

**FIRE DISTRICT NO. 1
BOROUGH OF PINE HILL, NEW JERSEY
REPORT OF AUDIT
WITH SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED
DECEMBER 31, 2023**

**FIRE DISTRICT NO. 1
BOROUGH OF PINE HILL, NEW JERSEY**

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BOROUGH OF PINE HILL, NEW JERSEY**

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FIRE DISTRICT NO. 1
BOROUGH OF PINE HILL, NEW JERSEY
Roster of Officials and Surety Bonds

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Board of Commissioners		
Kevin Waddington	Chairman/Treasurer	(A)
Charles Warrington	Vice-Chairman (through 12/7/2023)	(A)
Michael Hagarty	Commissioner	(A)
Thomas Hassett	Commissioner	(A)
James Wakeley	Commissioner	(A)
Christopher Harris	Commissioner (effective 12/7/2023)	(A)
John Campanella	Business Administrator	(A)

(A) Crime Policy – Crime coverage including \$1,000,000.00 through MELJIF.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1
Borough of Pine Hill
Pine Hill, New Jersey 08021

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Borough of Pine Hill Fire District No. 1, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Borough of Pine Hill Fire District No. 1, in the County of Camden, State of New Jersey, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire District's basic financial statements. The accompanying major fund supporting statements and schedules are presented for purposes of additional analysis, as required by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying major fund supporting statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2024 on our consideration of the Borough of Pine Hill Fire District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Pine Hill Fire District No. 1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Pine Hill Fire District No. 1's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
October 8, 2024

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

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1
Borough of Pine Hill
Pine Hill, New Jersey 08021

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund of the Borough of Pine Hill Fire District No. 1, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued our report thereon dated October 8, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Pine Hill Fire District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
October 8, 2024

REQUIRED SUPPLEMENTARY INFORMATION
PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Management's Discussion and Analysis For the Year Ended December 31, 2023 (Unaudited)

As management of the Borough of Pine Hill Fire District No. 1 (hereafter referred to as the "Fire District"), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole; readers should also review the information furnished in the notes to the basic financial statements and financial statements to enhance their understanding of the Fire District's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the Fire District, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$1,029,425.80 at the close of the current year.
- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of \$1,566,720.00, an increase of \$114,563.41 in comparison with the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$1,128,458.96, an increase of approximately 3% from that of the prior year.
- The Fire District's total financed purchases decreased by budgeted payments in the amount of \$52,111.95.

USING THIS REPORT OF AUDIT

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

Reporting the Fire District as a Whole

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

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

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

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

USING THIS REPORT OF AUDIT (CONT'D)

Reporting the Fire District's Most Significant Funds

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

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

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

THE FIRE DISTRICT AS A WHOLE

During 2023, the Fire District's net position increased by \$38,834.85 to \$1,029,425.80 from \$990,590.95 in 2022. Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the Fire District's governmental-type activities.

In total, assets of governmental activities increased by \$56,397.29, deferred outflows of resources increased by \$128,719.00, liabilities increased by \$217,229.44, and deferred inflows of resources decreased by \$70,948.00. The changes in deferred outflows of resources, liabilities, and deferred inflows of resources are directly related to the implementation of GASBS No. 68 and GASBS No. 71 (pension – see note 6).

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

THE FIRE DISTRICT AS A WHOLE (CONT'D)

TABLE 1
NET POSITION

	<u>2023</u>	<u>2022</u>
Assets:		
Current and Other Assets	\$ 1,581,560.99	\$ 1,469,410.82
Capital Assets	<u>292,437.14</u>	<u>348,190.02</u>
Total Assets	<u>1,873,998.13</u>	<u>1,817,600.84</u>
Deferred Outflows of Resources	<u>677,310.00</u>	<u>548,591.00</u>
Liabilities:		
Long-term Liabilities	1,196,736.75	1,025,493.33
Other Liabilities	<u>204,959.58</u>	<u>158,973.56</u>
Total Liabilities	<u>1,401,696.33</u>	<u>1,184,466.89</u>
Deferred Inflows of Resources	<u>120,186.00</u>	<u>191,134.00</u>
Net Position:		
Net Investment in Capital Assets	238,662.87	242,303.80
Restricted	315,495.76	300,000.00
Unrestricted	<u>475,267.17</u>	<u>448,287.15</u>
Total Net Position	<u>\$ 1,029,425.80</u>	<u>\$ 990,590.95</u>

Approximately twenty-three percent (23%) or \$238,662.87 of the Fire District's net position at the end of the current year reflects its net investment in capital assets (i.e., vehicles and equipment). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Fire District uses these assets to provide firefighting services to the citizens of the Borough of Pine Hill; consequently, these assets are not available for future spending. Although the Fire District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the Fire District's operating budget since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the Fire District's net position, \$315,495.76, represents resources that are restricted. This consists of amounts restricted for future capital outlays, which require the approval of the voters of the Fire District.

The third and final component of the net position is unrestricted. The unrestricted net position at year-end is \$475,267.17. This component represents resources and uses that do not meet the criteria of the other components of net position.

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

THE FIRE DISTRICT AS A WHOLE (CONT'D)

Table 2 shows the cost of the governmental activities program services and the charges for services and grants offsetting those services. Key elements of the increase in governmental activities are as follows:

**TABLE 2
CHANGES IN NET POSITION**

	<u>2023</u>	<u>2022</u>
Expenses:		
Operating Appropriations:		
Administration	\$ 318,353.87	\$ 291,497.50
Cost of Operations and Maintenance	1,198,790.19	1,051,091.61
Operating Appropriations Offset with Revenues	43,786.22	40,728.47
Interest on Long-Term Debt	2,131.03	3,780.52
Total Program Expenses	<u>1,563,061.31</u>	<u>1,387,098.10</u>
Program Revenues:		
Charges for Services	23,586.78	26,884.33
Operating Grants and Contributions	183,879.92	107,153.53
Net Program Expenses	<u>1,355,594.61</u>	<u>1,253,060.24</u>
General Revenues:		
Taxes:		
Property Taxes, Levied for General Purposes	1,344,178.44	1,262,461.28
Taxes Levied for Debt Service	55,489.72	55,489.72
Unrestricted Miscellaneous Income	14,339.44	14,436.08
Loss on Disposal of Capital Assets	(19,578.14)	-
Total General Revenues	<u>1,394,429.46</u>	<u>1,332,387.08</u>
Change in Net Position	38,834.85	79,326.84
Net Position, January 1	<u>990,590.95</u>	<u>911,264.11</u>
Net Position, December 31	<u>\$ 1,029,425.80</u>	<u>\$ 990,590.95</u>

During 2023, the Fire District's general and program revenues increased by \$135,471.22, from \$1,466,424.94 in 2022 to \$1,601,896.16 in 2023.

