

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN

Financial Statements and Supplementary Information

For the year ended December 31, 2021

(With Independent Auditor's Report thereon)

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN

Table of Contents

December 31, 2021

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
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 <i>Government Auditing Standards</i>	5
Management's Discussion and Analysis	7
District Wide Statement of Net Position	13
District Wide Statement of Activities	14
Governmental Funds Balance Sheet	15
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities in the Governmental Funds to the District Wide Statement of Activities	17
Notes to Financial Statements	18
Required Supplemental Information:	
Budgetary Comparison Schedule	48
Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	49
Schedule of District Contributions – PERS	50
Schedule of the District's Proportionate Share of the Net Pension Liability – PFRS	51
Schedule of District Contributions – PFRS	52
Notes to the Required Supplementary Information	53
Other Supplementary Information:	
Long-Term Debt Schedule of Obligations under Capital Leases	55
General Comments and Recommendations	56



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 Audited Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fire District No. 2 of the Township of Bordentown (the District), County of Burlington, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

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 long-term debt 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 long-term debt 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 January 17, 2023 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

January 17, 2023
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, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 17, 2023.

Report on 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.

Report on 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

January 17, 2023
Lakewood, New Jersey

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

As management of the Fire District No. 2 of the Township of Bordentown (hereafter referred to as the District) offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended, December 31, 2021. The intent of this narrative is to look at the District's overall financial performance in terms easily understood by the layperson. Please read this in conjunction with the District's financial statements which begin on page 13. Notes to the financial statements will provide the reader with additional useful information and they begin on page 18.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at December 31, 2021 by approximately \$1,951,900. During, 2020 the excess of liabilities and deferred inflows of resources over assets and deferred outflows of resources was approximately \$2,524,900. This is a decrease of approximately \$573,000.
- During 2021 the District operated at a surplus of approximately \$573,000. During 2020 the Fire District operated at a deficit of approximately (\$181,500). This is an increase of approximately \$754,500.
- The District's liabilities and deferred inflows of resources decreased approximately \$711,000 in 2021 and their assets and deferred outflows of resources decreased by approximately \$138,000.

USING THIS ANNUAL REPORT

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

Reporting on the District as a Whole

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

The district wide statement of net position presents information on all the assets and liabilities of the 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. The District has one basic function: activities that are supported by property taxes. The District provides firefighting services to the citizens of Township of Bordentown, State of New Jersey.

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

The District's net position is a useful indicator of the District's financial condition. At the end of 2021, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by approximately \$1,951,900. The largest portion of the District's net position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. The District's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
DISTRICT WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Current assets and deferred outflows of resources	\$ 2,017,732	\$ 2,107,387	\$ (89,655)	(4.25%)
Capital assets	<u>913,704</u>	<u>962,034</u>	<u>(48,330)</u>	(5.02%)
Total assets	2,931,436	3,069,421	(137,985)	(4.50%)
Total liabilities and deferred inflows of resources	<u>(4,883,369)</u>	<u>(5,594,360)</u>	710,991	(12.71%)
Net position	<u><u>\$ (1,951,933)</u></u>	<u><u>\$ (2,524,939)</u></u>	<u><u>\$ 573,006</u></u>	(22.69%)
Analysis of net position				
Invested in capital assets, net of related debt	\$ 686,518	\$ 682,959	\$ 3,559	0.52%
Unrestricted	<u>(2,638,451)</u>	<u>(3,207,898)</u>	<u>569,447</u>	17.75%
Total net position	<u><u>\$ (1,951,933)</u></u>	<u><u>\$ (2,524,939)</u></u>	<u><u>\$ 573,006</u></u>	(22.69%)

2021 Net Position



2020 Net Position



■ Invested in Capital Assets, Net of Related Debt
■ Unrestricted

■ Invested in Capital Assets, Net of Related Debt
■ Unrestricted

The net position of the District increased approximately \$573,006 due to a current year surplus of approximately \$573,006. In 2021 the capital assets decreased by approximately \$48,300 after depreciation expense.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

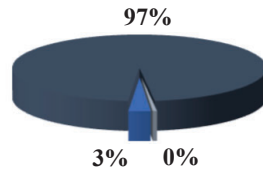
District-wide Statement of Activities

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
YEAR ENDED DECEMBER 31, 2021 AND 2020**

