

**FIRE DISTRICT NO. 1
TOWNSHIP OF MOORESTOWN, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2022**



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

Board of Commissioners

<u>Name</u>	<u>Title</u>	<u>Surety Bond</u>
R. Max Fisher	Chairman	(A)
Grant R. Leuliette	Vice Chairman	(A)
Samuel Schlindwein	Secretary / Clerk	(A)
Karl A. Shelley	Treasurer	(B)
Peter R. Bowman	Assistant Secretary/Assistant Treasurer	(A)

Other Officials

Christopher Chesner	Administrator	(A)
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(A) American Alternative Insurance Corp. – Blanket Employee Dishonesty \$50,000.00.

(B) American Alternative Insurance Corp. – Position Bond for Treasurer \$50,000.00.

FINANCIAL SECTION

Final Draft

REQUIRED SUPPLEMENTARY INFORMATION
PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

Final Draft

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

As management of the Township of Moorestown Fire District No. 1, we offer readers of the Township of Moorestown Fire District No. 1's financial statements, this narrative overview and analysis of the financial activities of the Township of Moorestown Fire District No. 1 for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Township of Moorestown Fire District No. 1's financial performance as a whole; readers should also review the information furnished in the notes to the basic financial statements to enhance their understanding of the Township of Moorestown Fire District No. 1's financial performance.

Financial Highlights

- The assets of the Township of Moorestown Fire District No. 1 exceeded its liabilities at the close of the most recent year by \$2,752,254.97.
- As of the close of the current year, the Township of Moorestown Fire District No. 1's governmental funds reported combined ending fund balances of \$4,234,853.67, a decrease of \$142,445.24 in comparison with the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$589,050.35, approximately a 35% percent decrease from that of the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township of Moorestown Fire District No. 1's basic financial statements. The Township of Moorestown Fire District No. 1's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township of Moorestown Fire District No. 1's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Township of Moorestown Fire District No. 1's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township of Moorestown Fire District No. 1 is improving or deteriorating.

The statement of activities presents information showing how the Township of Moorestown Fire District No. 1's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused sick leave).

The two government-wide financial statements distinguish functions of the Township of Moorestown Fire District No. 1 and are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Township of Moorestown Fire District No. 1 include the following: fire suppression, fire rescue, fire inspections and investigations, and fire prevention activities; all which are provided to the citizens of the Township of Moorestown.

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Overview of the Financial Statements (Cont'd)

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township of Moorestown Fire District No. 1, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Fire District maintains one fund type, governmental.

Governmental Funds. The operational activities of the Fire District are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called 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 Township of Moorestown Fire District No. 1's general government operations and the basic services it provides, as listed above. 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 services that Moorestown Fire District No.1 provides to the citizens of Moorestown.

The Township of Moorestown Fire District No. 1 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 relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Notes to the Financial Statement. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Township of Moorestown Fire District No. 1, assets exceeded liabilities by \$2,752,254.97 at the close of the most recent year.

The largest portion of the Township of Moorestown Fire District No. 1's net position \$2,492,547.18 reflects its investment in capital assets (i.e., land, buildings, equipment), less any related debt used to acquire those assets that is still outstanding. The Township of Moorestown Fire District No. 1 uses these assets to provide fire protection to the citizens of the Township of Moorestown; consequently, these assets are not available for future spending. Although the Township of Moorestown Fire District No. 1's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Government-wide Financial Analysis (Cont'd)**TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1'S NET POSITION
DECEMBER 31,**

	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 4,529,853.72	\$ 4,561,179.38
Capital Assets	<u>2,492,547.18</u>	<u>2,446,884.59</u>
Total Assets	<u>7,022,400.90</u>	<u>7,008,063.97</u>
Deferred Outflow of Resources		
Related to Pensions	137,049.00	77,609.00
Related to Other Post Employment Benefits	<u>558,981.60</u>	<u>382,782.22</u>
Total Deferred Outflow of Resources	<u>696,030.60</u>	<u>460,391.22</u>
Long-term Liabilities Outstanding	3,311,438.83	3,298,729.47
Other Liabilities	<u>391,553.70</u>	<u>268,682.43</u>
Total Liabilities	<u>3,702,992.53</u>	<u>3,567,411.90</u>
Deferred Inflows of Resources		
Related to Pensions	161,027.00	441,657.00
Related to Other Post Employment Benefits	<u>1,102,157.00</u>	<u>1,002,951.00</u>
Total Deferred Inflows of Resources	<u>1,263,184.00</u>	<u>1,444,608.00</u>
Net Position:		
Net Investment in Capital Assets	2,492,547.18	2,446,884.59
Restricted	995,803.32	2,789,984.71
Unrestricted (Deficit)	<u>(736,095.53)</u>	<u>(2,780,434.01)</u>
Total Net Position	<u>\$ 2,752,254.97</u>	<u>\$ 2,456,435.29</u>

An additional portion of the Township of Moorestown Fire District No. 1's net position \$995,803.32, represents resources that are subject to external restrictions on how they may be used. The third and final portion of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current year, the Fire District's unrestricted net position was a deficit of (\$736,095.53).

Deferred outflows increased in total by \$235,639.38. This was as a result of an increase of \$59,440.00 resulting from the Fire District's participation in the PERS pension plan, and an increase of \$176,199.38 resulting from its participation in other post-employment benefits.

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Government-wide Financial Analysis (Cont'd)

Overall liabilities increased \$135,580.63. The main contributors to the increase were other liabilities.

Deferred inflows of resources decreased in total by \$181,424.00. This was a result of a decrease of \$280,630.00 from the Fire District's participation in the PERS pension plan, and an increase of \$99,206.00 from the Fire District's participation in other post-employment benefits.

In total, assets of governmental activities increased by \$14,336.93 during 2022 and increased by \$304,902.38 during 2021. For the year 2022, depreciation was charged in the amount of \$266,374.41, and for the year 2021 depreciation was charged in the amount of \$218,684.34.