In regard to expenses, the Fire District experienced an increase of \$175,963.21, from \$1,387,098.10 in 2022 to \$1,563,061.31 in 2023. The increase in expenditures is primarily attributable to the increase in costs of operations and maintenance expenses in 2023.

Property taxes constituted approximately ninety-nine percent (99%) of total revenues for governmental activities for the Fire District for the year 2023.

Cost of operations and maintenance comprised approximately seventy-seven percent (76.7%) of Fire District expenses, with administration comprising approximately twenty percent (20.4%) of total expenses. Interest on long-term debt comprised less than one percent (0.1%) of total expenses and the remaining three percent (2.8%) resulted from operating appropriations offset with revenues.

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

THE FIRE DISTRICT'S FUNDS

As the Fire District completed the year, its governmental funds reported a *combined* fund balance of \$1,566,720.00, which is higher than last year's total of \$1,452,156.59. Of the combined ending fund balances of \$1,566,720.00, approximately seventy-two percent (72%) constitutes unassigned fund balance in the amount of \$1,128,458.96. The remainder of fund balance is assigned or restricted to indicate that it is not available for new spending because it has already been assigned as follows: (1) restricted for voter-approved capital projects (\$315,495.76), (2) designated for subsequent year's expenditures (\$115,708.68) and (3) other purposes (\$7,056.60).

General fund - The general fund is the general operating fund of the Fire District and is used to account for the inflows and outflows of its financial resources. The acquisition of certain capital assets, such as firefighting and emergency medical apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current year, unassigned fund balance of the general fund was \$1,128,458.96.

During the current year, the fund balance of the Fire District's general fund increased by \$114,563.41. The primary factor affecting the fund balance of the general fund was the positive variances in the operating budget appropriations.

Special revenue fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Fire District did not have any activity in this fund during the current year.

Capital projects fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities such as fire houses, firefighting apparatus, and equipment. Generally, the financial resources of the capital projects fund are derived from the issuance of debt or by the utilization of fund balance, which must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The Fire District did not have any activity in this fund during the current year.

Debt service fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. For the current year, the Fire District expended \$52,111.95 and \$3,377.77, representing the payment of principal and interest, respectively.

General Fund Budgetary Highlights

During the months of November and December of the current year, the Fire District modified its general fund budget through budgetary line-item transfers approved by the governing body.

The final budgetary basis revenue estimate was \$1,540,973.16. In the current year, the Fire District budgeted \$1,344,178.16 for property taxes (local tax levy).

The final budgetary basis expenditure appropriation estimate was \$1,597,200.40.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Fire District's net investment in capital assets for its governmental activities as of December 31, 2023 amounts to a historical cost of \$2,497,791.29, or \$292,437.14 net of accumulated depreciation (see Table 3 below). This net investment in capital assets includes vehicles and fire equipment. Net capital assets decreased by \$55,752.88 in 2023 from 2022.

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

TABLE 3
CAPITAL ASSETS AT YEAR END
(NET OF ACCUMULATED DEPRECIATION)

	<u>2023</u>	<u>2022</u>
Vehicles	\$ 186,431.80	\$ 162,984.40
Fire Equipment	<u>106,005.34</u>	<u>185,205.62</u>
Total	<u><u>\$ 292,437.14</u></u>	<u><u>\$ 348,190.02</u></u>

Major capital asset events during the year include the following:

- The Fire District had depreciation expense of \$101,168.98 during 2023.
- The Fire District acquired \$10,490.00 in firefighting equipment during 2023.
- The Fire District acquired \$54,504.24 in vehicles during 2023.

Additional information on the Fire District's capital assets can be found in note 4.

Debt

Financed Purchases. At the end of the current year, the Fire District had one financed purchase outstanding in the amount of \$53,774.27. The 2023 adopted budget had an appropriation of \$52,112.00 representing the payment of the annual principal on the financed purchases (refer to audit exhibit I-1, schedule of financed purchases, for more detail).

Compensated Absences. At the end of the current year, the liability for compensated absences was \$37,621.48. Compensated absences are those absences for which employees will be paid. Additional information on compensated absences can be found in note 8.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2023 year, the Fire District was able to sustain its budget through property taxes, uniform fire safety act annual registration fees, interest on investments and deposits, and other miscellaneous revenue sources. Approximately ninety-nine percent (99%) of total revenue is from property taxes and one percent (1%) of the Fire District's revenue is from miscellaneous revenue sources. The 2024 budget was adopted in January 2024 by the Commissioners.

CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Fire District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fire District Business Administrator, at the Borough of Pine Hill Fire District No. 1, 1109 Erial Road, Pine Hill, New Jersey 08021.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Statement of Net Position

December 31, 2023

ASSETS:

Cash and Cash Equivalents	\$ 1,581,560.99
Capital Assets, net (Note 4)	<u>292,437.14</u>
Total Assets	<u>1,873,998.13</u>

DEFERRED OUTFLOW OF RESOURCES:

Related to Pensions	<u>677,310.00</u>
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LIABILITIES:

Accounts Payable:	
Other	14,840.99
Pensions	125,888.00
Accrued Liabilities:	
Interest Payable	1,286.59
Pensions	62,944.00
Noncurrent Liabilities (Note 5):	
Due within One Year	53,774.27
Due beyond One Year	<u>1,142,962.48</u>
Total Liabilities	<u>1,401,696.33</u>

DEFERRED INFLOW OF RESOURCES:

Related to Pensions	<u>120,186.00</u>
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NET POSITION:

Net Investment in Capital Assets	238,662.87
Restricted for:	
Future Capital Outlays	315,495.76
Unrestricted	<u>475,267.17</u>
Total Net Position	<u>\$ 1,029,425.80</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1Statement of Activities
For the Year Ended December 31, 2023