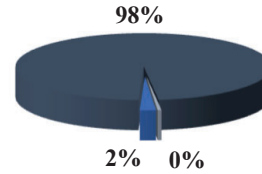
	<u>2021</u>	<u>2020</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 52,661	\$ 48,759	\$ 3,902	8.00%
Cost of operations and maintenance	1,818,668	2,337,234	(518,566)	(22.19%)
Interest expense	10,176	11,431	(1,255)	(10.98%)
Total program expenses	<u>\$ 1,881,505</u>	<u>\$ 2,397,424</u>	<u>\$ (515,919)</u>	<u>(21.52%)</u>

2021 Program Expenses



■ Administrative
■ Cost of Operations
■ Interest Expense

2020 Program Expenses

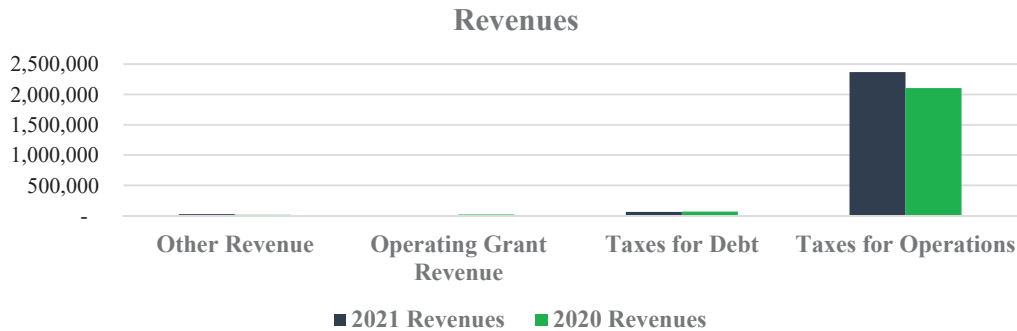


■ Administrative
■ Cost of Operations
■ Interest Expense

	<u>2021</u>	<u>2020</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
General revenues:				
Property taxes levied for:				
General purposes	2,365,945	2,105,533	260,412	12.37%
Debt service	62,066	70,364	(8,298)	(11.79%)
Total property taxes levied	<u>2,428,011</u>	<u>2,175,897</u>	<u>252,114</u>	<u>11.59%</u>
Other revenue	25,054	18,525	6,529	35.24%
Operating grant revenue	1,446	21,509	(20,063)	(93.28%)
Total general revenues	<u>2,454,511</u>	<u>2,215,931</u>	<u>238,580</u>	<u>10.77%</u>
Increase in net position	573,006	(181,493)	754,499	(415.72%)
Net position, January 1	<u>(2,524,939)</u>	<u>(2,343,446)</u>	<u>(181,493)</u>	<u>7.74%</u>
Net position, December 31	<u>\$ (1,951,933)</u>	<u>\$ (2,524,939)</u>	<u>\$ 573,006</u>	<u>(22.69%)</u>

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

District-wide Statement of Activities



Property tax revenue constituted 99% of the total governmental activities revenues received by the District in 2021 and 98% 2020.

The cost of operations and maintenance was 97% of the District’s total expenses in 2021 and 2020, respectively. Administration expenses comprised 3% and 2% of the total expenses in 2021 and 2020, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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.

Governmental Fund

As of December 31, 2021, the combined balance of the governmental cash funds of the District was approximately \$899,800. This balance is approximately \$135,800 higher than last year’s funds balance.

The combined fund balance of the governmental funds of District was approximately \$834,600. Unreserved fund balance amounted to approximately \$638,800 of that total. Funds of \$195,700 have been designated for use in the 2022 Budget.

The general fund is the main operating fund of District. At the end of 2021, the total fund balance of the general fund was approximately \$834,600. Of this balance, approximately \$638,800 of it was unreserved.

During 2021 the general fund fund balance of the District increased by approximately \$184,300. The primary reason for this increased are as follows:

The District recognized revenues in excess of expenses of approximately \$184,300.

General Fund Budgetary Highlights

The 2021 Budget had a deficit in revenues and required the utilization of unrestricted surplus accumulated from prior years of \$162,500. 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 \$8,800 in 2021. The Board anticipates in 2022 that actual revenues will exceed the budgeted revenues. Overall, the District spent approximately \$338,000 less than originally anticipated in the operating budget for 2021.