The following table provides an illustration of the impact of the Fire District's Net Position due to GASB 68 & GASB 75:

Table A-2
Statement of Net Position - Effect of Pension Related Items

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflow s Related to Pensions	\$ 137,049.00	\$ 77,609.00	\$ 59,440.00	76.59%
Less: Net Pension Liability	(799,549.00)	(596,323.00)	(203,226.00)	34.08%
Less: Deferred Inflow s Related to Pensions	<u>(161,027.00)</u>	<u>(441,657.00)</u>	<u>280,630.00</u>	<u>-63.54%</u>
	<u>\$ (823,527.00)</u>	<u>\$ (960,371.00)</u>	<u>\$ 136,844.00</u>	<u>47.13%</u>

Statement of Net Position - Effect of Other Post-Employment Benefits (OPEB) Related Items

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflow s Related to OPEB	\$ 558,981.60	\$ 382,782.22	\$ 176,199.38	46.03%
Less: Net OPEB Liability	(1,519,838.00)	(1,534,841.00)	15,003.00	-0.98%
Less: Deferred Inflow s Related to OPEB	<u>(1,102,157.00)</u>	<u>(1,002,951.00)</u>	<u>(99,206.00)</u>	<u>9.89%</u>
	<u>\$ (2,063,013.40)</u>	<u>\$ (2,155,009.78)</u>	<u>\$ 91,996.38</u>	<u>54.95%</u>

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Government-wide Financial Analysis (Cont'd)

Governmental Activities. The Statement of Activities 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:

**TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1'S STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2022</u>	<u>2021</u>
Expenses:		
Operating Appropriations:		
Administration	\$ 481,690.98	\$ 199,921.49
Cost of Operations and Maintenance	1,169,761.02	1,418,113.44
Operating Appropriations Offset with Revenues	107,775.91	107,289.89
Length of Service Award Program (LOSAP) --		
Contribution (P.L. 1997, c.388)	44,796.97	36,659.60
Unallocated Depreciation	110,284.99	100,897.34
	<hr/>	<hr/>
Total Program Expenses	1,914,309.87	1,862,881.76
	<hr/>	<hr/>
Program Revenues:		
Charges for Services	134,062.10	146,545.11
Operating Grants and Contributions	4,802.00	4,802.00
	<hr/>	<hr/>
Net Program Expenses	1,775,445.77	1,711,534.65
	<hr/>	<hr/>
General Revenues		
Taxes:		
Property Taxes, Levied for General Purposes	2,021,475.00	1,989,383.00
Miscellaneous Income	49,790.45	6,249.73
	<hr/>	<hr/>
Total General Revenues	2,071,265.45	1,995,632.73
	<hr/>	<hr/>
Change in Net Position	295,819.68	284,098.08
	<hr/>	<hr/>
Net Position, January 1	2,456,435.29	2,172,337.21
	<hr/>	<hr/>
Net Position, December 31	<u>\$ 2,752,254.97</u>	<u>\$ 2,456,435.29</u>

Property taxes constituted a majority of revenues for governmental activities for the Fire District for the year 2022.

Cost of operations and maintenance comprises 61% of Fire District expenses, with administration comprising 25% of total expenses.

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Financial Analysis of the Government's Funds

As stated earlier, the Township of Moorestown Fire District No. 1 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund. The focus of the Township of Moorestown Fire District No. 1's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township of Moorestown Fire District No. 1's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the Township of Moorestown Fire District No. 1's governmental funds reported combined ending fund balances of \$4,234,853.67, a decrease of \$142,445.24 in comparison with the prior year.

Of the combined ending fund balances \$589,050.35 constitutes unassigned and \$2,650,000.00 is assigned for subsequent year's expenditures. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed (1) to be utilized for the payment of New Jersey unemployment claims \$36,635.46, (2) to be utilized for expenditures in compliance with the New Jersey Uniform Fire Safety Act for dedicated penalty funds \$32,567.00, and (3) held for participants in the Length of Service Awards Program \$926,600.86.

The general fund is the main operating fund of the Township of Moorestown Fire District No. 1. At the end of the current year, unassigned fund balance in the general fund was \$589,050.35, while total fund balance was \$4,234,853.67.

The fund balance of the Township of Moorestown Fire District No. 1's general fund decreased by \$142,445.24; this decrease resulted from normal operations and increases in the Fire District's Reserve for Future Capital Outlays as reported in the General Fund.

There is no fund balance in the special revenue fund or the debt service fund at the end of the current year and previous year.

General Fund Budgetary Highlights

During the course of the 2022 year the Township of Moorestown Fire District No. 1 modified its general fund budget in conformance with statute.

The final budgetary basis revenue estimate was \$2,129,054.00. The final budgetary basis revenue estimate was the same as the original budgeted estimate.

During the year 2022, the Township of Moorestown Fire District No. 1 budgeted \$2,021,475.00, \$100,379.00, \$4,800.00 and \$2,400.00 for property taxes (local tax levy), uniform fire safety act revenues (including Annual Registration Fees/Penalties and Fines), state aid revenues (supplemental fire services grant) and other revenues, respectively.

The final budgetary basis expenditure appropriation estimate was \$2,794,054.00.

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Capital Asset and Debt Administration

Capital Assets. The Township of Moorestown Fire District No. 1's investment in capital assets for its governmental activities as of December 31, 2022 amounts to \$2,492,547.18 which is net of accumulated depreciation of \$4,702,529.94. This investment in capital assets includes the following: land, buildings and improvements, various types of equipment and vehicles. The total increase in the Township of Moorestown Fire District No. 1's investment in capital assets net of accumulated depreciation for the current year was \$45,662.59.

At the end of the 2022 year, the Township of Moorestown Fire District No. 1 had \$413,000.00 invested in land, \$3,312,201.21 invested in buildings and improvements, \$709,475.94 invested in equipment and \$2,760,399.97 invested in vehicles prior to the reduction for accumulated depreciation.

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION) DECEMBER 31,

	<u>2022</u>	<u>2021</u>
Land	\$ 413,000.00	\$ 413,000.00
Building and Improvements	1,427,505.19	1,345,725.37
Vehicles and Apparatus	523,720.33	638,747.81
Equipment	128,321.66	49,411.41
	<hr/>	<hr/>
Total	<u>\$ 2,492,547.18</u>	<u>\$ 2,446,884.59</u>

Long-term Obligations

At the end of the current year, the Township of Moorestown Fire District No. 1 had no bonded debt outstanding.

Compensated Absences - In accordance with the labor agreement, the Fire District recognized a liability for compensated absences at December 31, 2022 in the amount of \$65,450.97. This liability represents the Fire District's contractual obligation to compensate employees for accumulated unused sick leave, vacations, personal and other compensated time.

Length of Service Awards Program Liability- The Fire District's annual required contribution to the length of service awards program is budgeted and paid on an annual basis. For additional details on the length of service awards program liability, see the notes to the financial statements, note 8.

Net Pension Liability - The Fire District's annual required contribution to the pension systems are budgeted and paid on an annual basis. For additional details on the net pension liability, see the notes to the financial statements, note 7.

