

FIRE DISTRICT No. 1 TOWNSHIP OF HOPEWELL



**MERCER COUNTY,
NEW JERSEY**

REPORT OF AUDIT

**WITH
SUPPLEMENTARY INFORMATION**

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

**FIRE DISTRICT NO. 1
TOWNSHIP OF HOPEWELL, NEW JERSEY**

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FIRE DISTRICT NO. 1
TOWNSHIP OF HOPEWELL, NEW JERSEY
Roster of Officials and Surety Bonds

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
<u>Board of Fire Commissioners</u>		
Erick Burd	Chairman	(A)
Joseph Novak	Vice Chairman	(A)
Christopher Jones	Secretary	(A)
Cosmo Tomaro	Treasurer	(A)
Ambrish Agarwal	Commissioner	(A)

(A) All Fire Commissioners handling funds were covered by the Crime Policy - Excess Public Officials Bond in the amount of \$1,000,000.00 per loss through the First Responder Joint Insurance Fund.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1
Township of Hopewell
Titusville, New Jersey 08560

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 Hopewell Fire District No. 1, in the County of Mercer, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Fire 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 Township of Hopewell Fire District No. 1, in the County of Mercer, State of New Jersey, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 Fire 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.

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 Fire 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America 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 Fire 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 Fire District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Fire District's proportionate share of the net pension liability, schedule of the Fire District's pension contributions, schedule of the Fire District's proportionate share of the net opeb liability, and schedule of the Fire District's contributions, 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 Fire District's basic financial statements. The accompanying major fund supporting statements and schedules are presented for purposes of additional analysis, as required by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 major fund supporting statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2023 on our consideration of the Township of Hopewell Fire District No. 1'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 Township of Hopewell Fire District No. 1'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 the Township of Hopewell Fire District No. 1's internal control over financial reporting and compliance.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
February 1, 2023

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

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1
Township of Hopewell
Titusville, New Jersey 08560

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund of the Township of Hopewell Fire District No. 1, in the County of Mercer, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued our report thereon dated February 1, 2023.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Hopewell Fire District No. 1's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
February 1, 2023

REQUIRED SUPPLEMENTARY INFORMATION
PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

As management of the Hopewell Township Fire District No. 1 (hereafter referred to as the "Fire District"), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole; readers should also review the information furnished in the notes to the basic financial statements and financial statements to enhance their understanding of the Fire District's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the Fire District, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, resulted in a deficit of \$391,667.49 at the close of the current year. This deficit is directly attributable to the recognition of long-term liabilities (pensions, other postemployment benefits (OPEB), bonds, and compensated absences) that the Fire District is not required to fund in accordance with State budgetary rules and regulations. The Fire District, instead, funds these obligations on a pay-as-you-go basis.
- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of \$5,417,079.40, an increase of \$464,117.65, or nine percent (9%), in comparison with the prior year balance of \$4,952,961.75
- At the end of the current year, unassigned fund balance for the general fund was \$2,179,667.14 approximately a four percent (4%) decrease from that of the prior year.
- During the current year, the Fire District purchased equipment with a total cost of \$99,238.80.

USING THIS REPORT OF AUDIT

This report of audit consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Fire District as a whole and present a longer-term view of the Fire District's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. These fund financial statements also report the Fire District's operations in more detail than the government-wide statements by providing information about the Fire District's most significant funds.

Reporting the Fire District as a Whole

One of the most important questions asked about the Fire District's finances is, "*Is the Fire District as a whole better off or worse off as a result of the year's activities?*" The statement of net position and the statement of activities report information about the Fire District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

USING THIS REPORT OF AUDIT (CONT'D)

Reporting the Fire District as a Whole (Cont'd)

These two statements report the Fire District's *net position* and changes in it. You can think of the Fire District's net position, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources - as one way to measure the Fire District's financial health, or *financial position*. Over time, *increases or decreases* in the Fire District's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Fire District's property tax base and the condition of the Fire District's capital assets, to assess the *overall health* of the Fire District.

In the statement of net position and the statement of activities, we classify the Fire District as one kind of activity, that being governmental activities. This is where all of the Fire District's basic services are reported, which include fire-fighting services. Property taxes, uniform fire safety act fees, and state and federal grants primarily finance these activities.

Reporting the Fire District's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Fire District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Fire District maintains one fund type, governmental.

Governmental funds - The operational activities of the Fire District are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Fire District's fund balances by law, creditors, Fire District Board of Commissioners, and the Fire District's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Fire District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Fire District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The Fire District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund.

THE FIRE DISTRICT AS A WHOLE

During 2021, the Fire District's net position increased by \$272,845.05 increasing from a deficit of \$664,512.54 in 2020 to a deficit of \$391,667.49.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

THE FIRE DISTRICT AS A WHOLE (CONT'D)

Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the Fire District's governmental-type activities.

TABLE 1 NET POSITION AS OF DECEMBER 31,		
	<u>2021</u>	<u>2020</u>
Current and Other Assets	\$ 5,669,499.78	\$ 5,164,616.87
Capital Assets, net	<u>1,066,917.55</u>	<u>1,070,888.38</u>
Total Assets	<u>6,736,417.33</u>	<u>6,235,505.25</u>
Deferred Outflows of Resources	<u>3,833,543.60</u>	<u>1,388,229.94</u>
Other Liabilities	774,263.99	732,145.72
Long-Term Liabilities Outstanding	<u>7,166,524.43</u>	<u>6,327,150.01</u>
Total Liabilities	<u>7,940,788.42</u>	<u>7,059,295.73</u>
Deferred Inflows of Resources	<u>3,020,840.00</u>	<u>1,228,952.00</u>
Net Investment in Capital Assets	677,917.55	604,888.38
Restricted	825,856.55	627,259.84
Unrestricted (Deficit)	<u>(1,895,441.59)</u>	<u>(1,896,660.76)</u>
Total Net Position (Deficit)	<u><u>\$ (391,667.49)</u></u>	<u><u>\$ (664,512.54)</u></u>

In total, assets increased by \$500,912.08, deferred outflows of resources increased by \$2,445,313.66, liabilities increased by \$881,492.69, and deferred inflows of resources increased by \$1,791,888.00. The increase in assets was mainly attributable to an increase in cash and cash equivalents and investments - Length of Service Awards Program. In addition, the increase in liabilities was mainly attributable to the increase in the liability balances recorded as of December 31, 2021 for net OPEB liability. Readers should refer to note 9 of the notes to financial statements for additional information on the net OPEB liability.

The increase in deferred outflows of resources and increase in deferred inflows of resources are mainly attributable to the change in the Fire District's proportionate share of its liability associated with the other postemployment benefits offered through the state health benefit plan (see note 9 of the notes to financial statements).

\$677,917.55 of the Fire District's net position at the end of the current year reflects its net investment in capital assets (i.e., equipment and vehicles). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Fire District uses these assets to provide fire-fighting services and emergency medical services to the citizens of the Township of Hopewell; consequently, these assets are not available for future spending. Although the Fire District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

THE FIRE DISTRICT AS A WHOLE (CONT'D)

An additional component of the Fire District's net position of \$825,856.55, represents resources that are restricted. These amounts consist of amounts restricted for voter-approved capital projects, unemployment compensation benefits, and uniform fire safety.

The third and final component of net position is unrestricted. The unrestricted net position at year-end is a deficit of \$1,895,441.59. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. As stated previously, this deficit is directly attributable to the recognition of long-term liabilities, specifically related to pensions and other postemployment benefits, in which the Fire District is not required to fund in accordance with State budgetary rules and regulations, but instead funds on a pay-as-you-go basis via contractual contributions.

Table 2 that follows illustrates the changes in net position of the Fire District's governmental activities.

TABLE 2 CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31,		
	<u>2021</u>	<u>2020</u>
Expenses:		
Operating Appropriations:		
Administration	\$ 284,391.68	\$ 311,716.12
Cost of Operations and Maintenance	3,662,430.88	3,676,664.81
Operating Appropriations Offset with Revenues	106,256.59	103,815.04
Length of Service Awards Program - Contribution	218,100.00	201,814.37
Interest on Long-Term Debt	16,228.61	19,140.62
Total Program Expenses	<u>4,287,407.76</u>	<u>4,313,150.96</u>
Program Revenues:		
Charges for Services	199,115.85	194,612.03
Operating Grants and Contributions	93,079.06	78,951.03
Capital Grants and Contributions	44,488.80	
Net Program Expenses	<u>3,950,724.05</u>	<u>4,039,587.90</u>
General Revenues:		
Property Taxes:		
Levied for General Purposes	3,826,568.79	3,688,711.28
Levied for Debt Service	322,995.23	277,904.72
Unrestricted Investment Earnings	2,038.28	6,144.00
Restricted Investment Earnings	6.51	13.00
Unrestricted Miscellaneous Income	68,579.76	47,151.23
Restricted Miscellaneous Income	3,380.53	2,004.95
Extraordinary Item:		
Impairment Gain (Loss), Net of Insurance Recovery		<u>6,896.00</u>
Total General Revenues and Extraordinary Item	<u>4,223,569.10</u>	<u>4,028,825.18</u>
Change in Net Position	272,845.05	(10,762.72)
Net Position (Deficit), January 1	<u>(664,512.54)</u>	<u>(653,749.82)</u>
Net Position (Deficit), December 31	<u><u>\$ (391,667.49)</u></u>	<u><u>\$ (664,512.54)</u></u>

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

THE FIRE DISTRICT AS A WHOLE (CONT'D)

During 2021, the Fire District's revenues increased by \$257,864.57, increasing from \$4,302,388.24 in 2020 to \$4,560,252.81 in 2021. The change in revenues is largely attributable to the following:

- amount to be raised by taxation for 2021 increased from 2020 by \$182,948.02, or 5%.
- unrestricted miscellaneous income increased from 2020 by \$21,428.53, or 45%.
- operating grants and contributions increased from 2020 by \$14,128.03 or 18%.
- capital grants and contributions increased from 2020 by \$44,488.80.