CAPITAL ASSETS

As of December 31, 2021 the District had invested in capital assets for government activities of approximately \$913,700 (net of accumulated depreciation). Capital assets consist of buildings and improvements, machinery and equipment, office furniture and equipment and vehicles and apparatus.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>	<u>\$ Increase (Decrease)</u>
Capital assets:			
Land	\$ 65,700	\$ 65,700	\$ -
Apparatus	1,603,625	1,603,625	-
Building and building improvements	783,184	768,304	14,880
Equipment	202,673	173,506	29,167
Vehicles	131,590	131,590	-
Total capital assets	<u>2,786,772</u>	<u>2,742,725</u>	<u>44,047</u>
Accumulated depreciation	<u>(1,873,068)</u>	<u>(1,780,691)</u>	<u>(92,377)</u>
Total capital assets, net of accumulated depreciation	<u>\$ 913,704</u>	<u>\$ 962,034</u>	<u>\$ (48,330)</u>

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

LONG-TERM OBLIGATIONS

At December 31, 2021 the District had approximately \$227,200 in long-term obligations related to obligations under capital leases.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2021, the District was able to fund its appropriations through the fire tax levy and other revenues. In 2021 the property tax revenue also constituted 99% of total revenues.

The District adopted their 2022 budget on January 18, 2022. The voters subsequently voted to approve the budget at the February election. The 2022 adopted budget reflected an increase in the tax levy of \$134,624, in which the Board anticipates no significant change to the fire tax rate.

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, 2021

	Governmental Activities
	2021
Assets:	
Current assets:	
Cash (Note 3)	\$ 901,983
Accounts receivable (Note 4)	103
Prepaid insurance	1,439
Total current assets	903,525
Capital assets, net:	
Nondepreciable (Note 5)	65,700
Depreciable (Note 5)	848,004
Total capital assets	913,704
Total assets	1,817,229
Deferred outflow of resources:	
Deferred outflows related to pensions (Note 8)	1,114,830
Total deferred outflow of resources	1,114,830
Total assets and deferred outflow of resources	\$ 2,932,059
Liabilities:	
Current liabilities:	
Accounts payable	\$ 21,263
Accrued expenses	45,635
Pension payable	341,800
Accrued interest	2,006
Capital lease payable (Note 6)	53,783
Total current liabilities	464,487
Noncurrent liabilities:	
Capital lease payable (Note 6)	173,403
Compensated absences (Note 7)	153,952
Net pension liability (Note 8)	2,192,094
Total noncurrent liabilities	2,519,449
Total liabilities	2,983,936
Deferred inflow of resources:	
Deferred inflows related to pensions (Note 8)	1,899,433
Total deferred inflow of resources	1,899,433
Total liabilities and deferred inflow of resources	4,883,369
Net Position:	
Net investment in capital assets	686,518
Unrestricted	(2,637,828)
Total net position	(1,951,310)
Total liabilities, deferred inflows of resources and net position	\$ 2,932,059

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
District Wide Statement of Activities
For the year ended December 31, 2021

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u> <u>2021</u>
Governmental activities:			
Operation appropriations:			
Administration	\$ 52,258	\$ -	\$ 52,258
Costs of operations and maintenance	1,818,448	-	1,818,448
Interest Expense	10,176	-	10,176
Total governmental activities	<u>1,880,882</u>	<u>-</u>	<u>1,880,882</u>
General revenues:			
Miscellaneous revenue			25,054
Operating grant revenues			1,446
Amount raised by taxation			<u>2,428,011</u>
Total general revenues			<u>2,454,511</u>
Change in net position			573,629
Net position, January 1			<u>(2,524,939)</u>
Net position, December 31			<u><u>\$ (1,951,310)</u></u>

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Balance Sheet
Governmental Funds
December 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals December 31, 2021</u>
Assets:			
Current assets:			
Cash	\$ 901,983	\$ -	\$ 901,983
Accounts receivable	103	-	103
Total assets	<u>\$ 902,086</u>	<u>\$ -</u>	<u>\$ 902,086</u>
Liabilities, equity and other credits:			
Accounts payable	21,263	\$ -	\$ 21,263
Accrued expenses	45,635	-	45,635
Total liabilities	<u>66,898</u>	<u>-</u>	<u>66,898</u>
Fund balances:			
Assigned for:			
Subsequent year's expenditures	195,723	-	195,723
Unassigned, reported in:			
General fund	639,465	-	639,465
Total fund balance	<u>835,188</u>	<u>-</u>	<u>835,188</u>
Total liabilities and fund balance	<u>\$ 902,086</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.