Other Post-Employment Benefits - The Fire District's annual required contribution to other post-employment benefits are budgeted and paid on an annual basis. For additional details on the net other post-employment benefits liability, see the notes to the financial statements, note 9.

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2022
(Unaudited)

Economic Factors and Next Year's Budget

For the 2022 year, the Township of Moorestown Fire District No. 1 was able to sustain its budget through the township tax levy, state aid, and miscellaneous revenue sources. Approximately 91% of total revenue is from local tax levy, while 9% of the Township of Moorestown Fire District No. 1's revenue is from state aid, local revenues and fund balance utilized. The 2023 budget was introduced and approved on December 13, 2022 by the Board of Fire Commissioners (Resolution 2022-32) and adopted by the Board of Fire Commissioners on January 3, 2023 (Resolution 2023-02). The voters subsequently approved the budget at the annual fire district election held on February 18, 2023.

Requests for Information

This financial report is designed to provide a general overview of the Township of Moorestown Fire District No. 1'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 Christopher M. Chesner, District Administrator at the Township of Moorestown Fire District No. 1, 261 West Main Street, Moorestown, New Jersey 08057, or e-mail at cchesner@moorestownfire.org.

BASIC FINANCIAL STATEMENTS

Final Draft

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Final Draft

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Statement of Net Position

December 31, 2022

ASSETS:	
Cash and Cash Equivalents	\$ 3,607,751.02
Prepaid Expenses	3,663.35
Restricted Assets:	
Restricted Cash and Cash Equivalents	36,635.46
Length of Service Awards Program	881,803.89
Capital Assets, net (Note 5)	<u>2,492,547.18</u>
Total Assets	<u>7,022,400.90</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Related to Pensions (Note 7)	137,049.00
Related to Other Post Employment Benefits (OPEB) (Note 9)	<u>558,981.60</u>
Total Deferred Outflows of Resources	<u>696,030.60</u>
LIABILITIES:	
Accounts Payable:	
Other	286,745.26
Pensions	66,811.00
Accrued Liabilities - Pensions	33,406.00
Unemployment Claims Payable	4,591.44
Noncurrent Liabilities (Note 6):	
Due within One Year	21,000.70
Due beyond One Year	<u>3,290,438.13</u>
Total Liabilities	<u>3,702,992.53</u>
DEFERRED INFLOWS OF RESOURCES:	
Related to Pensions (Note 7)	161,027.00
Related to Other Post Employment Benefits (OPEB) (Note 9)	<u>1,102,157.00</u>
Total Deferred Inflows of Resources	<u>1,263,184.00</u>
NET POSITION:	
Net Investment in Capital Assets	2,492,547.18
Restricted for:	
Other Purposes	995,803.32
Unrestricted (Deficit)	<u>(736,095.53)</u>
Total Net Position	<u><u>\$ 2,752,254.97</u></u>

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

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Statement of Activities

For the Year Ended December 31, 2022

Expenses:	
Operating Appropriations:	
Administration	\$ 481,690.98
Cost of Operations and Maintenance	1,169,761.02
Operating Appropriations Offset with Revenues	107,775.91
Length of Service Awards Program (LOSAP) - Contribution (P.L. 1997, c. 388)	44,796.97
Unallocated Depreciation	<u>110,284.99</u>
Total Program Expenses	<u>1,914,309.87</u>
Program Revenues:	
Charges for Services	134,062.10
Operating Grants and Contributions	<u>4,802.00</u>
Net Program Expenses	<u>1,775,445.77</u>
General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	2,021,475.00
Miscellaneous Income	<u>49,790.45</u>
Total General Revenues	<u>2,071,265.45</u>
Change in Net Position	295,819.68
Net Position, January 1	<u>2,456,435.29</u>
Net Position, December 31	<u><u>\$ 2,752,254.97</u></u>

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

FUND FINANCIAL STATEMENTS

Final Draft

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Governmental Funds

Balance Sheet

December 31, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 3,644,386.48				\$ 3,644,386.48
Investments - Length of Service Awards Programs	881,803.89				881,803.89
Total Assets	<u>\$ 4,526,190.37</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,526,190.37</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 285,302.69				\$ 285,302.69
Payroll Deductions Payable	1,442.57				1,442.57
Unemployment Compensation Claims Payable	4,591.44				4,591.44
Total Liabilities	<u>291,336.70</u>				<u>291,336.70</u>
Fund Balances:					
Restricted:					
New Jersey Unemployment Trust Fund	36,635.46				36,635.46
Reserve for Dedicated Penalties	32,567.00				32,567.00
Length of Service Awards Program	926,600.86				926,600.86
Assigned:					
Designated for Subsequent Year's Expenditures	2,650,000.00				2,650,000.00
Unassigned	589,050.35				589,050.35
Total Fund Balances	<u>4,234,853.67</u>				<u>4,234,853.67</u>
Total Liabilities and Fund Balances	<u>\$ 4,526,190.37</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

(Continued)

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Governmental Funds

Balance Sheet

December 31, 2022

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

Payments made to vendors for services that will benefit periods beyond year end that are recorded as expenditures at the time of payment in the governmental funds.

\$ 3,663.35

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,195,077.12, and the accumulated depreciation is \$4,702,529.94.

2,492,547.18

Long-term liabilities, including compensated absences, pension liability, postemployment benefits payable, and length of service awards program are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(3,311,438.83)

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

(567,153.40)

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.

(100,217.00)

Net position of governmental activities

\$ 2,752,254.97

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

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2022

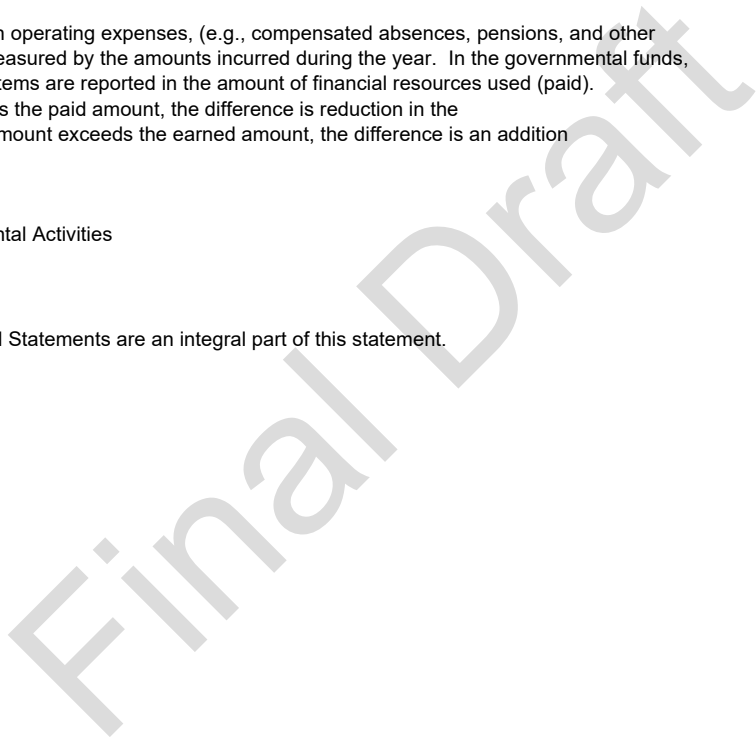
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Operating Grant Revenue	\$ 4,802.00				\$ 4,802.00
Miscellaneous Revenues Offset with Appropriations	134,062.10				134,062.10
Amount to be Raised by Taxation to Support the District Budget	2,021,475.00				2,021,475.00
Non-Budgetary Revenues	49,790.45				49,790.45
Restricted:					
Length of Service Awards Program (LOSAP) - Contribution (P.L. 1997, c.388)	44,796.97				44,796.97
Unrealized Gain / (Loss) on Investments	(211,612.95)				(211,612.95)
Total Revenues	2,043,313.57				2,043,313.57
EXPENDITURES:					
Operating Appropriations:					
Administration	473,749.99				473,749.99
Cost of Operations and Maintenance	1,233,825.86				1,233,825.86
Operating Appropriations Offset with Revenues	107,224.36				107,224.36
Length of Service Awards Program (LOSAP) - Contribution (P.L. 1997, c. 388)	44,796.97				44,796.97
Restricted:					
Administrative Charges	1,975.00				1,975.00
Benefit Payments	12,149.63				12,149.63
Capital Appropriations	312,037.00				312,037.00
Total Expenditures	2,185,758.81				2,185,758.81
Excess (Deficiency) of Revenues over Expenditures	\$ (142,445.24)				\$ (142,445.24)
Fund Balance, January 1	4,377,298.91				4,377,298.91
Fund Balance, December 31	\$ 4,234,853.67	\$ -	\$ -	\$ -	\$ 4,234,853.67

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

TOWNSHIP OF MOORESTOWN 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, 2022

Total Net Change in Fund Balances - Governmental Funds	\$ (142,445.24)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>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.</p>	
Depreciation Expense	45,662.59
<p>Governmental funds report certain activity related to the length of service awards program as restricted revenues and expenditures, whereas such activity is a component of the length of service awards program liability reported on the statement of net position.</p>	
	180,940.61
<p>In the statement of activities, certain operating expenses, (e.g., compensated absences, pensions, and other post-employment benefits) 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 (+).</p>	
	<u>211,661.72</u>
Change in Net Position of Governmental Activities	<u><u>\$ 295,819.68</u></u>

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



TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Notes to Financial Statements
For the Year Ended December 31, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of the Financial Reporting Entity

The Fire District is a political subdivision of the Township of Moorestown (the "Township"), Burlington County, New Jersey. The Township is comprised of an area of approximately 14.918 square miles. It is bounded by Willingboro Township to the north, the Delran and Cinnaminson Township to the west, Maple Shade Township to the south and Mount Laurel Township on the east. As of the 2020 United States Census, the Township's population was 21,355. The Fire District was formed in January of 1886 through the adoption of a Township ordinance. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years following the vote held at the annual election.

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

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

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, 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, 2022.

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

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2022. At December 31, 2022, prepaid expenses in the amount of \$3,663.35 existed related to the prepayment of insurance.

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 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. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10 - 50 Years
Vehicles	5 - 20 Years
Fire Equipment	5 - 10 Years

The Fire District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

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

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

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

Unearned Revenue

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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 either the Board of Fire Commissioners or by the business administrator, to which the Board of Fire Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved 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 statements that have effective dates that may affect future financial presentations:

Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The Statement will become effective for the Fire District's year ending December 31, 2023. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Fire District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

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"). 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.

Of the Fire District's amount on deposit of \$1,467,520.36, as of December 31, 2022, \$250,000.00 was insured under FDIC and \$1,217,520.36 was insured under GUDPA.

New Jersey Cash Management Fund - During the year, the Fire District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2022 the Fire District's deposits with the New Jersey Cash Management Fund were \$2,180,443.88.

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>
2022	\$ 3,313,199,539.00	\$ 2,021,475.00	\$.061
2021	3,298,720,841.00	1,989,383.00	.061
2020	3,271,847,339.00	2,029,311.00	.063
2019	3,251,595,299.00	2,038,902.00	.063
2018	3,208,545,143.00	2,092,572.00	.066

Note 4: ACCOUNTS RECEIVABLE

At December 31, 2022, the Fire District had no accounts receivable for its governmental activities.

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 is as follows:

	<u>Balance</u> <u>Jan. 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Capital Assets, not being Depreciated and Amortized:				
Land	\$ 413,000.00			\$ 413,000.00
Total Capital Assets, not being Depreciated and Amortized	413,000.00			413,000.00
Capital Assets, being Depreciated and Amortized:				
Buildings and Improvements	3,272,611.21	\$ 198,285.00	\$ (158,695.00)	3,312,201.21
Vehicles	3,048,795.97		(288,396.00)	2,760,399.97
Equipment	677,336.87	113,752.00	(81,612.93)	709,475.94
Total Capital Assets, being Depreciated and Amortized:	6,998,744.05	312,037.00	(528,703.93)	6,782,077.12
Total Capital Assets, Cost	7,411,744.05	312,037.00	(528,703.93)	7,195,077.12
Less Accumulated Depreciation and Amortization for:				
Buildings and Improvements	(1,926,885.84)	(116,505.18)	158,695.00	(1,884,696.02)
Vehicles	(2,410,048.16)	(115,027.48)	288,396.00	(2,236,679.64)
Equipment	(627,925.46)	(34,841.75)	81,612.93	(581,154.28)
Total Accumulated Depreciation and Amortization	(4,964,859.46)	(266,374.41) *	528,703.93	(4,702,529.94)
Total Capital Assets being Depreciated, and Amortized, Net	2,033,884.59	45,662.59		2,079,547.18
Capital Assets, Net	<u>\$ 2,446,884.59</u>	<u>\$ 45,662.59</u>	<u>\$ -</u>	<u>\$ 2,492,547.18</u>

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

Administration	\$ 7,101.76
Cost of Operations and Maintenance	148,436.11
Operating Appropriations Offset with Revenues	551.55
Unallocated	110,284.99
Total Depreciation and Amortization Expense	<u>\$ 266,374.41</u>

Note 6: LONG-TERM LIABILITIES

During the year ended December 31, 2022, the following changes occurred in long-term obligations for governmental activities:

	<u>Balance</u> <u>Jan. 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Due within</u> <u>One Year</u>
Other Liabilities:					
Compensated Absences	\$ 60,024.00	\$ 5,932.54	\$ (505.57)	\$ 65,450.97	\$ 21,000.70
Length of Service Awards Program Liability	1,107,541.47	44,796.97	(225,737.58)	926,600.86	
Net Pension Liability	596,323.00	479,197.00	(275,971.00)	799,549.00	
Postemployment Benefits	1,534,841.00	1,489,245.00	(1,504,248.00)	1,519,838.00	
Total Other Liabilities	<u>3,298,729.47</u>	<u>2,019,171.51</u>	<u>(2,006,462.15)</u>	<u>3,311,438.83</u>	<u>21,000.70</u>
Governmental Activities Long-Term Liabilities	<u>\$ 3,298,729.47</u>	<u>\$ 2,019,171.51</u>	<u>\$ (2,006,462.15)</u>	<u>\$ 3,311,438.83</u>	<u>\$ 21,000.70</u>

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 12 for a description of the Fire District's policy.

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

Net Pension Liability - For details on the net pension liability, refer to note 7. The Fire District's annual required contribution to the length of service awards program is budgeted and paid from the general fund on an annual basis.

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

Note 7: PENSION PLANS

A substantial number of the Fire District's employees participate in the following defined benefit pension plans: the Public Employees' Retirement System ("PERS"), which is administered by the New Jersey Division of Pensions and Benefits. In addition, several 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. 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>

Note 7: PENSION PLANS (CONT'D)**General Information about the Pension Plans****Plan Descriptions**

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

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).

The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are 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.

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

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

Public Employees' Retirement System (Cont'd) - 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.

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, 2022 was 15.72% of the Fire District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Based on the most recent PERS measurement date of June 30, 2022, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2022 is \$66,811.00, and is payable by April 1, 2023. For the prior year measurement date of June 30, 2021, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2021 was \$58,951.00, which was paid on April 1, 2022.

Employee contributions to the Plan for the year ended December 31, 2022 were \$32,911.51.

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, 2022 was .40% of the Fire District's covered payroll.

Based on the most recent PERS measurement date of June 30, 2022, 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, 2022 was \$1,682.00, and is payable by 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, 2022, employee contributions totaled \$2,701.82, and the Fire District's contributions were \$2,458.98. 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, 2022, 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 \$799,549.00. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2022. 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, 2022 measurement date, the Fire District's proportion was .0052980536%, which was an increase of .0002643090% from its proportion measured as of June 30, 2021.

Pension (Benefit) Expense - For the year ended December 31, 2022, the Fire District's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date, was (\$66,103.00).

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

Pension (Benefit) Expense (Cont'd) - For the year ended December 31, 2022, 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, 2022 measurement date, was \$1,682.00. This on-behalf expense has been recognized by the Fire District in the government-wide financial statements.

Deferred Outflows of Resources and Deferred Inflows of Resources - As of December 31, 2022, 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>PERS</u>
Differences between Expected and Actual Experience	\$ 5,771.00	\$ 5,089.00
Changes of Assumptions	2,477.00	119,724.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	33,093.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	62,302.00	36,214.00
Contributions Subsequent to the Measurement Date	33,406.00	-
	<u>\$ 137,049.00</u>	<u>\$ 161,027.00</u>

Deferred outflows of resources in the amount of \$33,406.00, will be included as a reduction of the net pension liability during the year ending December 31, 2023. These amounts were based on an estimated April 1, 2024 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2022 to the Fire District's year end of December 31, 2022.

Note 7: **PENSION PLANS (CONT'D)**

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

	PERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016		
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016		
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
Changes in Proportion		
Year of Pension Plan Deferral:		
June 30, 2016		
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04

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

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

Year Ending Dec 31,	<u>PERS</u>
2023	\$ (57,201.00)
2024	(28,782.00)
2025	(17,404.00)
2026	45,683.00
2027	320.00
Thereafter	-
	<u>\$ (57,384.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuation as of July 1, 2021. 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, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

⁽¹⁾ based on years of service

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

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

In accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2022) 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' target asset allocation as of June 30, 2022 are summarized in the table that follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

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

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity would be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

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, 2022 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	\$ 1,027,187.00	\$ 799,549.00	\$ 605,821.00

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 additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 8: LENGTH OF SERVICE AWARDS PROGRAM

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

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

The tax deferred income benefits for emergency service volunteers of the Moorestown Fire Company and the Relief Fire Company, consisting of the volunteer fire department, come from contributions made solely by the governing body of the Fire District, on behalf of those volunteers who meet the criteria of the Plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

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

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

The Fire District elected to contribute between \$295.19 and \$1,697.43 for the year ended December 31, 2022, per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Fire District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2022, the Fire District's Plan expense was \$44,796.97.

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

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

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

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

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

Forfeited Accounts - For the year ended December 31, 2022, no accounts were forfeited.

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

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

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

Plan Description and Benefits Provided - The Fire District contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit ("OPEB") plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the "State"), Division of Pensions and Benefits' (the "Division") annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

Plan Description and Benefits Provided (Cont'd) - The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

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

The Fire District was billed monthly by the Plan and paid \$71,611.20, for the year ended December 31, 2022, representing 16.85% of the Fire District's covered payroll. During the year ended December 31, 2022, retirees were not required to contribute to the Plan.

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

OPEB Liability - At December 31, 2022, the Fire District's proportionate share of the net OPEB liability was \$1,519,838.00.

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022.

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

OPEB Liability (Cont'd) –The Fire District's proportion of the net OPEB liability was based on the ratio of the Plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022. For the June 30, 2022 measurement date, the Fire District's proportion was .009411%, which was an increase of .000837% from its proportion measured as of the June 30, 2021 measurement date, as adjusted.

OPEB (Benefit) Expense - At December 31, 2022, the Fire District's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2022 measurement date, is (\$45,342.00).

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2022, the Fire District had deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 78,486.00	\$ 281,713.00
Changes of Assumptions	202,829.00	518,692.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	400.00	-
Changes in Proportion	241,461.00	301,752.00
Contributions Subsequent to the Measurement Date	35,805.60	-
	<u>\$ 558,981.60</u>	<u>\$ 1,102,157.00</u>

Deferred outflows of resources in the amount of \$35,805.60 will be included as a reduction of the Fire District's net OPEB liability during the year ending December 31, 2023.

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience			Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2018	-	8.14	June 30, 2018	5.00	-
June 30, 2019	-	8.05	June 30, 2019	5.00	-
June 30, 2020	7.87	-	June 30, 2020	5.00	-
June 30, 2021	-	7.82	June 30, 2021	5.00	-
June 30, 2022	7.82	-	June 30, 2022	5.00	-
Changes of Assumptions			Changes in Proportion		
Year of OPEB Plan Deferral:			Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04	June 30, 2017	8.04	8.04
June 30, 2018	-	8.14	June 30, 2018	8.14	8.14
June 30, 2019	-	8.05	June 30, 2019	8.05	8.05
June 30, 2020	7.87	-	June 30, 2020	7.87	7.87
June 30, 2021	7.82	-	June 30, 2021	7.82	7.82
June 30, 2022	-	7.82	June 30, 2022	7.82	7.82

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

<u>Year Ending Dec. 31,</u>	
2023	\$ (197,462.00)
2024	(197,583.00)
2025	(140,042.00)
2026	(35,610.00)
2027	24,224.00
Thereafter	<u>(32,508.00)</u>
	<u>\$ (578,981.00)</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**Actuarial Assumptions**

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022, used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases *

PERS - Rates for all future years	2.75% to 6.55% based on years of service
PFRS - Rates for all future years	3.25% to 16.25% based on years of service

Mortality:

PERS - Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS - Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

Actuarial assumptions used in the valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

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

Discount Rate - The discount rate used to measure the OPEB liability at June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**Actuarial Assumptions (Cont'd)**

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

Fiscal Year Ending	Annual Rate of Increase			
	Medical Trend			Prescription Drug Trend
	Pre-65	PPO Post-65	HMO Post-65	
2023	6.25%	-1.89%	-1.99%	8.00%
2024	6.00%	-6.00%	-6.15%	7.50%
2025	5.75%	6.99%	7.02%	7.00%
2026	5.50%	15.04%	15.18%	6.50%
2027	5.25%	13.00%	13.11%	6.00%
2028	5.00%	11.47%	11.56%	5.50%
2029	4.75%	10.27%	10.35%	5.00%
2030	4.50%	9.29%	9.35%	4.50%
2031	4.50%	8.50%	8.55%	4.50%
2032	4.50%	6.25%	6.27%	4.50%
2033 and Later	4.50%	4.50%	4.50%	4.50%

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

The net OPEB liability, calculated using a discount rate of 3.54%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Proportionate Share of the Net OPEB Liability	\$ 1,761,798.00	\$ 1,519,838.00	\$ 1,325,158.00

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

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Proportionate Share of the Net OPEB Liability	\$ 1,289,324.00	\$ 1,519,838.00	\$ 1,815,061.00

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

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

Note 10: RISK MANAGEMENT

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

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

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

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

<u>Year</u>	<u>Fire District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Income</u>	<u>Claims Incurred</u>	<u>Ending Balance</u>	
					<u>Claims Payable</u>	<u>Restricted Fund Balance</u>
2022	-	\$ 1,413.44	\$ 4.06	\$ 64.50	\$ 4,591.44	\$ 36,635.46
2021	-	1,271.16	3.94	73.50	3,242.50	36,631.40
2020	-	1,418.28	25.87	35.35	2,044.84	36,627.46

Note 11: DEFERRED COMPENSATION

The Fire District offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Fire District or its creditors. Since the Fire District does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Fire District's financial statements.

Note 12: 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.

Full time employees are entitled to fifteen paid sick leave days per year. Unused sick leave may be accumulated and carried forward for subsequent years. Vacation days not used during the year may be accumulated and carried forward for one year. Vacation days not used in the subsequent year are forfeited.

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of December 31, 2022, the liability for compensated absences reported on the government-wide statement of net position was \$65,450.97.

Note 13: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At December 31, 2022, the Fire District did not have any interfund receivables, payables, or transfers.

Note 14: CONTINGENCIES

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

Note 15: 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 16: FUND BALANCES APPROPRIATED - GENERAL FUND

The 2023 annual budget of the Fire District was adopted on January 3, 2023, and subsequently approved by the voters at the annual election held on February 18, 2023. The adopted budget utilized \$2,650,000.00 of fund balance in the general fund, of which \$2,350,000.00 represents restricted fund balance.

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>
2022	\$ 4,234,853.67	\$ 2,650,000.00
2021	4,377,298.91	665,000.00
2020	3,954,405.15	650,000.00
2019	3,566,284.73	177,000.00
2018	2,552,365.96	400,000.00

Note 17: FUND BALANCES**RESTRICTED**

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

General Fund -

New Jersey Unemployment Trust Fund - Pursuant to N.J.S.A. 43:21-7.3g, the Board of Fire Commissioners has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method" (see note 10). As a result, there exists at December 31, 2022 a restricted fund balance from employer contributions in the amount of \$36,635.46 for future unemployment claims.

Dedicated Penalties - Pursuant to N.J.A.C. 5:70-2.12A, certain monies collected by the Fire District for violations by property owners must be placed in the general treasury of the Fire District and be subject to separate accounting. These monies are required to fund the cost of firefighter training and / or new firefighting equipment. As of December 31, 2022, such funds collected by the Fire District amount to \$32,567.00.

Length of Service Awards Program (LOSAP) - Pursuant to N.J.S.A. 40A:14-187, all accumulated proceeds shall remain restricted for the volunteer members. As a result, there exists at December 31, 2022 a restricted fund balance in the amount of \$926,600.86 for future benefit payments of volunteers.

Note 17: FUND BALANCES (CONT'D)**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, 2023, \$2,650,000.00 of general fund balance at December 31, 2022.

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, 2022, \$589,050.35 of general fund balance was unassigned.

