

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN

Financial Statements and Supplementary Information

For the year ended December 31, 2023

(With Independent Auditor's Report Thereon)

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners
Fire District No. 2 of the Township of Bordentown
County of Burlington
Township of Bordentown, State of New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire District No. 2 of the Township of Bordentown, County of Burlington, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Fire District No. 2 of the Township of Bordentown's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 2 of the Township of Bordentown, as of December 31, 2023, 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 and 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 standards prescribed by the Local Finance Board and by the 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 Fire District No. 2 of the Township of Bordentown, 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 No. 2 of the Township of Bordentown's ability to continue as a going concern for twelve months beyond the financial

statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 Fire District No. 2 of the Township of Bordentown'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 Fire District No. 2 of the Township of Bordentown'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 analysis, budgetary comparison information, and other required supplementary information as

listed in the table of contents, 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 Fire District No. 2 of the Township of Bordentown's basic financial statements. The accompanying schedule of obligations under finance purchase payable are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of obligations under finance purchase payable 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 November 5, 2024 on our consideration of Fire District No. 2 of the Township of Bordentown'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 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 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 Fire District No. 2 of the Township of Bordentown's internal control over financial reporting and compliance.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

November 5, 2024
Lakewood, New Jersey

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

To the Board of Fire Commissioners
Fire District No. 2 of the Township of Bordentown
County of Burlington
Township of Bordentown, State of New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 2 of the Township of Bordentown, County of Burlington, State of New Jersey as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Fire District No. 2 of the Township of Bordentown's basic financial statements, and have issued our report thereon November 5, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fire District No. 2 of the Township of Bordentown'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 Fire District No. 2 of the Township of Bordentown's internal control. Accordingly, we do not express an opinion on the effectiveness of Fire District No. 2 of the Township of Bordentown'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 a 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 Fire District No. 2 of the Township of Bordentown'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 Local Finance Board and by the 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 Local Finance Board and by the 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.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

November 5, 2024
Lakewood, New Jersey

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

As management of the Fire District No. 2 of the Township of Bordentown (hereafter referred to as the District) offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2023. The intent of this narrative is to look at the District's overall financial performance in terms easily understood by the layperson. Please read this in conjunction with the District's financial statements which begin on page 13. Notes to the financial statements will provide the reader with additional useful information and they begin on page 18.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at December 31, 2023, by approximately \$1,890,300. During 2022, the excess of liabilities and deferred inflows of resources over assets and deferred outflows of resources was approximately \$1,711,800. This is an increase of approximately \$178,500.
- During 2023, the District operated at a deficit of approximately \$178,500. During 2022, the District operated at a surplus of approximately \$239,500. This is a decrease of approximately \$418,000.
- The District's liabilities and deferred inflows of resources decreased approximately \$255,200 in 2023 while assets and deferred outflows of resources decreased by approximately \$433,700.
- As described in Note 2 to the financial statements the District has adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended December 31, 2023. The adoption of this statement did not have a material impact on the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The District's basic financial statements are comprised of three components: district wide financial statements; fund financial statements; and notes to the basic financial statements.

Reporting on the District as a Whole

Our analysis of the District as a whole begins on page 8. District wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The district wide statement of net position presents information on all the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District. The difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as the District's net position. Significant increases or decreases in the District's net position can be an indication of the financial health of the District. The district wide statement of activities presents financial information about activities that result in the District's net position increasing or decreasing during the year. Financial activities are recorded when the transactions occur rather than when the cash is received or disbursed. As a result, there could be activities that result in cash flow in a future period.

The district wide financial statements report on the financial data by function. The District has one basic function: activities that are supported by property taxes. The District provides firefighting services to the citizens of within the jurisdiction of the District.

Fund Financial Statements

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. Like other state and local governments, the District uses fund accounting to document compliance with finance-related legal matters. The District has one type of fund, which is the governmental fund.

Governmental Funds

The District's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

The District maintains two separate governmental funds; the General Fund and the Debt Service Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund.

The relationship (or differences) between governmental activities (reported in the district wide statement of net position and the district wide statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by *N.J.S.A. 40A:14-72.1*, the District adopts an annual budget which is approved on the first tuesday, after the first Monday in november. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district wide and fund financial statements. The notes to the financial statements are an integral part of the financial statements.

DISTRICT WIDE FINANCIAL ANALYSIS

The District's net position is a useful indicator of the District's financial condition. At the end of 2023, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by approximately \$1,890,300. The largest portion of The District's net position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. The District's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt.

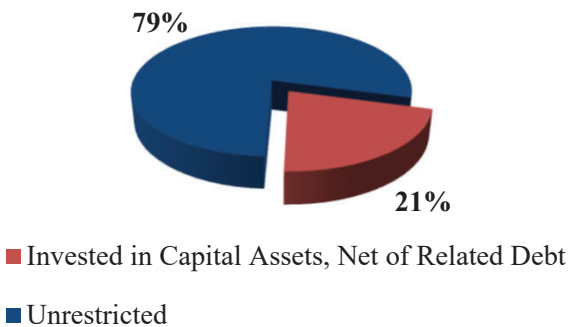
FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN DISTRICT WIDE STATEMENT OF NET POSITION DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Current and noncurrent assets and deferred outflows of resources	\$ 1,926,543	\$ 2,257,635	\$ (331,092)	(14.67%)
Capital assets, net	<u>825,428</u>	<u>928,002</u>	<u>(102,574)</u>	(11.05%)
Total assets and deferred outflows of resources	2,751,971	3,185,637	(433,666)	(13.61%)
Total liabilities and deferred inflows of resources	<u>(4,642,257)</u>	<u>(4,897,426)</u>	<u>(255,169)</u>	(5.21%)
Net position	<u>\$ (1,890,286)</u>	<u>\$ (1,711,789)</u>	<u>\$ (178,497)</u>	(10.43%)