1,439

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,786,772 and the accumulated depreciation is \$1,873,068.

913,704

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.

(341,800)

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

(784,603)

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.

(2,573,232)

Net position of governmental activities

\$ (1,951,310)

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

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, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals December 31, 2021</u>
Revenues:			
Miscellaneous anticipated revenue:			
Miscellaneous income	\$ 25,054	\$ -	\$ 25,054
Total miscellaneous revenues	25,054	-	25,054
Operating grant revenues:			
Supplemental Fire Service Act	1,446	-	1,446
Total operating grant revenue	1,446	-	1,446
Total revenues	26,500	-	26,500
Amount raised by taxation to support district budget	2,365,945	62,066	2,428,011
Total anticipated revenues	2,392,445	62,066	2,454,511
Expenditures:			
Operating appropriations:			
Administration:			
Salaries and wages	7,625	-	7,625
Other expenditures:			
Dues and subscriptions	7,662	-	7,662
Elections	15	-	15
Fire prevention	7,172	-	7,172
Office supplies and postage	6,058	-	6,058
Postage	649	-	649
Professional services	23,077	-	23,077
Total administration	52,258	-	52,258
Cost of operations and maintenance:			
Salaries and wages	1,236,478	-	1,236,478
Fringe benefits	663,396	-	663,396
Other expenditures:			
Training and education	2,426	-	2,426
Uniforms and personal equipment	20,350	-	20,350
Utilities	19,914	-	19,914
Hydrant rentals	40,738	-	40,738
Insurance	77,505	-	77,505
Building maintenance	2,751	-	2,751
Materials and supplies	91,684	-	91,684
Total cost of operations and maintenance	2,155,242	-	2,155,242
Debt service for capital appropriations:			
Capital lease principal	-	51,890	51,890
Interest on capital leases	-	10,176	10,176
Total debt service for capital appropriations	-	62,066	62,066
Total operating appropriations	2,207,500	62,066	2,269,566
Excess of revenues over expenditures	184,945	-	184,945
Fund balance, January 1	650,243	-	650,243
Fund balance, December 31	\$ 835,188	\$ -	\$ 835,188

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

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, 2021

Total net changes in Fund Balance-Governmental Funds (B-2) \$ 184,945

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	(1,598)	
	Current year	<u>1,439</u>	
			(159)

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	44,047	
	Depreciation Expense	<u>(92,377)</u>	
			(48,330)

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. 51,890

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	2,006	
	Current year	<u>(2,006)</u>	
			-

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 \$6,096. (6,096)

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	<u>391,379</u>	
			<u>391,379</u>

Changes in net position of governmental activities \$ 573,629

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 1: GENERAL INFORMATION

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.

District Officials

The District is governed by a board of five commissioners, the following were in office at December 31, 2021:

<u>Officials</u>	<u>Term Expires</u> <u>March</u>
Andrew Law	2023
Fred Freda	2023
James Cann	2022
George Gareis	2022
Chris Parmigiani	2022

Accounting Records

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

Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 1: GENERAL INFORMATION (continued)

Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - 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, 2021.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with the provisions of *N.J.A.C. 5:31-7-1*. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the 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 2: *Fire District Taxes*) while grants are recognized when grantor eligibility requirements are met.

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

Fund Accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types." As of December 31, 2021, the District only had activities in the governmental fund category.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Governmental Funds:

General Fund

The General Fund is the general operating fund of the District and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as 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.

District Wide and Fund Financial Statements

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

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

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

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, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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*. The budget may be amended subsequent to its final adoption and approval for additional items of revenue with offsetting appropriations in accordance with *N.J.S.A 40A: 14-78.5*. Subsequent to the adoption of the District budget, 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.

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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances (continued)

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, 2021

Cash and Cash Equivalents

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

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and National banks) and savings banks the deposits of which 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.

Prepaid Expenses

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

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.