Property taxes constituted approximately ninety-one percent (91%) of total revenues for governmental activities for the Fire District for the year 2021. In addition, charges for services, which resulted from uniform fire safety act fees and interlocal agreements for fire protection services, operating grants and contributions, investment earnings, miscellaneous income, and capital grants and contributions, constituted approximately nine percent (9%) of total revenues for governmental activities.

During 2021, the Fire District's expenses decreased by \$25,743.20, decreasing from \$4,313,150.96 in 2020 to \$4,287,407.76 in 2021.

THE FIRE DISTRICT'S FUNDS

As the Fire District completed the year, its governmental funds reported a *combined* fund balance of \$5,417,079.40, which is an increase over last year's total *combined* fund balance of \$4,952,961.75. Of the combined ending fund balances of \$5,417,079.40, approximately forty percent (40%) constitutes unassigned fund balance in the amount of \$2,179,667.14. The remainder of fund balance is restricted and / or assigned to indicate that it is not available for new spending because of the following: (1) restricted for voter-approved capital projects (\$776,490.22), (2) restricted for the payment of future New Jersey unemployment claims (\$25,027.88), (3) restricted for dedicated fire safety penalties to be utilized in subsequent years' budgets (\$24,338.45), (4) restricted for length of service awards program (\$1,697,169.71), (5) assigned to liquidate contracts and purchase orders of the prior period (\$29,251.08), and (6) assigned for subsequent year's expenditures (\$685,134.92).

General fund - The general fund is the general operating fund of the Fire District and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as firefighting and emergency medical apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current year, all of the Fire District's unassigned fund balance resided in the general fund, which totaled \$2,179,667.14.

During the current year, the fund balance of the Fire District's general fund decreased by \$311,725.02. The primary factors affecting the fund balance of the general fund are as follows:

- total overall revenues for 2021 increased by \$285,496.28 from 2020, with property taxes (amount to be raised by taxation to support the district budget) increasing by \$137,857.51, and non-budgetary revenues increasing by \$34,250.61.
- there was an equity transfer in the amount of \$775,842.67 to the capital projects fund.
- and expenditures were \$1,326,214.59 less than the final estimated budget of \$5,293,777.28.

Special revenue fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expend for specified purposes other than debt service or capital projects. The Fire District accounted for its award from FEMA for the Assistance to Firefighters Grant Program - COVID-19 Supplemental (AFG-S) in this fund. The Fire District utilized the award to purchase personal protective equipment and related supplies. Of this award, the prior year encumbrance of \$16,229.40 was expended during the year ended December 31, 2021.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

THE FIRE DISTRICT'S FUNDS (CONT'D)

Capital projects fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities such as fire houses, firefighting apparatus, and emergency medical equipment. Generally, the financial resources of the capital projects fund are derived from the issuance of debt or by the utilization of fund balance, which must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The Fire District had no expenditures in the capital projects fund in 2021.

Debt service fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. For the current year, the Fire District expended \$243,987.54 and \$79,007.69, representing the payment of principal and interest, respectively.

Budgetary Highlights

General fund - During the months of November and December of the current year, the Fire District modified its general fund budget through budgetary line-item transfers approved by the governing body. The adopted budgetary basis revenue estimate was \$4,032,360.16 and the final budgetary basis revenue estimate was \$4,079,125.12.

The final budgetary basis expenditure appropriation estimate was \$5,293,777.28. The final budget estimate exceeded actual expenditures incurred by \$1,326,214.59, thus aiding the Fire District in the replenishment of fund balance utilized in previous years' budgets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Fire District's net investment in capital assets for its governmental activities as of December 31, 2021 amounts to a historical cost of \$2,968,191.22, or \$1,066,917.55 net of accumulated depreciation (see Table 3). This net investment in capital assets includes equipment and vehicles. The net change in capital assets was attributable to the following:

- the Fire District purchased equipment with a historical cost of \$99,238.80.
- and depreciation expense for the current year was \$103,209.63.

TABLE 3		
CAPITAL ASSETS		
(NET OF ACCUMULATED DEPRECIATION)		
AS OF DECEMBER 31,		
	<u>2021</u>	<u>2020</u>
Equipment	\$ 264,245.44	\$ 201,841.29
Vehicles	802,672.11	869,047.09
Total	<u>\$ 1,066,917.55</u>	<u>\$ 1,070,888.38</u>

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Capital Assets (Cont'd)

Additional information on the Fire District's capital assets can be found in note 5 of the notes to financial statements.

Debt Administration

Fire District Bonds. At the end of the current year, the Fire District had total bonds outstanding of \$389,000.00. On July 15, 2015, the Fire District issued \$175,000.00 of fire district bonds at an interest rate of 3.25% for the acquisition of an ambulance. The final maturity of these bonds is July 15, 2022. Also, on November 8, 2018, the Fire District issued \$520,000.00 of fire district bonds at an interest rate of 3.60% for the purchase of a marine unit and tanker truck. The final maturity of these bonds is October 1, 2028. (refer to audit exhibit I-1, schedule of fire district bonds, for more detail).

Compensated Absences. At the end of the current year, the liability for compensated absences was \$254,097.72. Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. Additional information on compensated absences can be found in note 11.

Length of Service Awards Program Liability. For details on the length of service awards program liability, refer to note 8. The Fire District's annual required contribution to the length of service awards program is budgeted and paid from the general fund on an annual basis.

Net Pension Liability. The Fire District's annual required contribution to the Public Employees' Retirement System and the Police and Firemen's Retirement System are budgeted and paid on an annual basis. For additional details on the net pension liability, see note 7 to the financial statements.

Net OPEB Liability. The Fire District's annual required contribution to the state health benefit plan is budgeted and paid from the general fund on an annual basis. For additional details on the net opeb liability, see note 9 to the financial statements.

Additional information on the Fire District's debt can be found in note 6 of the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2021 year, the Fire District was able to sustain its budget through property taxes, uniform fire safety act annual registration fees, interest on investments and deposits, and other miscellaneous revenue sources. Approximately eighty-six percent (86%) of total revenue is from property taxes. The 2022 budget was adopted on January 25, 2022 by the Commissioners.

CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Township of Hopewell Fire District No. 1's finances for all those with an interest in the Fire District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Matthew G. Martin, Chief of Emergency Services, at the Township of Hopewell Fire District No. 1, 201 Washington Crossing-Pennington Road, Titusville, New Jersey 08560, or email at MMartin@hopewelltwpfire.org.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Statement of Net Position

December 31, 2021

ASSETS:

Cash and Cash Equivalents	\$ 3,993,335.50
Accounts Receivable	22,023.00
Restricted Assets:	
Cash and Cash Equivalents	20,971.57
Investments - Length of Service Awards Program	1,633,169.71
Capital Assets, net	<u>1,066,917.55</u>
Total Assets	<u>6,736,417.33</u>

DEFERRED OUTFLOWS OF RESOURCES:

Related to Pensions	685,125.00
Related to Other Postemployment Benefits (OPEB)	<u>3,148,418.60</u>
Total Deferred Outflows of Resources	<u>3,833,543.60</u>

LIABILITIES:

Accounts Payable:	
Other	246,560.53
Pensions	346,361.00
Accrued Liabilities:	
Interest Payable	2,301.61
Pensions	173,181.00
Unemployment Compensation Claims Payable	5,859.85
Noncurrent Liabilities:	
Due within One Year	116,605.96
Due beyond One Year	<u>7,049,918.47</u>
Total Liabilities	<u>7,940,788.42</u>

DEFERRED INFLOWS OF RESOURCES:

Related to Pensions	2,033,531.00
Related to Other Postemployment Benefits (OPEB)	<u>987,309.00</u>
Total Deferred Inflows of Resources	<u>3,020,840.00</u>

NET POSITION:

Net Investment in Capital Assets	677,917.55
Restricted for:	
Capital Projects	776,490.22
Other Purposes	49,366.33
Unrestricted (Deficit)	<u>(1,895,441.59)</u>
Total Net Position (Deficit)	<u>\$ (391,667.49)</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1Statement of Activities
For the Year Ended December 31, 2021

Expenses:

Operating Appropriations:

Administration	\$ 284,391.68
Cost of Operations and Maintenance	3,662,430.88
Operating Appropriations Offset with Revenues	106,256.59
Length of Service Awards Program (LOSAP) - Contribution (P.L. 1997, c. 388)	218,100.00
Interest on Long-Term Debt	16,228.61

Total Program Expenses	<u>4,287,407.76</u>
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Program Revenues:

Charges for Services	199,115.85
Operating Grants and Contributions	93,079.06
Capital Grants and Contributions	<u>44,488.80</u>

Net Program Expenses	<u>3,950,724.05</u>
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General Revenues:

Property Taxes:

Levied for General Purposes	3,826,568.79
Levied for Debt Service	322,995.23
Unrestricted Investment Earnings	2,038.28
Restricted Investment Earnings	6.51
Unrestricted Miscellaneous Income	68,579.76
Restricted Miscellaneous Income	<u>3,380.53</u>

Total General Revenues	<u>4,223,569.10</u>
------------------------	---------------------

Change in Net Position	272,845.05
------------------------	------------

Net Position (Deficit), January 1	<u>(664,512.54)</u>
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Net Position (Deficit), December 31	<u><u>\$ (391,667.49)</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Governmental Funds

Balance Sheet

December 31, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 3,237,816.85		\$ 776,490.22		\$ 4,014,307.07
Investments - Length of Service Awards Program	1,633,169.71				1,633,169.71
Accounts Receivable	22,023.00				22,023.00
Total Assets	<u>\$ 4,893,009.56</u>	<u>-</u>	<u>\$ 776,490.22</u>	<u>-</u>	<u>\$ 5,669,499.78</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 241,450.75				\$ 241,450.75
Payroll Deductions Payable	3,691.01				3,691.01
Intergovernmental Accounts Payable:					
Other	1,418.77				1,418.77
Unemployment Compensation Claims Payable	5,859.85				5,859.85
Total Liabilities	<u>252,420.38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,420.38</u>
Fund Balances:					
Restricted:					
Capital Projects			\$ 776,490.22		776,490.22
New Jersey Unemployment Trust Fund	25,027.88				25,027.88
Dedicated Penalties	24,338.45				24,338.45
Length of Service Awards Program	1,697,169.71				1,697,169.71
Assigned:					
Other Purposes	29,251.08				29,251.08
Designated for Subsequent Year's Expenditures	685,134.92				685,134.92
Unassigned	2,179,667.14				2,179,667.14
Total Fund Balances	<u>4,640,589.18</u>	<u>-</u>	<u>776,490.22</u>	<u>-</u>	<u>5,417,079.40</u>
Total Liabilities and Fund Balances	<u>\$ 4,893,009.56</u>	<u>-</u>	<u>\$ 776,490.22</u>	<u>-</u>	

(Continued)

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Governmental Funds

Balance Sheet

December 31, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Amounts reported for <i>governmental activities</i> 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 capital assets is \$2,968,191.22 and the accumulated depreciation is \$1,901,273.67.					\$ 1,066,917.55
Deferred outflows and deferred inflows related to pensions and OPEB represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements.					812,703.60
Accounts payable and accrued expenses related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements.					(519,542.00)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported as liabilities in the funds.					(2,301.61)
Long-term liabilities, including bonds payable, compensated absences payable, length of service awards program liability, pension liability, OPEB liability are not due and payable in the current period and therefore are not reported in the funds.					<u>(7,166,524.43)</u>
Net position of governmental activities					<u>\$ (391,667.49)</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Interest on Investments & Deposits	\$ 2,044.79				\$ 2,044.79
Other Revenue	99,984.96				99,984.96
Operating Grant Revenue		\$ 16,229.40			16,229.40
Miscellaneous Revenues Offset with Appropriations	145,895.85				145,895.85
Amount to be Raised by Taxation to Support the District Budget	3,826,568.79			\$ 322,995.23	4,149,564.02
Non-Budgetary Revenues	83,406.79				83,406.79
Restricted:					
Length of Service Awards Program (LOSAP) - Contribution (P.L. 1997, c. 388)	64,000.00				64,000.00
Unrealized Gain / (Loss) on Investments	250,596.29				250,596.29
Total Revenues	<u>4,472,497.47</u>	<u>16,229.40</u>	<u>-</u>	<u>322,995.23</u>	<u>4,811,722.10</u>
EXPENDITURES:					
Operating Appropriations:					
Administration	322,622.20				322,622.20
Cost of Operations and Maintenance	3,225,121.57	16,229.40			3,241,350.97
Operating Appropriations Offset with Revenues	102,480.12				102,480.12
Length of Service Awards Program (LOSAP) - Contribution (P.L. 1997, c. 388)	218,100.00				218,100.00
Restricted:					
Administrative Charges	2,625.00				2,625.00
Benefit Payments	38,192.13				38,192.13
Capital Appropriations	99,238.80				99,238.80
Debt Service:					
Principal				243,987.54	243,987.54
Interest and Other Charges				79,007.69	79,007.69
Total Expenditures	<u>4,008,379.82</u>	<u>16,229.40</u>	<u>-</u>	<u>322,995.23</u>	<u>4,347,604.45</u>
Excess (Deficiency) of Revenues over Expenditures	<u>464,117.65</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>464,117.65</u>

(Continued)

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES):					
Equity Transfer	\$ (775,842.67)		\$ 775,842.67		
Total Other Financing Sources (Uses)	(775,842.67)	-	775,842.67	-	-
Net Change in Fund Balances	(311,725.02)	-	775,842.67	-	\$ 464,117.65
Fund Balance, January 1	4,952,314.20	-	647.55	-	4,952,961.75
Fund Balance, December 31	\$ 4,640,589.18	-	\$ 776,490.22	-	\$ 5,417,079.40

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ 464,117.65
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Revenue recognized from non-employer special funding situations with pension plans (long-term liability) is not recognized as revenue in the fund financial statements but is recognized as revenue from contributions in the statement of activities.	63,127.00
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	\$ (103,209.63)
Capital Outlays	<u>99,238.80</u>
	(3,970.83)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	77,000.00
Governmental funds report certain activity related to the length of service awards program as restricted revenues and expenditures, whereas such activity is a component of the length of service awards program liability reported on the statement of net position.	(273,779.16)
In the statement of activities, certain operating expenses, (e.g., compensated absences, pension, OPEB, and interest on debt), are measured by the amounts incurred 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 (+).	<u>(53,649.61)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 272,845.05</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Notes to Financial Statements
For the Year Ended December 31, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Hopewell Fire District No. 1 (the "Fire District") have been prepared to conform 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 following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The Fire District is a political subdivision of the Township of Hopewell (the "Township"), Mercer County, New Jersey. The Township is comprised of an area of approximately sixty (60) square miles. It is bounded by Hunterdon County to the north, the Delaware River to the west, Lawrence and Ewing Townships to the south and Princeton Township on the east. The Township also surrounds the Boroughs of Hopewell and Pennington. As of the 2020 United States Census, the Township's population was 17,491. The Fire District was formed in February of 1988 through the adoption of a Township ordinance. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years following the vote held at the annual election.

Fire Districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting and emergency medical services to the residents within its territorial location. The Fire District has one fire company within its jurisdiction, the Union Fire Company and Rescue Squad.

The primary criterion for including activities within the Fire District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Fire District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the Fire District over which the Board of Commissioners exercises operating control.

Government-wide and Fund Financial Statements

The Fire District's basic financial statements consist of government-wide statements and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. The Fire District's operations consist of governmental activities, which normally are supported by property taxes and intergovernmental revenues. The Fire District has no business-type activities, which rely to a significant extent on fees and charges for support. If the Fire District had business-type activities, such activities would be reported separately from governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Fire District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Government-wide and Fund Financial Statements (Cont'd)**

In regards to the fund financial statements, the Fire District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Fire District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes (ad valorem) are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount certified, prior to the end of the fire district year. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The Fire District is entitled to receive moneys under the following established payment 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire District considers revenues to be available if they are collected within sixty (60) days of the end of the current year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, reimbursable-type grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the Fire District.

The Fire District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in another fund. 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.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The financial resources are derived from temporary notes and general obligation bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

The Fire District reports the following major governmental funds (cont'd):

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Budgets / Budgetary Control

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et al. The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the third Saturday in February. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

Amendments may be made to the Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval, except for provisions allowed by N.J.S.A. 40A:14-78.5.

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

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget, as detailed on exhibit C-1 and exhibit I-3, includes all amendments and modifications to the adopted budget as approved by the Board of Commissioners.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the Fire District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis of accounting.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Fire District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at year-end.

The encumbered appropriation authority carries over into the next year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amount as of the current year end.

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey fire districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements are recorded as expenses when consumed rather than when purchased. The Fire District did not have any significant inventory as of December 31, 2021.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2021. The Fire District had no prepaid expenses as of December 31, 2021.

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

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Fire District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the Fire District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The Fire District's capitalization threshold is \$5,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5 - 25 Years
Vehicles	10 - 25 Years

The Fire District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Fire District is required to report the following as deferred outflows of resources and deferred inflows of resources: defined benefit pension plans and postemployment benefit plans.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Fire District is eligible to realize the revenue.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Fire District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Fire District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The Fire District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension and length of service awards program contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Net Position

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

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Fire District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Fire District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance**

The Fire District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Fire District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The Fire District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire District's highest level of decision-making authority, which, for the Fire District, is the Board of Fire Commissioners. Such formal action consists of an affirmative vote by the Board of Fire Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Fire Commissioners removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Fire Commissioners or by the Chief of Emergency Services, to which the Board of Fire Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the Chief of Emergency Services is established by way of a formal job description for the position, approved by the Board of Fire Commissioners.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Fire District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Fire District to spend fund balances, if appropriate, in the following order: committed, assigned, and then unassigned.

Interfund Activity

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accounting Estimates**

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

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation ("FDIC"). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2021, the Fire District's bank balances were \$4,203,673.35. \$251,847.77 was insured under FDIC, \$3,733,639.14 was insured under GUDPA, and the remaining amount of \$218,186.44 was on deposit with the New Jersey Cash Management Fund.

New Jersey Cash Management Fund - During the year, the Fire District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to ensure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2021 the Fire District's deposits with the New Jersey Cash Management Fund were \$218,186.44.

Restricted Cash and Cash Equivalents - At December 31, 2021, the government-wide financial statements reported restricted cash and cash equivalents. This amount of \$20,971.57 represents cash and cash equivalents held for the New Jersey unemployment trust fund (note 10).

Note 3: PROPERTY TAX LEVIES

The following is a tabulation of the Fire District's assessed valuations, tax levies, and property tax rates per \$100.00 of assessed valuations for the current and preceding four years:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Tax Rate</u>
2021	\$ 3,809,203,170.00	\$ 4,149,564.02	\$.110
2020	3,923,768,332.00	3,966,616.00	.102
2019	3,964,774,232.00	3,865,089.00	.098
2018	3,966,984,383.00	3,633,352.00	.092
2017	3,964,213,900.00	3,430,258.00	.087

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2021 consisted of amounts owed from individuals and businesses located within the jurisdiction of the Fire District for various fees related to uniform fire safety inspections, penalties, and registrations. All receivables are considered collectible.

Accounts receivable as of year-end for the Fire District's individual major funds, in the aggregate, is as follows:

	<u>Governmental Fund Types</u>	<u>Total Governmental Activities</u>
	<u>General Fund</u>	
UFSA Inspection and Registration Fees	<u>\$ 22,023.00</u>	<u>\$ 22,023.00</u>

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is as follows:

	<u>Balance Jan. 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2021</u>
Capital Assets that are being				
Depreciated:				
Equipment	\$ 450,144.88	\$ 99,238.80		\$ 549,383.68
Vehicles	2,418,807.54			2,418,807.54
Total Capital Assets being Depreciated	2,868,952.42	99,238.80	-	2,968,191.22
Total Capital Assets, Cost	2,868,952.42	99,238.80	-	2,968,191.22
Less Accumulated Depreciation for:				
Equipment	(248,303.59)	(36,834.65)		(285,138.24)
Vehicles	(1,549,760.45)	(66,374.98)		(1,616,135.43)
Total Accumulated Depreciation	(1,798,064.04)	(103,209.63) *	-	(1,901,273.67)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	1,070,888.38	(3,970.83)	-	1,066,917.55
Capital Assets, Net	<u>\$ 1,070,888.38</u>	<u>\$ (3,970.83)</u>	<u>-</u>	<u>\$ 1,066,917.55</u>

* Depreciation expense was charged to functions / programs of the Fire District as follows:

Administration	\$ 2,788.61
Cost of Operations and Maintenance	<u>100,421.02</u>
Total Depreciation Expense	<u>\$ 103,209.63</u>

Note 6: LONG-TERM LIABILITIES

During the year ended December 31, 2021, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance Jan. 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2021</u>	<u>Due within One Year</u>
Governmental Activities:					
Fire District Bonds Payable:					
Principal	\$ 466,000.00	-	\$ (77,000.00)	\$ 389,000.00	\$ 77,000.00
Other Liabilities:					
Compensated Absences	199,658.46	\$ 392,607.81	(338,168.55)	254,097.72	39,605.96
Length of Service Awards Program Liability	1,423,390.55	314,596.29	(40,817.13)	1,697,169.71	
Net Pension Liability	4,065,814.00	1,574,799.00	(3,372,305.00)	2,268,308.00	
Net OPEB Liability	172,287.00	3,641,806.15	(1,256,144.15)	2,557,949.00	
Total Other Liabilities	5,861,150.01	5,923,809.25	(5,007,434.83)	6,777,524.43	39,605.96
Governmental Activities Long-Term Liabilities	<u>\$ 6,327,150.01</u>	<u>\$ 5,923,809.25</u>	<u>\$ (5,084,434.83)</u>	<u>\$ 7,166,524.43</u>	<u>\$ 116,605.96</u>

Fire District Bonds - Bonds and loans are authorized in accordance with State law by the voters of the Fire District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Fire District are to be paid from property taxes. The Fire District budgets for the liquidation of its general obligation bonds in the debt service fund. As of December 31, 2021, the Fire District had the following outstanding general obligation bonds:

On July 15, 2015, the Fire District issued \$175,000.00 of fire district bonds at an interest rate of 3.25% for the acquisition of an ambulance. The final maturity of these bonds is July 15, 2022.

Lastly, on November 8, 2018, the Fire District issued \$520,000.00 of fire district bonds at an interest rate of 3.60% for the acquisition of a marine unit and tanker truck. The final maturity of these bonds is October 1, 2028.

Principal and interest due on the general obligation bonds outstanding is as follows:

<u>Year Ending Dec. 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 77,000.00	\$ 13,916.50	\$ 90,916.50
2023	52,000.00	11,232.00	63,232.00
2024	52,000.00	9,360.00	61,360.00
2025	52,000.00	7,488.00	59,488.00
2026	52,000.00	5,616.00	57,616.00
2027-2028	104,000.00	5,616.00	109,616.00
Total	<u>\$ 389,000.00</u>	<u>\$ 53,228.50</u>	<u>\$ 442,228.50</u>

Bonds Authorized but not Issued - As of December 31, 2021, the Fire District had no authorizations to issue additional debt.

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 11 for a description of the Fire District's policy.

Length of Service Awards Program Liability - For details on the length of service awards program liability, refer to note 8. The Fire District's annual required contribution to the length of service awards program is budgeted and paid from the general fund on an annual basis.

Note 6: LONG-TERM LIABILITIES (CONT'D)

Net Pension Liability - For details on the net pension liability, refer to note 7. The Fire District's annual required contribution to the Public Employees' Retirement System and the Police and Firemen's Retirement System is budgeted and paid from the general fund on an annual basis.

Other Postemployment Benefits (OPEB) - For details on postemployment benefits, refer to note 9. The Fire District's required contribution to the postemployment benefits plan is budgeted and paid from the general fund.

Fire Protection Agreements - The Board of Fire Commissioners entered into several multi-year agreements for fire protection and services with the Hopewell Borough Fire District No. 1 and the Pennington Borough Fire District No. 1. The aforementioned Boroughs provide fire protection and emergency medical services, and in turn, the Township of Hopewell Fire District No. 1 pays an annual fee for such services, which covers a portion of the Boroughs' existing debt service and operating expenses. As a result, a portion of the payments for these services are budgeted in the debt service fund (bond anticipation notes).

Note 7: PENSION PLANS

A substantial number of the Fire District's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Fire District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Fire District. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - 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.

The following represents the membership tiers for PERS:

Tier Definition

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions**

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Fire District's contractually required contribution rate for the year ended December 31, 2021 was 17.72% of the Fire District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2021, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$25,005.00, and is payable by April 1, 2022. For the prior year measurement date of June 30, 2020, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$22,508.00, which was paid on April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 were \$10,581.70.

Police and Firemen's Retirement System - The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 10.0% of base salary. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the local participating employers related to this legislation.

The Fire District's contractually required contribution rate for the year ended December 31, 2021 was 32.88% of the Fire District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2021, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$321,356.00 and is payable by April 1, 2022. For the prior year measurement date of June 30, 2020, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$322,519.00, which was paid on April 1, 2021.

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (cont'd) - Employee contributions to the Plan for the year ended December 31, 2021 were \$97,735.40.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Fire District, for the year ended December 31, 2021 was 5.04% of the Fire District's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2021, the State's contractually required contribution, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2021 was \$49,239.00, and is payable by April 1, 2022. For the prior year measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2020 was \$44,548.00, and was paid by April 1, 2021.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability - As of December 31, 2021, the Fire District's proportionate share of the PERS net pension liability was \$252,940.00. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2021 measurement date, the Fire District's proportion was 0.0021351425%, which was an increase of 0.0000776436% from its proportion measured as of June 30, 2020.

Pension (Benefit) Expense - For the year ended December 31, 2021, the Fire District's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date, was (\$18,381.00).

Police and Firemen's Retirement System

Pension Liability - As of December 31, 2021, the Fire District's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Fire District's Proportionate Share of Net Pension Liability	\$ 2,015,368.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Fire District	566,822.00
	<u>\$ 2,582,190.00</u>

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Police and Firemen's Retirement System (Cont'd)**

Pension Liability (cont'd) - The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2021 measurement date, the Fire District's proportion was 0.0275732166%, which was a decrease of 0.0012960471% from its proportion measured as of June 30, 2020. As of June 30, 2021, the State of New Jersey's proportion, on-behalf of the Fire District, was 0.0275729797%, which was a decrease of 0.0012962840% from its proportion, on-behalf of the Fire District, measured as of June 30, 2020.

Pension (Benefit) Expense - For the year ended December 31, 2021, the Fire District's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date, was (\$77,319.00).

For the year ended December 31, 2021, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Fire District, calculated by the Plan as of the June 30, 2021 measurement date, was \$63,127.00. This on-behalf expense has been recognized by the Fire District in the government-wide financial statements.

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2021, the Fire District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 3,989.00	\$ 22,993.00	\$ 26,982.00	\$ 1,811.00	\$ 241,420.00	\$ 243,231.00
Changes of Assumptions	1,317.00	10,724.00	12,041.00	90,048.00	603,997.00	694,045.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	66,631.00	858,814.00	925,445.00
Changes in Proportion and Differences between Fire District Contributions and Proportionate Share of Contributions	22,248.00	450,673.00	472,921.00	2,358.00	168,452.00	170,810.00
Fire District Contributions Subsequent to the Measurement Date	12,503.00	160,678.00	173,181.00	-	-	-
	<u>\$ 40,057.00</u>	<u>\$ 645,068.00</u>	<u>\$ 685,125.00</u>	<u>\$ 160,848.00</u>	<u>\$ 1,872,683.00</u>	<u>\$ 2,033,531.00</u>

Deferred outflows of resources in the amounts of \$12,503.00 and \$160,678.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2022. These amounts were based on an estimated April 1, 2023 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2021 to the Fire District's year end of December 31, 2021.

