

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN

Financial Statements and Supplementary Information

For the year ended December 31, 2020

(With Independent Auditor's Report thereon)

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
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For the year ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 (the District), County of Burlington, State of New Jersey, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of each major fund and the aggregate remaining fund information of the District, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of obligations under capital leases, as listed in the table of contents, is for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of obligations under capital leases 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. Such 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of obligations under capital leases is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

February 27, 2022
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

Board of Fire Commissioners
Fire District No. 2 of the Township of Bordentown
County of Burlington
Bordentown, 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 (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 27, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

February 27, 2022
Lakewood, New Jersey

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

As management of Fire District No. 2 of the Township of Bordentown (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2020. The intent of this narrative is to look at District's overall financial performance in terms easily understood by the lay person. Please read this in conjunction with the transmittal letters beginning on page 1 and the District's financial statements which begin on page 14. Notes to the financial statements will provide the reader with additional useful information and they begin on page 19.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at December 31, 2020 by approximately \$2.52 million. In 2019 the excess of liabilities and deferred inflows of resources over assets and deferred outflows of resources was approximately \$2.34 million. This is an increase of approximately \$181,500.
- During 2020 District operated at a deficit of approximately \$181,500. In 2019 the district operated at a deficit of approximately \$44,000.
- The District increased their liabilities and deferred inflows by approximately \$1.24 million, in 2020, and increased their total assets and deferred outflows of resources by approximately \$1.1 million.

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 7. 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 liabilities of District. The difference between the assets and liabilities 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. District has two basic functions: activities that are supported by property taxes; and activities supported by other governmental activities. District provides firefighting services to the citizens of Bordentown Township.

USING THIS ANNUAL REPORT (continued)

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, District uses fund accounting to document compliance with finance-related legal matters.

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 government 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 the 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:14:78-3*, District adopts an annual budget which is voted on by the legal voters of the district on the third Saturday in February. 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

District-wide Statement of Net Position

The District's net position is a useful indicator of the District's financial condition. At the end of 2020, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by approximately \$2.52 million. The largest portion of District's net position is its net 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. 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.

DISTRICT-WIDE FINANCIAL ANALYSIS (continued)

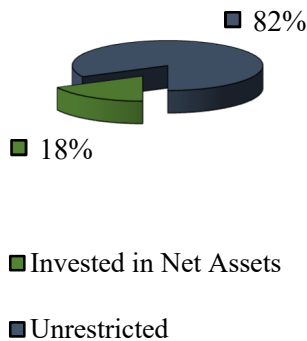
**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
DISTRICT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Current assets and deferred outflows of resources	\$ 2,107,387	\$ 966,037	\$ 1,141,350	118.1%
Capital assets	962,034	1,043,786	(81,752)	(7.8%)
Total assets	3,069,421	2,009,823	1,059,598	52.7%
Total liabilities and deferred inflows of resources	<u>(5,594,360)</u>	<u>(4,353,269)</u>	<u>(1,241,091)</u>	28.5%
Net position	<u>\$ (2,524,939)</u>	<u>\$ (2,343,446)</u>	<u>\$ (181,493)</u>	7.7%

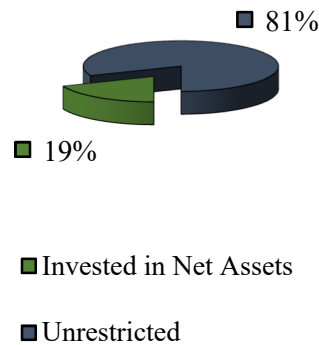
Analysis of net position

Invested in capital assets, net of related debt	\$ 682,959	\$ 706,638	\$ (23,679)	(3.4%)
Unrestricted	<u>(3,207,898)</u>	<u>(3,050,084)</u>	<u>(157,814)</u>	5.2%
Total net position	<u>\$ (2,524,939)</u>	<u>\$ (2,343,446)</u>	<u>\$ (181,493)</u>	7.7%

2020 Net Position



2019 Net Position



The deficit in net position of the District increased approximately \$181,500 as a result of the current year deficit.

DISTRICT-WIDE FINANCIAL ANALYSIS (continued)

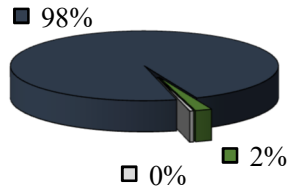
District-wide Statement of Activities

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:

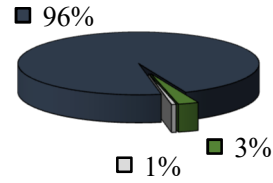
**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
DISTRICT WIDE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 48,759	\$ 62,099	\$ (13,340)	(21.5%)
Cost of operations and maintenance	2,337,234	2,186,559	150,675	6.9%
Interest expense	11,431	14,335	(2,904)	(20.3%)
Total program expenses	<u>\$ 2,397,424</u>	<u>\$ 2,262,993</u>	<u>\$ 134,431</u>	5.9%