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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

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	20 to 40 Years
Equipment	5 to 15 Years
Vehicles and apparatus	5 to 20 Years

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.

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.

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.

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.

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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.
- 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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Use of Estimates

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

Impact of Recently Issued Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

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.

Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2021 through the date of January 17, 2023, which is the date the financial statements were available to be issued.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

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, 2021, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 899,759
Total deposits	<u>\$ 899,759</u>
 Reconciliation to Governmental Statements:	
Governmental Funds	\$ 899,759
Total	<u>\$ 899,759</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2021, the District's bank balance of \$906,823 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the District's name under GUDPA	<u>656,823</u>
Total	<u>\$ 906,823</u>

NOTE 4: DUE FROM OTHERS

As of December 31, 2021, 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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 5: CAPITAL ASSETS (continued)

Capital assets consisted of the following at December 31, 2021:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable:				
Capital assets that are not being depreciated:				
Land	\$ 65,700	\$ -	\$ -	\$ 65,700
Total capital assets that are not being	<u>65,700</u>	<u>-</u>	<u>-</u>	<u>65,700</u>
Capital assets that are being depreciated:				
Building and improvements	768,304	14,880	-	783,184
Apparatus	1,603,625	-	-	1,603,625
Vehicles	131,590	-	-	131,590
Equipment	173,506	29,167	-	202,673
Total capital assets being depreciated	<u>2,677,025</u>	<u>44,047</u>	<u>-</u>	<u>2,721,072</u>
Less: accumulated depreciation:				
Building and improvements	(537,988)	(12,774)	-	(550,762)
Apparatus	(1,018,726)	(62,915)	-	(1,081,641)
Vehicles	(126,017)	(5,573)	-	(131,590)
Equipment	(97,960)	(11,115)	-	(109,075)
Total accumulated depreciation	<u>(1,780,691)</u>	<u>(92,377)</u>	<u>-</u>	<u>(1,873,068)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>896,334</u>	<u>(48,330)</u>	<u>-</u>	<u>848,004</u>
Total capital assets	<u>\$ 962,034</u>	<u>\$ (48,330)</u>	<u>\$ -</u>	<u>\$ 913,704</u>

NOTE 6: LONG-TERM OBLIGATIONS

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

	Balance 12/31/2020	Accrued/ increases	(Retired)/ (decreases)	Balance 12/31/2021	Due within One Year
Compensated absences	\$ 147,856	\$ 6,096	\$ -	\$ 153,952	\$ -
Obligations under capital lease	279,076	-	(51,890)	227,186	53,783
Net pension liability	3,588,207	-	(1,396,113)	2,192,094	-
Total	<u>\$4,015,139</u>	<u>\$ 6,096</u>	<u>\$(1,448,003)</u>	<u>\$ 2,573,232</u>	<u>\$ 53,783</u>

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 6: LONG-TERM OBLIGATIONS (continued)

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 3.59%. 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, 2021:

For the year ended December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	53,783	8,283	62,066
2023	55,744	6,322	62,066
2024	57,776	4,290	62,066
2025	59,883	2,183	62,066
Total	\$ 227,186	\$ 21,078	\$ 248,264

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, 2021, the District did not have a current liability for compensated absences. The amounts included in the long-term liabilities consists of the following:

	<u>2021</u>
Total compensated absences	<u>\$ 153,952</u>

NOTE 8: PENSION OBLIGATIONS

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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Plan Description (continued)

The following represents the membership tiers for PERS:

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

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

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 2021, the State's pension contribution was less than the actuarial determined amount.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Contributions

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, 2021, the District's contractually required contribution to PERS plan was \$12,620.

Components of Net Pension Liability

At December 31, 2021, the District's proportionate share of the PERS net pension liability was \$127,658. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The District's proportion measured as of June 30, 2021, was .0010776044%, which was an increase of .0000077196% from its proportion measured as of June 30, 2020.