Expenses:

Operating Appropriations:

Administration	\$ 318,353.87
Cost of Operations and Maintenance	1,198,790.19
Operating Appropriations Offset with Revenues	43,786.22
Interest on Long-Term Debt	<u>2,131.03</u>
Total Program Expenses	<u>1,563,061.31</u>

Program Revenues:

Charges for Services	23,586.78
Operating Grants and Contributions	<u>183,879.92</u>
Net Program Expenses	<u>1,355,594.61</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	1,344,178.44
Taxes Levied for Debt Service	55,489.72
Miscellaneous Income	14,339.44
Loss on Disposal of Capital Assets	<u>(19,578.14)</u>
Total General Revenues	<u>1,394,429.46</u>

Change in Net Position	38,834.85
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Net Position, January 1	<u>990,590.95</u>
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Net Position, December 31	<u>\$ 1,029,425.80</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Balance Sheet
Governmental Funds
December 31, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 1,581,560.99				\$ 1,581,560.99
Total Assets	\$ 1,581,560.99	\$ -	\$ -	\$ -	\$ 1,581,560.99
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 14,840.99				\$ 14,840.99
Total Liabilities	14,840.99	-	-	-	14,840.99
Fund Balances:					
Restricted:					
Future Capital Outlays	315,495.76				315,495.76
Assigned:					
Subsequent Year's Expenditures	115,708.68				115,708.68
Other Purposes	7,056.60				7,056.60
Unassigned	1,128,458.96				1,128,458.96
Total Fund Balances	1,566,720.00	-	-	-	1,566,720.00
Total Liabilities and Fund Balances	\$ 1,581,560.99	\$ -	\$ -	\$ -	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,608,884.82 and the accumulated depreciation is \$2,316,447.68.

\$ 292,437.14

Deferred outflows and deferred inflows related to pensions represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements.

557,124.00

Accounts payable and accrued expenses related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements.

(188,832.00)

Accrued interest payable is not due and payable in the current period and, therefore, is not reported as liabilities in the funds.

(1,286.59)

Long-term liabilities, such as obligations under financed purchases, compensated absences and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(1,196,736.75)

Net position of governmental activities

\$ 1,029,425.80

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Operating Grant Revenue	\$ 165,320.92				\$ 165,320.92
Miscellaneous Revenues Offset with Appropriations	23,586.78				23,586.78
Amount to be Raised by Taxation to Support the District Budget	1,344,178.44			\$ 55,489.72	1,399,668.16
Non-Budgetary Revenues	<u>14,339.44</u>				<u>14,339.44</u>
Total Revenues	<u>1,547,425.58</u>	<u>-</u>	<u>-</u>	<u>55,489.72</u>	<u>1,602,915.30</u>
EXPENDITURES:					
Operating Appropriations:					
Administration	286,387.24				286,387.24
Cost of Operations and Maintenance	1,056,253.47				1,056,253.47
Operating Appropriations Offset with Revenues	25,227.22				25,227.22
Capital Outlay	64,994.24				64,994.24
Debt Service:					
Principal				52,111.95	52,111.95
Interest and Other Charges				<u>3,377.77</u>	<u>3,377.77</u>
Total Expenditures	<u>1,432,862.17</u>	<u>-</u>	<u>-</u>	<u>55,489.72</u>	<u>1,488,351.89</u>
Excess (Deficiency) of Revenues over Expenditures	<u>114,563.41</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,563.41</u>
Net Change in Fund Balances	114,563.41	-	-	-	114,563.41
Fund Balance, January 1	<u>1,452,156.59</u>			<u>-</u>	<u>1,452,156.59</u>
Fund Balance, December 31	<u>\$ 1,566,720.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,566,720.00</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2023

Total Net Change in Fund Balances - Governmental Funds	\$ 114,563.41
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Revenue recognized from non-employer special funding situations with pension plans (long-term liability) is not recognized as revenue in the fund financial statements but is recognized as revenue from contributions in the statement of activities.	
	18,559.00
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	\$ (101,168.98)
Loss on Disposal of Capital Assets	(19,578.14)
Capital Outlays	<u>64,994.24</u>
	(55,752.88)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	
	52,111.95
In the statement of activities, certain operating expenses, (e.g., compensated absences, pension, interest on debt), are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).	
	<u>(90,646.63)</u>
Change in Net Position of Governmental Activities	<u>\$ 38,834.85</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Notes to Financial Statements
For the Year Ended December 31, 2023

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Pine Hill Fire District No. 1 (the "Fire District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The Fire District is a political subdivision of the Borough of Pine Hill (the "Borough"), Camden County, New Jersey. The Township is comprised of an area of approximately 4.1 square miles. It is bounded by the Boroughs of Berlin and Clementon and the Townships of Gloucester and Winslow. As of the 2020 United States Census, the Borough's population was 10,743. The Fire District was formed in January of 1988 through the adoption of a Borough ordinance. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years following the vote held at the annual election.

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

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

Government-wide and Fund Financial Statements

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

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes (ad valorem) are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount certified, prior to the end of the fire district year. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The Fire District is entitled to receive moneys under the following established payment schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

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

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

The Fire District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in another fund. The acquisition of certain capital assets, such as firefighting apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures.

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

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

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

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

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

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

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

Budgets / Budgetary Control

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

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

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

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

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

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

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

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

Inventories

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

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

Inventories recorded on the government-wide financial statements are recorded as expenses when consumed rather than when purchased. The Fire District did not have any significant inventory as of December 31, 2023.

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

Lease receivables recorded on the government-wide financial statements and in the governmental funds represents a contract that conveys control of the right to use the Fire District's (lessor) nonfinancial asset. At the commencement of the lease term, the lessor recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The Fire District was not a lessor during the year ended December 31, 2023.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2023. The Fire District had no prepaid expenses as of December 31, 2023.