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Fire District will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
June 30, 2021	-	5.13	-	6.17
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2016	5.57	-	5.58	-
June 30, 2017	-	5.48	-	5.59
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
June 30, 2021	5.13	-	6.17	-
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2017	-	5.00	-	5.00
June 30, 2018	-	5.00	-	5.00
June 30, 2019	-	5.00	-	5.00
June 30, 2020	-	5.00	-	5.00
June 30, 2021	-	5.00	-	5.00
Changes in Proportion				
Year of Pension Plan Deferral:				
June 30, 2016	5.57	5.57	5.58	5.58
June 30, 2017	5.48	5.48	5.59	5.59
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90
June 30, 2021	5.13	5.13	6.17	6.17

Note 7: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2022	\$ (50,820.00)	\$ (385,799.00)	\$ (436,619.00)
2023	(38,896.00)	(286,858.00)	(325,754.00)
2024	(25,544.00)	(299,899.00)	(325,443.00)
2025	(18,472.00)	(327,488.00)	(345,960.00)
2026	438.00	(75,430.00)	(74,992.00)
Thereafter	-	(12,819.00)	(12,819.00)
	<u>\$ (133,294.00)</u>	<u>\$ (1,388,293.00)</u>	<u>\$ (1,521,587.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases: ⁽¹⁾		
Through 2026	2.00% - 6.00%	
Thereafter	3.00% - 7.00%	
Through All Future Years		3.25% - 15.25%
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018	July 1, 2013 - June 30, 2018

⁽¹⁾ based on years of service

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

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.

Police and Firemen's Retirement System

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

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

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

Note 7: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Discount Rate -**

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.16% as of the June 30, 2021 measurement date based on 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. 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 would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Police and Firemen's Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.16% as of June 30, 2021 measurement date based on 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. 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 the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make 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 Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Fire District's proportionate share of the net pension liability as of the June 30, 2021 measurement date, calculated using a discount rate of 7.00%, as well as what the Fire District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Fire Districts Proportionate Share of the Net Pension Liability	<u>\$ 344,452.00</u>	<u>\$ 252,940.00</u>	<u>\$ 175,278.00</u>

Note 7: PENSION PLANS (CONT'D)**Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Cont'd)**

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Fire District's annual required contribution. As such, the net pension liability as of the June 30, 2021 measurement date for the Fire District and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Fire District's Proportionate Share of the Net Pension Liability	\$ 3,060,274.00	\$ 2,015,368.00	\$ 1,145,597.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Fire District	860,701.00	566,822.00	322,199.00
	<u>\$ 3,920,975.00</u>	<u>\$ 2,582,190.00</u>	<u>\$ 1,467,796.00</u>

Pension Plan Fiduciary Net Position

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

Note 8: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description - The Fire District's length of service awards program (the "Plan"), which is a defined contribution plan reported in the Fire District's general fund, was created by a Fire District Resolution adopted on December 9, 1999 pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The accumulated assets of the Plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

The voters of the Fire District approved the adoption of the Plan at the annual election held on February 19, 2000, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2000. The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel, and is administered by Lincoln National Life Insurance Company ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Fire District's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Note 8: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

Plan Description (cont'd) - The tax deferred income benefits for emergency service volunteers of the Union Fire Company and Rescue Squad, consisting of the volunteer fire department and the first aid organization, come from contributions made solely by the governing body of the Fire District, on behalf of those volunteers who meet the criteria of the Plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Plan Amendments - The Fire District may make minor amendments to the provisions of the Plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The Plan can only be amended by resolution of the governing body of the Fire District, and the following procedures must be followed: (a) any amendment to the Plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (the "Director") prior to implementation by the Fire District's governing body, provided, however, that any amendment required by the IRS, may be adopted by the Fire District's governing body without the advance approval of the Director (although such amendment shall be filed with the Director); (b) the documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and (c) the Fire District shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Fire District may amend the Plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the Fire District shall notify all participants in writing prior to making any amendment to the Plan.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Fire District elected to contribute between \$584.11 and \$1,768.23 for the year ended December 31, 2021, per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Fire District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2020, the Fire District's Plan expense, net of forfeitures was \$64,000.00.

Participant Accounts - Each participant's account is credited with the Fire District's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Fire District has placed the amounts deferred, including earnings, in an account maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the Fire District to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Fire District. These funds, however, are not available for funding the operations of the Fire District.

Vesting - The Fire District, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-11.63 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

Note 8: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

Payment of Benefits - Upon separation from volunteer service, retirement or disability, termination of the Plan, participants may select various payout options of vested accumulated deferrals, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

Forfeited Accounts - For the year ended December 31, 2021, no accounts were forfeited.

Investments - The investments of the length of service awards program are recorded at fair value and investments offered to the participants include various variable annuities. The Fire District has classified these investments as restricted in the financial statements.

Plan Information - Additional information about the Fire District's length of service awards program can be obtained by contacting the Plan Administrator.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the State Health Benefit Local Government Retired Employees Plan**

Plan Description and Benefits Provided - The Fire District contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which 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. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the "State"), Division of Pensions and Benefits' (the "Division") annual financial statements, 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.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the State Health Benefit Local Government Retired Employees Plan (Cont'd)**

Plan Description and Benefits Provided (Cont'd) - In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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.

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Fire District was billed monthly by the Plan and paid \$13,765.20, for the year ended December 31, 2021, representing 1.23% of the Fire District's covered payroll. During the year ended December 31, 2021, retirees were not required to contribute to the Plan.

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At December 31, 2021, the Fire District's proportionate share of the net OPEB liability was \$2,557,949.00.

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021.

The Fire District's proportion of the net OPEB liability was 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, 2020 through June 30, 2021. For the June 30, 2021 measurement date, the Fire District's proportion was .014211%, which was an increase of .013251% from its proportion measured as of the June 30, 2020 measurement date.

OPEB (Benefit) Expense - At December 31, 2021, the Fire District's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date, is \$429,873.00.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2021, the Fire District had deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 57,397.00	\$ 535,161.00
Changes of Assumptions	367,969.00	452,148.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,223.00	-
Changes in Proportion	2,714,947.00	-
Contributions Subsequent to the Measurement Date	6,882.60	-
	<u>\$ 3,148,418.60</u>	<u>\$ 987,309.00</u>

Deferred outflows of resources in the amount of \$6,882.60 will be included as a reduction of the Fire District's net OPEB liability during the year ending December 31, 2022. The Fire District will amortize the above other deferred outflows of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience		
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021	-	7.82
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021	7.82	-
Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
Changes in Proportion		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05
June 30, 2020	7.87	7.87
June 30, 2021	7.82	7.82

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

Year Ending Dec. 31,	
2022	\$ 249,142.00
2023	248,941.00
2024	248,757.00
2025	292,533.00
2026	383,494.00
Thereafter	731,360.00
	<u>\$ 2,154,227.00</u>

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases *	
PERS:	
Initial Fiscal Year Applied:	
Rate through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Rate for all Future Years	3.25% to 15.25%

* salary increases are based on years of service within the respective Plan

PERS mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2021.

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Actuarial Assumptions (Cont'd) - All of the Plan's investments are in the State of New Jersey Cash Management Fund (the "CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. government and agency obligations, commercial paper, corporate obligations and certificates of deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) at the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB liability at 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.

Health Care Trend Assumptions - The health care trend assumptions used is as follows:

Fiscal Year Ending	Annual Rate of Increase			
	Medical Trend			Prescription
	Pre-65	PPO Post-65	HMP Post-65	Drug Trend
2021	5.65%	13.08%	13.76%	6.75%
2022	5.55%	3.34%	3.22%	6.50%
2023	5.45%	0.52%	0.17%	6.25%
2024	5.35%	7.56%	7.79%	6.00%
2025	5.20%	14.43%	15.23%	5.50%
2026	5.00%	12.55%	13.19%	5.00%
2027	4.75%	8.95%	9.29%	4.75%
2028	4.50%	5.92%	6.04%	4.50%
2029	4.50%	5.38%	5.46%	4.50%
2030	4.50%	4.86%	4.89%	4.50%
2031	4.50%	4.55%	4.56%	4.50%
2032 and Later	4.50%	4.50%	4.50%	4.50%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The net OPEB liability, calculated using a discount rate of 2.16%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Fire District's Proportionate Share of the Net OPEB Liability	\$ 3,010,215.00	\$ 2,557,949.00	\$ 2,199,518.00

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The net OPEB liability, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Fire District's Proportionate Share of the Net OPEB Liability	\$ 2,134,191.00	\$ 2,557,949.00	\$ 3,110,901.00

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Plan Fiduciary Net Position**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 10: RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The Fire District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Fire District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Fire District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the Fire District for the unemployment claims for the current and previous two years:

					<u>Ending Balance</u>	
<u>Year</u>	<u>Fire District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Claims Incurred</u>	<u>Claims Payable</u>	<u>Restricted Fund Balance</u>
2021	\$ 3,380.53	\$ 1,918.72	\$ 6.51	-	\$ 5,859.85	\$ 25,027.88
2020	3,529.85	2,004.95	13.00	-	3,941.13	21,640.84
2019	3,005.78	1,936.18	16.28	-	1,936.18	18,097.99

Note 11: COMPENSATED ABSENCES

The Fire District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Union Employees - Union employees are entitled to twelve paid sick leave days each year that are earned at the rate of one day per month. Sick leave days may be accumulated and carried forward to the following year. Employees are entitled to three personal days per calendar year that are earned at the rate of one day for each four month period. Personal days not used during the year are carried forward to the following year and reclassified as sick leave. Each employee is entitled to vacation leave based on the number of years of continuous service. Up to ten days of unused vacation time may be carried forward to the following year. The vacation time carried forward must be used in the following year or it will be forfeited.

Note 11: COMPENSATED ABSENCES (CONT'D)

Union Employees (Cont'd) - The Fire District compensates employees for unused sick leave upon death or retirement at the current rate of pay. Upon retirement, employees will be paid a lump-sum payment based on fifty percent of the accumulated sick leave on the date of retirement, up to a maximum of \$15,000.00. In the event that an employee dies, the beneficiary will receive a lump-sum payment based on fifty percent of the accumulated sick leave on the date of death, up to a maximum of \$15,000.00. If the employee dies in the line of duty, the beneficiary will receive a lump-sum payment for one hundred percent of the accumulated sick leave upon the date of death, up to a maximum of \$15,000.00. Employees are also compensated at their current rate of pay for unused vacation (up to a maximum of eighty (80) hours) and compensation time (up to a maximum of four hundred and eighty (480) hours) upon termination of employment.

Non-Union Employees - Non-union employees are entitled to twelve paid sick leave days each year that is prorated as seven hours for each full month of employment. Sick leave days may be accumulated and carried forward to the following year. Employees are entitled to three personal days per calendar year that are earned at the rate of one day for each four month period. Personal days not used during the year are carried forward to the following year and reclassified as sick leave. Each employee is entitled to vacation leave based on the number of years of continuous service. Up to five days of unused vacation time may be carried forward to the following year. The vacation time carried forward must be used in the following year or it will be forfeited.

The Fire District does not compensate non-union employees for unused sick leave upon death or retirement. Employees are compensated at their current rate of pay for unused vacation (up to a maximum of thirty-five (35) hours) and compensation time (up to a maximum of four hundred and eighty (480) hours) upon termination of employment.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of December 31, 2021, the liability for compensated absences reported on the government-wide statement of net position was \$254,097.72.

Note 12: TRANSFERS

A budget appropriation for the sprinkler tank project was included in the general fund for the capital project approved by the voters on January 28, 2021. As a result, an equity transfer from the general fund to the capital projects fund in the amount of \$775,842.67 was made during the year ended December 31, 2021.

Note 13: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Fire District expects such amount, if any, to be immaterial.

Note 14: CONCENTRATIONS

A significant source of revenue for the Fire District comes from its ability to levy property taxes (see note 1 for detail on property taxes). The ability to levy property taxes, and the limits to which property taxes can be levied, are promulgated by State statute. As a result of this dependency, the Fire District's operations are significantly reliant and impacted by State laws and regulations regarding property taxes.

Note 15: FUND BALANCES APPROPRIATED - GENERAL FUND

The 2022 annual budget of the Fire District was adopted on January 25, 2022. The adopted budget utilized \$685,134.92 of fund balance in the general fund.

The following presents the total fund balance of the general fund as of the end of the last five years and the amount utilized in the subsequent year's budget:

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilization in Subsequent Budget</u>
2021	\$ 4,640,589.18	\$ 685,134.92
2020	4,952,314.20	1,179,734.97
2019	4,557,616.79	506,579.00
2018 ^(r)	4,159,556.74	853,954.00
2017	3,087,062.70	352,189.00

^(r) restated balance

Note 16: FUND BALANCES**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the Fire District's fund balance are summarized as follows:

General Fund -

New Jersey Unemployment Trust Fund - Pursuant to N.J.S.A. 43:21-7.3g, the Board of Fire Commissioners has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method" (see note 10). As a result, there exists at December 31, 2021, a restricted fund balance from employer contributions in the amount of \$25,027.88 for future unemployment claims.

Dedicated Penalties - Pursuant to N.J.A.C. 5:70-2.12A, certain monies collected by the Fire District for violations by property owners must be placed in the general treasury of the Fire District and be subject to separate accounting. These monies are required to fund the cost of firefighter training and / or new firefighting equipment. As of December 31, 2021, such funds collected by the Fire District amount to \$24,338.45.

Length of Service Awards Program (LOSAP) - Pursuant to N.J.S.A. 40A:14-187, all accumulated proceeds shall remain restricted for the volunteer members. As a result, there exists at December 31, 2021, a restricted fund balance in the amount of \$1,697,169.71 for future benefit payments of volunteers.

Note 16: FUND BALANCES (CONT'D)**RESTRICTED (CONT'D)****Capital Projects Fund -**

Capital Projects - On January 22, 2018, the governing body of the Fire District adopted a resolution proposing a capital ballot question that was presented to the voters, and approved, at the annual election held on February 17, 2018. The voter-approved ballot question authorized the Fire District to purchase a marine unit and tanker truck. The Fire District was approved to expend an amount not to exceed \$610,000.00 for the foregoing acquisitions, and on November 8, 2018, issued fire district bonds in the amount of \$520,000.00 to permanently fund the project. As of December 31, 2021, the restricted fund balance is \$647.55.

Capital Projects - On January 28, 2021, the governing body of the Fire District adopted a resolution proposing a capital ballot question that was presented to the voters, and approved, at the special election held on January 28, 2021. The voter-approved ballot question authorized the Fire District to fund a sprinkler tank project. The Fire District was approved to expend an amount not to exceed \$775,842.67 for the foregoing acquisitions, through the utilization of restricted and unrestricted fund balance. As of December 31, 2021, the restricted fund balance is \$775,842.67.

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the Fire District's fund balance are summarized as follows:

General Fund

Other Purposes - As of December 31, 2021, the Fire District had \$29,251.08 of encumbrances outstanding for purchase orders and contracts signed by the Fire District, but not completed, as of the close of the year.

For Subsequent Year's Expenditures - The Fire District has appropriated and included as an anticipated revenue for the year ending December 31, 2022, \$685,134.92 of general fund balance at December 31, 2021.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The Fire District's unassigned fund balance is summarized as follows:

General Fund - As of December 31, 2021, \$2,179,667.14 of general fund balance was unassigned.

Note 17: SUBSEQUENT EVENTS

COVID-19 - The management of the Fire District has evaluated its financial statements for subsequent events through the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the Fire District. While the impact that COVID-19 will have is currently expected to be temporary, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Required Supplementary Information - Part II

General Fund

Budgetary Comparison Schedule

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Miscellaneous Anticipated Revenues:					
Municipal Assistance (N.J.S.A. 40A:14-34)	\$ 4,321.00		\$ 4,321.00		\$ (4,321.00)
Shared Services (N.J.S.A. 40A:65-1 et seq.)	3,000.00		3,000.00		(3,000.00)
Total Miscellaneous Anticipated Revenues	7,321.00	-	7,321.00	-	(7,321.00)
Interest on Investments & Deposits	6,550.00	-	6,550.00	\$ 2,044.79	(4,505.21)
Other Revenue					
Reimbursement from Hopewell Borough Fire District	52,000.00		52,000.00	52,000.00	
Other Grants		\$ 46,764.96	46,764.96	46,764.96	
Special Duty Events	3,500.00		3,500.00	1,220.00	(2,280.00)
Total Other Revenue	55,500.00	46,764.96	102,264.96	99,984.96	(2,280.00)
Miscellaneous Revenues Offset with Appropriations:					
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Annual Registration Fees	86,000.00		86,000.00	92,069.00	6,069.00
Other Revenues:					
Anticipated Life Hazard Use Fee	50,420.37		50,420.37	53,826.85	3,406.48
Total Miscellaneous Revenues Offset with Appropriations	136,420.37	-	136,420.37	145,895.85	9,475.48
Amount to be Raised by Taxation to Support the District Budget	3,826,568.79	-	3,826,568.79	3,826,568.79	-
Total Anticipated Revenues	4,032,360.16	46,764.96	4,079,125.12	4,074,494.39	(4,630.73)
Non-Budgetary Revenues:					
Miscellaneous	-	-	-	83,406.79	83,406.79
Total Revenues	4,032,360.16	46,764.96	4,079,125.12	4,157,901.18	78,776.06

(Continued)

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Required Supplementary Information - Part II

General Fund

Budgetary Comparison Schedule

For the Year Ended December 31, 2021

	Original <u>Budget</u>	Budget Modifications / <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salary and Wages:					
Commissioners	\$ 21,040.00		\$ 21,040.00	\$ 20,417.59	\$ 622.41
Purchasing Agent	70,383.83		70,383.83	56,627.65	13,756.18
Purchasing Agent - Overtime	2,000.00		2,000.00		2,000.00
Purchasing Agent - Buy Backs	7,541.12	\$ (6,337.95)	1,203.17		1,203.17
Fringe Benefits	47,904.89	1,266.33	49,171.22	45,632.16	3,539.06
Other Expenses:					
Computer and Office Supplies	7,620.00		7,620.00	3,356.80	4,263.20
Printing / Duplication / Newsletter	565.00		565.00	300.50	264.50
Training and Travel	5,700.00		5,700.00	669.85	5,030.15
Memberships	300.00		300.00	300.00	
Fire Prevention Materials	1,000.00		1,000.00	165.03	834.97
Postage and Shipping	2,000.00	(274.59)	1,725.41	637.83	1,087.58
Computer and Radio Maintenance	52,737.91	1,890.86	54,628.77	48,975.87	5,652.90
Building Maintenance	3,042.00	2,583.11	5,625.11	3,710.49	1,914.62
Specialized Services	1,900.00	(1,587.78)	312.22		312.22
Contractual Services	239,738.00	2,460.02	242,198.02	140,601.44	101,596.58
Advertising / Legal Notices	1,500.00		1,500.00	1,226.99	273.01
Total Administration	464,972.75	-	464,972.75	322,622.20	142,350.55
Cost of Operations and Maintenance:					
Salary and Wages:					
Emergency Service Specialists	650,772.95	(23,189.28)	627,583.67	613,289.30	14,294.37
Lieutenants	312,845.76		312,845.76	270,100.80	42,744.96
Chief of Emergency Services	143,074.82	496.87	143,571.69	142,525.49	1,046.20

(Continued)

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Required Supplementary Information - Part II

General Fund

Budgetary Comparison Schedule

For the Year Ended December 31, 2021

	Original <u>Budget</u>	Budget Modifications / <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Operating Appropriations (Cont'd):					
Cost of Operations and Maintenance (Cont'd):					
Salary and Wages (Cont'd):					
Chief - Buy Backs	\$ 13,757.19	\$ 13,516.79	\$ 27,273.98	\$ 27,273.98	
Per Diem Staff	187,100.00	(41,600.00)	145,500.00	120,515.00	\$ 24,985.00
Emergency Serv Spec Overtime	90,000.00	50,775.62	140,775.62	140,775.62	
Special Duty	2,800.00		2,800.00	1,435.00	1,365.00
Fringe Benefits	793,323.56	(1,612.00)	791,711.56	687,141.77	104,569.79
Other Expenses:					
Insurances	68,820.00	1,612.00	70,432.00	68,321.00	2,111.00
Materials and Supplies	12,050.00		12,050.00	6,180.25	5,869.75
Gasoline, Fuels and Chemicals	29,600.00	952.73	30,552.73	20,201.12	10,351.61
Drugs and Medical Supplies	22,000.00		22,000.00	16,308.00	5,692.00
Training and Travel	61,325.00	(9,506.71)	51,818.29	16,333.64	35,484.65
Memberships	4,289.00	40.00	4,329.00	3,180.50	1,148.50
Clothing	47,870.97	(2,412.80)	45,458.17	21,549.40	23,908.77
Laundry Services	2,100.00		2,100.00	1,445.60	654.40
Equipment / Property Rental	326,475.00	10,619.28	337,094.28	319,354.65	17,739.63
Safety Equipment	7,800.09		7,800.09	6,432.41	1,367.68
Computer and Radio Maintenance	500.00		500.00		500.00
Small Equipment Maintenance	26,483.00	307.50	26,790.50	22,550.51	4,239.99
Auto / Supp / Maint - Vehicle Tires	96,574.34		96,574.34	52,094.44	44,479.90
Utilities - Electric / Nat'l Gas / Phones	31,020.00		31,020.00	27,537.98	3,482.02
Contracted Services - Fire	509,382.64		509,382.64	509,382.64	
Contracted Services - Medical	79,400.00		79,400.00	76,701.60	2,698.40
Specialized Services	22,500.00		22,500.00	22,404.45	95.55
OSHA Mandate / Injury Protection	2,000.00		2,000.00	1,946.76	53.24

(Continued)

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Required Supplementary Information - Part II

General Fund

Budgetary Comparison Schedule

For the Year Ended December 31, 2021

	Original <u>Budget</u>	Budget Modifications / <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
Operating Appropriations (Cont'd):					
Cost of Operations and Maintenance (Cont'd):					
Other Expenses (Cont'd):					
Other Assets - Non-Bondable, HVES	\$ 27,911.00		\$ 27,911.00	\$ 17,615.88	\$ 10,295.12
Other Assets - Non-Bondable, Union Fire	78,046.00		78,046.00	66,198.78	11,847.22
Other Assets - Non-Bondable, Union Rescue	100.00	\$ 46,764.96	46,864.96	45,563.80	1,301.16
Total Cost of Operations and Maintenance	3,649,921.32	46,764.96	3,696,686.28	3,324,360.37	372,325.91
Operating Appropriations Offset with Revenues:					
Salary and Wages:					
Fire Official Salary	95,520.39		95,520.39	88,303.09	7,217.30
Fire Official Buy Backs	8,968.20		8,968.20	805.57	8,162.63
Fringe Benefits	33,686.99		33,686.99	13,371.46	20,315.53
Total Operating Appropriations Offset with Revenues	138,175.58	-	138,175.58	102,480.12	35,695.46
Length of Service Award Program (LOSAP) - Contribution (P.L. 1997, c. 388)	218,100.00	-	218,100.00	218,100.00	-
Capital Appropriations:					
Capital Improvements (N.J.S 40A:14-84):					
Sprinkler Tank Project	775,842.67		775,842.67		775,842.67
Total Capital Appropriations	775,842.67	-	775,842.67	-	775,842.67
Total Expenditures	5,247,012.32	46,764.96	5,293,777.28	3,967,562.69	1,326,214.59

(Continued)

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Required Supplementary Information - Part II

General Fund

Budgetary Comparison Schedule

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,214,652.16)	-	\$ (1,214,652.16)	\$ 190,338.49	\$ 1,404,990.65
OTHER FINANCING SOURCES (USES):					
Equity Transfer - Capital Projects Fund	-	-	-	(775,842.67)	(775,842.67)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (1,214,652.16)</u>	<u>-</u>	<u>\$ (1,214,652.16)</u>	<u>(585,504.18)</u>	<u>\$ 629,147.98</u>
Fund Balance, January 1				<u>4,952,314.20</u>	
Reconciliation to Fund Balance for Length of Service Awards Program:					
Length of Service Awards Program (LOSAP) - Contribution (P.L. 1997, c. 388)				64,000.00	
Unrealized Gain / Loss on Investments				250,596.29	
Administrative Charges				(2,625.00)	
Benefit Payments				<u>(38,192.13)</u>	
				<u>273,779.16</u>	
Fund Balance, December 31				<u>\$ 4,640,589.18</u>	
Recapitulation:					
Restricted				\$ 1,746,536.04	
Assigned					
Year-End Encumbrances				29,251.08	
For Subsequent Year's Expenditures				685,134.92	
Unassigned				<u>2,179,667.14</u>	
				<u>\$ 4,640,589.18</u>	

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Required Supplementary Information - Part II

Budgetary Comparison Schedule

Note to Required Supplementary Information

For the Year Ended December 31, 2021

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule(s).	\$ 4,157,901.18	\$ -
Certain restricted revenues related to the length of service awards program are recognized on the GAAP basis but are not required to be budgeted.	314,596.29	
Budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<hr/>	<u>\$ 16,229.40</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2).	<u><u>\$ 4,472,497.47</u></u>	<u><u>\$ 16,229.40</u></u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule(s).	\$ 3,967,562.69	\$ -
Certain restricted expenditures related to the length of service awards program are recognized on the GAAP basis but are not required to be budgeted.	40,817.13	
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies and equipment are received for financial reporting purposes.	<hr/>	<u>\$ 16,229.40</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2).	<u><u>\$ 4,008,379.82</u></u>	<u><u>\$ 16,229.40</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS**

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Schedule of the Fire District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
Last Nine Plan Years

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fire District's Proportion of the Net Pension Liability	0.0021351425%	0.0020574989%	0.0020475880%	0.0020721301%	0.0020304553%
Fire District's Proportionate Share of the Net Pension Liability	\$ 252,940.00	\$ 335,524.00	\$ 368,944.00	\$ 407,992.00	\$ 472,658.00
Fire District's Covered Payroll (Plan Measurement Period)	\$ 156,464.00	\$ 148,884.00	\$ 145,508.00	\$ 145,512.00	\$ 140,668.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	161.66%	225.36%	253.56%	280.38%	336.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	53.60%	48.10%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Fire District's Proportion of the Net Pension Liability	0.0017934777%	0.0016756388%	0.0016087132%	0.0015912840%	
Fire District's Proportionate Share of the Net Pension Liability	\$ 531,177.00	\$ 376,147.00	\$ 301,195.00	\$ 304,126.00	
Fire District's Covered Payroll (Plan Measurement Period)	\$ 125,068.00	\$ 114,464.00	\$ 110,648.00	\$ 89,124.00	
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	424.71%	328.62%	272.21%	341.24%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%	

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Schedule of the Fire District's Contributions
 Public Employees' Retirement System (PERS)
Last Nine Years

	<u>Year Ended December 31,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fire District's Contractually Required Contribution	\$ 25,005.00	\$ 22,508.00	\$ 19,917.00	\$ 20,611.00	\$ 18,810.00
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(25,005.00)</u>	<u>(22,508.00)</u>	<u>(19,917.00)</u>	<u>(20,611.00)</u>	<u>(18,810.00)</u>
Fire District's Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fire District's Covered Payroll (Calendar Year)	\$ 141,089.00	\$ 155,635.00	\$ 150,407.00	\$ 147,081.00	\$ 142,036.00
Fire District's Contributions as a Percentage of its Covered Payroll	17.72%	14.46%	13.24%	14.01%	13.24%
	<u>Year Ended December 31,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Fire District's Contractually Required Contribution	\$ 15,933.00	\$ 14,406.00	\$ 13,262.00	\$ 11,990.00	
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(15,933.00)</u>	<u>(14,406.00)</u>	<u>(13,262.00)</u>	<u>(11,990.00)</u>	
Fire District's Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fire District's Covered Payroll (Calendar Year)	\$ 140,666.00	\$ 125,164.00	\$ 115,069.00	\$ 111,988.00	
Fire District's Contributions as a Percentage of its Covered Payroll	11.33%	11.51%	11.53%	10.71%	

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Schedule of the Fire District's Proportionate Share of the Net Pension Liability
 Police and Firemen's Retirement System (PFRS)
Last Nine Plan Years

	<u>Measurement Date Ended June 30,</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fire District's Proportion of the Net Pension Liability	0.0275732166%	0.0288692637%	0.0270246645%	0.0259111841%	0.0225422417%
Fire District's Proportionate Share of the Net Pension Liability	\$ 2,015,368.00	\$ 3,730,290.00	\$ 3,307,229.00	\$ 3,506,210.00	\$ 3,480,086.00
State's Proportionate Share of the Net Pension Liability associated with the Fire District	<u>566,822.00</u>	<u>578,924.00</u>	<u>522,218.00</u>	<u>476,261.00</u>	<u>389,799.00</u>
Total	<u>\$ 2,582,190.00</u>	<u>\$ 4,309,214.00</u>	<u>\$ 3,829,447.00</u>	<u>\$ 3,982,471.00</u>	<u>\$ 3,869,885.00</u>
Fire District's Covered Payroll (Plan Measurement Period)	\$ 917,192.00	\$ 963,444.00	\$ 880,040.00	\$ 790,204.00	\$ 646,156.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	219.73%	387.18%	375.80%	443.71%	538.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.26%	63.52%	65.00%	62.48%	58.60%
	<u>Measurement Date Ended June 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Fire District's Proportion of the Net Pension Liability	0.0219579402%	0.0194301330%	0.0158918000%	0.0178918560%	
Fire District's Proportionate Share of the Net Pension Liability	\$ 4,194,528.00	\$ 3,236,383.00	\$ 1,999,041.00	\$ 2,378,561.00	
State's Proportionate Share of the Net Pension Liability associated with the Fire District	<u>352,236.00</u>	<u>283,820.00</u>	<u>215,263.00</u>	<u>221,711.00</u>	
Total	<u>\$ 4,546,764.00</u>	<u>\$ 3,520,203.00</u>	<u>\$ 2,214,304.00</u>	<u>\$ 2,600,272.00</u>	
Fire District's Covered Payroll (Plan Measurement Period)	\$ 658,636.00	\$ 572,392.00	\$ 456,628.00	\$ 514,108.00	
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	636.85%	565.41%	437.78%	462.66%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.01%	56.31%	62.41%	58.70%	

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Schedule of the Fire District's Contributions
 Police and Firemen's Retirement System (PFRS)
Last Nine Years

	<u>Year Ended December 31.</u>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fire District's Contractually Required Contribution	\$ 321,356.00	\$ 322,519.00	\$ 272,979.00	\$ 253,320.00	\$ 199,503.00
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(321,356.00)</u>	<u>(322,519.00)</u>	<u>(272,979.00)</u>	<u>(253,320.00)</u>	<u>(199,503.00)</u>
Fire District's Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fire District's Covered Payroll (Calendar Year)	\$ 977,354.00	\$ 954,234.00	\$ 918,090.00	\$ 880,797.00	\$ 796,170.00
Fire District's Contributions as a Percentage of its Covered Payroll	32.88%	33.80%	29.73%	28.76%	25.06%
	<u>Year Ended December 31.</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Fire District's Contractually Required Contribution	\$ 179,032.00	\$ 157,938.00	\$ 122,060.00	\$ 130,535.00	
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(179,032.00)</u>	<u>(157,938.00)</u>	<u>(122,060.00)</u>	<u>(130,535.00)</u>	
Fire District's Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fire District's Covered Payroll (Calendar Year)	\$ 705,617.00	\$ 644,451.00	\$ 569,727.00	\$ 502,883.00	
Fire District's Contributions as a Percentage of its Covered Payroll	25.37%	24.51%	21.42%	25.96%	

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Notes to Required Supplementary Information
 Pensions
 For the Year Ended December 31, 2021

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

The June 30, 2021 measurement date included one change to the plan provisions. Chapter 140, P.L. 2021 reopened the Worker's Compensation Judges (WCJ) Part of PERS and transferred WCJs from the Defined Contribution Retirement Program (DCRP) and regular part of PERS into the WCJ Part of PERS.

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	5.00%
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

The mortality assumption was updated upon direction from the Division of Pension and Benefits.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms:

None

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	6.14%
2020	7.00%	2016	5.55%
2019	6.85%	2015	5.79%
2018	6.51%	2014	6.32%

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

The mortality assumption was updated upon direction from the Division of Pension and Benefits.

REQUIRED SUPPLEMENTARY INFORMATION
PART IV

**SCHEDULES RELATED TO OTHER
POSTEMPLOYMENT BENEFIT PLANS (OPEB)**

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
 Required Supplementary Information - Part IV
 Schedule of the Fire District's Proportionate Share of the Net OPEB Liability
Last Two Plan Years

	<u>Measurement Date Ended June 30,</u>	
	<u>2021</u>	<u>2020</u>
Fire District's Proportion of the Net OPEB Liability	0.014211%	0.000960%
Fire District's Proportionate Share of the Net OPEB Liability	\$ 2,557,949.00	\$ 172,287.00
Fire District's Covered Payroll (Plan Measurement Period)	\$ 1,112,146.00	\$ 1,072,092.00
Fire District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	230.00%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.91%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
 Required Supplementary Information - Part IV
 Schedule of the Fire District's OPEB Contributions
Last Two Years

	<u>Year Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Fire District's Required Contributions	\$ 13,765.20	\$ 8,155.92
Fire District's Contribution in Relation to the Required Contribution	<u>(13,765.20)</u>	<u>(8,155.92)</u>
Fire District's Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>
Fire District's Covered Payroll (Calendar Year)	\$ 1,118,443.00	\$ 1,109,869.00
Fire District's Contributions as a Percentage of Covered Payroll	1.23%	0.73%

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Required Supplementary Information - Part IV

Notes to Required Supplementary Information

Other Postemployment Benefits (OPEB)

For the Year Ended December 31, 2021

Changes in Benefit Terms:

The actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021, included changes due to employers adopting and /or changing Chapter 48 provisions.

Changes in Assumptions:

The discount rate used as of the June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%
2019	3.50%		

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend and updated mortality improvement assumptions.

In October 2021, the Society of Actuaries (SOA) released an updated set of life expectancy mortality improvement assumptions, Scale MP-2021. The MP-2021 scale reflects more recent mortality data for the U.S. population.

OTHER SUPPLEMENTARY INFORMATION

CAPITAL PROJECTS FUND

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Capital Projects Fund
 Summary Statement of Project Expenditures
 For the Year Ended December 31, 2021

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Net Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance Dec. 31, 2021</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Purchase of a Marine Unit and a Tanker Truck	02/17/18	\$ 520,000.00	\$ 519,352.45		\$ 647.55
Sprinkler Tank Project	01/28/21	775,842.67			775,842.67
		<u>\$ 1,295,842.67</u>	<u>\$ 519,352.45</u>	<u>-</u>	<u>\$ 776,490.22</u>
Restricted for Capital Projects: Designated for Subsequent Year's Expenditures					<u>\$ 776,490.22</u>

LONG-TERM DEBT

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
Schedule of Fire District Bonds
For the Year Ended December 31, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	Decreased	Balance
			Date	Amount		Jan. 1, 2021		Dec. 31, 2021
Fire District Bonds, 2015	07/15/15	\$ 175,000.00	07/15/22	\$ 25,000.00	3.25%	\$ 50,000.00	\$ 25,000.00	\$ 25,000.00
Fire District Bonds, 2018	11/08/18	520,000.00	10/01/22	52,000.00	3.60%	416,000.00	52,000.00	364,000.00
			10/01/23	52,000.00				
			10/01/24	52,000.00				
			10/01/25	52,000.00				
			10/01/26	52,000.00				
			10/01/27	52,000.00				
			10/01/28	52,000.00				
						\$ 466,000.00	\$ 77,000.00	\$ 389,000.00

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

Debt Service Fund

Budgetary Comparison Schedule

For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Amount of be Raised by Taxation to Support the District Budget	\$ 322,995.23	-	\$ 322,995.23	\$ 322,995.23	-
EXPENDITURES:					
Principal Payments:					
Bond Anticipation Notes	80,341.42		80,341.42	80,341.42	
Other Bonds or Notes Payable	163,646.12		163,646.12	163,646.12	
Total Principal Payments	243,987.54	-	243,987.54	243,987.54	-
Interest Payments:					
Bond Anticipation Notes	27,395.92		27,395.92	27,395.92	
Other Bonds or Notes Payable	51,611.77		51,611.77	51,611.77	
Total Interest Payments	79,007.69	-	79,007.69	79,007.69	-
Total Expenditures	322,995.23	-	322,995.23	322,995.23	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, January 1				-	
Fund Balance, December 31				-	

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
Schedule of Findings and Recommendations
For the Year Ended December 31, 2021

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

None.

TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

None.

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Fire District officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