Note 18: SUBSEQUENT EVENTS

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

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Miscellaneous Anticipated Revenues:					
Other Revenue	\$ 2,400.00		\$ 2,400.00		\$ (2,400.00)
Total Miscellaneous Revenues Anticipated	2,400.00		2,400.00		(2,400.00)
Operating Grant Revenue:					
Supplemental Fire Services Grant (P.L. 1985, Ch. 295)	4,800.00		4,800.00	\$ 4,802.00	2.00
Miscellaneous Revenues Offset with Appropriations					
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Annual Registration Fees	66,379.00		66,379.00	96,752.10	30,373.10
Penalties and Fines	25,000.00		25,000.00	13,110.00	(11,890.00)
Other Revenues	9,000.00		9,000.00	24,200.00	15,200.00
Total Miscellaneous Revenues Offset with Appropriations	100,379.00		100,379.00	134,062.10	33,683.10
Amount to be Raised by Taxation to Support the District Budget	2,021,475.00		2,021,475.00	2,021,475.00	
Total Anticipated Revenues	2,129,054.00		2,129,054.00	2,160,339.10	31,285.10
Non-Budgetary Revenues:					
Miscellaneous Revenue not Anticipated				48,586.39	48,586.39
Dedicated Penalties				1,200.00	1,200.00
Unemployment Trust Fund				4.06	4.06
Total Non-Budgetary Revenues				49,790.45	49,790.45
Total Revenues	2,129,054.00		2,129,054.00	2,210,129.55	81,075.55

(Continued)

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2022

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salary and Wages:					
Commissioners	\$ 13,700.00		\$ 13,700.00	\$ 13,700.00	
Administrator	145,860.00		145,860.00	145,860.00	
Account Clerk	73,000.00		73,000.00	73,000.00	
Fringe Benefits	118,200.00		118,200.00	118,200.00	
Other Expenses:					
Election	2,000.00		2,000.00	1,233.84	\$ 766.16
Office Expenses	50,320.00		50,320.00	50,205.44	114.56
Professional Services	21,800.00		21,800.00	14,757.00	7,043.00
Travel Expenses	750.00		750.00	122.79	627.21
Promotions	55,000.00		55,000.00	50,025.73	4,974.27
Office Services	14,200.00		14,200.00	2,025.47	12,174.53
Office Machines and Equipment	12,800.00		12,800.00	4,052.48	8,747.52
Legal Notices / Advertising	1,600.00		1,600.00	567.24	1,032.76
Total Administration	<u>509,230.00</u>		<u>509,230.00</u>	<u>473,749.99</u>	<u>35,480.01</u>
Cost of Operations and Maintenance:					
Salary and Wages:					
Chief of the Department	21,000.00		21,000.00	20,999.94	0.06
Deputy Chief	10,500.00		10,500.00	10,500.00	
Maintenance Engineer	73,140.00		73,140.00	73,140.00	
Training Officer	67,840.00		67,840.00	67,840.00	
Health and Safety Officer	35,400.00		35,400.00	30,469.81	4,930.19
Battalion Chiefs	8,924.00		8,924.00	8,924.00	
Firefighter Pay-Per-Call	190,000.00		190,000.00	159,555.00	30,445.00
Keyboarding Clerk	23,000.00		23,000.00	11,088.00	11,912.00
Building Maintenance Worker	4,500.00		4,500.00	3,853.50	646.50
Lieutenants	4,833.00		4,833.00	5,739.14	(906.14)
Captains	4,254.00		4,254.00	4,254.00	

(Continued)

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Required Supplementary Information - Part II

General Fund

Budgetary Comparison Schedule

For the Year Ended December 31, 2022

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Operating Appropriations (Cont'd):					
Cost of Operations and Maintenance (Cont'd):					
Overtime	\$ 10,000.00	\$ (8,000.00)	\$ 2,000.00	\$ 602.80	\$ 1,397.20
Fringe Benefits	285,700.00		285,700.00	261,812.08	23,887.92
Other Expenses:					
Training and Education	43,544.00		43,544.00	28,699.85	14,844.15
Uniforms and Personal Equipment	21,150.00		21,150.00	6,483.05	14,666.95
Utilities	59,650.00	(200.00)	59,450.00	55,615.36	3,834.64
Fire Hydrant Rental	80,784.00		80,784.00	75,108.00	5,676.00
Insurance	47,600.00		47,600.00	40,876.83	6,723.17
Maintenance and repairs	365,555.00		365,555.00	328,520.90	37,034.10
Materials and Supplies	122,942.00		122,942.00	121,136.29	1,805.71
Information Technology	8,100.00		8,100.00	3,276.57	4,823.43
Reimbursement for Losses and Expenses	11,000.00		11,000.00	2,155.74	8,844.26
Shared Services w/Moorestown FD No. 2	227,124.00		227,124.00	225,212.00	1,912.00
Total Cost of Operations and Maintenance	<u>1,726,540.00</u>	<u>(8,200.00)</u>	<u>1,718,340.00</u>	<u>1,545,862.86</u>	<u>172,477.14</u>
Operating Appropriations Offset with Revenues:					
Salary and Wages					
Fire Prevention Specialist	51,479.00		51,479.00	51,479.00	
Fire Prevention Specialist (Part-Time)	43,000.00	8,000.00	51,000.00	49,665.36	1,334.64
Fringe Benefits	5,000.00		5,000.00	5,000.00	
Other Expenses (N.J.S. 40A:14-78.6)	900.00	200.00	1,100.00	1,080.00	20.00
Total Operating Appropriations Offset with Revenues	<u>100,379.00</u>	<u>8,200.00</u>	<u>108,579.00</u>	<u>107,224.36</u>	<u>1,354.64</u>
Length of Service Awards Program Contribution (P.L. 1997, c388)	<u>50,000.00</u>		<u>50,000.00</u>	<u>44,796.97</u>	<u>5,203.03</u>

(Continued)

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2022

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Capital Appropriations					
Reserve for Future Capital Outlays	\$ 407,905.00		\$ 407,905.00		\$ 407,905.00
Total Capital Appropriations	407,905.00		407,905.00		407,905.00
Total Expenditures	2,794,054.00		2,794,054.00	\$ 2,171,634.18	622,419.82
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (665,000.00)</u>	<u>\$ -</u>	<u>\$ (665,000.00)</u>	38,495.37	<u>\$ 703,495.37</u>
Fund Balance, January 1				<u>4,377,298.91</u>	
Reconciliation to Fund Balance for Length of Service Awards Program:					
Length of Service Awards Program (LOSAP) - Contribution (P.L. 1997, c. 388)				44,796.97	
Unrealized Gain / (Loss) on Investments				(211,612.95)	
Administrative Charges				(1,975.00)	
Benefit Payments				<u>(12,149.63)</u>	
Fund Balance, December 31				<u>\$ 4,234,853.67</u>	
Recapitulation:					
Restricted:					
New Jersey Unemployment Trust Fund				\$ 36,635.46	
Reserve for Dedicated Penalties				32,567.00	
Length of Service Awards Program				926,600.86	
Assigned:					
Designated for Subsequent Year's Expenditures				2,650,000.00	
Unassigned				<u>589,050.35</u>	
				<u>\$ 4,234,853.67</u>	

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

Required Supplementary Information - Part II
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Year Ended December 31, 2022

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 2,210,129.55	
Certain restricted revenues related to the length of service awards program are recognized on the GAAP basis but are not required to be budgeted.	<u>(166,815.98)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	<u>\$ 2,043,313.57</u>	<u>\$ -</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 2,171,634.18	
Certain restricted expenditures related to the length of service awards program are recognized on the GAAP basis but are not required to be budgeted.	<u>14,124.63</u>	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 2,185,758.81</u>	<u>\$ -</u>

REQUIRED SUPPLEMENTARY INFORMATION

PART III

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

TOWNSHIP OF MOORESTOWN 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

	<u>Measurement Date Ended June 30,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Fire District's Proportion of the Net Pension Liability	0.0052980536%	0.0050337446%	0.0052988732%	0.0051654898%	0.0049861416%
Fire District's Proportionate Share of the Net Pension Liability	\$ 799,549.00	\$ 596,323.00	\$ 864,108.00	\$ 930,743.00	\$ 981,746.00
Fire District's Covered Payroll (Plan Measurement Period)	\$ 390,464.00	\$ 368,892.00	\$ 383,448.00	\$ 367,072.00	\$ 350,152.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	204.77%	161.65%	225.35%	253.56%	280.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%
	<u>Measurement Date Ended June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Fire District's Proportion of the Net Pension Liability	0.0050232450%	0.0060197951%	0.0072990204%	0.0076585522%	0.0074759823%
Fire District's Proportionate Share of the Net Pension Liability	\$ 1,169,331.00	\$ 1,782,891.00	\$ 1,638,484.00	\$ 1,433,890.00	\$ 1,428,809.00
Fire District's Covered Payroll (Plan Measurement Period)	\$ 348,012.00	\$ 419,292.00	\$ 539,488.00	\$ 529,632.00	\$ 515,704.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	336.00%	425.21%	303.71%	270.73%	277.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

	<u>Year Ended December 31,</u>				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Fire District's Contractually Required Contribution	\$ 66,811.00	\$ 58,951.00	\$ 57,967.00	\$ 50,245.00	\$ 49,596.00
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(66,811.00)</u>	<u>(58,951.00)</u>	<u>(57,967.00)</u>	<u>(50,245.00)</u>	<u>(49,596.00)</u>
Fire District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered Payroll (Calendar Year)	\$ 425,069.00	\$ 390,464.00	\$ 368,892.00	\$ 363,519.00	\$ 367,072.00
Fire District's Contributions as a Percentage of its Covered Payroll	15.72%	15.10%	15.71%	13.82%	13.51%
	<u>Year Ended December 31,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Fire District's Contractually Required Contribution	\$ 46,535.00	\$ 53,479.00	\$ 62,752.00	\$ 63,136.00	\$ 56,330.00
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(46,535.00)</u>	<u>(53,479.00)</u>	<u>(62,752.00)</u>	<u>(63,136.00)</u>	<u>(56,330.00)</u>
Fire District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered Payroll (Calendar Year)	\$ 349,694.00	\$ 346,178.00	\$ 428,898.00	\$ 525,994.00	\$ 530,421.00
Fire District's Contributions as a Percentage of its Covered Payroll	13.31%	15.45%	14.63%	12.00%	10.62%

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

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Notes to Required Supplementary Information - Part III
 For the Year Ended December 31, 2022

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

The June 30, 2022 measurement date included three changes to the plan provisions, only one of which had an impact on the Total Pension Liability (TPL). Chapter 226, P.L. 2021 reopened the Prosecutors Part of PERS and made membership in the Prosecutors Part of PERS mandatory for all prosecutors.

Changes in Assumptions:

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

<u>Discount Rate</u>				<u>Long-term Expected Rate of Return</u>			
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	5.00%	2022	7.00%	2017	7.00%
2021	7.00%	2016	3.98%	2021	7.00%	2016	7.65%
2020	7.00%	2015	4.90%	2020	7.00%	2015	7.90%
2019	6.28%	2014	5.39%	2019	7.00%	2014	7.90%
2018	5.66%			2018	7.00%		

The underlying demographic and economic assumptions were updated as a result of the Experience Study covering the period of July 1, 2018 - June 30, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

**SCHEDULES RELATED TO OTHER
POSTEMPLOYMENT BENEFIT PLANS**

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

	<u>Measurement Date Ended June 30,</u>					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fire District's Proportion of the Net OPEB Liability	0.009411%	0.008527%	0.008637%	0.008048%	0.008690%	0.010485%
Fire District's Proportionate Share of the Net OPEB Liability	\$ 1,519,838.00	\$ 1,534,841.00	\$ 1,550,049.00	\$ 1,090,188.00	\$ 1,361,429.00	\$ 2,140,595.00
Fire District's Covered Payroll (Plan Measurement Period)	\$ 400,892.00	\$ 379,678.00	\$ 356,241.00	\$ 375,260.00	\$ 357,472.00	\$ 348,680.00
Fire District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	379.11%	404.25%	435.11%	290.52%	380.85%	613.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%	0.28%	0.91%	1.98%	1.97%	1.03%

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

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

	Year Ended December 31,					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fire District's Required Contributions	\$ 71,611.20	\$ 63,622.50	\$ 102,314.64	\$ 62,700.84	\$ 99,529.68	\$ 103,151.76
Fire District's Contributions in Relation to the Required Contribution	<u>(71,611.20)</u>	<u>(63,622.50)</u>	<u>(102,314.64)</u>	<u>(62,700.84)</u>	<u>(99,529.68)</u>	<u>(103,151.76)</u>
Fire District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered Payroll (Calendar Year)	\$ 425,069.00	\$ 390,464.00	\$ 368,892.00	\$ 363,519.00	\$ 367,072.00	\$ 349,694.00
Fire District's Contributions as a Percentage of Covered Payroll	16.85%	16.29%	27.74%	17.25%	27.11%	29.50%

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

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TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
 Required Supplementary Information - Part IV
 Notes to Required Supplementary Information - Part IV
 Other Postemployment Benefits (OPEB)
 For the Year Ended December 31, 2022

Change in Benefit Terms:

The actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022, included changes due to employers adopting and /or changing Chapter 48 provisions.

Changes in Assumptions:

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

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

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

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

There were no changes to mortality projections.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

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TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
Schedule of Findings and Recommendations
For the Year Ended December 31, 2022

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

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

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

None.

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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,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

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