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

Capital assets represent the cumulative amount of capital assets used by the Fire District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position. Intangible right to use assets (lease and subscription assets) are recorded as expenditures in the governmental fund financial statements. Lease assets are measured on the government-wide statement of net position at the amount of the initial measurement of the related lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subscription assets are recorded as expenditures in the governmental fund financial statements. Subscription assets are measured on the government-wide statement of net position at the amount of the initial measurement of the related subscription liability, plus any payments associated with the arrangement made to the vendor at the commencement of the subscription term and capitalizable initial implementation costs. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The Fire District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the useful life of the assets. Lease and subscription assets are amortized in a systematic and rational manner over the shorter of the lease and subscription term or the useful life of the underlying assets:

The useful lives of the Fire District's capital assets are as follows:

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

The Fire District does not possess any infrastructure assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources**

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

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

Unearned Revenue

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

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

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

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

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

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

Fund Balance

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

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

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

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

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

Assigned - The assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by the Board of Fire Commissioners.

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

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

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

Interfund Activity

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

Accounting Estimates

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

Impact of Recently Issued Accounting Principles**Recently Issued Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following statement that has an effective date that may affect future financial presentations:

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Fire District in the year ending December 31, 2024. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Fire District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation ("FDIC").

Note 2: CASH AND CASH EQUIVALENTS**Custodial Credit Risk Related to Deposits (Cont'd)**

Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2023, the Fire District's bank balances of \$1,592,798.84 were insured by FDIC and GUPDA.

Note 3: PROPERTY TAX LEVIES

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

<u>Year</u>		<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Tax Rate</u>
2023	\$	443,883,300.00	\$ 1,399,668.16	\$.316
2022		443,409,100.00	1,317,951.00	.298
2021		422,939,569.00	1,234,077.00	.292
2020		420,423,247.00	1,186,158.00	.283
2019		420,067,855.00	1,135,666.00	.271

Note 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 is as follows:

	<u>Balance Jan. 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance Dec. 31, 2023</u>
Capital Assets, being Depreciated:				
Vehicles	\$ 2,170,128.16	\$ 54,504.24	\$ (42,639.46)	\$ 2,181,992.94
Fire Equipment	506,950.26	10,490.00	(90,548.38)	426,891.88
Total Capital Assets, being Depreciated	<u>2,677,078.42</u>	<u>64,994.24</u>	<u>(133,187.84)</u>	<u>2,608,884.82</u>
Total Capital Assets, Cost	<u>2,677,078.42</u>	<u>64,994.24</u>	<u>(133,187.84)</u>	<u>2,608,884.82</u>
Less Accumulated Depreciation for:				
Vehicles	(2,007,143.76)	(65,162.46)	76,745.08	(1,995,561.14)
Fire Equipment	(321,744.64)	(36,006.52)	36,864.62	(320,886.54)
Total Accumulated Depreciation	<u>(2,328,888.40)</u>	<u>(101,168.98) *</u>	<u>113,609.70</u>	<u>(2,316,447.68)</u>
Capital Assets, Net	<u>\$ 348,190.02</u>	<u>\$ (36,174.74)</u>	<u>\$ (19,578.14)</u>	<u>\$ 292,437.14</u>

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

Cost of Operations and Maintenance	<u>\$ 101,168.98</u>
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Note 5: LONG-TERM LIABILITIES

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

	<u>Balance</u> <u>Jan. 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Due within</u> <u>One Year</u>
Other Liabilities:					
Financed Purchase	\$ 105,886.22		\$ (52,111.95)	\$ 53,774.27	\$ 53,774.27
Compensated Absences	38,615.11	\$ 1,422.28	(2,415.91)	37,621.48	
Net Pension Liability	880,992.00	972,631.00	(748,282.00)	1,105,341.00	
Governmental Activities Long-Term Liabilities	<u>\$ 1,025,493.33</u>	<u>\$ 974,053.28</u>	<u>\$ (802,809.86)</u>	<u>\$ 1,196,736.75</u>	<u>\$ 53,774.27</u>

Financed Purchases - The Fire District's payments on financed purchases are budgeted and paid from the general fund on an annual basis.

As of December 31, 2023, the Fire District is financing one (1) E-One Rescue Pumper with a total cost of \$562,440.00. The agreement is for a term of ten (10) years with an interest rate of 3.190%. The final maturity of the financed purchase is April 1, 2024.

The following is a schedule of the remaining future minimum payments under the financed purchases, and the present value of the net minimum payments at December 31, 2023:

<u>Year Ending</u> <u>Dec. 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 53,774.27</u>	<u>\$ 1,715.45</u>	<u>\$ 55,489.72</u>

Financed purchases are depreciated in a manner consistent with the Fire District's depreciation policy for owned assets.

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 8 for a description of the Fire District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 6. The Fire District's annual required contributions to Public Employees' Retirement System and Police and Firemen's Retirement System are budgeted and paid from the general fund on an annual basis.

Note 6: PENSION PLANS

A substantial number of the Fire District's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, certain Fire District employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This Plan is administered by Empower (formerly Prudential Financial) for the New Jersey Division of Pensions and Benefits. Each Plan has a Board of Trustees that is primarily responsible for its administration.

Note 6: PENSION PLANS (CONT'D)

The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS and PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

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

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

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

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

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of P.L. 2007, c. 92 and P.L. 2007, c. 103, and expanded under the provisions of P.L. 2008, c. 89 and P.L. 2010, c. 1. The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d).

Defined Contribution Retirement Program (Cont'd) - The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are state or local officials who are elected or appointed on or after July 1, 2007; employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (PFRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

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

Special Funding Situation Component - Under N.J.S.A. 43:15A, 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. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

The Fire District's contractually required contribution rate for the year ended December 31, 2023 was 15.26% of the Fire District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2023, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2023 is \$23,838.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2022 was \$20,319.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were \$11,715.64.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)****Public Employees' Retirement System (Cont'd) -**

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Fire District, under Chapter 133, P.L. 2001, for the year ended December 31, 2023 was .52% of the Fire District's covered payroll.

Based on the most recent PERS measurement date of June 30, 2023, the State's contractually required contribution, under Chapter 133, P.L. 2001, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2023 was \$806.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2022 was \$512.00, which was paid on April 1, 2023.

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

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

The Fire District's contractually required contribution rate for the year ended December 31, 2023 was 34.00% of the Fire District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2023, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2023 is \$102,050.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2022 was \$72,471.00, which was paid on April 1, 2023.

Employee contributions to the Plan for the year ended December 31, 2023 were \$30,016.40.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Fire District, for the year ended December 31, 2023 was 5.95% of the Fire District's covered payroll.