2020 Program Expenses



2019 Program Expenses



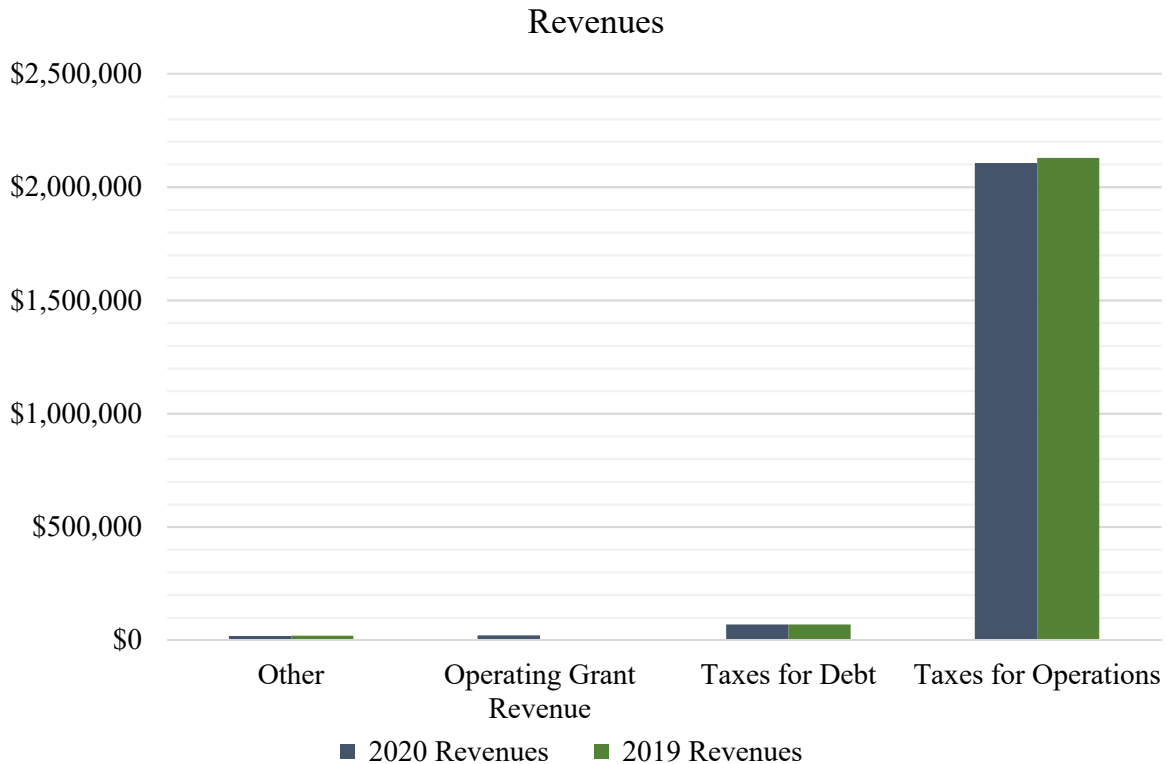
Administrative
 Interest
 Operations
 Administrative
 Interest
 Operations

DISTRICT-WIDE FINANCIAL ANALYSIS (continued)**District-wide Statement of Activities (continued)**

	<u>2020</u>	<u>2019</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Revenues:				
General revenues:				
Property taxes levied for:				
General purposes	\$ 2,105,533	\$ 2,128,603	\$ (23,070)	(1.1%)
Debt service	<u>70,364</u>	<u>70,364</u>	<u>-</u>	0.0%
Total property taxes levied	<u>2,175,897</u>	<u>2,198,967</u>	<u>(23,070)</u>	(1.0%)
Other revenue	18,525	20,033	(1,508)	(7.5%)
Operating grant revenue	<u>21,509</u>	<u>-</u>	<u>21,509</u>	100.0%
Total general revenues	2,215,931	2,219,000	(3,069)	(0.1%)
Decrease in net position	(181,493)	(43,993)	(137,500)	312.5%
Net position, January 1	<u>(2,343,446)</u>	<u>(2,299,453)</u>	<u>(43,993)</u>	1.9%
Net position, December 31	<u>\$ (2,524,939)</u>	<u>\$ (2,343,446)</u>	<u>\$ (181,493)</u>	7.7%

DISTRICT-WIDE FINANCIAL ANALYSIS (continued)

District-wide Statement of Activities (continued)



Property tax revenue constituted 98% of the total governmental activities revenues received by District in 2020. In 2019 the property tax revenue constituted 99% of total revenues.

The cost of operations and maintenance was 97% of the District's total expenses in 2020 and 2019, respectively. Administration expenses equaled 2% and 3% of the total expenses in 2020 and 2019, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

Government 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, 2020, the combined balance of the governmental cash funds of District was approximately \$763,900.

The combined fund balance of the governmental funds of District was approximately \$650,000. Unreserved fund balance amounted to approximately \$488,000 of that total. Funds of \$162,500 have been designated for use in the 2021 Budget.

The general fund is the main operating fund of District. At the end of 2020, the total fund balance of the general fund was approximately \$650,000. Of this balance, approximately \$488,000 of it was unreserved.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS (continued)

Government Fund (continued)

During 2020 the general fund balance of District increased by approximately \$49,200. The primary reasons for this increase are as follows:

- The District had revenues in excess of revenues of approximately \$49,200.

General Fund Budgetary Highlights

The 2020 Budget had a deficit in revenues and required the utilization of unrestricted surplus accumulated from prior years of \$184,000. The unused surplus becomes available for future budget periods as undesignated surplus in the General Fund.

