>	<u>468,284.87</u>
Net Position	<u>\$ 468,284.87</u>	<u>\$ 12,921.63</u>	<u>\$ 481,206.50</u>
Total Net Position			\$ 481,206.50

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The Cost of the Net Position is \$3,474,847.06 and the Accumulated Depreciation is \$2,322,192.48. (Note 4)

1,152,654.58

The District contributes to pension obligations. The pension obligation at yearend is: (35,347.00)

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

Deferred Outflows of Resources	\$ 245,209.00	
Deferred Inflows of Resources	(570,432.00)	(325,223.00)

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

Net Pension OPEB Liability	(1,039,747.00)
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Net Position of Governmental Activities (A-1)	<u>\$ 233,544.08</u>
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See Accompanying Notes to Financial Statements.

ABERDEEN TOWNSHIP FIRE DISTRICT #1  
COUNTY OF MONMOUTH  
GOVERNMENTAL FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN NET POSITION  
DECEMBER 31, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>REVENUES</u>				
Other Revenue	\$ 45,956.99			\$ 45,956.99
Interest on Investments	1,027.80			1,027.80
Other Grants and Entitlements		\$ 3,328.50		3,328.50
Amount to be Raised by Taxation	<u>675,847.00</u>		<u>\$ 60,000.00</u>	<u>735,847.00</u>
Total Revenues	<u>\$ 722,831.79</u>	<u>\$ 3,328.50</u>	<u>\$ 60,000.00</u>	<u>\$ 786,160.29</u>
<u>EXPENDITURES</u>				
Operating	\$ 712,710.20	\$ 3,328.50		\$ 716,038.70
Capital			<u>\$ 60,000.00</u>	<u>60,000.00</u>
Total Expenditures	<u>\$ 712,710.20</u>	<u>\$ 3,328.50</u>	<u>\$ 60,000.00</u>	<u>\$ 776,038.70</u>
Excess of Revenues over Expenditures	<u>\$ 10,121.59</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 10,121.59</u>
Other Financial Sources/(Uses):				
Miscellaneous Revenue	<u>23,776.76</u>			<u>23,776.76</u>
	\$ 33,898.35	-	\$ -	\$ 33,898.35
Net Position, beginning	<u>434,386.52</u>	<u>-</u>	<u>12,921.63</u>	<u>447,308.15</u>
Net Position, ending	<u><u>\$ 468,284.87</u></u>	<u><u>-</u></u>	<u><u>\$ 12,921.63</u></u>	<u><u>\$ 481,206.50</u></u>

See Accompanying Notes to Financial Statements

**ABERDEEN TOWNSHIP FIRE DISTRICT NO. 1**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN NET POSITION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**AS OF DECEMBER 31, 2021**

Total Net Change in Net Position - Governmental Funds (From B-2)	\$	33,898.35
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Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Prior Year Depreciation Adjustment	\$ (35,499.08)	
Capital Asset Added	60,000.00	
Depreciation Expense	<u>(123,275.91)</u>	(98,774.99)

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

Pension OPEB (Expense) Benefit		<u>43,865.00</u>
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Change in Net Position of Governmental Activities (from A-2)	\$	<u>(21,011.64)</u>
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See Accompanying Notes to Financial Statements.

**NOTES TO FINANCIAL STATEMENTS**

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1. **REPORTING ENTITY**

This report includes the financial statements of the Aberdeen Township Fire District #1 (the "District"), within the County of Monmouth, in the State of New Jersey and reflects the activities for the District that are under the control of the Board of Fire Commissioners.

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

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

The Aberdeen Township Fire District #1 is a political subdivision of the Township of Aberdeen Township, Monmouth County, New Jersey. The District's geographic area is described in Aberdeen Township Ordinance 14-2.1. The District functions independently through a Board of Fire Commissioners. The Board is comprised of five members elected to three-year terms. The annual Fire District election is held the third Saturday of February.

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

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

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

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

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

**Basis of Accounting**

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

**Fund Accounting**

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

**Governmental Funds**

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

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Funds (Continued)**

**Special Revenue Fund** – The Special Revenue Fund is used to account for the proceeds of specific revenue sources, such as state or federal government grants and appropriations that are legally restricted to expenditures for specified purposes.

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

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

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

**Noncurrent Obligations**

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

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

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Fire District Taxes

Upon the proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be raised in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

Deferred Outflows/Inflows of Resources

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

Net Position

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net position to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Accounting for Pensions

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

Accounting and Financial Reporting for Other Post-Employment Benefits ("OPEB")

Statement No. 75 – The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service.