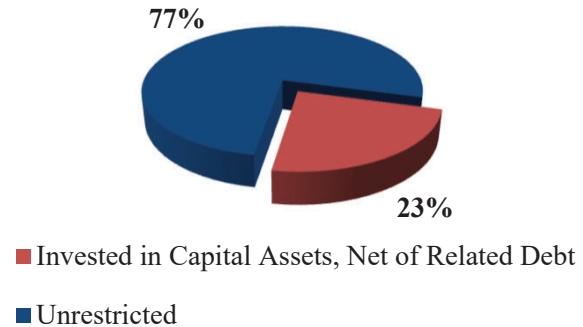
Analysis of net position

Investment in capital assets, net of related debt	\$ 707,767	\$ 754,598	\$ (46,831)	(6.21%)
Unrestricted	<u>(2,598,053)</u>	<u>(2,466,387)</u>	<u>(131,666)</u>	(5.34%)
Total net position	<u>\$ (1,890,286)</u>	<u>\$ (1,711,789)</u>	<u>\$ (178,497)</u>	(10.43%)

2023 Net Position



2022 Net Position



The net position of the District decreased approximately \$178,500 as a result of a current year deficit. In 2023, the capital assets decreased by approximately \$102,600 after depreciation expense.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

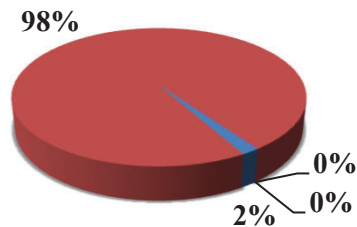
Governmental Activities

The district wide statement of activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN DISTRICT WIDE STATEMENT OF ACTIVITIES YEARS ENDED DECEMBER 31, 2023 AND 2022

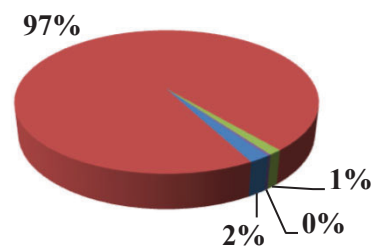
	<u>2023</u>	<u>2022</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 45,299	\$ 45,023	\$ 276	0.61%
Cost of operations and maintenance	2,826,966	2,287,196	539,770	23.60%
Operating appropriations offset with revenues	-	28,934	(28,934)	(100.00%)
Interest expense	5,916	7,543	(1,627)	(21.57%)
Total program expenses	<u>2,878,181</u>	<u>2,368,696</u>	<u>509,485</u>	21.51%

2023 Program Expenses



- Administrative
- Cost of Operations and Maintenance
- Operating Appropriations offset with Revenues
- Interest Expense

2022 Program Expenses



- Administrative
- Cost of Operations and Maintenance
- Operating Appropriations offset with Revenues
- Interest Expense

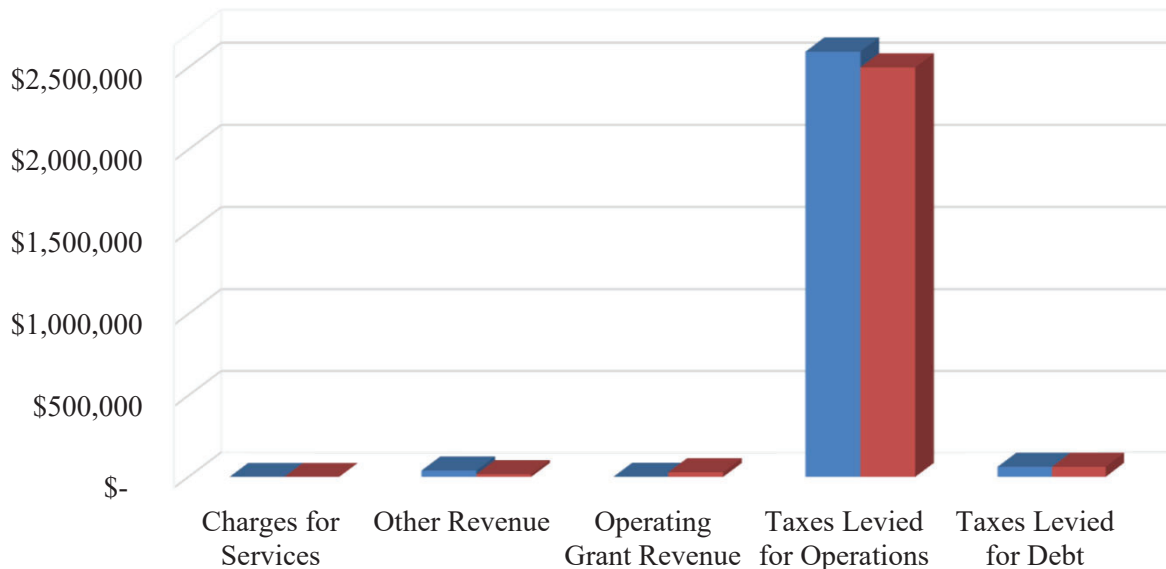
The cost of operations and maintenance comprised 98% and 97% of the District's total expenses in 2023 and 2022, respectively. Administration expenses comprised 2% of the total expenses in 2023 and 2022, respectively.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
General revenues:				
Property taxes levied for:				
General purposes	2,596,947	2,500,569	96,378	3.85%
Debt service	62,066	62,066	-	0.00%
Total property taxes levied	2,659,013	2,562,635	96,378	3.76%
Other revenue	39,225	16,708	22,517	134.77%
Operating grant revenue	1,446	28,874	(27,428)	(94.99%)
Total general revenues	2,699,684	2,608,217	91,467	3.51%
 Increase in net position	(178,497)	239,521	(418,018)	(174.52%)
 Net position, January 1	(1,711,789)	(1,951,310)	239,521	12.27%
 Net position, December 31	<u>\$ (1,890,286)</u>	<u>\$ (1,711,789)</u>	<u>\$ (178,497)</u>	(10.43%)

General Revenues



Property tax revenue constituted 98% of the total governmental activities revenues received by the District in 2023 and 2022, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

The District uses fund accounting to document compliance with finance-related legal requirements.

Governmental Fund

The primary objective of the District's governmental funds is to report on cash flows in and out during the period and the ending balances of the spendable resources. This information is useful to evaluate the performance of the District and to assess its future needs and available resources.

As of December 31, 2023, the combined balance of the governmental funds cash balances of the District was approximately \$895,000. This balance is approximately \$105,800 lower than last year's combined governmental funds cash balances.

The combined fund balance of the governmental fund of the District was approximately \$857,600. Approximately \$105,000 has been assigned for subsequent year's expenditures and approximately \$752,600 is unassigned

The general fund is the main operating fund of the District. At the end of 2023, the total fund balance of the general fund was approximately \$857,600. Of this balance, approximately \$752,600 of it was unassigned.