The District had total actual revenues in excess of budgeted revenues of approximately \$23,000 in 2020. The Board anticipates in 2021 that actual revenues will exceed the budgeted revenues. Overall, the District spent approximately \$211,000 less than originally anticipated in the operating budget for 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2020, District had invested in capital assets for government activities of approximately \$962,000 (net of accumulated depreciation). Capital assets consist of land, building and building improvements, apparatus, vehicles and equipment.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION) DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Capital assets:				
Land	\$ 65,700	\$ 65,700	\$ -	0.0%
Apparatus	1,603,625	1,603,625	-	0.0%
Building and building improvements	768,304	768,304	-	0.0%
Equipment	173,507	169,532	3,975	2.3%
Vehicles	131,590	131,590	-	0.0%
Total capital assets	<u>2,742,726</u>	<u>2,738,751</u>	3,975	0.1%
Accumulated depreciation	<u>(1,780,692)</u>	<u>(1,694,965)</u>	<u>(85,727)</u>	5.1%
Total capital assets, net	<u>\$ 962,034</u>	<u>\$ 1,043,786</u>	<u>\$ (81,752)</u>	(7.8%)

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

Long-term Obligations

At December 31, 2020 the District had approximately \$279,000 in long-term obligations related to obligations under capital leases.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2020, District was able to cover all its appropriations through the fire tax levy and other revenues. In 2020 the fire tax levy amounted to 98% of total revenue collected.

District adopted their 2021 budget on January 5, 2021. The voters subsequently voted to approve the budget at the February election.

The Board anticipates an increase of one tenth of a cent per \$100 of assessed value for the 2021 fire tax rate. It is projected that a family with a home assessed at \$250,000 will pay approximately \$740 in 2021 for fire protection.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to Board of 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, 2020

	Governmental Activities
Assets:	
Current assets:	
Cash (Note 3)	\$ 763,913
Accounts receivable (Note 4)	1,704
Prepaid insurance	1,598
Total current assets	767,215
Capital assets, net:	
Nondepreciable (Note 5)	65,700
Depreciable (Note 5)	896,334
Total capital assets	962,034
Total assets	1,729,249
Deferred outflow of resources:	
Deferred outflows related to pensions (Note 8)	1,340,172
Total deferred outflow of resources	1,340,172
Total assets and deferred outflow of resources	\$ 3,069,421
Liabilities:	
Current liabilities:	
Accounts payable	\$ 27,002
Accrued expenses	88,372
Pension payable	307,897
Accrued interest	2,006
Capital lease payable (Note 6)	51,890
Total current liabilities	477,167
Noncurrent liabilities:	
Capital lease payable (Note 6)	227,185
Compensated absences (Note 7)	147,856
Net pension liability (Note 8)	3,588,207
Total noncurrent liabilities	3,963,248
Total liabilities	4,440,415
Deferred inflow of resources:	
Deferred inflows related to pensions (Note 8)	1,153,945
Total deferred inflow of resources	1,153,945
Total liabilities and deferred inflow of resources	5,594,360
Net Position:	
Net investment in capital assets	682,959
Unrestricted	(3,207,898)
Total net position	(2,524,939)
Total liabilities, deferred inflows of resources and net position	\$ 3,069,421

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
District Wide Statement of Activities
For the year ended December 31, 2020

	Expenses	Charges for Services	Total Governmental Activities
Governmental activities:			
Operating appropriations:			
Administration	\$ 48,759	\$ -	\$ 48,759
Costs of operations and maintenance	2,337,234	-	2,337,234
Interest Expense	11,431	-	11,431
Total operating appropriations	\$ 2,397,424	\$ -	2,397,424
General revenues:			
Miscellaneous revenue			18,525
Operating grant revenues			21,509
Amount raised by taxation			2,175,897
Total general revenues			2,215,931
Change in net position			(181,493)
Net position, January 1			(2,343,446)
Net position, December 31			\$ (2,524,939)

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Balance Sheet
Governmental Funds
December 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Current assets:			
Cash	\$ 763,913	\$ -	\$ 763,913
Accounts receivable	1,704	-	1,704
Total assets	<u>\$ 765,617</u>	<u>\$ -</u>	<u>\$ 765,617</u>
Liabilities, equity and other credits:			
Accounts payable	\$ 27,002	\$ -	\$ 27,002
Accrued expenses	88,372	-	88,372
Total liabilities	<u>115,374</u>	<u>-</u>	<u>115,374</u>
Fund balances:			
Assigned for:			
Subsequent year's expenditures	162,500	-	162,500
Unassigned, reported in:			
General fund	<u>487,743</u>	<u>-</u>	<u>487,743</u>
Total fund balance	<u>650,243</u>	<u>-</u>	<u>650,243</u>
Total liabilities and fund balance	<u>\$ 765,617</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Prepaid insurance is reported in governmental funds as expenditures. However, in the statement of net position, the cost of those assets is expensed over the term of the policy as insurance expense.

1,598

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,742,725 and the accumulated depreciation is \$1,780,691.

962,034

Accrued interest is not recorded in fund financial statements due to the fact that payable is not due in the period.

(2,006)

Pension payable are not recorded in fund financial statements due to the fact that payable is not due in the period.

(307,897)

Deferred outflows and inflows of resources related to pension are applicable to future reporting periods and, therefore, are not reported in the funds

186,227

Long-term liabilities, including capital lease payable and net pension liability, are not due and payable in the current period and are therefore not reported as liabilities in the funds.

(4,015,138)

Net position of governmental activities

\$ (2,524,939)

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended December 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Miscellaneous anticipated revenue:			
Miscellaneous income	\$ 18,525	\$ -	\$ 18,525
Total miscellaneous revenues	<u>18,525</u>	<u>-</u>	<u>18,525</u>
Operating grant revenues:			
Supplemental Fire Service Act	1,446	-	1,446
FEMA Grant	20,063	-	20,063
Total operating grant revenue	<u>21,509</u>	<u>-</u>	<u>21,509</u>
Total revenues	<u>40,034</u>	<u>-</u>	<u>40,034</u>
Amount raised by taxation to support district budget	<u>2,105,533</u>	<u>70,364</u>	<u>2,175,897</u>
Total anticipated revenues	<u>2,145,567</u>	<u>70,364</u>	<u>2,215,931</u>
Expenditures:			
Operating appropriations:			
Administration:			
Salaries and wages	10,100	-	10,100
Other expenditures:			
Dues and subscriptions	1,732	-	1,732
Elections	555	-	555
Fire prevention	267	-	267
Office supplies and postage	12,429	-	12,429
Professional services	23,676	-	23,676
Total administration	<u>48,759</u>	<u>-</u>	<u>48,759</u>
Cost of operations and maintenance:			
Salaries and wages	1,253,088	-	1,253,088
Fringe benefits	522,209	-	522,209
Other expenditures:			
Training and education	7,785	-	7,785
Uniforms and personal equipment	12,470	-	12,470
Utilities	18,420	-	18,420
Hydrant rentals	40,738	-	40,738
Insurance	74,398	-	74,398
Building maintenance	15,736	-	15,736
Materials and supplies	102,770	-	102,770
Total cost of operations and maintenance	<u>2,047,614</u>	<u>-</u>	<u>2,047,614</u>
Debt service for capital appropriations:			
Capital lease principal	-	58,072	58,072
Interest on capital leases	-	12,292	12,292
Total debt service for capital appropriations	<u>-</u>	<u>70,364</u>	<u>70,364</u>
Total operating appropriations	<u>2,096,373</u>	<u>70,364</u>	<u>2,166,737</u>
Excess of revenues over expenditures	49,194	-	49,194
Fund balance, January 1	<u>601,049</u>	<u>-</u>	<u>601,049</u>
Fund balance, December 31	<u>\$ 650,243</u>	<u>\$ -</u>	<u>\$ 650,243</u>

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance in
the Governmental Funds to the District Wide Statement of Activities
December 31, 2020

Total net changes in Fund Balance-Governmental Funds (B-2) \$ 49,194

Amounts reported for governmental activities in the district wide statement of activities (A-2) are different because:

Prepaid insurance is reported in governmental funds as expenditures. However, in the district wide statement of net position, the cost of those assets is expensed over the term of the policy as insurance expense.

	Prior year	(1,424)	
	Current year	1,598	174

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.

	Capital Outlay - General Fund	3,975	
	Depreciation Expense	(85,727)	(81,752)

Repayment of capital lease 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. 58,072

Accrual of interest on capital leases 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	2,867	
	Current year	(2,006)	861

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. This year, the increase in sick leave paid was \$17,273. (17,273)

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 expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the district wide statement of activities.

	Pension Expense	(190,769)	
			(190,769)

Changes in net position of governmental activities \$ (181,493)

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 1: GENERAL INFORMATION

A. Description of Reporting Entity

Fire District No. 2 of the Township of Bordentown (the District) is a political subdivision of the Township of Bordentown, County of Burlington, State of New Jersey. A board of five commissioners oversees all of the operations of the District. The length of each commissioner's term is three years with the annual election held the third Saturday of February.

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 fire fighting 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 holds the corporate powers of the organization;
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District.

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.

B. District Officials

The District is governed by a board of five commissioners, the following were in office at December 31, 2020:

<u>Officials</u>	<u>Term Expires</u> <u>March</u>
Andrew Law	2023
Brian Schoen	2022
Fred Freda	2023
Chris Parmigiani	2021
James Cann	2021

C. Accounting Records

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 1: GENERAL INFORMATION (continued)

D. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

E. 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 had no component units as of for the year ended December 31, 2020.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 GASB's accounting policies are described below.

The basic financial statements report using the economic resources measurement focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity (between or within funds). 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 2Q) 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.

B. 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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

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.” As of December 31, 2020, the District only had activities in the governmental fund category.

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 fire fighting 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.

C. District Wide and Fund Financial Statements

District Wide Financial Statements

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.

Fund Financial Statements

The fund financial statements provide detail of the governmental funds.

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 statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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.

In its accounting and financial reporting, the District follows the pronouncements of GASB.

E. 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 of Fire Commissioners 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 fire district. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the Board of 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.*

Subsequent to the adoption of the District budget, the amount of money to be raised by taxation in support of the District budget must appear on the ballot for the annual election for approval of the legal voters.

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 Districts general-purpose financial statements.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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. The District had no encumbrances as of for the year ended December 31, 2020.

G. Cash and Cash Equivalents and Investments

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 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 the 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.

H. Prepaid Expenses

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

I. Debt Limitation

N.J.S.A.40A:14-84 governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase fire fighting 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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets

Capital assets, which include land, building and improvements, and equipment, are reported in the Government Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets 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:

Building and improvements	10 to 40 Years
Equipment	5 to 15 Years
Vehicles and apparatus	5 to 25 Years

K. Inventory, Materials and Supplies

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

L. Interfund Receivable/Payable

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.

M. Compensated Absences

District employees are entitled to vacation and sick leave. Unused vacation and sick leave may be accumulated up to a maximum payment of \$12,000. 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.

N. Revenues and Expenditures

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when 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 NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Deferred Outflows and Deferred Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

P. Pension

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.

Q. 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.

R. 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 authority 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 Business Administrator.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Fund Equity (continued)

- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds

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

S. Net Position

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

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

T. 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.

U. Impact of Recently Issued Accounting Pronouncements

Recently Issued Accounting Pronouncements Adopted in the Current Year

The following GASB Statements became effective for the fiscal year ended December 31, 2020:

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Implementation of this statement did not have a significant impact on the District's financial statements.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Impact of Recently Issued Accounting Pronouncements (continued)

Recently Issued Accounting Pronouncements Adopted in the Current Year (continued)

Statement No. 84, *Fiduciary Activities*, establishes guidance regarding what constitutes fiduciary activities for accounting and financial reporting purposes, the recognition of liabilities to beneficiaries, and how fiduciary activities should be reported. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Implementation of this statement did not have a significant impact on the District's financial statements.

GASB Statement No. 95, *Postponement of The Effective Dates of Certain Authoritative Guidance*, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

Recently Issued Accounting Pronouncements Not Yet Adopted

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

V. Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2020 through the date of February 27, 2022, which is the date the financial statements were available to be issued.

NOTE 3: CASH

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at December 31, 2020, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 763,913
Total deposits	<u>\$ 763,913</u>
 Reconciliation to Governmental Statements:	
Governmental Funds	\$ 763,913
Total	<u>\$ 763,913</u>

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 3: CASH (continued)

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, 2020, the District's bank balance of \$770,716 was insured or collateralized as follows:

Insured	\$250,000
Collateralized in the District's name under GUDPA	<u>520,716</u>
Total	<u>\$770,716</u>

NOTE 4: DUE FROM OTHERS

As of December 31, 2020, accounts receivables consisted of the following:

Other receivables	\$ 1,704
Total	<u>\$ 1,704</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, 2020:

	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
	<u>12/31/19</u>			<u>12/31/20</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 65,700	\$ -	\$ -	\$ 65,700
Total capital assets that are not being depreciated	<u>65,700</u>	<u>-</u>	<u>-</u>	<u>65,700</u>
Capital assets that are not being depreciated:				
Buildings and improvements	768,304	-	-	768,304
Apparatus	1,603,625	-	-	1,603,625
Vehicles	131,590	-	-	131,590
Equipment	<u>169,531</u>	<u>3,975</u>	<u>-</u>	<u>173,506</u>
Total capital assets being depreciated	<u>2,673,050</u>	<u>3,975</u>	<u>-</u>	<u>2,677,025</u>

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 5: CAPITAL ASSETS (continued)

	<u>Balance</u> <u>12/31/19</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/20</u>
Less: accumulated depreciation				
Buildings and improvements	(529,349)	(8,639)	-	(537,988)
Apparatus	(955,810)	(62,916)	-	(1,018,726)
Vehicles	(118,586)	(7,431)	-	(126,017)
Equipment	<u>(91,220)</u>	<u>(6,741)</u>	-	<u>(97,960)</u>
Total accumulated depreciation	<u>(1,694,965)</u>	<u>(85,727)</u>	-	<u>(1,780,691)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>978,086</u>	<u>(85,727)</u>	\$ -	<u>892,361</u>
Total capital assets	<u>\$ 1,043,786</u>	<u>\$ (81,752)</u>	\$ -	<u>\$ 962,034</u>

NOTE 6: LONG-TERM OBLIGATIONS

During the fiscal year ended December 31, 2020 the following changes occurred in liabilities reported in long-term debt:

	<u>Balance</u> <u>12/31/19</u>	<u>Accrued/</u> <u>increases</u>	<u>(Retired)/</u> <u>(decreases)</u>	<u>Balance</u> <u>12/31/20</u>	<u>Due</u> <u>within</u> <u>One Year</u>
Compensated absences	\$ 130,583	\$ 17,273	\$ -	\$ 147,856	-
Capital lease obligations	337,147	-	(58,072)	279,075	51,890
Net pension liability	<u>2,513,997</u>	-	<u>1,074,210</u>	<u>3,588,207</u>	-
Total	<u>\$2,981,727</u>	<u>\$ 17,273</u>	<u>\$ 1,016,138</u>	<u>\$4,015,138</u>	<u>\$ 51,890</u>

Capital Leases Payable

On October 15, 2015 the District entered into a lease agreement with PNC Equipment Finance to finance a 2016 Pierce Pumper, a 2016 Ford F150 and fire equipment totaling \$549,713 under capital leases. The terms of the capital lease are for a term of ten years with an interest rate of 3.65%. The following is a schedule of the future minimum lease payments under this capital lease, and present value of the net minimum lease payments at December 31, 2020:

For the year ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 51,890	\$ 10,176	\$ 62,066
2022	53,783	8,283	62,066
2023	55,744	6,322	62,066
2024	57,776	4,290	62,066
2025	<u>59,882</u>	<u>2,183</u>	<u>62,066</u>
Total	<u>\$ 279,075</u>	<u>\$ 31,254</u>	<u>\$ 310,330</u>

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 7: VESTED EMPLOYEE BENEFITS

In accordance with GASB-16 and NCGA-1 (Governmental Accounting and Financial Reporting Principles), 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, 2020, the District did not have a current liability for compensated absences. The amounts included in the long-term liabilities consists of the following:

	<u>2020</u>
Total compensated absences	\$ <u>147,856</u>

NOTE 8: PENSION OBLIGATIONS

A. Public Employees' Retirement System (PERS)

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

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

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 Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

A. 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. GAAP. 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 2020, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

Chapter 19, P.L. 2009 provided an option for local employers of 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, 2020, the District's contractually required contribution to PERS plan was \$11,704.

Components of Net Pension Liability - At December 31, 2020, the District's proportionate share of the PERS net pension liability was \$174,470. The net pension liability was measured as of June 30, 2020. 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, 2019, which was rolled forward to June 30, 2020. 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, 2020. The District's proportion measured as of June 30, 2020, was .0010698848%, which was an increase of .0001740329% from its proportion measured as of June 30, 2019.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

A. PERS (continued)

Balances at December 31, 2020 and December 31, 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 59,504	\$ 40,386
Deferred Inflows of Resources	75,173	62,521
Net Pension Liability	174,470	161,419
District's portion of the Plan's total Net Pension Liability	0.00107%	0.00090%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2020, the District's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2020 measurement date is \$18,291. At December 31, 2020, 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	\$ 3,177	\$ 617
Changes of Assumptions	5,660	73,052
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,964	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	<u>44,703</u>	<u>1,504</u>
	<u>\$ 59,504</u>	<u>\$ 75,173</u>

The District will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

A. PERS (continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
 Changes in assumptions		
Year of pension plan deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
 Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

A. PERS (continued)

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

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	Amount
<u>Dec 31,</u>	<u> </u>
2021	\$ (221)
2022	(14,659)
2023	(2,372)
2024	1,368
2025	<u>215</u>
	<u><u>\$ (15,669)</u></u>

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

A. PERS (continued)

Actuarial Assumptions (continued)

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-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

A. PERS (continued)

Long-Term Expected Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Credit	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

A. PERS (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	<u>\$ 221,356</u>	<u>\$ 174,470</u>	<u>\$ 137,222</u>

B. 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 Comprehensive Annual Financial Report (CAFR) 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 non-employer allocations and the schedule of pension amounts by employer and non-employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a non-employer 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. The accompanying Schedules were prepared in accordance with U.S. GAAP. Such preparation requires management of PFRS to make a number of estimates

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

B. PFRS (continued)

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 2020, the State contributed an amount less 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, 2020, the District's contractually required contributions to PFRS plan was \$295,150.

Net Pension Liability and Pension Expense - At December 31, 2020 the District's proportionate share of the PFRS net pension liability was \$3,413,737. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020. The District's proportion measured as of June 30, 2020, was .0264194146%, which was an increase of .0071955790% from its proportion measured as of June 30, 2019.

Net Pension Liability and Pension Expense (continued)

Balances at December 31, 2020 and December 31, 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Deferred Outflows of Resources	\$ 1,280,668	\$ 260,382
Deferred Inflows of Resources	1,078,772	1,037,058
Net Pension Liability	3,413,737	2,352,578
District's portion of the Plan's total net pension Liability	0.02642%	0.01922%

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

B. PFRS (continued)

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2020, the District’s proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2020 measurement date was \$377,738.

At December 31, 2020, the District had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 34,416	\$ 12,251
Changes of Assumptions	8,591	915,202
Net Difference between Projected and Actual Earnings on Pension Plan Investments	200,163	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	1,037,498	151,319
	\$ 1,280,668	\$ 1,078,772

The District will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

B. PFRS (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92
June 30, 2020	5.90	5.90

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		<u>Dec 31,</u>	<u>Amount</u>
2021	\$		(76,177)
2022			17,392
2023			143,812
2024			178,365
2025			<u>(61,496)</u>
			<u>\$ 201,896</u>

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

B. PFRS (continued)

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001.

The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability 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 \$529,796 as of December 31, 2020. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020 was .0264194146%, which was a decrease of .0071955790% from its proportion measured as of June 30, 2019, which is the same proportion as the District’s. At December 31, 2020, the District’s and the State of New Jersey’s proportionate share of the PFRS net pension liability were as follows:

District's Proportionate Share of Net Pension Liability	\$ 3,413,737
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the District	529,796
	<u>\$ 3,943,533</u>

At December 31, 2020, the State’s proportionate share of the PFRS expense, associated with the District, calculated by the plan as of the June 30, 2020 measurement date was \$60,042.

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:

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

B. PFRS (continued)

Special Funding Situation (continued)

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 15.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PFRS	Pub-2010 Safety Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2013 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

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, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division, 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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

B. PFRS (continued)

Special Funding Situation (continued)

Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Credit	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

Long-Term Expected Rate of Return (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:

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 8: PENSION OBLIGATIONS (continued)

B. PFRS (continued)

Special Funding Situation (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ 4,539,568	\$ 3,413,737	\$ 2,478,649
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	704,519	529,796	384,675
	\$ 5,244,087	\$ 3,943,533	\$ 2,863,324

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

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) OTHER THAN PENSIONS

General Information about the OPEB 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. 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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 9: OPEB (continued)

General Information about the OPEB Plan (continued)

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

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

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, 2020 were \$5,512,481,278 and \$12,598,993,950, 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, 2019 through June 30, 2020. 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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 9: OPEB (continued)

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. 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 allocations included in the supplemental schedule of employer special funding allocations and the supplemental schedule of special funding amounts by employer for each employer are provided as each 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 and include their proportionate share of the collective net OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on eligible plan members subject to the special funding situation. This data considers active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

Additionally, the State's proportionate share of the OPEB liability attributable to the District is \$3,147,761 as of December 31, 2020. The OPEB liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020 was 0.057627%, which was an increase of 0.010666% from its proportion measured as of June 30, 2019, which is the same proportion as the District's. At December 31, 2020, the District's and the State's proportionate share of the OPEB liability were as follows:

proportion as the District's. At December 31, 2020, the District's and the State's proportionate share of the OPEB liability were as follows:

State of New Jersey's Proportionate Share of OPEB Liability Associate with the District	<u>\$ 3,147,761</u>
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FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2020

NOTE 9: OPEB (continued)

Special Funding Situation (continued)

At December 31, 2020 the State's proportionate share of the OPEB credit, associated with the District, calculated by the plan as of the June 30, 2019 measurement date was \$156,696.

NOTE 10: NEW JERSEY UNEMPLOYMENT COMPENSATION BENEFITS

The District has elected to cover its employees under the New Jersey Unemployment Trust Fund by the "contributions" method. Under this method, a contribution rate is established annually for the Fire District share of unemployment tax. This rate is based on cost experience for all government employers.

NOTE 11: FUNDING

The activities of the fire district are primarily funded by the striking of the fire tax on the property owners of the fire district, as provided for by the state statute. For the year ended December 31, 2020, the fire tax rate on the District was approximately \$.266 per \$100 of assessed valuation.

NOTE 12: FUND BALANCE

General Fund – Of the \$650,243 General Fund balance at December 31, 2020, \$162,500 is assigned for subsequent year's expenditures and \$487,743 is unassigned.

NOTE 13: DEFICIT UNRESTRICTED NET POSITION

Unrestricted Net Position – As reflected on Exhibit A-1, District Wide Statement of Net position, a deficit in unrestricted net position of \$(3,207,898) existed as of December 31, 2020 for governmental activities. The primary causes of this deficit is the District recording of the long-term liability their proportionate share of the net pension liability. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 2), pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities 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, 2020

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue:				
Other income	16,000	16,000	18,525	2,525
Total miscellaneous revenues	16,000	16,000	18,525	2,525
Operating grant revenues:				
Supplemental Fire Service Act	1,446	1,446	1,446	-
FEMA Grant	-	-	20,063	20,063
Total operating grant revenue	1,446	1,446	21,509	20,063
Total revenues	17,446	17,446	40,034	22,588
Amount raised by taxation to support district budget	2,175,897	2,175,897	2,175,897	-
Total anticipated revenues	2,193,343	2,193,343	2,215,931	22,588
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	22,656	22,656	10,100	12,556
Fringe benefits	2,194	2,194	-	2,194
Other expenditures:				
Dues and subscriptions	1,000	1,750	1,732	18
Elections	1,750	1,750	555	1,195
Fire prevention	4,500	4,500	267	4,233
Office supplies and postage	10,000	12,400	12,429	(29)
Professional services	27,000	27,000	23,676	3,324
Total administration:	69,100	72,250	48,759	23,491
Cost of operations and maintenance:				
Salaries and wages	1,251,542	1,306,547	1,253,088	53,459
Fringe benefits	693,831	643,681	522,209	121,472
Other expenditures:				
Advertising	1,360	1,360	-	1,360
Supplemental Fire Service Program	1,600	1,600	-	1,600
Training & education	12,000	12,000	7,785	4,215
Uniforms and personal equipment	15,000	15,000	12,470	2,530
Utilities	26,500	18,495	18,420	75
Hydrant rentals	44,800	44,800	40,738	4,062
Insurance	78,575	78,575	74,398	4,177
Building maintenance	20,000	20,000	15,736	4,264
Materials and supplies	92,670	92,670	102,770	(10,100)
Total cost of operations and maintenance:	2,237,878	2,234,728	2,047,614	187,114
Debt service for capital appropriations:				
Capital lease principal	58,072	58,072	58,072	-
Interest on capital leases	12,293	12,293	12,292	1
Total debt service for capital appropriations	70,365	70,365	70,364	1
Total operating appropriations	2,377,343	2,377,343	2,166,737	210,606
Excess (efficiency) of revenues over (under) expenditures	(184,000)	(184,000)	49,194	233,194
Fund balance, January 1	601,049	601,049	601,049	-
Fund balance, December 31	\$ 417,049	\$ 417,049	\$ 650,243	\$ 233,194