In addition, Statement No. 75 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net OPEB liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 75, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting and Financial Reporting for Other Post-Employment Benefits ("OPEB")**  
**(Continued)**

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to OPEB, contributions made after the measurement date of the beginning net OPEB liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

**GASB Statement No. 84 Fiduciary Activities**

The District implemented GASB Statement No. 84 Fiduciary Activities on January 1, 2020. The objective of this Statement is to improve reporting regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District reclassified the payroll agency and payroll net accounts to the General Fund.

**Claims and Judgments**

These events and obligations are recorded on the accrual basis, when the event occurs and the obligation arises.

**Revenue Recognition**

The District recognizes revenue on the accrual basis as earned. In the event of nonpayment are subject to municipal tax sale.

**Contributions**

Contributions received from various sources as grants are recorded in the period they become measurable. Donated assets are recorded at fair market value based on the cost estimates. They are recorded in the period in which the assets are donated to the District. All contributions and donations are presented separately after nonoperating revenues and expenses.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus**

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

**Budgets/Budgetary Control**

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

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

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (Continued)**

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

**Other Accounting Standards**

- GASB Statement No. 87. Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 89. *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encourage. The requirements of this Statement should be applied prospectively. The District does not expect this Statement to impact its financial statements.

- GASB Statement No. 91. *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The District does not expect this Statement to impact its financial statements.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Accounting Standards (Continued)**

- *GASB Statement 92. Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Effective Date: The requirements of this Statement are effective as follows:

(a) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.

(b) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

(c) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.

(d) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 93. Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR).

Effective Date: The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The District does not expect this Statement to impact its financial statement.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Accounting Standards (Continued)**

- *GASB Statement 94. Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and all PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). Implementation has been postponed to June 15, 2022. The District does not expect this Statement to impact its financial statement.

- *GASB Statement 96. Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Station.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Accounting Standards (Continued)**

- *GASB Statement 97. Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Effective Date: The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Accounting Standards (Continued)**

- *GASB Statement 99. Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:
  - Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.
  - Clarification of provisions in Statement No. 87, *Leases*.
  - Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.
  - Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*
  - *Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for accounting for the distribution benefits (SNAP)*
  - Disclosures related to nonmonetary transactions.
  - Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.
  - Terminology used in Statement 53 to refer to resource flows statements.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Accounting Standards (Continued)**

- *GASB Statement 99 (Continued)*

Effective Date: The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPSs, and SBITAs are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 and all reporting periods thereafter.

**Subsequent Events**

Management has reviewed and evaluated all events and transactions from December 31, 2020 through December 30, 2022, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

Note 3. **CASH AND CASH EQUIVALENTS AND INVESTMENTS**

A. **Cash**

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

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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

A. Cash (Continued)

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

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

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

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

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The amount on deposit of District's cash and cash equivalents at December 31, 2021 is as follows:

Payroll Account	\$	8,568.90
Checking Account		31,258.56
Money Market		<u>488,304.88</u>
	\$	<u><u>528,132.34</u></u>

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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

B. Investments

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

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

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

C. Risk Analysis

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

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 4. **CAPITAL ASSETS**

All reported capital assets except for land are depreciated. At December 31, 2021, capital assets and the useful lives used for determination of annual depreciation were as follows:

	Balance December 31, 2020	Current Year's Activity		Balance December 31, 2021
		Increase	Decrease	
Depreciable:				
Buildings & Improvs.	\$ 823,621.42			\$ 823,621.42
Machinery & Equip.	2,591,225.64	\$ 60,000.00		2,651,225.64
	\$ 3,414,847.06	60,000.00		\$ 3,474,847.06
Less: Accumulated Depreciation	2,163,417.50	\$ 123,275.91	\$ (35,499.07)	2,322,192.48
	\$ 1,251,429.56	\$ (63,275.91)	\$ 35,499.07	\$ 1,152,654.58

Note 5. **LENGTH OF SERVICE AWARDS PROGRAM**

The District does not participate in the Length of Service Awards Program (LOSAP).

Note 6. **PENSION PLAN**

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

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 <http://www.nj.gov/treasury/pensions/financial-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, except for medical benefits, which vest after twenty-five (25) years of service or under the disability provisions of PERS.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 6. PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (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 tier 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reach the service retirement age for the respective tier.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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

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

**Funding Policy**

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Employee contributions for 2021 were seven and 50/100th percent (7.50%) of the employee's base wages.

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

The District's contributions to the plan for the past three (3) years are as follows:

<u>PERS</u>					
<u>Pension</u>					
<u>Year</u>	<u>Normal</u>	<u>Accrued</u>	<u>NCGI Premium</u>	<u>Net Cost</u>	<u>Employees</u>
2021	\$ 3,585.00	\$ 26,301.00	\$ 1,518.00	\$ 31,404.00	\$ 17,220.73
2020	2,468.00	22,839.00	1,564.00	26,871.00	16,715.00
2019	3,229.00	21,434.00	1,475.00	26,138.00	15,980.52

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2021 and June 30, 2020 Independent Auditor's Report dated June 4, 2022 and June 15, 2021, respectively.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 6. PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Funding Policy (Continued)

The District reported a liability of \$357,555 and \$468,136 for its proportionate share of the net pension liability at December 31, 2021 and December 31, 2020, respectively. The net pension liability was measured as of June 30, 2021 and June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative District to the projected contributions of all participating entities, actuarially determined.

	<u>June 30, [Measurement Date]</u>	
	<u>2021</u>	<u>2020</u>
Local Group Statewide Share	\$ 11,972,782,878	\$ 16,435,616,426
District Proportionate Percentage	0.0030182316 %	0.0028706991 %
Difference - Increase	0.0001475325 %	

For the year ended December 31, 2021, the District recognized pension benefit of \$26,101. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of of Resources</u>	<u>Deferred Inflows of of Resources</u>
Changes in assumptions	\$ 1,862	\$ 127,292
Net difference between expected and actual experience	5,639	2,560
Net difference between projected and actual investment earnings on pension plan investment		94,189
Changes in proportion	74,716	
District contributions subsequent to the measurement date	<u>35,347</u>	
Total	<u>\$ 117,564</u>	<u>\$ 224,041</u>

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 6. PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Funding Policy (Continued)

The \$35,347 reported as deferred outflows of resources related to pensions resulting from entities contributions subsequent to the measurement date (i.e. for the District year ending December 31, 2021, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability in the District year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense based on local share as follows:

<u>December 31,</u>	<u>Amount</u>
2021	\$ (83,709)
2022	(59,768)
2023	(40,751)
2024	(30,633)
2025	11,907

Additional Information

Collective local (statewide) employees balances are as follows:

	<u>[Measurement Date]</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$ 1,164,738,169	\$ 2,347,583,337
Collective deferred inflows of resources	8,339,123,762	7,849,949,467
Collective pension expense	(1,599,674,464)	407,705,399
Collective net pension liability	11,972,782,878	16,435,616,426
District's proportion	0.0030182316 %	0.0028706991 %

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 6. PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:

Price	2.75%
Wage	3.25%

Salary Increases:

Through 2026	2.00%-6.00% (based on year of service)
Thereafter	3.00%-7.00% (based on year of service))
Investment Rate of Return	7.00%

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

The actuarial assumptions used in July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates; the larger the impact on future financial statements.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 6. PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

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 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	27.00 %	7.71 %
Non-U.S. Developed Market Equity	13.50	8.57
Emerging Market Equity	5.50	10.23
Private Equity	13.00	11.42
Real Assets	3.00	9.73
Real Estate	8.00	9.56
High Yield	2.00	5.95
Private Credit	8.00	7.59
Investment Grade Credit	8.00	2.67
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	1.94
Risk Mitigation Strategies	3.00	3.40

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 6. PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 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 and the nonemployer contributing entity will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2021 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	December 31, 2021 (measurement date of June 30, 2021)		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the pension liability	\$ 488,269	\$ 357,555	\$ 248,460

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at [www.state.nj.us/treasury/pensions/pers1.shtml](http://www.state.nj.us/treasury/pensions/pers1.shtml).

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 7. **OTHER POST EMPLOYMENT BENEFITS ("OPEB")**

Data for the PERS was abstracted from the State of New Jersey Local Governmental Retired Employee Plan as of June 30, 2021 and June 30, 2020 Independent Auditor's Reports dated December 5, 2022 and January 28, 2022, respectively.

In addition to the pension benefits described in Note 6, the District provides post-retirement healthcare benefits for employees and their dependents who retire with 25 years or more of service, of which the last ten (10) years are with Aberdeen Township Fire District. Benefits consist of full medical coverage as if the individuals were still employed, until they become eligible for Medicare, at which time Medicare becomes the primary insurer and the District plan becomes the secondary insurer.

The District is a participant in the New Jersey State Health Benefit Program ("NJSHBP") for active and retired employees. The NJSHBP provides medical, prescription drug, mental health/substance abuse and Medicaid Part B reimbursement to retirees and their spouses and dependents.

**Plan Description – NJSHBP**

The NJSHBP as of July 1, 2021 had statewide for the local employee groups of 62,547 active and 30,614 retired for a total of 93,161 members. The District at December 31, 2021 had three (3) active and one (1) retired employees for a total participation of four (4).

The NJSHBP aggregate other post-employment benefit (OPEB) cost (expense) is calculated based on the aggregate required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The OPEB obligation represents the total of cumulative difference between the OPEB cost since the effective date of GASB No. 45 and the employer's contributions and other adjustments to the NJSHBP.

Funding Policy – The contribution requirements of plan members are established and may be amended by the state legislature. Participating local government units are contractually required to contribute at a rate assessed each year by the NJSHBP. The NJSHB Commission sets the employer contribution rate based on the annual required contribution of the employers (ARC) as established in an annual rate recommendation report.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 7. **OTHER POST EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)**

**Plan Description – NJSHBP (Continued)**

The NJSHBP issues a publicly available financial report that includes financial statements and required supplementary information for the NJSHBP and the actuarial valuation. Those reports may be obtained by writing to the State of New Jersey Department of Treasury, Division of Pension and Benefits, 50 West State Street, Trenton, NJ 08625-0299 or on the State of New Jersey website.

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, refer to the New Jersey Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission, Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: (1) retired on a disability pension; or (2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or (3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or (4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)

Plan Description – NJSHBP (Continued)

GASB Statement No. 75 requires participating employers in the plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

The portion of the OPEB Liability that was associated with the District recognized is as follows:

<u>June 30 [Measurement Date]</u>	
<u>2021</u>	<u>2020</u>
\$ 682,192.00	\$ 688,970.00

The proportion of the PERS Net OPEB Liability associated with the District's liability is as follows:

<u>June 30 [Measurement Date]</u>	
<u>2021</u>	<u>2020</u>
0.003790 %	0.003839 %

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 7    OTHER POST EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)**

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
	<b><u>PERS</u></b>
	<i>(based on age)</i>
Salary increases:	
through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

Preretirement mortality rates were based on Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Post-retirement mortality rates were based on Pub-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2019 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decrease to 4.5% long-term trend rate after seven years. For Plan Year 2023 the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.50% for all future years. For prescription drug benefits, the initial trend rate is 7.00% decreasing to a 4.50% long-term trend rate after seven years.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 7    OTHER POST EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)**

**Discount Rate**

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate**

The following represents the total nonemployer OPEB liability as of June 30th calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2021 [ <i>Measurement Date</i> ]		
At 1% <u>Decrease (1.16%)</u>	At Discount <u>Rate (2.16%)</u>	At 1% <u>Increase (3.16%)</u>
\$ 802,809	\$ 682,192	\$ 586,600

**Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate**

The following represents the total nonemployer OPEB liability as of June 30th calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

June 30, 2021 [ <i>Measurement Date</i> ]		
At 1% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	At 1% <u>Increase</u>
\$ 569,178	\$ 682,192	\$ 829,662

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 – June 30, 2018.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 7    OTHER POST EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the District recognized OPEB benefit of \$17,764 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2021 under GASB 75 prior to any reduction due to the Fiscal Year 2021 amortizations.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Net Difference between Expected and Actual		
Earnings on OPEB Plan Investments	\$        326	\$           -
Change in Proportion	49,223	83,081
Difference between Expected and		
Actual Experience	15,308	142,725
Changes in Assumptions	<u>98,135</u>	<u>120,585</u>
Total	<u>\$    162,992</u>	<u>\$    346,391</u>

Amount recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>December 31,</u>	<u>Amount</u>
2022	\$    (40,733)
2023	(40,787)
2024	(40,836)
2025	(29,161)
2026	(4,902)
Total Thereafter	6,878

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)

Additional Information

Collective balances of the Local Retirement Group are as follows:

	<u>June 30, [Measurement Date]</u>	
	<u>2021</u>	<u>2020</u>
Deferred outflows of resources	\$ 8,536,291,345	\$ 7,524,438,130
Deferred inflows of resources	(12,481,961,743)	11,689,136,161
Net OPEB liability	17,999,781,235	17,946,612,946
Total expenses - non-employer	197,015,566	141,988,939
District proportionate percentage	0.003790 %	0.003839 %

Shown below are details regarding the Total OPEB Liability for the measurement period:

	<u>[Measurement Date]</u>	
	<u>2021</u>	<u>2020</u>
	<u>Total OPEB Liability</u>	
Balance as of June 30,	\$ 18,111,475,228	\$ 13,819,244,582
Changes Recognized for the Fiscal Year:		
Service Cost	\$ 846,075,674	\$ 605,949,339
Interest on the Total OPEB Liability	413,837,061	497,444,533
Changes of Assumptions	339,165,715	3,074,968,821
Change of Benefit Terms	2,029,119	1,034,142
Difference between Expected and Actual Expenses	(1,196,197,410)	541,506,395
Gross Benefit Payments	(509,642,373)	(466,218,997)
Contributions from the Member	43,309,873	37,546,413
Net Changes	\$ (61,422,341)	\$ 4,292,230,646
Balance as of June 30	\$ <u>18,050,052,887</u>	\$ <u>18,111,475,228</u>

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE 7    OTHER POST EMPLOYMENT BENEFITS ("OPEB") (CONTINUED)**

**Additional Information (Continued)**

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021. The component of the Net OPEB Liability is as follows:

	<i>Measurement Date</i>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Total OPEB Liability	\$ 18,050,052,887	\$ 18,111,475,228
Plan Fiduciary Net Position	<u>50,271,652</u>	<u>164,862,282</u>
Net OPEB Liability	<u>\$ 17,999,781,235</u>	<u>\$ 17,946,612,946</u>
Net Position		
as a Percentage of OPEB Liability	0.27851%	0.91026%
OPEB Expense	\$ 197,015,566	\$ 141,988,939
Special Funding Situation	3,861,357,890	5,462,102,232
Non-special Funding Situation	<u>14,138,423,345</u>	<u>12,484,510,614</u>
	<u>\$ 17,999,781,235</u>	<u>\$ 17,946,612,846</u>

**Note 8.    GENERAL NONCURRENT DEBT**

The District has no debt outstanding nor authorized but not issued outstanding.

**Note 9.    FUND BALANCE**

Basic Financial Statements:

- Of the General Fund Balance of \$468,284.87, all is unrestricted and unreserved.
- Of the Capital Projects Fund Balance of \$12,921.63 is Reserved for Future Capital Outlay.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 10. **JOINT FIRE DISTRICT TRAINING GROUND FUND**

The financial statements of the District do not include the operations of the Township of Aberdeen Joint Fire District Training Ground Fund.

This Training Ground Fund was created by the Aberdeen Township Fire Districts No. 1 and No. 2 to establish a Fire Training Ground Fund which accumulates funds for the construction and maintenance of Fire Training Facilities. Each Fire District raises money in its annual budget for the fund. The records of the Joint Fire District Training Ground Fund are maintained by District No. 1. Aberdeen Fire District No. 1 has contributed \$5,000.00 per year for the years 2003-2021. The funds have not been audited.

Note 11. **COMMITMENTS AND CONTINGENCIES**

Litigation – The District's attorney representation has revealed no material contingent liability for the District.

Note 12. **SUBSEQUENT EVENT: COVID-19 CORONAVIRUS PANDEMIC**

The COVID-19 Coronavirus outbreak in the United States has caused the Governor of the State of New Jersey to mandate closures and a curfew for all nonessential citizens and businesses. The management of the District (which is essential) has evaluated the impact of the situation and has determined that there is no adverse impact on its December 31, 2021 financial statements (*audited*). Financial impact in 2022 is uncertain at this time. A significant portion of the revenue to support District 2022 operations is taxation all of which, collectible and inspection fees have the potential for reduction; however, the final outcome for 2022 is uncertain at this time. It is not known at this time if there are any federal or state funds available for impact relief.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST EIGHT (8) FISCAL YEARS**

<u>Year</u>	<u>District's Proportion of Net Pension Liability</u>	<u>District's Proportionate Share of Net Pension Liability (asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of Net Pension Liability (asset) as Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as Percentage of Total Pension Liability</u>
2021	0.0030182316 %	\$ 357,555	229,609	203.89 %	70.33 %
2020	0.0028706991	468,136	222,870	210.05	58.32
2019	0.0027419401	494,056	207,740	237.83	56.27
2018	0.0025976280	511,460	191,737	266.76	48.40
2017	0.0025449237	592,418	182,416	324.76	48.10
2016	0.0018247704	540,445	184,011	293.70	40.14
2015	0.0015688614	352,178	172,024	204.73	47.93
2014	0.0015075470	282,254	148,868	189.61	48.72

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - there were none.

Changes of Assumptions - the discount rate was 7.00% as of June 30, 2020 and 7.00% as of June 30, 2021.

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST EIGHT (8) FISCAL YEARS**

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as Percentage of Covered-Payroll</u>
2021	\$ 29,886	\$ 29,886	None	\$ 229,609	13.02 %
2020	26,780	26,780	None	222,870	12.01
2019	25,968	25,968	None	207,740	12.50
2018	24,009	24,009	None	191,737	12.52
2017	16,211	16,211	None	182,416	8.89
2016	13,488	13,488	None	184,011	7.33
2015	12,428	12,428	None	172,024	7.22
2014	7,825	7,825	None	148,868	5.26

Note: Only the last eight (8) years of information are presented as GASB 68 was implemented during the year ended December 31, 2015. Eventually a full ten (10) year schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - there were none.

Changes of Assumptions - the discount rate was 7.00% as of June 30, 2020 and 7.00% as of June 30, 2021.

ABERDEEN TOWNSHIP FIRE DISTRICT #1  
COUNTY OF MONMOUTH  
GOVERNMENTAL FUNDS  
GENERAL FUND  
STATEMENT OF REVENUES COMPARED TO BUDGET  
YEAR ENDED DECEMBER 31, 2021

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Amount to be Raised by Taxation	\$ 675,847.00	\$ 675,847.00	
Other Revenue	60,000.00	45,956.99	\$ (14,043.01)
Interest on Investments & Deposits	1,000.00	1,027.80	27.80
Total Revenue Offset by Appropriations	<u>10,000.00</u>	<u>10,000.00</u>	<u></u>
	\$ 746,847.00	\$ 732,831.79	\$ (14,015.21)
Nonbudget Revenue	<u></u>	<u>23,776.76</u>	<u>23,776.76</u>
	\$ <u>746,847.00</u>	\$ <u>756,608.55</u>	\$ <u>9,761.55</u>

ANALYSIS OF NONBUDGET REVENUE

Nonbudget Revenue:

Rebates and Refunds

\$ 23,776.76

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**COUNTY OF MONMOUTH**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES COMPARED TO BUDGET**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>General Fund</u>				
Operating Appropriations:				
Administrative:				
Salaries	\$ 105,734.00	\$ 105,734.00	\$ 105,735.12	\$ (1.12)
Fringe Benefits:				
Medical Insurance	11,723.00	11,723.00	11,723.00	-
Pension	7,694.00	7,694.00	7,694.00	-
FICA	8,204.00	8,204.00	8,204.00	-
Worker's Compensation Insurance	1,000.00	1,000.00	1,000.00	-
Other	1,000.00	1,000.00	1,000.00	-
	<u>135,355.00</u>	<u>135,355.00</u>	<u>135,356.12</u>	<u>(1.12)</u>
Other:				
Office Expenses	7,000.00	7,000.00	6,592.96	407.04
Office Maintenance & Repairs	38,100.00	38,100.00	33,060.18	5,039.82
Membership Dues	687.00	687.00	430.86	256.14
Utilities & Related Expenses	21,000.00	21,000.00	17,935.47	3,064.53
Professional Services	27,700.00	27,700.00	22,791.97	4,908.03
Travel Expenses, Meeting & Conventions	4,000.00	4,000.00	1,950.00	2,050.00
Elections	2,800.00	2,800.00	2,426.27	373.73
Advertising	800.00	800.00	425.45	374.55
Insurance Premiums	42,000.00	42,000.00	40,397.37	1,602.63
Training & Education	500.00	500.00	-	500.00
Fire Prevention	1,400.00	1,400.00	1,120.00	280.00
	<u>145,987.00</u>	<u>145,987.00</u>	<u>127,130.53</u>	<u>18,856.47</u>
Total Administrative	\$ <u>281,342.00</u>	\$ <u>281,342.00</u>	\$ <u>262,486.65</u>	\$ <u>18,855.35</u>

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**COUNTY OF MONMOUTH**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES COMPARED TO BUDGET**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>General Fund (Continued)</u>				
Cost of Operations and Maintenance				
Personnel:				
Salaries	\$ 167,050.00	\$ 167,050.00	\$ 167,049.42	\$ 0.58
Fringe Benefits:				
Medical Insurance	53,277.00	53,277.00	48,391.84	4,885.16
Pension	23,710.00	23,710.00	23,747.22	(37.22)
FICA	19,796.00	19,796.00	19,239.56	556.44
Worker's Compensation Insurance	29,000.00	29,000.00	24,335.00	4,665.00
Other	5,000.00	5,000.00	5,000.00	-
	<u>297,833.00</u>	<u>297,833.00</u>	<u>287,763.04</u>	<u>10,069.96</u>
Other Expenditures:				
Automobile Fuel	8,000.00	8,000.00	4,139.81	3,860.19
Maintenance & Repairs	60,000.00	60,000.00	67,659.68	(7,659.68)
Training Grounds	5,000.00	5,000.00	5,000.00	-
Uniforms & Personal Equipment	66,000.00	66,000.00	58,800.00	7,200.00
Firefighter Personal Protective Equipment	22,000.00	22,000.00	16,861.02	5,138.98
	<u>161,000.00</u>	<u>161,000.00</u>	<u>152,460.51</u>	<u>8,539.49</u>
Other Offset with Revenues:				
Salaries	10,000.00	10,000.00	10,000.00	-
TOTAL	<u>\$ 750,175.00</u>	<u>\$ 750,175.00</u>	<u>\$ 712,710.20</u>	<u>\$ 37,464.80</u>
		Cash Disbursed	\$ 705,263.85	
		Commitments Payable	6,000.00	
		Accounts Payable	<u>1,446.35</u>	
			<u>\$ 712,710.20</u>	

ABERDEEN TOWNSHIP FIRE DISTRICT #1  
COUNTY OF MONMOUTH  
GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES AND APPROPRIATIONS  
YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Revenue and Appropriations</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance</u>
Supplemental Fire Services Program	\$ <u>3,328.00</u>	\$ <u>3,328.00</u>	\$ <u>3,328.50</u>	\$ <u>0.50</u>
	\$ <u>3,328.00</u>	\$ <u>3,328.00</u>	\$ <u>3,328.50</u>	\$ <u>0.50</u>

## **SUPPLEMENTARY INFORMATION**

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**COUNTY OF MONMOUTH**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS**  
**AND CHANGES IN CASH, CASH EQUIVALENTS AND INVESTMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

	Governmental Fund			
	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Receipts:				
District Taxes	\$ 661,419.00		\$ 60,000.00	\$ 721,419.00
Interest on Investments	1,027.80			1,027.80
Other Grants or Entitlements		\$ 3,328.50		3,328.50
Other Revenue -				
Inspections, Fines and Tickets	45,956.99			45,956.99
Nonbudget Revenue	23,776.76			23,776.76
	<u>\$ 732,180.55</u>	<u>\$ 3,328.50</u>	<u>\$ 60,000.00</u>	<u>\$ 795,509.05</u>
Disbursements:				
Capital Project Expenditures			\$ 60,000.00	\$ 60,000.00
Operating Appropriations	705,263.85	\$ 3,328.50		708,592.35
Accounts Payable - Prior Year	3,546.01			3,546.01
	<u>\$ 708,809.86</u>	<u>\$ 3,328.50</u>	<u>\$ 60,000.00</u>	<u>\$ 772,138.36</u>
Increase in Cash and Cash Equivalents	\$ 23,370.69		\$	\$ 23,370.69
Cash and Cash Equivalents, January 1, 2021	<u>488,722.80</u>		<u>12,921.63</u>	<u>488,722.80</u>
Cash and Cash Equivalents, December 31, 2021	<u>\$ 512,093.49</u>		<u>\$ 12,921.63</u>	<u>\$ 512,093.49</u>
Analysis of Cash and Cash Equivalents:				
Cash - Checking	\$ 78,141.34			\$ 78,141.34
Cash - Payroll	83,568.90			83,568.90
Savings	350,383.25		\$ 12,921.63	363,304.88
	<u>\$ 512,093.49</u>		<u>\$ 12,921.63</u>	<u>\$ 525,015.12</u>

ABERDEEN TOWNSHIP FIRE DISTRICT #1  
COUNTY OF MONMOUTH  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Issue/Project Title</u>	<u>Original Date of Approval</u>	<u>Appropriation</u>	<u>Balance December 31, 2020</u>	<u>Expenditures to Date Current Year</u>	<u>Cancelled</u>	<u>Balance December 31, 2021</u>
Acquisition of SUV	10/14/2019	\$ 60,000.00	12,921.63	\$	\$ 12,921.63	\$ 0.00
Repaving Parking Lot	10/14/2022	60,000.00		60,000.00	0.00	0.00
		<u>\$ 120,000.00</u>	<u>12,921.63</u>	<u>\$ 60,000.00</u>	<u>\$ 12,921.63</u>	<u>\$ 0.00</u>

**ABERDEEN TOWNSHIP FIRE DISTRICT #1**  
**STATISTICAL INFORMATION**  
**DECEMBER 31, 2021**

**Property Tax Levies**

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

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2021	\$ 1,538,301,400.00	\$ 735,847.00	0.048
2020	1,522,833,900.00	721,419.00	0.048
2019	1,463,926,700.00	721,419.00	0.050
2018	1,404,630,000.00	649,811.00	0.047
2017	1,350,814,900.00	649,811.00	0.049

**Unrestricted Net Position**

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Subsequent Year Budget</u>
December 31, 2021	\$ 468,284.87	None
December 31, 2020	434,386.52	None
December 31, 2019	380,059.59	None
December 31, 2018	259,160.32	None
December 31, 2017	122,155.40	None

**BOARD OF FIRE COMMISSIONERS**  
**ABERDEEN TOWNSHIP FIRE DISTRICT #1**

**ROSTER OF OFFICIALS**

**DECEMBER 31, 2021**

**Board of Commissioners**

**Position**

Vincent Vinci	President
James Lauro	Vice President - Buildings and Grounds
E. Paul Percussi	Secretary
Nicodemo Panetta	Treasurer *
James Foley	Financial Secretary

**Other Officials**

Allen E. Falk, Esq.	Board Attorney
Robert DeBold	Fire Official
William Smith, Jr.	Fire Inspector
Janet Capo	Office Manager
Columbia Bank	Official Depository

\* **Surety Company**

American Alternative Ins. Co.

Amount of Bond \$100,000.00

## **GENERAL COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS AND RECOMMENDATIONS**  
**DECEMBER 31, 2021**

Scope of Examination and Conditions of Records

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

The financial records were maintained in adequate condition.

Minutes of Board meetings were properly maintained.

Cash and Cash Equivalents and Investments

The balances in banks at December 31, 2021 were verified with the bank and reconciliations and/or statements issued by the depositories.

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

Examination of Claims

The budget as prescribed on Schedule RSI-4 is the detail as maintained by the Office Secretary. It is in agreement in total to the approved budget. There were three (3) line items overexpended by insignificant amounts; however, the total budget was not.

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

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

Payroll

The payroll examination revealed that salaries were paid in accordance with the salaries authorized by the Board and within the guidelines set up in the annual budget.

**GENERAL COMMENTS AND RECOMMENDATIONS**  
**(CONTINUED)**  
**DECEMBER 31, 2021**

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

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

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

In addition, the following items were purchased under state or cooperative purchasing contract:

Fire Equipment  
Fire Truck Repairs

Firefighter Apparel

There was a general resolution documenting the approval of the purchase of the fire equipment, apparel and repairs under state contract. While it is legal and proper to purchase goods or services under State contract, resolutions are required for any purchases in excess of the Local Public Contract Law threshold of \$17,500.00. These are isolated incidences and were however, discussed in the minutes of the Commissioners.

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

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21. It is suggested that consideration be given to utilizing a "Quote Documentation" sheet for all expenditures greater than \$2,625.00 (the quote threshold).

**GENERAL COMMENTS AND RECOMMENDATIONS**  
**(CONTINUED)**  
**DECEMBER 31, 2021**

Financial Procedures

It is suggested that for all financial processes within each function that a review, updating and documentation of all procedures be done in order to be in compliance with recent accounting and auditing requirements related to internal control.

General Ledger

The District does not maintain a general ledger as required by the General Accounting Office (GAO). It should be noted that an adequate trail exists for the cash receipts and cash disbursements records.

Miscellaneous

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

Follow-up on Prior Year Recommendation

A corrective plan of action was not required for the 2020 audit since there were no recommendations.

The general problems and weaknesses that were documented prior year, including the areas of accounting and controls over revenues, expenditures and payroll, have been improved upon by the District's clerk.

Acknowledgment

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

**RECOMMENDATIONS**

**DECEMBER 31, 2021**

None.

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

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

Respectfully submitted,

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

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