At the end of 2023, the general fund balance of the District decreased by approximately \$3,600. The primary reason for this decreased are as follows:

- The Board recognized expenses in excess of revenues of approximately \$3,600.

General Fund Budgetary Highlights

The 2023 budget had a deficit in revenues and the District required the utilization of unrestricted surplus accumulated from prior years. The unused surplus becomes available for future budget periods as undesignated surplus in the General Fund.

- The District recognized budgeted revenues in excess of actual revenues of approximately \$21,300 in 2023.
- Overall, the District's expenditures were approximately \$200,100 less than originally anticipated in the operating budget for 2023.

CAPITAL ASSETS

As of December 31, 2023, the District had invested in capital assets for government activities of approximately \$825,400 (net of accumulated depreciation). Capital assets consist of land, buildings and improvements, vehicles and apparatus and various equipment.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION DECEMBER 31, 2023 AND 2022

	2023	2022	\$ Increase (Decrease)
Capital Assets:			
Non-depreciable:			
Land	\$ 65,700	\$ 65,700	\$ -
Total non-depreciable assets	65,700	65,700	-
Depreciable:			
Buildings and improvements	783,184	783,184	-
Equipment	234,750	234,750	-
Vehicles and apparatus	1,808,044	1,808,044	-
Total depreciable assets	2,825,978	2,825,978	-
Less: accumulated depreciation	(2,066,250)	(1,963,676)	(102,574)
Total capital assets, net of accumulated depreciation	\$ 825,428	\$ 928,002	\$ (102,574)

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

DEBT ADMINISTRATION

As of December 31, 2023, the District had finance purchases payable for government activities of approximately \$117,700 of which approximately \$57,800 is due within one year.

Additional information on the District's debt obligations can be found in Note 6 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District voted to approve the budget at the November election. The 2024 adopted budget reflects an increase in the tax levy of \$388,745, in which the Board anticipates an increase to the fire tax rate.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Township of Bordentown District No. 2'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 the Board of Fire Commissioners, 262 Crosswicks Road, Bordentown, New Jersey 08505.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
District Wide Statement of Net Position
December 31, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash (Note 3)	\$ 894,979
Accounts receivable (Note 4)	34,587
Prepaid assets	1,634
Total current assets	<u>931,200</u>
Capital assets, net:	
Nondepreciable (Note 5)	65,700
Depreciable (Note 5)	759,728
Total capital assets	<u>825,428</u>
Total assets	<u>1,756,628</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions (Note 7)	<u>995,343</u>
Total deferred outflow of resources	<u>995,343</u>
Total assets and deferred outflow of resources	<u><u>\$ 2,751,971</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 23,830
Accrued expenses	48,163
Pension payable	408,670
Accrued interest	858
Current portion of finance purchases payable (Note 6)	57,776
Total current liabilities	<u>539,297</u>
Noncurrent liabilities:	
Finance purchases payable, net of current portion (Note 6)	59,885
Compensated absences (Note 6)	200,922
Net pension liability (Note 7)	3,428,608
Total noncurrent liabilities	<u>3,689,415</u>
Total liabilities	<u>4,228,712</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions (Note 7)	<u>413,545</u>
Total deferred inflow of resources	<u>413,545</u>
Total liabilities and deferred inflow of resources	<u>4,642,257</u>
NET POSITION	
Investment in capital assest, net of related debt	707,767
Unrestricted (Note 12)	(2,598,053)
Total net position	<u>(1,890,286)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 2,751,971</u></u>

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
District Wide Statement of Activities
For the year ended December 31, 2023

	<u>Expenses</u>	<u>Total Governmental Activities</u>
Governmental activities:		
Operating appropriations:		
Administration	\$ 45,299	\$ 45,299
Costs of operations and maintenance	2,826,966	2,826,966
Interest expense	5,916	5,916
	<u> </u>	<u> </u>
Total operating appropriations	<u>\$ 2,878,181</u>	2,878,181
 General revenues:		
Miscellaneous revenues		39,225
Operating grant revenues		1,446
Amount raised by taxation		<u>2,659,013</u>
		<u> </u>
Total general revenues		<u>2,699,684</u>
 Change in net position		(178,497)
 Net position, January 1		<u>(1,711,789)</u>
 Net position, December 31		<u>\$ (1,890,286)</u>

The accompanying notes are an integral part of these financial statements.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Governmental Funds
Balance Sheet
December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Current assets:			
Cash	\$ 894,979	\$ -	\$ 894,979
Accounts receivable	1,844	-	1,844
Intergovernmental accounts receivable:			
Local	<u>32,743</u>		<u>32,743</u>
Total assets	<u>\$ 929,566</u>	<u>\$ -</u>	<u>\$ 929,566</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 23,830	\$ -	\$ 23,830
Accrued expenses	<u>48,163</u>	<u>-</u>	<u>48,163</u>
Total liabilities	<u>71,993</u>	<u>-</u>	<u>71,993</u>
FUND BALANCE			
Assigned for:			
Subsequent year's expenditures	104,997	-	104,997
Unassigned, reported in:			
General fund	<u>752,576</u>	<u>-</u>	<u>752,576</u>
Total fund balance	<u>857,573</u>	<u>-</u>	<u>857,573</u>
Total liabilities and fund balance	<u>\$ 929,566</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the statement of net position (A-1) are different because:			
Prepaid assets are reported in governmental funds as expenditures. However, in the statement of net position, the cost of those assets is			1,634
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			825,428
Accrued interest payable is not recorded in the fund financial statements due to the fact that the payable is not due in the period.			(858)
Pension payable is not recorded in fund financial statements due to the fact that payable is not due in the period.			(408,670)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported			581,798
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.			<u>(3,747,191)</u>
Total net position - Governmental Activities			<u>\$ (1,890,286)</u>