Note 6: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)****Police and Firemen's Retirement System (Cont'd) -**

Based on the most recent PFRS measurement date of June 30, 2023, the State's contractually required contribution, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2023 was \$17,848.00, and is payable by April 1, 2024. For the prior year measurement date of June 30, 2022, the State's contractually required contribution, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2022 was \$14,132.00, which was paid on April 1, 2023.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, Plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Fire District contributes 3% of the employees' base salary, for each pay period.

For the year ended December 31, 2023, employee contributions totaled \$1,923.25, and the Fire District's contributions were \$1,416.23. There were no forfeitures during the year.

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

Pension Liability - As of December 31, 2023, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Fire District's proportionate share of the PERS net pension liability was \$258,340.00. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2023 measurement date, the Fire District's proportion was .0017835775%, which was an increase of .0001722987% from its proportion measured as of June 30, 2022.

Pension (Benefit) Expense - For the year ended December 31, 2023, the Fire District's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date, was \$770.00.

For the year ended December 31, 2023, the State's proportionate share of the PERS pension (benefit) expense, associated with the Fire District, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2023 measurement date, was \$806.00. This on-behalf expense has been recognized by the Fire District in the government-wide financial statements.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)****Police and Firemen's Retirement System (Cont'd)**

Pension Liability - As of December 31, 2023, the Fire District's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Proportionate Share of Net Pension Liability	\$ 847,001.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Employer	156,070.00
	<u>\$ 1,003,071.00</u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2023 measurement date, the Fire District's proportion was .0076660100%, which was an increase of .0020936900% from its proportion measured as of June 30, 2022. Likewise, as of June 30, 2023 the State of New Jersey's proportion, on-behalf of the Fire District, was .0076658500%, which was an increase of .0020935400% from its proportion, on-behalf of the Fire District, measured as of June 30, 2022.

Pension (Benefit) Expense - For the year ended December 31, 2023, the Fire District's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2023 measurement date, was \$166,361.00.

For the year ended December 31, 2023, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Fire District, calculated by the Plan as of the June 30, 2023 measurement date, was \$17,753.00. This on-behalf expense has been recognized by the Fire District in the government-wide financial statements.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2023, the Fire District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between Expected and Actual Experience	\$ 2,470.00	\$ 36,267.00	\$ 38,737.00	\$ 1,056.00	\$ 40,394.00	\$ 41,450.00
Changes of Assumptions	568.00	1,828.00	2,396.00	15,657.00	57,193.00	72,850.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,190.00	43,136.00	44,326.00	-	-	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	57,143.00	471,764.00	528,907.00	5,802.00	84.00	5,886.00
Contributions Subsequent to the Measurement Date	11,919.00	51,025.00	62,944.00	-	-	-
	<u>\$ 73,290.00</u>	<u>\$ 604,020.00</u>	<u>\$ 677,310.00</u>	<u>\$ 22,515.00</u>	<u>\$ 97,671.00</u>	<u>\$ 120,186.00</u>

Deferred outflows of resources in the amounts of \$11,919.00 and \$51,025.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2024. These amounts were based on an estimated April 1, 2025 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2023 to the Fire District's year end of December 31, 2023.

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2018	-	5.63	5.73	-
June 30, 2019	5.21	-	-	5.92
June 30, 2020	5.16	-	5.90	-
June 30, 2021	-	5.13	-	6.17
June 30, 2022	-	5.04	6.22	-
June 30, 2023	5.08	-	6.16	-
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2018	-	5.63	-	5.73
June 30, 2019	-	5.21	-	5.92
June 30, 2020	-	5.16	-	5.90
June 30, 2021	5.13	-	6.17	-
June 30, 2022	-	5.04	-	6.22
Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2019	5.00	-	5.00	-
June 30, 2020	5.00	-	5.00	-
June 30, 2021	5.00	-	5.00	-
June 30, 2022	5.00	-	5.00	-
June 30, 2023	5.00	-	5.00	-
Changes in Proportion				
Year of Pension Plan Deferral:				
June 30, 2018	5.63	5.63	5.73	5.73
June 30, 2019	5.21	5.21	5.92	5.92
June 30, 2020	5.16	5.16	5.90	5.90
June 30, 2021	5.13	5.13	6.17	6.17
June 30, 2022	5.04	5.04	6.22	6.22
June 30, 2023	5.08	5.08	6.16	6.16

Note 6: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

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

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2024	\$ 10,633.00	\$ 87,425.00	\$ 98,058.00
2025	5,255.00	86,184.00	91,439.00
2026	18,646.00	144,861.00	163,507.00
2027	3,834.00	78,968.00	82,802.00
2028	488.00	51,207.00	51,695.00
Thereafter	-	6,679.00	6,679.00
	<u>\$ 38,856.00</u>	<u>\$ 455,324.00</u>	<u>\$ 494,180.00</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuation as of July 1, 2022. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2023. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>PFRS</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75% - 6.55%	3.25% - 16.25%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021	July 1, 2018 - June 30, 2021

Note 6: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

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

Police and Firemen's Retirement System

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-US Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Note 6: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Discount Rate -**

For both PERS and PFRS, the discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Fire District's proportionate share of the net pension liability as of the June 30, 2023 measurement date, calculated using a discount rate of 7.00%, as well as what the Fire District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	\$ 336,304.00	\$ 258,340.00	\$ 191,983.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Fire District's annual required contribution. As such, the net pension liability as of the June 30, 2023 measurement date for the Fire District and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability	\$ 1,180,147.00	\$ 847,001.00	\$ 569,569.00
State of New Jersey's Proportionate Share of Net Pension Liability	217,456.00	156,070.00	104,950.00
	<u>\$ 1,397,603.00</u>	<u>\$ 1,003,071.00</u>	<u>\$ 674,519.00</u>

Pension Plan Fiduciary Net Position

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

Note 7: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance - The Fire District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contribution Method". Under this plan, a contribution rate is established annually for the Fire District's share of unemployment tax. The rate is based on cost experience for all government employees.