Balances at December 31, 2021 and December 31, 2020

	<u>12/31/2021</u>	<u>12/30/2020</u>
	June 30, 2021	June 30, 2020
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 34,794	\$ 59,504
Deferred Inflows of Resources	81,026	75,173
Net Pension Liability	127,658	174,470
District's portion of the Plan's total Net Pension Liability	0.00108%	0.00107%

Pension Expense and Deferred Outflows/Inflows of Resources

At December 31, 2021, the District's proportionate share of the PERS benefit, calculated by the plan as of the June 30, 2021 measurement date is \$3,630. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 2,013	\$ 914
Changes of Assumptions	665	45,447
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	33,629
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	32,116	1,036
	\$ 34,794	\$ 81,026

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

	<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	-
June 30, 2021	5.13	-

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

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

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
June 30, 2021	-	5.13

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	-
June 30, 2021	5.00	-

Changes in proportion and differences between
The District's contributions and
proportionate share of contributions:

Year of Pension Plan Deferral

June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (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:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2023	\$ (14,530)
2024	(9,915)
2025	(6,445)
2026	(13,815)
2027	(1,527)
	<u>\$ (46,232)</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-2021	
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, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (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-2021.

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

Long-Term Expected Rate of Return

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

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Long-Term Expected Rate of Return (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ 175,698	\$ 127,658	\$ 89,406

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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

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

Plan Description (continued)

The following represents the membership tiers for PFRS:

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

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

Basis of Presentation

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2021, 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, 2021, the District’s contractually required contributions to PFRS plan was \$329,180.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

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

Net Pension Liability and Pension Expense

At December 31, 2021 the District’s proportionate share of the PFRS net pension liability was \$2,064,436. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, to the measurement date of June 30, 2021. The 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, 2021, was .0282445371%, which was an increase of .0018251225% from its proportion measured as of June 30, 2020.

Balances at December 31, 2021 and December 31, 2020

	<u>12/31/2021</u>	<u>12/30/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Deferred Outflows of Resources	\$ 1,080,036	\$ 1,280,668
Deferred Inflows of Resources	1,818,407	1,078,772
Net Pension Liability	2,064,436	3,413,737
District's portion of the Plan's total net pension Liability	0.02824%	0.02642%

Pension Expense and Deferred Outflows/Inflows of Resources

At December 31, 2021, the District’s proportionate share of the PFRS benefit, calculated by the plan as of the June 30, 2021 measurement date was \$79,772.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

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

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

At December 31, 2021, 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	\$ 23,553	\$ 247,298
Changes of Assumptions	10,985	618,702
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	879,723
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	1,045,498	72,684
	\$ 1,080,036	\$ 1,818,407

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
June 30, 2020	5.90	-
June 30, 2021	-	6.17

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

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

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
June 30, 2020	-	5.90
June 30, 2021	6.17	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	-	5.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
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
June 30, 2021	6.17	6.17

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

Police and Firemen’s Retirement System (PFRS) (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 PFRS that will be recognized in future periods:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2023	\$ (808,156)
2024	(72,275)
2025	(38,462)
2026	70,519
2027	<u>110,003</u>
	<u>\$ (738,371)</u>

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is 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 \$580,622 as of December 31, 2021. 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, 2020, to the measurement date of June 30, 2021. The State’s proportion of the net pension liability associated with the District was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

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

Special Funding Situation (continued)

The State’s proportion measured as of June 30, 2021 was .0282443988%, which was a increase of .0018249842% from its proportion measured as of June 30, 2020, which is the same proportion as the District’s. At December 31, 2021, 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	\$ 2,064,436
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the District	580,622
	\$ 2,645,058

At December 31, 2021, the State’s proportionate share of the PFRS expense, associated with the District, calculated by the plan as of the June 30, 2021 measurement date was \$64,664.

Actuarial Assumptions

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

Inflation	
Price	2.75%
Wage	3.25%
 Salary Increases:	
Through all future years	3.25 - 15.25% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010 Safety Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2013 - June 30, 2018

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

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

Actuarial Assumptions (continued)

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

Long-Term Expected Rate of Return

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

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 8: PENSION OBLIGATIONS (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 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.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ 3,134,781	\$ 2,064,436	\$ 1,173,489
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	881,657	580,622	330,044
	\$ 4,016,438	\$ 2,645,058	\$ 1,503,533

Related Party Investments

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

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.

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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

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

General Information about the OPEB Plan (continued)

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, 2021 were \$3,872,142,278 and \$14,177,910,609, 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, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

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.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

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

General Information about the OPEB Plan (continued)

Special Funding Situation (continued)

Additionally, the State's proportionate share of the OPEB liability attributable to the District is \$3,089,279 as of December 31, 2021. The State's total special funding situation OPEB liability is \$5,462,303,132. The OPEB liability was measured as of June 30, 2021. 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, 2020, to the measurement date of June 30, 2021. 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, 2021 was 0.080005%, which was an increase of 0.022378% from its proportion measured as of June 30, 2020, which is the same proportion as the District's. At December 31, 2021, 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	
Associated with the District	\$ 3,089,279

At December 31, 2021 the State's proportionate share of the OPEB benefit, associated with the District, calculated by the plan as of the June 30, 2021 measurement date was \$421,544.

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, 2021, the fire tax rate on the District was approximately \$.296 per \$100 of assessed valuation.

NOTE 12: FUND BALANCE

General Fund

Of the \$834,565 General Fund balance at December 31, 2021, \$195,723 is assigned for subsequent year's expenditures and \$638,842 is unassigned.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to Financial Statements
For the year ended December 31, 2021

NOTE 13: DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, District Wide Statement of Net position, a deficit in unrestricted net position of \$(2,638,451) existed as of December 31, 2021 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. If this was not required, the unrestricted net position before the net pension liability and net other postemployment benefit liability obligations and deferred outflows and inflows related to pensions and other postemployment benefits would be \$338,246 as of December 31, 2021. This deficit in unrestricted net position does not indicate that the District is facing financial difficulties.

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Budgetary Comparison Schedule
For the year ended December 31, 2021

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue:				
Other income	16,250	16,250	25,054	8,804
Total miscellaneous revenues	<u>16,250</u>	<u>16,250</u>	<u>25,054</u>	<u>8,804</u>
Operating grant revenues:				
Supplemental Fire Service Act	1,446	1,446	1,446	-
Total operating grant revenue	<u>1,446</u>	<u>1,446</u>	<u>1,446</u>	<u>-</u>
Total revenues	<u>17,696</u>	<u>17,696</u>	<u>26,500</u>	<u>8,804</u>
Amount raised by taxation to support district budget	2,428,011	2,428,011	2,428,011	-
Total anticipated revenues	<u>2,445,707</u>	<u>2,445,707</u>	<u>2,454,511</u>	<u>8,804</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	22,750	7,840	7,625	215
Fringe benefits	2,194	2,194	-	2,194
Other expenditures:				
Dues and subscriptions	1,050	8,660	7,662	998
Elections	770	770	15	755
Fire prevention	4,500	7,500	7,172	328
Office supplies and postage	10,000	10,000	6,058	3,942
Professional services	27,000	28,500	23,077	5,423
Advertising	1,250	1,250	-	1,250
Postage	940	940	649	291
Total administration:	<u>70,454</u>	<u>67,654</u>	<u>52,258</u>	<u>15,396</u>
Cost of operations and maintenance:				
Salaries and wages	1,335,250	1,335,250	1,236,478	98,772
Fringe benefits	861,427	785,427	663,396	122,031
Other expenditures:				
Training & education	12,000	9,000	2,426	6,574
Uniforms and personal equipment	17,750	20,630	20,350	280
Utilities	26,750	26,750	19,914	6,836
Hydrant rentals	45,700	45,700	40,738	4,962
Insurance	34,385	110,385	77,505	32,880
Building maintenance	40,000	40,000	2,751	37,249
Materials and supplies	<u>102,425</u>	<u>105,345</u>	<u>91,684</u>	<u>13,661</u>
Total cost of operations and maintenance:	<u>2,475,687</u>	<u>2,478,487</u>	<u>2,155,242</u>	<u>323,245</u>
Debt service for capital appropriations:				
Capital lease principal	51,890	51,890	51,890	-
Interest on capital leases	10,176	10,176	10,176	-
Total debt service for capital appropriations	<u>62,066</u>	<u>62,066</u>	<u>62,066</u>	<u>-</u>
Total operating appropriations	<u>2,608,207</u>	<u>2,608,207</u>	<u>2,269,566</u>	<u>338,641</u>
Excess (efficiency) of revenues over (under) expenditures	<u>(162,500)</u>	<u>(162,500)</u>	<u>184,945</u>	<u>347,445</u>
Fund balance, January 1	650,243	650,243	650,243	-
Fund balance, December 31	<u>\$ 487,743</u>	<u>\$ 487,743</u>	<u>\$ 835,188</u>	<u>\$ 347,445</u>

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 Nine Fiscal Years *

	Measurement Date Ended June 30,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.00108%	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	\$ 127,658	\$ 174,470	\$ 161,419	\$ 178,510	\$ 189,214	\$ 230,800	\$ 161,023	\$ 126,910	\$ 148,005
District's Covered-Employee Payroll	\$ 78,972	\$ 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	161.65%	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	70.33%	58.32%	56.27%	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 Nine Fiscal Years *

	Year Ended December 31,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Contractually Required Contribution	\$ 12,620	\$ 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	(12,620)	(11,704)	(9,018)	(9,018)	(7,530)	(6,923)	(6,167)	(5,588)	(5,835)
District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 88,552	\$ 78,972	\$ 77,424	\$ 69,784	\$ 63,664	\$ 56,312	\$ 54,680	\$ 44,178	\$ 42,871
District's Contributions as a Percentage of it's Covered-Employee Payroll	14.25%	14.82%	12.92%	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 Nine Fiscal Years *

	Measurement Date Ended June 30,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability	0.02824%	0.02642%	0.019222%	0.01965%	0.01857%	0.02104%	0.020666%	0.01856%	0.01655%
District's Proportionate Share of the Net Pension Liability	\$ 2,064,436	\$ 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	580,622	529,796	371,477	361,099	321,045	337,449	301,817	251,408	205,122
Total	\$ 2,645,058	\$ 3,943,533	\$ 2,724,055	\$ 3,019,491	\$ 3,187,302	\$ 4,355,885	\$ 3,743,422	\$ 2,586,106	\$ 2,405,712
District's Covered-Employee Payroll	\$ 928,206	\$ 910,006	\$ 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 its Covered-Employee Payroll	222%	375%	298%	399%	450%	622%	547%	380%	366%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.26%	63.52%	65.00%	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 Nine Fiscal Years *

	Year Ended December 31,								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's Contractually Required Contribution	\$ 329,180	\$ 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	(329,180)	(295,150)	(164,314)	(192,066)	(164,314)	(171,516)	(167,953)	(142,555)	(120,768)
District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 1,014,557	\$ 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	32.45%	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, 2021

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

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

Changes of Assumptions

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

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

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

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

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

Police and Firemen's Retirement System (PFRS)

Changes of Benefit Terms

None noted.

Changes of Assumptions

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

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

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

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

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Notes to the Required Supplementary Information
For the year ended December 31, 2021

Other Post-Employment Benefits (OPEB)

Changes of Benefit Terms

The increase in benefit terms from June 30, 2020 to June 30, 2021 was a result of employers adopting and or changing Chapter 48 provisions which provide different levels of subsidy than in the prior year

Differences Between Expected and Actual Experiences

The increase in differences between expected and actual experiences from June 30, 2020 to June 30, 2021 was a result of changes to the census, claims and premiums experience.

Changes of Assumptions

The increase in changes in assumptions from June 30, 2020 to June 30, 2021 is a result of a change in the discount rate, trend update, and the mortality projection scale update.

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

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

FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF BORDENTOWN
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the year ended December 31, 2021

Issue	Date of Lease	Term of Lease	Amount of Original Issue		Annual Maturities Date	Annual Maturities Amount	Interest Rate Payable	Balance			
			Principal	Interest				January 1, 2021	Retired	December 31, 2021	
Acquisition of new fire equipment	10/19/2015	10 Years	\$ 549,713	\$ 112,446	10/19/2022	53,783	3.59%	\$ 279,076	\$ 51,890	\$ 227,186	
					10/19/2023	55,744					
					10/19/2024	57,776					
					10/19/2025	59,882					
Total								\$ 279,076	\$ 51,890	\$ 227,186	

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, 2021. 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.

Budget Adoption

The State of New Jersey requires that the District's operating and capital budgets be approved and adopted for each fiscal year. The District approved its operating budget on December 15, 2020 and adopted its operating budget on January 5, 2021.

Current Year Findings

There were no current year findings.

Follow-Up of Prior Year's Findings

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

Acknowledgment

We received the complete cooperation of all the staff of the District and we greatly appreciate the courtesies extended to the members of the audit team. During our audit, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions, please contact us.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

January 17, 2023
Lakewood, New Jersey