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2023

	General Fund	Debt Service Fund	Totals Governmental Funds
Revenues:			
Miscellaneous anticipated revenues:			
Miscellaneous income	\$ 39,225	\$ -	\$ 39,225
Total miscellaneous revenues	39,225	-	39,225
Operating grant revenues:			
Supplemental Fire Service Act	1,446	-	1,446
Total operating grant revenue	1,446	-	1,446
Amount to be raised by taxation to support budget	2,596,947	62,066	2,659,013
Total anticipated revenues	2,637,618	62,066	2,699,684
Expenditures:			
Operating appropriations:			
Administration:			
Salaries and wages	7,650	-	7,650
Other expenditures:			
Advertising	5	-	5
Dues and subscriptions	9,475	-	9,475
Fire prevention	3,853	-	3,853
Office expense	6,351	-	6,351
Professional services	17,965	-	17,965
Total administration	45,299	-	45,299
Cost of operations and maintenance:			
Salaries and wages	1,442,241	-	1,442,241
Fringe benefits	874,790	-	874,790
Other expenditures:			
Materials and supplies	8,433	-	8,433
Maintenance and repairs	67,968	-	67,968
Non-bondable assets	5,627	-	5,627
Training and education	7,076	-	7,076
Uniforms and personal equipment	37,375	-	37,375
Utilities	22,034	-	22,034
Hydrant rentals	40,646	-	40,646
Insurance	89,704	-	89,704
Total cost of operations and maintenance	2,595,894	-	2,595,894
Debt service for capital appropriations:			
Principal payment on debt service	-	55,743	55,743
Interest payment on debt service	-	6,323	6,323
Total debt service for capital appropriations	-	62,066	62,066
Total operating appropriations	2,641,193	62,066	2,703,259
Excess (efficiency) of revenues over (under) operating appropriations	(3,575)	-	(3,575)
Fund balance, January 1	861,148	-	861,148
Fund balance, December 31	\$ 857,573	\$ -	\$ 857,573

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balance to the District Wide Statement of Activities
December 31, 2023

Total net changes in Fund Balance - Governmental Funds (B-2)	\$	(3,575)
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Prepaid assets are reported in governmental funds as expenditures. However, in the district wide statement of net position, the cost of those assets are expensed.

	Prior year	(1,622)	
	Current year	1,634	12

Capital Outlays are reported in governmental funds as expenditures. However, in the district wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

	Depreciation expense	(102,574)	(102,574)
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Accrual of interest on capital lease purchase loan is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the district wide statement of activities.

	Prior year	1,265	
	Current year	(858)	407

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the district wide statement of net position and is not reported in the district wide statement of activities.

55,743

In the district wide statement of activities, certain operating expenses, e.g., compensated absences (sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid.

(44,003)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the district wide statement of net position because the reported net pension liability is measured a year before the district's report date. Pension benefit (expense), which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the district wide statement of activities.

	Pension benefit (expense)	(84,507)	
			(84,507)

Change in total net position - Governmental Activities	\$	(178,497)
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FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements

NOTE 1: GENERAL INFORMATION

Description of Reporting Entity

Fire District No. 2 of the Township of Bordentown (here after referred to as the District) is a political subdivision of the Township of Bordentown, County of Burlington, State of New Jersey. A board of five commissioners (the Board) oversees all of the operations of the District. The length of each commissioner's term is three years with the annual election held the second Tuesday, after the first Monday of every November.

Fire districts are governed by the *N.J.S.A. 40A: 14-70* et al. and are taxing authorities charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

District Officials

The District is governed by a board of five commissioners. The following were in office at December 31, 2023:

Officials:	Term Expires:
	November
Robert Bennett	2026
James Cann	2026
George Chidley	2025
George Gareis	2024
Andrew Law	2025

Accounting Records

The official accounting records of the District are maintained in the office of the District.

Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 1: GENERAL INFORMATION (continued)

Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 80, Blending Requirements for Certain Component Units*. The District did not have a component unit as of and for the year ended December 31, 2023.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

The basic financial statements report using the economic resources measurement focus and the accrual basis of accounting generally include the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using the same focus. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The tax revenues are recognized in the year for which they are levied (see Note 2: *Fire District Taxes*) while grants are recognized when grantor eligibility requirements are met.

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

Fund Accounting

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types."

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Governmental Funds:

General Fund

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

Debt Service Fund

The Debt Service Fund is used to account for resources that will be used to service general long-term debt.

District Wide and Fund Financial Statements

The district wide financial statements (A-1 and A-2) include the district wide statement of net position and the district wide statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity, excluding the fiduciary funds, has been eliminated in the district wide statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees. The district wide statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit.

Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

District Wide and Fund Financial Statements (continued)

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The fund financial statements provide detail of the governmental funds.

Basis of Accounting

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

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

Budgets and Budgetary Accounting

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

The Board must introduce and adopt the annual budget no later than sixty days prior to the annual election. 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 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 District budget in accordance with *N.J.S.A 40A: 14-78.3*. The budget may be amended subsequent to its final adoption and approval for additional items of revenue with offsetting appropriations in accordance with *N.J.S.A 40A: 14-78.5*. Subsequent to the adoption of the District budget, if the amount of money to be raised by taxation, increases greater than two (2) percent from previous years, the District's budget must appear on the ballot for the annual election for approval of the legal voters, pursuant to section 10 of P.L.2007, c.62 (C.40A:4-45.45).

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the District's general-purpose financial statements.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Encumbered appropriations carry over into the next fiscal 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 amounts as of the current year-end. There were no encumbrances at December 31, 2023.

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds and cash in banks. Fire Districts are required by *N.J.S.A. 40A: 5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. *N.J.S.A. 40A: 5-15.1* provides a list of investments that may be purchased by fire districts. *N.J.S.A. 17:9-42* requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and National banks) and savings banks the deposits of which they are federally insured. All public depositories must pledge collateral, having a market value of five percent of its average daily balance of collected public funds, to secure the deposits of governmental units. If public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Accounts Receivable

Accounts receivable consist of amounts due to the District from various sources, primarily related to services provided, grants, and assessments levied on property owners within the district. Accounts receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. This estimate is based on past experience, the age of the receivables, and current conditions. The allowance is reviewed regularly and adjusted as necessary. (see Note 4: *Accounts Receivables*)

Prepaid Assets

Prepaid assets, which benefit future periods, are recorded as an expenditure during the year of purchase.

Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of \$2,000. Depreciation is recorded on the straight-line method (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

<u>Description:</u>	<u>Useful Lives</u>
Buildings and improvements	20 – 40 Years
Equipment	5 – 15 Years
Vehicles and apparatus	5 – 20 Years

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory, Materials and Supplies

The inventory on hand at any time is small. Accordingly, purchases are charged directly to capital assets or to maintenance costs, as applicable.

Other Receivables and Payables

Other receivables and payables are interfund receivables and payables that arise from transactions between funds that are due within one year are recorded by all funds affected by such transactions in the periods in which the transaction is executed.

Debt Limitation

N.J.S.A.40A:14-84 governs procedures for the issuance of any debt related to capital purchases. In summary, Fire Districts may purchase firefighting apparatus, equipment, land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation and sick pay. Unused paid vacation and sick leave may be accumulated up to a maximum payment of \$15,000. Benefits paid in any future year will be calculated according to formulas outlined in the District's agreement with the employee's union and included in the current year's budget. The liability for vested compensated absences is recorded as a non-current liability in the governmental activities fund. The current portion of the compensated absence balance is not considered material to the applicable fund's total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences.

Deferred Outflows and Deferred Inflows of Resources

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

Pensions

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures – Governmental Funds

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when qualifying expenditures are incurred.

Expenditures are recorded when the related liability is incurred, if measurable, except for un-matured interest on general long-term debt, which is recognized when due.

Fire District Taxes

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

Fund Equity

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

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

Net Position

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

- Investment in Capital Assets, Net of Related Debt – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position (continued)

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Impact of Recently Issued Accounting Pronouncements

Adopted Accounting Pronouncements

GASB has issued the following statements which became effective December 31, 2023 as shown below:

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of this statement did not have a material impact on the District's financial statements and related disclosures.

Accounting Pronouncements Effective in Future Reporting Periods

GASB has issued the following statements which are effective after December 31, 2023, as shown below:

Statement No. 101, *Compensated Absences*. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet determine the potential impact of this pronouncement on the District's financial statements.

Statement No. 100, *Accounting Changes and Error Corrections- an amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. The effective date is for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the potential impact of these pronouncements on the District's financial statements.

Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2023 through the date of November 5, 2024, which is the date the financial statements were available to be issued.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 3: CASH

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2023, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 894,979
Total deposits	<u>\$ 894,979</u>
Reconciliation to the Governmental Funds:	
Current assets:	
Cash	\$ 894,979
Total	<u>\$ 894,979</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2023, the District's bank balance of \$907,041 was exposed to custodial credit risk as follows:

Insured	\$ 250,000
Collateralized in the District's name under GUDPA	657,041
Total	<u>\$ 907,041</u>

NOTE 4: ACCOUNTS RECEIVABLE

As of December 31, 2023, accounts receivables consisted of the following:

Intergovernmental – Local, Tax Levy	\$ 32,743
Other accounts receivables	1,844
Total	<u>\$ 34,587</u>

NOTE 5: CAPITAL ASSETS

N.J.S.A. 40A: 14-84 governs the procedures for the acquisition of property and equipment for fire districts, and the *N.J.S.A. 40A: 14-85-87* governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase firefighting apparatus, equipment, land, and buildings to house such property in an amount not exceeding five mills on the dollar of the least assessed valuation of property within the District upon the approval of the legal voters. Debt may be issued up to \$60,000 or two percent of the assessed valuation of property, whichever is larger. Capital assets consisted of the following at December 31, 2023:

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 5: CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Adjustments /Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 65,700	\$ -	\$ -	\$ 65,700
Total capital assets not being depreciated	65,700	-	-	65,700
Capital assets being depreciated:				
Buildings and improvements	783,184	-	-	783,184
Equipment	234,750	-	-	234,750
Vehicles and apparatus	1,808,044	-	-	1,808,044
Total capital assets being depreciated	2,825,978	-	-	2,825,978
Totals at historical cost	2,891,678	-	-	2,891,678
Less: accumulated depreciation:				
Buildings and improvements	(560,143)	(9,381)	-	(569,524)
Equipment	(128,329)	(19,253)	-	(147,582)
Vehicles and apparatus	(1,275,204)	(73,940)	-	(1,349,144)
Total accumulated depreciation	(1,963,676)	(102,574)	-	(2,066,250)
Total capital assets being depreciated net of accumulated depreciation	\$ 928,002	\$ (102,574)	\$ -	\$ 825,428

NOTE 6: LONG-TERM OBLIGATIONS

During the year ended December 31, 2023, the following changes occurred in long-term obligations:

	Beginning Balance	Accrued/ increases	(Retired)/ (decreases)	Ending Balance	Due within One Year
Obligations under					
finance purchases	\$ 173,404	\$ -	\$ (55,743)	\$ 117,661	\$ 57,776
Compensated absences	156,919	44,003	-	200,922	-
Net pension liability	3,379,581	49,027	-	3,428,608	-
Total	\$ 3,709,904	\$ 93,030	\$ (55,743)	\$ 3,747,191	\$ 57,776

Obligations under Finance Purchases

On October 15, 2015, the District entered into a finance purchase agreement with PNC Equipment Finance to finance a 2016 Pierce Pumper, a 2016 Ford F150 and miscellaneous fire equipment totaling \$549,713. The terms of the agreement are for a term of ten years with an interest rate of 3.59%. The following is a schedule of the future minimum payments and the present value of the net minimum payments at December 31:

For the year ended December 31,	Principal	Interest	Total
2024	\$ 57,776	\$ 4,290	\$ 62,066
2025	59,885	2,182	62,067
Total	\$ 117,661	\$ 6,472	\$ 124,133

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 6: LONG-TERM OBLIGATIONS (continued)

Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB Statement No. 16 *Accounting for Compensated Absences*. The portion of estimated future payments for compensated absences that will use current expendable resources is reported as a current fund liability in the governmental activities fund and the balance of the liability is reported as non-current liability in the governmental activities fund. For the year ended December 31, 2023, the District did not have a current liability for compensated absences. As of December 31, 2023 \$200,922 was recorded as long-term liabilities.

Net Pension Liability

For details on the net pension liability, see Note 7: *Pension Obligations*. The District's annual required contribution to the Public Employees' Retirement System (PERS) and Police and Firemen's Retirement System (PFRS) are budgeted and paid on an annual basis.

NOTE 7: PENSION OBLIGATIONS

Public Employees' Retirement System (PERS)

Plan Description

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

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

The following represents the membership tiers for PERS:

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

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 7: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Basis of Presentation

The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions

The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2023, the State's pension contribution was more than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2023, the District's contractually required contribution to PERS plan was \$14,465.

Components of Net Pension Liability

On December 31, 2023, the District's proportionate share of the PERS net pension liability was \$156,762. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The District's proportion measured as of June 30, 2023, was 0.0010822825% which was a decrease of 0.0000106973% from its proportion measured as of June 30, 2022.

	Balance December 31,	
	2023	2022
	June 30, 2023	June 30, 2022
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 13,839	\$ 30,669
Deferred Inflows of Resources	11,673	26,317
Net Pension Liability	156,762	164,946
District's portion of the plan's total Net Pension Liability	0.00108%	0.00109%

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 7: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

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

On December 31, 2023, the District's proportionate share of the PERS (benefit) expense, calculated by the plan as of the June 30, 2023 measurement date is \$8,467. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,499	\$ 641
Changes of assumptions	344	9,500
Net difference between projected and actual earnings on pension plan investments	722	-
Changes in proportion and differences between the District's contributions and proportion share of contributions	11,274	1,532
	<u>\$ 13,839</u>	<u>\$ 11,673</u>

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending December 31,	<u>Amount</u>
2024	\$ (6,328)
2025	(2,672)
2026	8,404
2027	793
2028	1,969
Total	<u>\$ 2,166</u>

Special Funding Situation

Under *N.J.S.A. 43:15A-15*, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 7: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Special Funding Situation (continued)

In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the Authority as of December 31, 2023. On December 31, 2023, the State's proportionate share of the PERS expense, associated with the Authority, calculated by the plan as of the June 30, 2023, measurement date was \$489.

Actuarial Assumptions

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

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.75% - 6.55%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010 General Below – Median Income Employee Mortality table fully generational mortality improvement projections from the central year using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 7: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long –Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 7: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

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

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

	1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	<u>\$ 205,791</u>	<u>\$ 156,762</u>	<u>\$ 117,478</u>

Police and Firemen's Retirement System (PFRS)

Plan Description

The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>. The vesting and benefit provisions are set by *N.J.S.A. 43:16A*. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

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

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

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 7: PENSION OBLIGATIONS (continued)

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

Basis of Presentation (continued)

The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2023, the State contributed an amount more than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2023, the District's contractually required contributions to PFRS plan was \$394,205.

Net Pension Liability and Pension Expense

On December 31, 2023, the District's proportionate share of the PFRS net pension liability was \$3,271,846. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2021, to the measurement date of June 30, 2023. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The District's proportion measured as of June 30, 2023, was 0.0296127300%, which was an increase of 0.0015283800% from its proportion measured as of June 30, 2022.

	Balance December 31,	
	2023	2022
	June 30, 2023	June 30, 2022
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 981,504	\$ 1,224,522
Deferred Inflows of Resources	401,872	641,230
Net Pension Liability	3,271,846	3,214,635
District's portion of the plan's total Net Pension Liability	0.02961%	0.02808%

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 7: PENSION OBLIGATIONS (continued)

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

Pension (Benefit) Expenses and Deferred Outflows/Inflows of Resources

On December 31, 2023, the District's proportionate share of the PFRS (benefit) expenses calculated by the plan as of the June 30, 2023, measurement date was \$455,122. At December 31, 2023, the District had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 140,094	\$ 156,038
Changes of assumptions	7,062	220,928
Net difference between projected and actual earnings on pension plan investments	166,629	-
Changes in proportion and differences between the District's contributions and proportion share of contributions	667,719	24,906
	<u>\$ 981,504</u>	<u>\$ 401,872</u>

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

Year Ending December 31,	<u>Amount</u>
2024	\$ 1,234
2025	6,368
2026	325,162
2027	111,654
2028	134,598
Thereafter	616
Total	<u>\$ 579,632</u>

Special Funding Situation

Under *N.J.S.A. 43:16A-15*, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation. Additionally, the State's proportionate share of the PFRS net pension liability attributable to the District is \$602,876 as of December 31, 2023. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 7: PENSION OBLIGATIONS (continued)

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

Special Funding Situation (continued)

The State's proportion of the net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2023, was 0.0296128300%, which was an increase of 0.0015284800% from its proportion measured as of June 30, 2022, which is the same proportion as the District's. On December 31, 2023, the District's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

District's proportional share of net pension liability	\$ 3,271,846
State of New Jersey's proportionate share of net pension liability associated with the District	<u>602,876</u>
	<u>\$ 3,874,722</u>

At December 31, 2023, the State's proportionate share of the PFRS expense, associated with the District, calculated by the plan as of the June 30, 2023, measurement date was \$68,946.

Actuarial Assumptions

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

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through:	All Future Years
	3.25% - 16.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	PubS-2010 Amount-weighted Mortality Table use Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 7: PENSION OBLIGATIONS (continued)

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

Actuarial Assumptions (continued)

Employee 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.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long –Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 local employers.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 7: PENSION OBLIGATIONS (continued)

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

Discount Rate (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

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

	1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 4,558,744	\$ 3,271,846	\$ 2,200,167
State's proportionate share of the Net Pension Liability Associated with the District	840,002	602,876	405,407
	<u>\$ 5,398,746</u>	<u>\$ 3,874,722</u>	<u>\$ 2,605,574</u>

Related Party Investments

The Division of Pensions and Benefits does not invest in securities issued by the District.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS

General Information about the Other Post-employment Benefits Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, 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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)

General Information about the Other Post-employment Benefits Plan (continued)

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

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

Basis of Presentation

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2023, were \$3,461,898,890 and \$11,427,677,896, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2022, through June 30, 2023. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

Special Funding Situation

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (continued)

Special Funding Situation (continued)

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.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State under the special funding situation.

Additionally, the State's proportionate share of the OPEB liability attributable to the District is \$4,430,485 as of December 31, 2023. The State's total special funding situation OPEB liability is \$3,489,093,208. The OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the OPEB liability was determined using update procedures to roll forward the total OPEB liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The State's proportion of the OPEB liability associated with the District was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2023, was 0.071109%, which was a decrease of 0.014049% from its proportion measured as of June 30, 2022, which is the same proportion as the District's. At December 31, 2023, the District's and the State's proportionate share of the OPEB liability were as follows:

District's proportional share of net pension liability	\$ -
State of New Jersey's proportionate share of net OPEB liability associated with the District	<u>2,481,059</u>
	<u>\$ 2,481,059</u>

At December 31, 2023, the State's proportionate share of the OPEB (benefit) expense, associated with the District, calculated by the plan as of the June 30, 2023 measurement date was \$(449,865).