Joint Insurance Fund - The Fire District is a member of the First Responder Joint Insurance Fund. The Fund provides its members with the following coverage:

Workers' Compensation including Employer's Liability
General Liability including Police Professional and Employee Benefit Liability
Automobile Liability
Blanket Crime including Public Employee Dishonesty
Property Including Boiler and Machinery
Public Officials and Employment Practices Liability
Volunteer Directors and Officers Liability
Cyber Liability

The following coverages are provided to the Fund's member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Excess Workers' Compensation
Excess General Liability
Non-Owned Aircraft Liability
Excess Auto Liability
Fidelity and Performance (Blanket)
Excess Property including Boiler and Machinery
Crime including Excess Public Employee and Public Official Coverage

Environmental Impairment Liability coverage is provided to the Fund's member local units by the Fund's membership in the New Jersey Municipal Environmental Risk Management Fund.

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fire District's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund, which is an insurance pool formed by all the other joint insurance funds.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report which can be obtained from:

First Responder Joint Insurance Fund
51 Everett Drive, Suite B-40
West Windsor, New Jersey 08550

Note 8: COMPENSATED ABSENCES

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

The Career Firefighters accumulate sick days according to the contract guidelines and can be accrued with no limit. The Career Firefighters at the time of termination after achieving twenty-five (25) years of service, reaching fifty-five (55) years of age, death or retirement due to disability, will be paid for all accumulated time at the rate of pay in effect at departure. In the case of a departure not previously described, the employee will not be compensated for accumulated sick time. Unused vacation time can be carried over to the succeeding year only, and the employees can sell back up to five (5) unused vacation days in the year accumulated. At the time of separation, the employees can receive payment for unused time on a prorated basis.

Part-time employees are not compensated for absences.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of December 31, 2023, the liability for compensated absences reported on the government-wide statement of net position was \$37,621.48.

Note 9: CONCENTRATIONS

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

Note 10: FUND BALANCES APPROPRIATED - GENERAL FUND

The 2024 annual budget of the Fire District was adopted on January 4, 2024, and subsequently approved by the voters at the annual election held on February 17, 2024. The adopted budget utilized \$115,708.68 of unrestricted fund balance in the general fund.

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

<u>Year</u>	<u>Balance Dec. 31</u>	<u>Utilization in Subsequent Budget</u>
2023	\$ 1,566,720.00	\$ 115,708.68
2022	1,452,156.59	55,669.24
2021	1,336,591.42	50,000.00
2020	1,261,423.60	60,000.00
2019	1,154,029.16	100,000.00

Note 11: FUND BALANCES**RESTRICTED**

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

General Fund -

Capital Projects (Future Capital Outlays) - These funds are restricted for future capital expenditures to be made in future years. When the Fire District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation. As of December 31, 2023, the balance is \$315,495.76.

ASSIGNED

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

General Fund

For Subsequent Year's Expenditures - The Fire District has appropriated and included as an anticipated revenue for the year ending December 31, 2024, \$115,708.68 of general fund balance at December 31, 2023.

Other Purposes - As of December 31, 2023, the Fire District had \$7,056.60 of encumbrances outstanding for purchase orders and contracts signed by the Fire District, but not completed, as of the close of the year.

UNASSIGNED

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

General Fund - As of December 31, 2023, \$1,128,458.96 of general fund balance was unassigned.

REQUIRED SUPPLEMENTARY INFORMATION
PART II
BUDGETARY COMPARISON SCHEDULES

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Operating Grant Revenue:					
Supplemental Fire Services Grant (P.L. 1985, Ch. 295)	\$ 3,945.00		\$ 3,945.00	\$ 3,945.00	
Safer Grant (FEMA)	115,850.00		115,850.00	120,018.92	\$ 4,168.92
American Rescue Plan Firefighter Grant	42,000.00		42,000.00	41,357.00	(643.00)
Total Operating Grant Revenues	161,795.00	-	161,795.00	165,320.92	3,525.92
Miscellaneous Revenues Offset with Appropriations					
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Annual Registration Fees	35,000.00		35,000.00	23,586.78	(11,413.22)
Amount to be Raised by Taxation to Support the District Budget	1,344,178.16		1,344,178.16	1,344,178.44	0.28
Total Anticipated Revenues	1,540,973.16	-	1,540,973.16	1,533,086.14	(7,887.02)
Non-Budgetary Revenues:					
Miscellaneous Revenues Not Anticipated				14,339.44	14,339.44
Total Non-Budgetary Revenues	-	-	-	14,339.44	14,339.44
Total Revenues	1,540,973.16	-	1,540,973.16	1,547,425.58	6,452.42
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salary and Wages:					
Commissioners	13,000.00		13,000.00	13,000.00	
Administrator - Fire District	154,232.40		154,232.40	153,932.38	300.02
Fringe Benefits	72,634.64		72,634.64	35,885.89	36,748.75
Other Expenses:					
Election	1,200.00	\$ (900.96)	299.04		299.04
Training and Education	8,200.00		8,200.00	2,678.42	5,521.58
Physicals & Drug Testing - Prof. Service	8,058.00	701.20	8,759.20	8,759.20	
Office Expenses	4,500.00	199.76	4,699.76	4,699.76	
Professional Services	39,900.00		39,900.00	32,325.00	7,575.00
Utilities & Phone	4,500.00		4,500.00	3,673.18	826.82

(Continued)

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Budgetary Comparison Schedule