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 Eight Fiscal Years *

	Measurement Date Ended June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.00107%	0.00090%	0.00091%	0.00081%	0.00078%	0.00072%	0.00068%	0.00077%
District's Proportionate Share of the Net Pension Liability	\$ 174,470	\$ 161,419	\$ 178,510	\$ 189,214	\$ 230,800	\$ 161,023	\$ 126,910	\$ 148,005
District's Covered-Employee Payroll	\$ 77,424	\$ 69,784	\$ 63,664	\$ 56,312	\$ 54,680	\$ 44,178	\$ 42,871	\$ 39,608
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	225.34%	231.31%	280.39%	336.01%	422.09%	364.49%	296.03%	373.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	53.60%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	Year Ended December 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
District's Contractually Required Contribution	\$ 11,704	\$ 8,714	\$ 9,018	\$ 7,530	\$ 6,923	\$ 6,167	\$ 5,588	\$ 5,835
District's Contribution in Relation to the Contractually Required Contribution	(11,704)	(8,714)	(9,018)	(7,530)	(6,923)	(6,167)	(5,588)	(5,835)
District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 78,972	\$ 77,424	\$ 69,784	\$ 63,664	\$ 56,312	\$ 54,680	\$ 44,178	\$ 42,871
District's Contributions as a Percentage of its Covered-Employee Payroll	14.82%	11.25%	12.92%	11.83%	12.29%	11.28%	12.65%	13.61%

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

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 Eight Fiscal Years *

	Measurement Date Ended June 30,							
	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.02642%	0.01922%	0.01965%	0.01857%	0.02104%	0.02066%	0.01856%	0.01655%
District's Proportionate Share of the Net Pension Liability	\$ 3,413,737	\$ 2,352,578	\$ 2,658,392	\$ 2,866,257	\$ 4,018,436	\$ 3,441,605	\$ 2,334,698	\$ 2,200,590
State's Proportionate Share of the Net Pension Liability associated with the District	529,796	371,477	361,099	321,045	337,449	301,817	251,408	205,122
Total	<u>\$ 3,943,533</u>	<u>\$ 2,724,055</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>	<u>\$ 2,405,712</u>
District's Covered-Employee Payroll	\$ 9,10,006	\$ 789,241	\$ 665,675	\$ 637,625	\$ 646,210	\$ 628,874	\$ 613,901	\$ 601,574
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	375%	298%	399%	450%	622%	547%	380%	330%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	62.48%	62.48%	58.60%	52.01%	56.31%	62.41%	58.70%

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

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

	Year Ended December 31,							
	2020	2019	2018	2017	2016	2015	2014	2013
District's Contractually Required Contribution	\$ 295,150	\$ 194,182	\$ 192,066	\$ 164,314	\$ 171,516	\$ 167,953	\$ 142,555	\$ 120,768
District's Contribution in Relation to the Contractually Required Contribution	(295,150)	(194,182)	(164,314)	(164,314)	(171,516)	(167,953)	(142,555)	(120,768)
District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 928,206	\$ 910,006	\$ 789,241	\$ 665,675	\$ 637,625	\$ 646,210	\$ 628,874	\$ 613,901
District's Contributions as a Percentage of it's Covered-Employee Payroll	31.80%	21.34%	24.34%	24.68%	26.90%	25.99%	22.67%	19.67%

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Required Supplementary Information
For the year ended December 31, 2020

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020.

Police and Firemen's Retirement System (PFRS)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 6.85% as of June 30, 2019, to 7.00% as of June 30, 2020.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the year ended December 31, 2020

Issue	Date of Lease	Term of Lease	Amount of Original Issue		Annual Maturities Date	Interest Rate Payable	Balance		
			Principal	Interest			January 1, 2020	December 31, 2020	
Acquisition of new fire equipment	10/19/2015	10 Years	\$ 549,713	\$ 112,446	10/19/2021	3.65%	\$ 337,147	\$ 58,072	
					10/19/2022				
					10/19/2023				
					10/19/2024				
				10/19/2025					
Total							\$ 337,147	\$ 58,072	
							<u>\$ 337,147</u>	<u>\$ 279,075</u>	



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

We have audited the basic financial statements of the Fire District No. 2 of the Township of Bordentown (the District), County of Burlington, State of New Jersey, for the year ended December 31, 2020. 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

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 \$40,000, except by contract or agreement.

It is pointed out that the Board of Fire Commissioners has 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 did not reveal any individual payments, contracts or agreements in excess of \$17,500 "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*).

Examination of Cash Receipts

A test check of cash receipts was performed.

Examination of Bills

A test check of paid bills was made 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.

Prior Year Findings

There were no prior year findings.

Acknowledgment

We received the complete cooperation of all the commissioners and we greatly appreciate the courtesies extended to the members of the audit team.

During our review, 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.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call us.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

February 27, 2022
Lakewood, New Jersey