NOTE 9: CONCENTRATIONS

A significant source of revenue for the District comes from its ability to levy property taxes (see Note 2: *Fire District Taxes* 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 District's operations are significantly reliant and impacted by State laws and regulations regarding property taxes.

NOTE 10: FUNDING

The activities of the District are primarily funded by the striking of the fire tax on the property owners of the District, as provided for by the state statute. For the year ended December 31, 2023, the fire tax rate on the District was approximately \$.275 per \$100 of assessed valuation. The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of approximately \$1,446.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Financial Statements (continued)

NOTE 11: FUND BALANCE

General Fund – Of the \$857,573 General Fund, fund balance at December 31, 2023, \$104,997 is assigned for subsequent year's expenditures and \$752,576 is unassigned.

NOTE 12: DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, district wide statement of net position, a deficit in unrestricted net position of \$(2,598,053) existed as of December 31, 2023 for governmental activities. The primary cause of this deficit is the recording of the long-term liability for net pension obligations. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, district wide statement of net position, the liability is required to be recorded in the period in which it is incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), the net pension liability is relate to future services, or that is contingent on a specific event outside the control of the District and its employees, is funded in the period in which such services are rendered or in which such events take place. If this was not required, the unrestricted net position before the net pension liability and deferred outflows and inflows related to pensions would be \$248,757 as of December 31, 2023. This deficit in unrestricted net position does not indicate that the District is facing financial difficulties.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Budgetary Comparison Schedule
For the year ended December 31, 2023

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Revenues:				
Miscellaneous revenues:				
Other income	\$ 17,910	\$ 17,910	\$ 39,225	\$ 21,315
Total miscellaneous revenues	17,910	17,910	39,225	21,315
Operating grant revenues:				
Supplemental Fire Service Act	1,446	1,446	1,446	-
Total operating grant revenue	1,446	1,446	1,446	-
Amount to be raised by taxation to support budget	2,659,013	2,659,013	2,659,013	-
Total anticipated revenues	2,678,369	2,678,369	2,699,684	21,315
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	22,750	22,750	7,650	15,100
Fringe benefits	2,194	2,194	-	2,194
Other expenditures:				
Advertising	1,000	1,000	5	995
Dues and subscriptions	5,550	5,550	9,475	(3,925)
Elections	250	250	-	250
Fire prevention	5,025	5,025	3,853	1,172
Office expense	9,550	9,550	6,351	3,199
Professional services	30,150	30,150	17,965	12,185
Total administration:	76,469	76,469	45,299	31,170
Cost of operations and maintenance:				
Salaries and wages	1,448,648	1,448,648	1,442,241	6,407
Fringe benefits	959,475	959,475	874,790	84,685
Other expenditures:				
Health and wellness	3,000	3,000	-	3,000
Materials and supplies	46,450	46,450	8,433	38,017
Maintenance and repairs	146,275	75,383	67,968	7,415
Non-bondable assets	15,250	15,250	5,627	9,623
Training and education	13,000	13,000	7,076	5,924
Uniforms and personal equipment	19,500	37,375	37,375	-
Utilities	29,000	29,000	22,034	6,966
Hydrant rentals	47,548	47,548	40,646	6,902
Insurance	36,687	89,704	89,704	-
Total cost of operations and maintenance:	2,764,833	2,764,833	2,595,894	168,939
Debt service for capital appropriations:				
Principal payment on debt service	55,743	55,743	55,743	-
Interest payment on debt service	6,323	6,323	6,323	-
Total debt service for capital appropriations	62,066	62,066	62,066	-
Total operating appropriations	2,903,368	2,903,368	2,703,259	200,109
Excess (efficiency) of revenues over (under) operating appropriations	(224,999)	(224,999)	(3,575)	221,424
Fund balance, January 1	861,148	861,148	861,148	-
Fund balance, December 31	\$ 636,149	\$ 636,149	\$ 857,573	\$ 221,424

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee's Retirement System
Last Ten Fiscal Years

	Measurement Date Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.00108%	0.00109%	0.00108%	0.00107%	0.00090%	0.00091%	0.00081%	0.00078%	0.00072%	0.00068%
District's Proportionate Share of the Net Pension Liability	\$ 156,762	\$ 164,946	\$ 127,658	\$ 174,470	\$ 161,419	\$ 178,510	\$ 189,214	\$ 230,800	\$ 161,023	\$ 126,910
District's Covered-Employee Payroll	\$ 82,164	\$ 88,552	\$ 78,972	\$ 77,424	\$ 69,784	\$ 63,664	\$ 56,312	\$ 54,680	\$ 44,178	\$ 39,608
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	190.79%	186.27%	161.65%	225.34%	280.39%	280.39%	336.01%	422.09%	364.49%	373.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Schedule of District Contributions
Public Employee's Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Contractually Required Contribution	\$ 14,465	\$ 13,783	\$ 12,620	\$ 11,704	\$ 8,714	\$ 9,018	\$ 7,530	\$ 6,923	\$ 6,167	\$ 5,588
District's Contribution in Relation to the Contractually Required Contribution	(14,465)	(13,783)	(12,620)	(11,704)	(9,018)	(9,018)	(7,530)	(6,923)	(6,167)	(5,588)
District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 82,164	\$ 82,164	\$ 88,552	\$ 78,972	\$ 77,424	\$ 69,784	\$ 63,664	\$ 56,312	\$ 54,680	\$ 44,178
District's Contributions as a Percentage of it's Covered-Employee Payroll	17.61%	16.77%	14.25%	14.82%	12.92%	12.92%	11.83%	12.29%	11.28%	12.65%

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Schedule of the District's Proportionate Share of the Net Pension Liability
Police and Firemen's Retirement System
Last Ten Fiscal Years

	Measurement Date Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.02961%	0.02808%	0.02840%	0.02642%	0.01922%	0.01965%	0.01857%	0.02104%	0.02066%	0.01856%
District's Proportionate Share of the Net Pension Liability	\$ 3,271,846	\$ 3,214,635	\$ 2,064,436	\$ 3,413,737	\$ 2,352,578	\$ 2,658,392	\$ 2,866,257	\$ 4,018,436	\$ 3,441,605	\$ 2,334,698
State's Proportionate Share of the Net Pension Liability associated with the District	602,876	572,111	580,622	529,796	371,477	361,099	321,045	337,449	301,817	251,408
Total	<u>\$ 3,874,722</u>	<u>\$ 3,786,746</u>	<u>\$ 2,645,058</u>	<u>\$ 3,943,533</u>	<u>\$ 3,019,491</u>	<u>\$ 3,019,491</u>	<u>\$ 3,187,302</u>	<u>\$ 4,355,885</u>	<u>\$ 3,743,422</u>	<u>\$ 2,586,106</u>
District's Covered-Employee Payroll	<u>\$ 1,177,298</u>	<u>\$ 1,014,557</u>	<u>\$ 928,206</u>	<u>\$ 910,006</u>	<u>\$ 665,675</u>	<u>\$ 665,675</u>	<u>\$ 637,625</u>	<u>\$ 646,210</u>	<u>\$ 628,874</u>	<u>\$ 601,574</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	278%	317%	222%	375%	399%	399%	450%	622%	547%	330%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.16%	68.33%	77.26%	63.52%	65.00%	62.48%	58.60%	52.01%	56.31%	62.41%

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Schedule of District Contributions
Police and Firemen's Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Contractually Required Contribution	\$ 394,205	\$ 365,252	\$ 329,180	\$ 295,150	\$ 194,182	\$ 192,066	\$ 164,314	\$ 171,516	\$ 167,953	\$ 142,555
District's Contribution in Relation to the Contractually Required Contribution	(394,205)	(365,252)	(329,180)	(295,150)	(164,314)	(192,066)	(164,314)	(171,516)	(167,953)	(142,555)
District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 1,155,406	\$ 1,177,298	\$ 1,014,557	\$ 928,206	\$ 910,006	\$ 789,241	\$ 665,675	\$ 637,625	\$ 646,210	\$ 628,874
District's Contributions as a Percentage of it's Covered-Employee Payroll	34.12%	31.02%	32.45%	31.80%	21.34%	24.34%	24.68%	26.90%	25.99%	22.67%

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Required Supplementary Information

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None noted.

Changes of 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>
2023	7.00%	2018	5.66%
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%
2020	7.00%	2015	4.90%
2019	6.28%	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>
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%

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

Police and Firemen's Retirement System (PFRS)

Changes of Benefit Terms

None noted.

Changes of 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>
2022	7.00%	2018	6.51%
2022	7.00%	2017	6.14 %
2021	7.00%	2016	5.55%
2020	7.00%	2015	5.79%
2019	6.85%	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>
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Required Supplementary Information (continued)

Other Post-Employment Benefits (OPEB)

Changes in Benefits

The increase in benefit terms from June 30, 2022, to June 30, 2023, was a result of employers adopting and or changing Chapter 48 provisions which provide different levels of subsidy than in the prior year.

Differences Between Expected and Actual Experiences

The increase in differences between expected and actual experiences from June 30, 2022, to June 30, 2023, was a result of an update in census information, and premiums and claims experience.

Changes of Assumptions

The increase in changes in assumptions from June 30, 2022, to June 30, 2023, is a result of a change in the discount rate, trend update, and an experience study update.

The discount rate used as of June 30, measurement date for the last six fiscal years is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	3.65%	2020	2.21%	2017	3.58%
2022	3.54%	2019	3.50%	2016	2.85%
2021	2.16%	2018	3.87%		

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Schedule of Obligations Under Finance Purchases Payable
December 31, 2023

Issue	Date of Financing	Term of Financing	Amount of Original Financing		Annual Maturities		Interest Rate Payable	Balance December 31, 2022	Issued	Retired	Balance December 31, 2023
			Principal	Interest	Date	Amount					
Acquisition of new fire equipment	October 19, 2015	Ten Years	\$ 549,713	\$ 112,446	October 19, 2024	\$ 57,776	3.59%	\$ 173,404	\$ -	\$ (55,743)	\$ 117,661
					October 19, 2025	59,885	3.59%				
					Total			\$ 173,404	\$ -	\$ (55,743)	\$ 117,661



To the Board of Fire Commissioners
Fire District No. 2 of the Township of Bordentown
County of Burlington
Township of Bordentown, State of New Jersey

We have audited the basic financial statements of the Fire District No. 2 of the Township of Bordentown, County of Burlington, State of New Jersey for the year ended December 31, 2023. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments and Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised by *N.J.S.A.40A:11-4*

N.J.S.A.40A:11-4 – Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$44,000, except by contract or agreement.

Fire District No. 2 of the Township of Bordentown has a qualified purchasing agent on staff and therefore may award contracts up to \$44,000 without competitive bids.

It is pointed out that the Board of Fire Commissioners have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Review of the minutes and financial transactions did not identify any bids requested by public advertising.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

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

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures revealed individual payments, contracts or agreements in excess of \$6,600 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of *N.J.S.A.40A:11-6.1*.

The supporting documentation indicated that quotes were requested for all items that required them.

Examination of Cash Receipts

A test check of cash receipts was performed. The results of the test did not disclose any discrepancies.

Examination of Bills

A test check of paid bills was performed and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Examination of Payroll

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the Fire District No. 2 of the Township of Bordentown's employees and we ascertained that the accumulated withholdings were disbursed to the proper agencies.

Capital Assets

The Capital Asset subledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Budget Adoption

The State of New Jersey requires that the Fire District No. 2 of the Township of Bordentown's operating and capital budgets be approved and adopted for each fiscal year. Fire District No. 2 of the Township of Bordentown approved its operating budget on December 19, 2022, and adopted its operating budget on January 17, 2023.

Current Year Findings

There were no current year findings.

Follow-up on Prior Year's Findings

In accordance with *Government Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. There were no prior year findings.

Acknowledgment

We received the complete cooperation of all the staff of the Fire District No. 2 of the Township of Bordentown and we greatly appreciate the courtesies extended to the members of the audit team. During our audit, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

November 5, 2024
Lakewood, New Jersey