General Fund

For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
Operating Appropriations (Cont'd):					
Administration (Cont'd):					
Computer Maintenance and Support	\$ 26,000.00		\$ 26,000.00	\$ 23,986.12	\$ 2,013.88
Payroll Administrative Costs	5,000.00		5,000.00	4,538.47	461.53
Other	1,000.00		1,000.00	65.00	935.00
Other Assets, Non-Bondable	25,000.00		25,000.00	2,843.82	22,156.18
Total Administration	363,225.04	\$ -	363,225.04	286,387.24	76,837.80
Cost of Operations and Maintenance:					
Salary and Wages:					
Firefighters	337,510.00		337,510.00	337,510.00	
Overtime & Sick time Buyback	40,000.00		40,000.00	15,313.40	24,686.60
Fringe Benefits	236,606.36		236,606.36	217,384.13	19,222.23
Other Expenses:					
Duty Crew Meals	10,400.00	(308.00)	10,092.00	10,092.00	
Generator Maintenance & Repairs	1,500.00		1,500.00	1,000.00	500.00
Advertising	1,700.00		1,700.00	707.23	992.77
Insurance	110,000.00		110,000.00	106,357.00	3,643.00
Maintenance and Repairs	48,000.00	(5,635.70)	42,364.30	35,307.70	7,056.60
Professional Services	3,000.00	(354.97)	2,645.03	2,645.03	
Rental Payments	98,000.00		98,000.00	98,000.00	
Supplies Expense	24,500.00	(2,739.01)	21,760.99	21,760.99	
Training and Education	17,000.00	3,437.16	20,437.16	20,437.16	
Uniforms	16,750.00	751.10	17,501.10	17,501.10	
Licenses & Permits	200.00	(18.00)	182.00	182.00	
Smoke Detector Promo Program	3,000.00	(1,899.29)	1,100.71	1,100.71	
American Rescue Plan Grant Funds	42,000.00		42,000.00	42,000.00	
SFSP - Equipment	3,945.00	(267.06)	3,677.94	3,677.94	
Firefighter Stipends	96,264.00	16,271.06	112,535.06	112,535.06	
Apparatus & Equipment	14,800.00	(1,411.23)	13,388.77	13,388.77	
Copier	1,800.00		1,800.00	1,051.44	748.56
Utilities	4,500.00	(2,839.12)	1,660.88	1,660.88	
Miscellaneous	2,000.00	1,952.93	3,952.93	3,952.93	
Personal Protective Equipment	15,000.00	(6,439.87)	8,560.13	3,178.00	5,382.13
Operations Software	500.00	(500.00)			
Total Cost of Operations and Maintenance	1,128,975.36	-	1,128,975.36	1,066,743.47	62,231.89

(Continued)

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Budgetary Comparison Schedule

General Fund

For the Year Ended December 31, 2023

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Operating Appropriations Offset with Revenues:					
Salary and Wages	\$ 17,000.00		\$ 17,000.00	\$ 17,000.00	
Other Expenses	18,000.00		18,000.00	8,227.22	\$ 9,772.78
Total Operating Appropriations Offset with Revenues	35,000.00	-	35,000.00	25,227.22	9,772.78
Capital Appropriations:					
Capital Improvements (N.J.S 40A:14-84):	70,000.00		70,000.00	54,504.24	15,495.76
Total Capital Appropriations	70,000.00	-	70,000.00	54,504.24	15,495.76
Total Expenditures	1,597,200.40	\$ -	1,597,200.40	1,432,862.17	164,338.23
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (56,227.24)	\$ -	\$ (56,227.24)	114,563.41	\$ 170,790.65
Fund Balance, Beginning				1,452,156.59	
Fund Balance, Ending				\$ 1,566,720.00	
Recapitulation:					
Restricted:					
Future Capital Outlays				\$ 315,495.76	
Assigned:					
Year-End Encumbrances				7,056.60	
Designated for Subsequent Years Expenditures				115,708.68	
Unassigned				1,128,458.96	
				\$ 1,566,720.00	

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Year Ended December 31, 2023

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

	General Fund
Sources / Inflows of Resources:	
Actual amounts (budgetary basis) "total revenue" from the budgetary comparison schedule	\$ 1,547,425.58
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<div style="border-top: 1px solid black;">-</div>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,547,425.58</div>
Uses / Outflows of Resources:	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 1,432,862.17
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<div style="border-top: 1px solid black;">-</div>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,432,862.17</div>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

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

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

	Measurement Date Ended June 30,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Fire District's Proportion of the Net Pension Liability	0.0017835775%	0.0016112788%	0.0015550976%	0.0015123184%	0.0010428645%
Fire District's Proportionate Share of the Net Pension Liability	\$ 258,340.00	\$ 243,164.00	\$ 184,225.00	\$ 246,620.00	\$ 187,908.00
Fire District's Covered Payroll (Plan Measurement Period)	\$ 135,404.00	\$ 118,748.00	\$ 113,968.00	\$ 88,096.00	\$ 74,104.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	190.79%	204.77%	161.65%	279.94%	253.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%
	Measurement Date Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Fire District's Proportion of the Net Pension Liability	0.0016781328%	0.0016418514%	0.0015062151%	0.0010343923%	0.0019078451%
Fire District's Proportionate Share of the Net Pension Liability	\$ 330,416.00	\$ 382,197.00	\$ 446,098.00	\$ 232,200.00	\$ 357,201.00
Fire District's Covered Payroll (Plan Measurement Period)	\$ 117,844.00	\$ 113,752.00	\$ 103,616.00	\$ 71,352.00	\$ 131,936.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	280.38%	335.99%	430.53%	325.43%	270.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1

Required Supplementary Information - Part III

Schedule of the Fire District's Contributions

Public Employees' Retirement System (PERS)

Last Ten Years

	Year Ended December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 23,838.00	\$ 20,319.00	\$ 18,212.00	\$ 16,544.00	\$ 10,144.00
Contributions in relation to the Contractually Required Contribution	<u>(23,838.00)</u>	<u>(20,319.00)</u>	<u>(18,212.00)</u>	<u>(16,544.00)</u>	<u>(10,144.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered Payroll (Calendar Year)	\$ 156,208.00	\$ 135,404.00	\$ 118,748.00	\$ 113,968.00	\$ 96,096.00
Contributions as a Percentage of Fire District's Covered Payroll	15.26%	15.01%	15.34%	14.52%	10.56%
	Year Ended December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 16,692.00	\$ 15,210.00	\$ 13,381.00	\$ 8,893.00	\$ 15,728.00
Contributions in relation to the Contractually Required Contribution	<u>(16,692.00)</u>	<u>(15,210.00)</u>	<u>(13,381.00)</u>	<u>(8,893.00)</u>	<u>(15,728.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered Payroll (Calendar Year)	\$ 73,834.00	\$ 114,082.00	\$ 114,734.00	\$ 97,800.00	\$ 71,102.00
Contributions as a Percentage of Fire District's Covered Payroll	22.61%	13.33%	11.66%	9.09%	22.12%

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

	Measurement Date Ended June 30,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Fire District's Proportion of the Net Pension Liability	0.0076660100%	0.0055723200%	0.0036918333%	0.0031828614%	0.0022002541%
Fire District's Proportionate Share of the Net Pension Liability	\$ 847,001.00	\$ 637,828.00	\$ 269,842.00	\$ 411,268.00	\$ 269,263.00
State's Proportionate Share of the Net Pension Liability associated with the Fire District	<u>156,070.00</u>	<u>113,515.00</u>	<u>75,893.00</u>	<u>63,827.00</u>	<u>42,517.00</u>
Total	<u>\$ 1,003,071.00</u>	<u>\$ 751,343.00</u>	<u>\$ 345,735.00</u>	<u>\$ 475,095.00</u>	<u>\$ 311,780.00</u>
Fire District's Covered Payroll (Plan Measurement Period)	\$ 279,284.00	\$ 177,236.00	\$ 129,420.00	\$ 99,156.00	\$ 74,572.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	303.28%	359.87%	208.50%	414.77%	361.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.16%	68.33%	77.26%	63.52%	65.00%
	Measurement Date Ended June 30,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Fire District's Proportion of the Net Pension Liability	0.0022036576%	0.0022143041%	0.0021985904%	0.0021328636%	0.0021384796%
Fire District's Proportionate Share of the Net Pension Liability	\$ 298,191.00	\$ 341,846.00	\$ 419,987.00	\$ 355,261.00	\$ 269,001.00
State's Proportionate Share of the Net Pension Liability associated with the Fire District	<u>40,504.00</u>	<u>38,290.00</u>	<u>35,268.00</u>	<u>31,155.00</u>	<u>28,967.00</u>
Total	<u>\$ 338,695.00</u>	<u>\$ 380,136.00</u>	<u>\$ 455,255.00</u>	<u>\$ 386,416.00</u>	<u>\$ 297,968.00</u>
Fire District's Covered Payroll (Plan Measurement Period)	\$ 73,108.00	\$ 71,676.00	\$ 70,272.00	\$ 67,544.00	\$ 67,544.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	407.88%	476.93%	597.66%	525.97%	398.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%	56.31%	62.41%

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

	Year Ended December 31,				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 102,050.00	\$ 72,471.00	\$ 43,027.00	\$ 35,558.00	\$ 22,225.00
Contributions in relation to the Contractually Required Contribution	<u>(102,050.00)</u>	<u>(72,471.00)</u>	<u>(43,027.00)</u>	<u>(35,558.00)</u>	<u>(22,225.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered Payroll (Calendar Year)	\$ 300,164.00	\$ 276,164.00	\$ 177,236.00	\$ 129,420.00	\$ 99,153.00
Contributions as a Percentage of Fire District's Covered Payroll	34.00%	26.24%	24.28%	27.47%	22.41%
	Year Ended December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 21,544.00	\$ 19,597.00	\$ 17,926.00	\$ 17,337.00	\$ 16,425.00
Contributions in relation to the Contractually Required Contribution	<u>(21,544.00)</u>	<u>(19,597.00)</u>	<u>(17,926.00)</u>	<u>(17,337.00)</u>	<u>(16,425.00)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered Payroll (Calendar Year)	\$ 74,572.00	\$ 73,108.00	\$ 71,676.00	\$ 70,272.00	\$ 67,544.00
Contributions as a Percentage of Fire District's Covered Payroll	28.89%	26.81%	25.01%	24.67%	24.32%

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Notes to Required Supplementary Information - Part III
 For the Year Ended December 31, 2023

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

The Division of Pensions and Benefits adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions. Previously, after termination of employment, but prior to retirement or death, interest was credited on member accumulated deductions at the valuation interest rate for the entire period. Effective July 1, 2018, interest is only credited at the valuation interest rate for the first two years of inactivity prior to retirement or death.

Changes in Assumptions:

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2018	5.66%
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%
2020	7.00%	2015	4.90%
2019	6.28%	2014	5.39%

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms:

The June 30, 2023 measurement date include the following plan amendment: Chapter 92, P.L. 2023 establishing an extension of the previous plan amendment Chapter 52, P.L. 2021, allowing members enrolled between January 18, 2000 and April 19, 2021 to retire prior to age 55 if they have attained 20 Years of Creditable Service and retire by May 1, 2026.

Changes in Assumptions:

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2018	6.51%
2022	7.00%	2017	6.14%
2021	7.00%	2016	5.55%
2020	7.00%	2015	5.79%
2019	6.85%	2014	6.32%

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%

OTHER SUPPLEMENTARY INFORMATION

LONG-TERM DEBT

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1
Schedule of Obligations Under Financed Purchases
For the Year Ended December 31, 2023

<u>Description</u>	<u>Date</u>	<u>Term</u>	<u>Amount of Original Issue</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Retired</u>	<u>Balance</u>
			<u>Principal</u>	<u>Interest</u>		<u>Jan. 1, 2023</u>		<u>Dec. 31, 2023</u>
2015 E-One Pumper Truck	09/25/14	10 Years	\$ 474,979.00	\$ 79,821.35	3.190%	\$ 105,886.22	\$ 52,111.95	\$ 53,774.27
						<u>\$ 105,886.22</u>	<u>\$ 52,111.95</u>	<u>\$ 53,774.27</u>

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:				
Amount to be Raised by Taxation to Support the District Budget	\$ <u>55,490.00</u>	\$ <u>55,490.00</u>	\$ <u>55,489.72</u>	\$ <u>(0.28)</u>
EXPENDITURES:				
Principal Payments:				
Financed Purchases	52,112.00	52,112.00	52,111.95	0.05
Interest Payments:				
Financed Purchases	<u>3,378.00</u>	<u>3,378.00</u>	<u>3,377.77</u>	<u>0.23</u>
Total Expenditures	<u>55,490.00</u>	<u>55,490.00</u>	<u>55,489.72</u>	<u>0.28</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	-	\$ <u><u>-</u></u>
Fund Balance, January 1			<u>-</u>	
Fund Balance, December 31			\$ <u><u>-</u></u>	

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1
Schedule of Findings and Recommendations
For the Year Ended December 31, 2023

Schedule of Financial Statement Findings

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

No Current Year Findings

BOROUGH OF PINE HILL FIRE DISTRICT NO. 1
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

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

No Prior Year Findings

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APPRECIATION

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

Respectfully submitted,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants