

**FIRE DISTRICT NO. 2  
OF THE TOWNSHIP OF MOORESTOWN**

**Financial Statements**

**For the year ended December 31, 2024**

**(With Independent Auditor's Report thereon)**

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Financial Statements**  
**For the year ended December 31, 2024**

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5-6
Management's Discussion and Analysis	7-10
Government-Wide Statement of Net Position	11
Government-Wide Statement of Activities	12
Governmental Funds Balance Sheet	13
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	14
Governmental Funds Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	15
Notes to Financial Statements	17-48
<b>Required Supplemental Information:</b>	
Budgetary Comparison Schedule	49-50
Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	51
Schedule of District Contributions – PERS	52
Schedule of the District's Proportionate Share of the Net Pension Liability – PFRS	53
Schedule of District Contributions – PFRS	54
Schedule of the District's Proportionate Share of the Net OPEB Liability – LGREP	55
Notes to the Required Supplementary Information	57
<b>Supplementary Information:</b>	
Long-Term Debt Schedule of Serial Bonds Payable	N/A
State of Project Expenditures – Capital Projects Fund	59
Schedule of Financial Statement Findings	61
Summary Schedule of Prior Year Audit Findings and Recommendations as Prepared by Management	62
Acknowledgment	63



Certified Public Accountants & Advisors

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the governmental activities of each major fund and the aggregate remaining fund information of the Fire District No. 2 of the Township of Moorestown, County of Burlington, State of New Jersey, herein referred to as the District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of each major fund and the aggregate remaining fund information of the Fire District No. 2 of the Township of Moorestown, County of Burlington, State of New Jersey, herein referred to as the District, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Division of Local Government Services,

Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

**HOLT MCNALLY & ASSOCIATES, INC.**

*Certified Public Accountants & Advisors*

Medford, New Jersey

October 7, 2025

*This page intentionally left blank.*



**HOLT MCNALLY & ASSOCIATES**

Certified Public Accountants & Advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities of the Fire District No. 2 of the Township of Moorestown as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Fire District No. 2 of the Township of Moorestown's basic financial statements and have issued our report thereon dated October 7, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fire District No. 2 of the Township of Moorestown's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fire District No. 2 of the Township of Moorestown's internal control. Accordingly, we do not express an opinion on the effectiveness of Fire District No. 2 of the Township of Moorestown's internal control.

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fire District No. 2 of the Township of Moorestown's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fire District No. 2 of the Township of Moorestown's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants and Advisors*

Medford, New Jersey  
October 7, 2025

## **FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**

### **MANAGEMENTS DISCUSSION AND ANALYSIS**

This section of the Fire District No. 2 of the Township of Moorestown (the “District”) annual financial report presents a discussion and analysis of the Fire District’s financial performance during the fiscal year that ended on December 31, 2024. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

#### **Financial Highlights**

Total assets were \$4,174,173.78; deferred outflows were \$643,570.00; total liabilities were \$2,273,197.52 and total deferred inflows were \$497,326.00 resulting in net position of \$2,047,220.26 as of December 31, 2024.

The Fire district’s unrestricted net position was \$(79,374.46) for the year ended December 31, 2024.

General Revenues totaled \$1,296,942.21, while Charges for Services totaled \$213,098.20 for the year ended December 31, 2024.

Expenses were \$1,657,372.44 for the year ended December 31, 2024. The single largest expense was salaries and wages, which was \$535,329.78.

#### **Overview of Annual Financial Report**

Management’s Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplemental information. The MD&A represents management’s examination and analysis of the Fire district’s financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Fire district’s capital plan, budget, and other management tools were used for this analysis.

The financial statements report information about the District using the accrual basis of accounting, and, for the governmental funds, using the modified accrual basis of accounting.

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Fire District’s accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (continued)**

Financial Analysis of the Fire District

The following tables and other information are provided as key financial data used by management for monitoring and planning purposes.

Net Position – Table 1 summarizes the changes in net position between December 31, 2024 and 2023:

**Table 1**  
**Condensed Summary of Net Position**

Years Ended December 31,	<u>2024</u>	<u>2023</u>	<u>Increase/ (Decrease)</u>
<b>Assets:</b>			
Current Assets	\$ 2,703,724.36	\$ 2,653,496.70	\$ 50,227.66
Capital Assets (Net of Depreciation)	1,470,449.42	1,637,760.57	(167,311.15)
Total Assets	<u>4,174,173.78</u>	<u>4,291,257.27</u>	<u>(117,083.49)</u>
Deferred Outflows of Resources	643,570.00	714,779.00	(71,209.00)
Total Assets and Deferred Outflows of Resources	<u>4,817,743.78</u>	<u>5,006,036.27</u>	<u>(188,292.49)</u>
<b>Liabilities:</b>			
Current Liabilities	189,858.33	190,686.86	(828.53)
Non-Current Liabilities	2,083,339.19	1,951,834.12	131,505.07
Total Liabilities	<u>2,273,197.52</u>	<u>2,142,520.98</u>	<u>130,676.54</u>
Deferred Inflows of Resources	497,326.00	668,963.00	(171,637.00)
Total Liabilities and Deferred Inflows of Resources	<u>2,770,523.52</u>	<u>2,811,483.98</u>	<u>(40,960.46)</u>
<b>Net Position:</b>			
Invested in Capital Assets	1,470,449.42	1,637,760.57	(167,311.15)
Restricted - Future Capital Outlays	656,145.30	656,145.30	-
Unrestricted	(79,374.46)	(99,353.58)	19,979.12
Total Net Position	<u>\$ 2,047,220.26</u>	<u>\$ 2,194,552.29</u>	<u>\$ (147,332.03)</u>

Financial Analysis of the Fire District

Net position decreased by \$147,332.03. This decrease was primarily due to the design of the District's budget, which spent more funds in the current year.

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (continued)**

**Operating Activities**

Table 2 summarizes the changes in revenues, expenses and net position between fiscal years December 31, 2024 and 2023.

**Table 2**  
**Condensed Summary of Revenues, Expenses and Changes in Net Position**

Year Ended December 31	2024	2023	Increase/ (Decrease)
<b>Revenues</b>			
Operating Revenues:			
District Taxes	\$ 771,885.00	\$ 771,884.00	\$ 1.00
Other	<u>525,057.21</u>	<u>557,124.52</u>	<u>(32,067.31)</u>
Total Revenues	<u>1,296,942.21</u>	<u>1,329,008.52</u>	<u>(32,066.31)</u>
<b>Expenses</b>			
Administration	291,666.57	214,932.17	76,734.40
Costs of operations and maintenance	992,260.82	800,032.93	192,227.89
Operating appropriations offset with revenues	(76,182.45)	(67,133.53)	(9,048.92)
Depreciation expense	<u>236,529.30</u>	<u>231,209.53</u>	<u>5,319.77</u>
Total Operating Expenses	<u>(1,444,274.24)</u>	<u>(1,179,041.10)</u>	<u>(265,233.14)</u>
Change in Net Position	(147,332.03)	149,967.42	(297,299.45)
Total Net Position, Beginning of Year	2,194,552.29	2,044,584.87	149,967.42
Total Net Position, End of Year	<u>\$ 2,047,220.26</u>	<u>\$ 2,194,552.29</u>	<u>\$ (147,332.03)</u>

The summary of revenues, expenses, and changes in net position provides information as to the nature and source of changes in financial position.

Revenues decreased by \$32,066.31 in 2024, attributable to the change in Net Benefit from OPEB.

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**MANAGEMENTS DISCUSSION AND ANALYSIS (continued)**

Capital Assets and Debt Administration

Capital Assets

Table 3 summarizes the changes in capital assets at December 31, 2024 and 2023.

**Table 3**  
**Capital Assets - Net of Depreciation**

Years ended December 31,	<u>2024</u>	<u>2023</u>	<u>Increase/ Decrease</u>
Buildings and improvements	\$ 2,765,848.19	\$ 2,765,848.19	\$ -
Vehicles and apparatus	2,567,744.90	2,517,744.90	(50,000.00)
Equipment	<u>1,682,157.80</u>	<u>1,663,231.65</u>	18,926.15
Total Capital Assets	<u>7,015,750.89</u>	<u>6,946,824.74</u>	68,926.15
Less: Accumulated Depreciation	<u>5,545,301.47</u>	<u>5,309,064.17</u>	236,237.30
Total Capital Assets, Net Depreciation	<u>\$ 1,470,449.42</u>	<u>\$ 1,637,760.57</u>	\$ (167,311.15)

Debt Outstanding

The Fire District's had no debt outstanding as of December 31, 2024.

Next Year's Budget

The District adopted a \$1,698,004.00 operating budget for 2025, an increase of \$167,508.00 when compared to 2024. The Tax Levy was approved for \$776,328.00 for 2025, an increase of \$4,443.00 when compared to 2024.

Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stephen W. Knobbs, Administrator, Fire District No. 2 of the Township of Moorestown, 225 North Lenola Road, Moorestown, New Jersey.

**EXHIBIT A-1**

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Statement of Net Position**  
**December 31, 2024**

	<u><b>Governmental Activities</b></u>
	<u><b>2024</b></u>
<b>Assets:</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 596,080.23
Investments (Note 3)	1,310,197.78
Accounts Receivable	61,654.00
Prepaid Expense	79,647.05
Cash and Cash Equivalents - Restricted	<u>656,145.30</u>
<b>Total Current Assets</b>	<u>2,703,724.36</u>
<b>Capital Assets (Note 5):</b>	
Depreciable	<u>1,470,449.42</u>
<b>Total Capital Assets</b>	<u>1,470,449.42</u>
<b>Total Assets</b>	<u>4,174,173.78</u>
<b>Deferred Outflow of Resources:</b>	
Deferred Outflows related to Other Post Employment Benefits (Note 8)	461,767.00
Deferred Outflows related to Pensions (Note 7)	<u>181,803.00</u>
<b>Total Deferred Outflow of Resources</b>	<u>643,570.00</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>4,817,743.78</u>
<b>Liabilities:</b>	
<b>Current Liabilities:</b>	
Accounts Payable	21,836.27
Other Liabilities	74,423.06
Pension Payable	93,599.00
<b>Noncurrent Liabilities (See Note 6):</b>	
Due in More Than One Year	<u>2,083,339.19</u>
<b>Total Liabilities</b>	<u>2,273,197.52</u>
<b>Deferred Inflow of Resources:</b>	
Deferred Inflows related to Other Post Employment Benefits (See Note 8)	441,658.00
Deferred Inflows related to Pensions (See Note 7)	<u>55,668.00</u>
<b>Total Deferred Inflow of Resources</b>	<u>497,326.00</u>
<b>Total Liabilities and Deferred Inflow of Resources</b>	<u>2,770,523.52</u>
<b>Net Position:</b>	
Net Investment in Capital Assets	1,470,449.42
Restricted for Capital Projects	656,145.30
Unrestricted (Deficit)	<u>(79,374.46)</u>
<b>Total Net Position</b>	<u>\$ 2,047,220.26</u>

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

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Statement of Activities**  
**For the year ended December 31, 2024**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>12/31/2024</u>	<u>Governmental Activities</u>
Government Activities:				
Operation Appropriations:				
Administration	\$ (291,666.57)	\$ -	\$ (291,666.57)	
Costs of Operations and Maintenance	(992,260.82)	-	(992,260.82)	
Operating Appropriations Offset with Revenues	(136,915.75)	213,098.20	76,182.45	
Depreciation Expense	(236,529.30)	-	(236,529.30)	
Total Government Activities	<u>(1,657,372.44)</u>	<u>213,098.20</u>	<u>(1,444,274.24)</u>	
General Revenues:				
Miscellaneous Revenue				511,574.21
Operating Grant Revenues				1,177.00
Amount Raised by Taxation				771,885.00
Net Benefit from OPEB				12,306.00
Total General Revenues				<u>1,296,942.21</u>
Change in Net Position				<u>(147,332.03)</u>
Net Position, January 1				<u>2,194,552.29</u>
Net Position, December 31				<u>\$ 2,047,220.26</u>

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

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2024**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
			<u>December 31, 2024</u>
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 596,080.23	\$ -	\$ 596,080.23
Investments	1,310,197.78	-	1,310,197.78
Accounts Receivable	61,654.00	-	61,654.00
Prepaid Expense	79,647.05	-	79,647.05
Restricted Cash and Cash Equivalents	-	656,145.30	656,145.30
<b>Total Assets</b>	<u>2,047,579.06</u>	<u>656,145.30</u>	<u>2,703,724.36</u>
<b>Liabilities, Equity and Other Credits:</b>			
<b>Accounts Payable</b>	21,836.27	-	21,836.27
<b>Dedicated Penalty Fees</b>	37,448.06	-	37,448.06
<b>Security Deposits</b>	36,075.00	-	36,075.00
<b>Other Current Liabilities</b>	900.00	-	900.00
<b>Total Liabilities</b>	<u>96,259.33</u>	<u>-</u>	<u>96,259.33</u>
<b>Fund Balances:</b>			
<b>Restricted for:</b>			
Capital - Future Capital Outlays	-	647,862.30	647,862.30
<b>Assigned for:</b>			
Subsequent Year's Expenditures	347,139.00	-	347,139.00
Unassigned	<u>1,604,180.73</u>	<u>8,283.00</u>	<u>1,612,463.73</u>
<b>Total Fund Balance</b>	<u>1,951,319.73</u>	<u>656,145.30</u>	<u>2,607,465.03</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 2,047,579.06</u></u>	<u><u>\$ 656,145.30</u></u>	
Amounts reported for Governmental Activities in the Statement of Net Position (A-1) are different because:			
Capital Assets used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The cost of the Assets is \$7,015,750.89 and the Accumulated Depreciation is \$5,545,301.47			1,470,449.42
Deferred Outflows and Inflows of resources related to Pensions and other Post-Employment Benefits are applicable to future reporting periods and therefore are not reported in the Funds.			
Deferred Outflows	643,570.00		
Deferred Inflows	(497,326.00)		
Accrued Pension Contributions for the June 30, 2024 plan year are not paid with Current Economic Resources and are therefore not reported as a Liability in the Funds, but are included in Accounts Payable in the Government-Wide Statement of Net Position.			(93,599.00)
Long-Term Liabilities, including Net Pension Liability, and Compensated Absences Payable are not due and payable in the current period and therefore are not reported as Liabilities in the Funds.			<u>(2,083,339.19)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 2,047,220.26</u></u>		

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

**EXHIBIT B-2**

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the year ended December 31, 2024**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
			<u>December 31, 2024</u>
<b>Revenues:</b>			
Miscellaneous Anticipated Revenue:			
Interest Income	\$ 60,168.89	\$ -	\$ 60,168.89
Rental of Recreation Hall	172,349.00	-	172,349.00
Shared Services Moorestown Fire District No. 1	261,622.00	-	261,622.00
Miscellaneous Income	<u>17,434.32</u>	-	<u>17,434.32</u>
Total Miscellaneous Revenues	<u>511,574.21</u>	-	<u>511,574.21</u>
Operating Grant Revenues:			
Supplemental Fire Service Act	<u>1,177.00</u>	-	<u>1,177.00</u>
Total Operating Grant Revenue	<u>1,177.00</u>	-	<u>1,177.00</u>
Uniform Fire Safety Act Revenues:			
Annual Registration Fees	196,069.70	-	196,069.70
Other Revenue	<u>17,028.50</u>	-	<u>17,028.50</u>
Total Uniform Fire Safety Act Revenues	<u>213,098.20</u>	-	<u>213,098.20</u>
Total Revenues	<u>725,849.41</u>	-	<u>725,849.41</u>
Amount raised by Taxation to support District Budget	<u>721,885.00</u>	<u>50,000.00</u>	<u>771,885.00</u>
Total Anticipated Revenues	<u>1,447,734.41</u>	<u>50,000.00</u>	<u>1,497,734.41</u>
<b>Expenditures:</b>			
Operating Appropriations:			
Administration:			
Salaries and Wages	93,512.40	-	93,512.40
Fringe Benefits	21,309.81	-	21,309.81
Other Expenditures:			
Insurance	91,390.78	-	91,390.78
Elections	2,473.19	-	2,473.19
Professional Services	20,413.40	-	20,413.40
Other Expenses	<u>62,566.99</u>	-	<u>62,566.99</u>
Total Administration	<u>291,666.57</u>	-	<u>291,666.57</u>
Cost of Operations and Maintenance:			
Salaries and Wages	316,360.38	-	316,360.38
Fringe Benefits	141,151.61	-	141,151.61
Other Expenditures:			
Maintenance and Repairs	267,486.19	-	267,486.19
Rental Charges	19,272.00	-	19,272.00
Miscellaneous Expenses	<u>198,904.57</u>	-	<u>198,904.57</u>
Total Cost of Operations and Maintenance	<u>943,174.75</u>	-	<u>943,174.75</u>
Operating Appropriations Offset with Revenues:			
Salaries and Wages	125,457.00	-	125,457.00
Fringe Benefits	<u>11,458.75</u>	-	<u>11,458.75</u>
Total Operating Appropriations Offset with Revenues	<u>136,915.75</u>	-	<u>136,915.75</u>
Capital Expenditures	<u>19,218.15</u>	<u>50,000.00</u>	<u>69,218.15</u>
Total Operating Appropriations	<u>1,390,975.22</u>	<u>50,000.00</u>	<u>1,440,975.22</u>
Excess of Revenues Over Expenditures	<u>56,759.19</u>	-	<u>56,759.19</u>
Fund Balance, January 1	<u>1,894,560.54</u>	<u>656,145.30</u>	<u>2,550,705.84</u>
Fund Balance, December 31	<u>\$ 1,951,319.73</u>	<u>\$ 656,145.30</u>	<u>\$ 2,607,465.03</u>

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

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balance in**  
**the Governmental Funds to the Statement of Activities**  
**December 31, 2024**

Total Net Changes in Fund Balance-Governmental Funds (B-2) \$ 56,759.19

Amounts reported for Governmental Activities in the Statement of Activities (A-2) are different because:

Capital Outlays are reported in Governmental Funds as Expenditure. 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 Depreciation Exceeded Capital Outlays in the period.

Capital Outlay - General Fund	\$ 19,218.15
Capital Outlay - Capital Fund	50,000.00
Capital Asset Deletions	(292.00)
Depreciation Expense	<u>(236,237.30)</u>
	(167,311.15)

Governmental Funds report Fire District Pension Contributions as Expenditures. However, in the Statement of Activities, the Cost of Pension Benefits earned is reported as Pension Expense. This is the amount by which Pension Benefits earned exceeded the Fire District's Pension Contributions in the current period. (36,878.00)

District Other Postemployment Benefit Contributions are reported as Expenditures in the Governmental Funds when made. However, they are reported as Deferred Outflows of Resources in the Statement of Net Position because the reported Net Other Postemployment Benefit liability is measured a year before the District's report date. Other Postemployment Expense, which is the change in the Net other Postemployment Benefit Liability adjusted for changes in Deferred Outflows and Inflows of Resources related to Other Postemployment Benefits is reported in the Statement of Activities. 12,306.00

In the Statement of Activities, certain Operating Expenses, e.g. Compensated Absences (vacations), are measured by the amounts earned during the year. In the Governmental Funds, however, Expenditures for these items are reported in the amount of Financial Resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (12,208.07)

Change in Net Position of Governmental Activities \$ (147,332.03)

*This page intentionally left blank.*

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements**  
**For the year ended December 31, 2024**

**NOTE 1. GENERAL INFORMATION**

**A. Description of Reporting Entity**

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

Fire Districts are governed by the *N.J.S.A. 40A: 14-70* et al. and are taxing authorities charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location. Moorestown Fire District No. 2 has 1 fire company within its jurisdiction - the Lenola Fire Company.

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

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

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

**B. District Officials**

The District is governed by a board of five commissioners. The following were in office at December 31, 2024:

Officials  
William J. Wesolowski  
Jacqueline Grant  
James Gifford  
Howard C. Mann, Sr.  
Raymond Clark

**C. Accounting Records**

The official accounting records of the Fire District are maintained in the office of Fire District No. 2 of the Township of Moorestown.

**D. Minutes**

Minutes were recorded for meetings and contained approvals for disbursements.

## **FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**

### **Notes to Financial Statements (continued)**

**For the year ended December 31, 2024**

#### **NOTE 1. GENERAL INFORMATION (continued)**

##### **E. Component Units**

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34, GASB Statement No. 80, Blending Requirements for Certain Component Units and GASB Statement No. 90, Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61. . The District had no component units as of for the year ended December 31, 2024.

#### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Basis of Presentation**

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

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

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

##### **B. Fund Accounting**

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

## **FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**

### **Notes to Financial Statements (continued)**

**For the year ended December 31, 2024**

#### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Governmental Funds:

##### *General Fund*

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

##### *Capital Projects Fund*

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, such as firehouses and firefighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the voters as a separate question of the ballot either during the annual election or at a special election.

##### *Debt Service Fund*

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

#### **C. Government-Wide and Fund Financial Statements**

##### *Government Wide Financial Statements*

The government-wide financial statements (A-1 and A-2) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these government-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

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

## **FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**

### **Notes to Financial Statements (continued)**

**For the year ended December 31, 2024**

#### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **C. Government-Wide and Fund Financial Statements (continued)**

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

The government-wide financial statements (A-1 and A-2) include the statement of net position and the statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

##### *Fund Financial Statements*

The fund financial statements provide detail of the governmental funds.

##### **D. Basis of Accounting**

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

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

In its accounting and financial reporting, the Fire District No. 2 of the Township of Moorestown follows the pronouncements of the Governmental Accounting Standards Board (GASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Budgets and Budgetary Accounting**

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 adopt the annual budget no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the 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.

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 for approval of the legal voters.

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

**F. Encumbrances**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. There were no encumbrances at December 31, 2024.

**G. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, change funds and cash in banks. All certificates of deposit are recorded as cash regardless of the date of maturity. Fire Districts are required by N.J.S.A. 40A: 5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A: 5-15.1 provides a list of investments that may be purchased by Fire Districts.

N.J.S.A. 17:9-42 requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey.

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Cash, Cash Equivalents and Investments (continued)**

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

**H. Prepaid Expenses**

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

**I. Debt Limitation**

*N.J.S.A.40A:14-85* governs procedures for the issuance of any debt related to capital purchases. In summary, Fire Districts may purchase firefighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

**J. Capital Assets**

Capital assets, which include land, building, improvements, and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated.

Depreciation is recorded on the straight-line method (with half a year depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Buildings and improvements	20-40 years
Vehicles	20 years
Firefighting equipment and fixtures	10 years
Computer equipment	5 years

**K. Inventory, Materials and Supplies**

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

**L. Interfund Receivable/Payable**

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

## **FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**

### **Notes to Financial Statements (continued)**

**For the year ended December 31, 2024**

#### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **M. Compensated Absences**

Fire District employees are entitled to paid vacation, comp-time, and sick days. Vacation days are accrued at 15 days per year. Comp-time is accrued at one and one half times the number of overtime hours worked and does not carry forward into succeeding years. Sick days are accrued at 15 to 20 days per year ( depending on years of service) which carry forward into succeeding years. Unused sick days are reimbursed to employees, upon retirement, at their current rate of pay, up to a maximum of 45 days and \$15,000.00. Unused vacation days are reimbursed to employees, upon the employee leaving in good standing the employment of the Fire District, at their current rate of pay, up to a maximum of 2 years. At December 31, 2024, no employees are near retirement nor can it be reasonably estimated when the Fire District employees will retire. As a result, no liability for accumulated sick time has been recorded in these general purpose financial statements. Actual payment and funding for sick time occurs through budget appropriation in the annual operating budget on a pay-as-you-go basis.

At December 31, 2024, the liability for vested compensated absences was \$135,628.19.

##### **N. Revenues and Expenditures**

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

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

##### **O. Fire District Taxes**

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

##### **P. Deferred Outflows and Deferred Inflows of Resources**

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

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

## **FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**

### **Notes to Financial Statements (continued)**

**For the year ended December 31, 2024**

#### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Q. Pensions Section**

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

##### **R. Fund Equity**

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Fire District No. 2 of the Township of Moorestown classifies governmental fund balances as follows:

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

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

##### **S. Net Position**

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

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

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**T. Use of Estimates**

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

**U. Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended December 31, 2024:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance to better meet the information needs of the financial statement users for compensated absences. The standard requires that liabilities for compensated absences be recognized for leave that hasn't been used and leave that has been used but not paid yet. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. The adoption of this pronouncement had no material effect on the financial statements.

Recently Issued Accounting Pronouncements

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

Statement No. 102, *Certain Risk Disclosures*, requires a government to disclose information about concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The standard will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. Statement No. 102 is effective for reporting periods beginning after June 15, 2024. Management has not yet determined the potential impact on the District's financial statements.

**V. Subsequent Events**

Fire District No. 2 of the Township of Moorestown has evaluated subsequent events occurring after December 31, 2024 through the date of October 7, 2025, which is the date the financial statements were available to be issued. No items have come to the attention of the District that would require disclosure.

**NOTE 3: INVESTMENTS**

**A. Custodial Credit Risk**

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Fire District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 3: INVESTMENTS (continued)**

**A. Custodial Credit Risk (continued)**

custodial credit risk if the securities are uninsured, are not registered in the name of the Fire District, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fire District's name. All of the District's investments are held in the name of the District and are collateralized by GUDPA.

**B. Investment Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates that will adversely affect the fire value of an investment. The Fire District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2024, are provided in the below schedule.

**C. Investment Credit Risk**

The Fire District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Fire District or bonds or other obligations of the local unit or units within which the Fire District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Fire District;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities

The following table sets forth by level, within the value hierarchy, the District's assets at fair value at December 31, 2024.

	<i>Assets at Fair Value as of December 31, 2024</i>				<i>Total</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
Annuity Funds:					
Panorama Passage	\$ 225,804.83	\$ -	\$ -	\$ 225,804.83	
Mass Mutual Odyssey	1,084,392.95	-	-	-	1,084,392.95
<b>Total</b>	<b>\$ 1,310,197.78</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,310,197.78</b>	

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 4. CASH AND CASH EQUIVALENTS**

**Cash Deposits**

**Custodial Credit Risk** – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJS 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2024, the District’s bank balance of \$1,262,240.17 was insured or collateralized as follows:

Insured under FDIC	\$ 250,000.00
Collateralized in the District’s name under GUDPA	<u>1,012,240.17</u>
 Total	 <u>\$ 1,262,240.17</u>

**NOTE 5. CAPITAL ASSETS**

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

Fixed assets consisted of the following at December 31, 2024:

	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u> <u>&amp; Transfers</u>	<u>Balance</u>
	<u>1/1/2024</u>			<u>12/31/2024</u>
Governmental Activities:				
Buildings and improvements	\$ 2,765,848.19	\$ -	\$ -	\$ 2,765,848.19
Vehicles and apparatus	2,517,744.90	50,000.00	-	2,567,744.90
Equipment	<u>1,663,231.65</u>	<u>19,218.15</u>	<u>(292.00)</u>	<u>1,682,157.80</u>
Totals at historical cost	<u>6,946,824.74</u>	<u>69,218.15</u>	<u>(292.00)</u>	<u>7,015,750.89</u>
Less: accumulated depreciation				
Buildings and improvements	(2,051,565.68)	(87,891.94)	-	(2,139,457.62)
Vehicles and apparatus	(1,890,895.05)	(91,297.42)	-	(1,982,192.47)
Equipment	<u>(1,366,603.44)</u>	<u>(57,296.15)</u>	<u>248.20</u>	<u>(1,423,651.38)</u>
Total accumulated depreciation	<u>(5,309,064.17)</u>	<u>(236,485.51)</u>	<u>248.20</u>	<u>(5,545,301.47)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 1,637,760.57</u>	<u>\$ (167,267.36)</u>	<u>\$ (43.80)</u>	<u>\$ 1,470,449.42</u>

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 6. LONG-TERM OBLIGATIONS**

During the fiscal year ended December 31, 2024 the following changes occurred in liabilities reported in long-term debt:

	Balance 12/31/2023	Accrued/ increases	Retired/ decreases	Balance 12/31/2024	Due within one year
OPEB liability	\$ 986,980.00	\$ 143,570.00	\$ -	\$ 1,130,550.00	\$ -
Net pension liability	841,434.00	-	24,273.00	817,161.00	-
Compensated Absences	123,420.12	12,208.07	-	135,628.19	-
<b>Total</b>	<b><u>\$ 1,951,834.12</u></b>	<b><u>\$ 155,778.07</u></b>	<b><u>\$ 24,273.00</u></b>	<b><u>\$ 2,083,339.19</u></b>	<b><u>\$ -</u></b>

**NOTE 7. PENSION OBLIGATIONS**

**A. Public Employees' Retirement System (PERS)**

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

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

The following represents the membership tiers for PERS:

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

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

## **FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**

### **Notes to Financial Statements (continued)**

**For the year ended December 31, 2024**

#### **NOTE 7. PENSION OBLIGATIONS (continued)**

##### **A. Public Employees' Retirement System (PERS) (continued)**

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

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2024, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the District's contractually required contribution to PERS plan was \$46,975.

**Components of Net Pension Liability** - At December 31, 2024, the District's proportionate share of the PERS net pension liability was \$469,089. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The District's proportion measured as of June 30, 2023, was 0.003452% which was a increase of 0.000152% from its proportion measured as of June 30, 2023.

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2024, the District's proportionate share of the PERS expense/(benefit), calculated by the plan as of the June 30, 2024 measurement date is \$17,997.

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 7. PENSION OBLIGATIONS (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 9,397	\$ 1,249
Changes of Assumptions	583	5,337
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	21,750
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	<u>53,421</u>	<u>2,470</u>
	<u><u>\$ 63,401</u></u>	<u><u>\$ 30,806</u></u>

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 7. PENSION OBLIGATIONS (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
June 30, 2023	5.08	-
June 30, 2024	5.08	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	-
June 30, 2024	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2019	-	-
June 30, 2020	-	5.00
June 30, 2021	-	5.00
June 30, 2022	-	5.00
June 30, 2023	-	5.00
June 30, 2024	-	5.00
Changes in Proportion and Differences between Contributions and Pro Year of Pension Plan Deferral:		
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
June 30, 2023	5.08	5.08
June 30, 2024	5.08	5.08

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 7. PENSION OBLIGATIONS (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

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

<b>Year Ending</b>	<b>Amount</b>	
<b>Dec 31,</b>		
2024	\$ 35,365	
2025	(27,364)	
2026	15,743	
2027	9,088	
2028	<u>(237)</u>	
	 <u>\$ 32,595</u>	

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	2.75%-6.55% based on years of service
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2018 - June 30, 2021

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

## FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN

### Notes to Financial Statements (continued)

For the year ended December 31, 2024

#### NOTE 7. PENSION OBLIGATIONS (continued)

##### A. Public Employees' Retirement System (PERS) (continued)

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
		<u>100.00%</u>

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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 will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

## FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN

### Notes to Financial Statements (continued)

For the year ended December 31, 2024

#### NOTE 7. PENSION OBLIGATIONS (continued)

##### A. Public Employees' Retirement System (PERS) (continued)

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

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 628,550	\$ 469,089	\$ 340,697

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

The State's proportionate share of the PERS net pension liability associated with the special funding situation is \$-0- as of December 31, 2024. The State's proportionate share of the contribution associated with the special funding situation was \$1,512 as of December 31, 2024. These are based on measurements as of June 30, 2024.

##### B. Police and Firemen's Retirement System (PFRS)

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

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN****Notes to Financial Statements (continued)****For the year ended December 31, 2024****NOTE 7. PENSION OBLIGATIONS (continued)****B. Police and Firemen's Retirement System (PFRS) (continued)**

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

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

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

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

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2024, the State contributed an amount more than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the District's contractually required contributions to PFRS plan was \$46,624.

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 7. PENSION OBLIGATIONS (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

**Net Pension Liability and Pension Expense** - At December 31, 2024 the District's proportionate share of the PFRS net pension liability was \$348,072. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, to the measurement date of June 30, 2024. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The District's proportion measured as of June 30, 2024, was 0.00337%, which was a increase of 0.00008% from its proportion measured as of June 30, 2023.

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2024, the District's proportionate share of the PFRS expense/(benefit), calculated by the plan as of the June 30, 2024 measurement date was \$106,785.

At December 31, 2024, the District had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 21,928	\$ 11,916
Changes of Assumptions	550	10,222
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,724
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	<u>95,924</u>	<u>-</u>
	<u><u>\$ 118,402</u></u>	<u><u>\$ 24,862</u></u>

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

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 7. PENSION OBLIGATIONS (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2019	-	5.92
June 30, 2020	5.90	-
June 30, 2021	-	6.17
June 30, 2022	6.22	-
June 30, 2023	6.16	-
June 30, 2024	6.09	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2019	-	5.92
June 30, 2020	-	5.90
June 30, 2021	6.17	-
June 30, 2022	-	6.22
June 30, 2023	-	-
June 30, 2024	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2019	-	-
June 30, 2020	-	5.00
June 30, 2021	-	5.00
June 30, 2022	-	5.00
June 30, 2023	-	5.00
June 30, 2024	-	5.00
Changes in Proportion and Differences between Contributions and Pro Year of Pension Plan Deferral:		
June 30, 2019	5.92	5.92
June 30, 2020	5.90	5.90
June 30, 2021	6.17	6.17
June 30, 2022	6.22	6.22
June 30, 2023	6.16	6.16
June 30, 2024	6.09	6.09

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

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 7. PENSION OBLIGATIONS (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

<b>Year Ending</b>		
<b><u>Dec 31.</u></b>		<b><u>Amount</u></b>
2024	\$	661,484
2025		(762,185)
2026		191,299
2027		88,834
2028		(79,028)
Thereafter		<u>(6,864)</u>
	<hr/>	<hr/>
	\$	<b>93,540</b>

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

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the District is \$263,734 as of December 31, 2024. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, to the measurement date of June 30, 2024. The State's proportion of the net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2024 was 0.01295%, which was a decrease of 0.00196% from its proportion measured as of June 30, 2023, which is the same proportion as the District's. At December 31, 2024, the District's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

District's Proportionate Share of Net Pension Liability	\$ 348,072
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the District	<u>68,622</u>
	<hr/>
	<b><u>\$ 416,694</u></b>

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 7. PENSION OBLIGATIONS (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

At December 31, 2024, the State's proportionate share of the PFRS expense, associated with the District, calculated by the plan as of the June 30, 2024 measurement date was \$7,894.

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

Inflation

Price	2.75%
Wage	3.25%

Salary Increases:

Through all future years	3.25 - 16.25%
Based on Years of Service	

Investment Rate of Return

7.00%

Period of Actuarial Experience

Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021
---	------------------------------

Pre-retirement mortality rates were based on the PubS-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the PubS-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) 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

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 7. PENSION OBLIGATIONS (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small-Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	<u>10.00%</u>	<u>10.10%</u>
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. 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 projected benefit payments to determine the total pension liability.

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

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 7. PENSION OBLIGATIONS (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.0%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 497,317	\$ 348,072	\$ 223,783
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	<u>98,046</u>	<u>68,622</u>	<u>44,119</u>
	<u><u>\$ 595,363</u></u>	<u><u>\$ 416,694</u></u>	<u><u>\$ 267,902</u></u>

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

**NOTE 8. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Other Postemployment Benefits (OPEB)**

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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

## **FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**

### **Notes to Financial Statements (continued)**

**For the year ended December 31, 2024**

#### **NOTE 8. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

##### **General Information about the OPEB Plan (continued)**

provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

##### **Basis of Presentation**

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

##### **Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2024 were \$4,833,833,875 and \$12,914,423,673, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 8. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

## Net OPEB Liability

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

### Salary Increases\*:

## Public Employees' Retirement System (PERS)

#### Initial Fiscal Year Applied

Rate for all future years 2.75% to 6.55% 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

\* - Salary Increases are based on the defined benefit plan that the member is enrolled in and his or her age.

**OPEB Obligation and OPEB (benefit) Expense** - The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the District's as of June 30, 2024 was \$1,130,550. The District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2024, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2024, the State proportionate share of the OPEB Obligation attributable to the District was 0.006314%, which was an decrease of 0.000263% from its proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2023, the State of New Jersey recognized an OPEB benefit in the amount of \$16,883 for the State's proportionate share of the OPEB benefit attributable to the District. This OPEB benefit was based on the OPEB plans June 30, 2024 measurement date.

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the 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.

### Discount Rate

The discount rate for June 30, 2024 was 3.93%. 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.

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 8. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

*Discount Rate (continued)*

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.

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

The following presents the collective net OPEB liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Fire District	\$ 1,316,969	\$ 1,130,550	\$ 981,245
State of New Jersey's Total Nonemployer OPEB Liability	20,857,914,273	17,905,445,505	15,540,780,410

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

The following presents the net OPEB liability as of June 30, 2024, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Fire District	\$ 956,215	\$ 1,130,550	\$ 1,354,696
State of New Jersey's Total Nonemployer OPEB Liability	15,144,352,142	17,905,445,505	21,455,435,620

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 8. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

**Additional Information** – The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2025	\$ (1,123,975,872)
2026	(483,903,543)
2027	(83,156,324)
2028	(443,334,965)
2029	(282,447,899)
Thereafter	<u>302,959,969</u>
	 <u><u>\$ (2,113,858,634)</u></u>

*Changes in Proportion*

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.89, 7.89, 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

**Plan Membership**

At June 30, 2023, the Program membership consisted of the following:

	June 30, 2023
Active Plan Members	<u>60,691</u>
Retirees Currently Receiving Benefits	<u>28,899</u>
 Total Plan Members	 <u><u>89,590</u></u>

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2024 (measurement date June 30, 2024) is as follows:

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 8. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

Service Cost	\$ 545,086,159
Interest on the Total OPEB Liability	554,448,470
Change of Benefit Terms	107,670,542
Differences Between Expected and Actual Experience	408,491,660
Changes of Assumptions	1,735,990,164
Contributions From the Employer	(399,436,504)
Contributions From Non-Employer Contributing Entity	(62,827,411)
Net Investment Income	(1,636,336)
Administrative Expense	<u>11,119,284</u>
Net Change in Total OPEB Liability	2,898,906,028
Total OPEB Liability (Beginning)	<u>15,006,539,477</u>
Total OPEB Liability (Ending)	<u>\$ 17,905,445,505</u>

**NOTE 9. DEFERRED COMPENSATION PLAN**

The Fire District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Fire District employees, permits them to defer a portion of their salary until future years. The deferred funds invested in the plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the participants and their beneficiaries; and are held in a custodial account as described in IRC Section 457(g). Such amounts are part of a common fund held with the assets of other Section 457 plans.

All assets of the plan are held by an independent administrator, Mass Mutual Financial Group. The deferred compensation investment fund balance as of December 31, 2024 is \$225,804.83.

At December 31, 2024, no employees are currently contributing to the deferred compensation plan.

**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. The Fire District maintains commercial insurance coverage for property, liability, and surety bonds.

The Fire District purchases independent insurance coverage through commercial insurance brokers covering the following:

- Property Policy
- Automobile Policy

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2024**

**NOTE 10. RISK MANAGEMENT (continued)**

- Crime Policy and Excess Crime Policy
- Casualty Policy
- Workers' Compensation and Excess Workers Compensation Policy
- Environmental Legal Liability Policy
- Excess Liability Policy
- Public Officials and Employment Liability Policy
- Volunteer and Directors and Officers Policy

**New Jersey Unemployment Compensation Insurance**

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

**NOTE 11. COMPENSATED ABSENCES**

The Fire District accounts for compensated absences ( e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 101 (GASB 101), "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.

Fire District employees earn paid vacation, personal, and sick leave based upon individual employment contracts. Vacation may be accumulated up to a maximum of two years and any unused vacation at the end of year three is automatically forfeited. Personal days must be used in the year earned and are canceled if unused at the end of the current year. Sick leave may be accumulated with no maximum. At time of retirement, employees are entitled to receive compensation for earned vacation time and sick leave up to a maximum of forty-five days at current rate of pay with a maximum of \$15,000.00. In accordance with this policy, the employee must have twenty-five (25) years of service to be eligible. As of December 31, 2024, the Fire District had no employees eligible, therefore there is no long-term liability for accrued sick time.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of December 31, 2024, the liability for compensated absences reported on the governmentwide financial statement of net position was \$135,628.19.

**NOTE 12. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

As of December 31, 2024, there were no interfund balances that remained on the balance sheet.

**NOTE 13. FUNDING**

The activities of the Board of Commissioners are primarily funded by fire tax on property owners of the Fire District, as provided for by the state statute. For the year ended December 31, 2024, the fire tax rate on the Fire District No. 2 was \$0.103 per \$100 of assessed valuation.

## **FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**

### **Notes to Financial Statements (continued)**

**For the year ended December 31, 2024**

#### **NOTE 14. FUND BALANCE**

**General Fund** – Of the \$1,951,319.73 that was recorded as fund balance in the General Fund at December 31, 2024, \$347,139.00 was assigned for subsequent year's expenditures and the remaining balance of \$1,604,180.73 was unassigned.

**Capital Projects Fund** – Of the \$656,145.30 that was recorded as fund balance in the Capital Projects Fund at December 31, 2024, \$647,862.30 is restricted for vehicles and \$8,283.00 is unassigned.

#### **NOTE 15. DEFICIT UNRESTRICTED NET POSITION**

**Unrestricted Net Position** – As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of \$(79,374.46) existed as of December 31, 2024 for governmental activities. The primary cause of this deficit is the District recording their proportionate share of the net pension liability and OPEB liability. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 2), pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Budgetary Comparison Schedule**  
**For the year ended December 31, 2024**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
<b>Revenues:</b>				
Miscellaneous Anticipated Revenue:				
Investment Income	\$ 24,000.00	\$ 24,000.00	\$ 60,168.89	\$ 36,168.89
Rental of Recreation Hall	130,000.00	130,000.00	172,349.00	42,349.00
Shared Services Moorestown Fire District No. 1	264,624.00	264,624.00	261,622.00	(3,002.00)
Miscellaneous Unanticipated Revenue:				
Other Income	-	-	17,434.32	17,434.32
Total Miscellaneous Revenues	<u>418,624.00</u>	<u>418,624.00</u>	<u>511,574.21</u>	<u>92,950.21</u>
Operating Grant Revenues:				
Supplemental Fire Service Act	1,177.00	1,177.00	1,177.00	-
Total Operating Grant Revenue	<u>1,177.00</u>	<u>1,177.00</u>	<u>1,177.00</u>	<u>-</u>
Uniform Fire Safety Act Revenues:				
Annual Registration Fees	130,000.00	130,000.00	196,069.70	66,069.70
Other Revenue	15,000.00	15,000.00	17,028.50	2,028.50
Total Uniform Fire Safety Act Revenues	<u>145,000.00</u>	<u>145,000.00</u>	<u>213,098.20</u>	<u>68,098.20</u>
Total Revenues	<u>564,801.00</u>	<u>564,801.00</u>	<u>725,849.41</u>	<u>161,048.41</u>
Amount Raised by Taxation to Support District Budget	<u>771,885.00</u>	<u>771,885.00</u>	<u>771,885.00</u>	<u>-</u>
Total Anticipated Revenues	<u>1,336,686.00</u>	<u>1,336,686.00</u>	<u>1,497,734.41</u>	<u>161,048.41</u>
<b>Expenditures:</b>				
Operating Appropriations:				
Administration:				
Salaries and Wages:				
Commissioners	13,500.00	13,500.00	13,500.00	-
Administrator	80,012.00	80,112.00	80,012.40	99.60
Fringe benefits	23,088.00	23,088.00	21,309.81	1,778.19
Other Expenditures:				
Elections	3,000.00	3,000.00	2,473.19	526.81
Insurance	120,050.00	92,050.00	91,390.78	659.22
Education and Seminars	20,000.00	20,000.00	15,983.36	4,016.64
Travel Expense	5,500.00	5,500.00	2,435.15	3,064.85
Professional Services	21,800.00	21,800.00	20,413.40	1,386.60
Reserve for Future Post-Retirement Benefits	30,000.00	31,400.00	31,234.28	165.72
Miscellaneous	15,299.00	15,299.00	12,914.20	2,384.80
Total Administration	<u>332,249.00</u>	<u>305,749.00</u>	<u>291,666.57</u>	<u>14,082.43</u>
Cost of Operations and Maintenance:				
Salaries and Wages	294,443.00	317,843.00	316,360.38	1,482.62
Fringe Benefits	174,033.00	142,033.00	141,151.61	881.39
Other Expenditures (Non-Bureau):				
Maintenance and Repairs	221,161.00	268,161.00	267,486.19	674.81
Promotion	109,976.00	71,976.00	71,515.04	460.96
Non-Bondable Other Assets	8,400.00	19,400.00	19,218.15	181.85
Utilities	52,110.00	52,110.00	34,039.21	18,070.79
Fire Hydrant Rental	19,500.00	19,500.00	19,272.00	228.00
Supplemental Fire Service Grant	1,177.00	1,177.00	1,177.00	-
Miscellaneous Expenses	17,210.00	17,210.00	8,423.05	8,786.95

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Budgetary Comparison Schedule**  
**For the year ended December 31, 2024**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Cost of Operations and Maintenance (continued):				
Other Expenditures (Bureau of Fire Prevention):				
Administrative Services	3,600.00	3,600.00	3,600.00	-
Fire Prevention Material	7,597.00	17,297.00	17,253.09	43.91
Office Expense	13,850.00	13,850.00	-	13,850.00
Training and Education	12,000.00	12,000.00	5,973.72	6,026.28
Supplies	22,200.00	37,300.00	37,202.13	97.87
Utilities	10,660.00	10,660.00	10,609.70	50.30
Computer Support and Replacement	3,000.00	3,900.00	3,809.49	90.51
Uniforms	4,000.00	4,000.00	2,704.90	1,295.10
Miscellaneous Expenses	6,330.00	6,330.00	2,224.81	4,105.19
Aid to First Aid or Rescue Squad:				
Equipment	12,000.00	-	-	-
Materials and Supplies	10,000.00	10,000.00	372.43	9,627.57
Total Cost of Operations and Maintenance	<u>1,003,247.00</u>	<u>1,028,347.00</u>	<u>962,392.90</u>	<u>65,954.10</u>
Operating Appropriations Offset with Revenues:				
Salaries and Wages	125,457.00	125,457.00	125,457.00	-
Fringe Benefits	10,140.00	11,540.00	11,458.75	81.25
Other Expenditures:				
Fire Prevention Materials	9,403.00	9,403.00	-	9,403.00
Total Operating Appropriations Offset with Revenues	<u>145,000.00</u>	<u>146,400.00</u>	<u>136,915.75</u>	<u>9,484.25</u>
Capital Appropriations:				
Future Capital Purchases	50,000.00	50,000.00	50,000.00	-
Total Capital Appropriations	<u>50,000.00</u>	<u>50,000.00</u>	<u>50,000.00</u>	<u>-</u>
Total Operating Appropriations	<u>1,530,496.00</u>	<u>1,530,496.00</u>	<u>1,440,975.22</u>	<u>89,520.78</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(193,810.00)	(193,810.00)	56,759.19	250,569.19
Fund Balance, January 1	<u>2,550,705.84</u>	<u>2,550,705.84</u>	<u>2,550,705.84</u>	<u>-</u>
Fund Balance, December 31	<u><u>\$ 2,356,895.84</u></u>	<u><u>\$ 2,356,895.84</u></u>	<u><u>\$ 2,607,465.03</u></u>	<u><u>\$ 250,569.19</u></u>

**Recapitulation of Fund Balance:**

Restricted:		
Capital Projects		\$ 656,145.30
Assigned:		
Subsequent Year's Budget		347,139.00
Unassigned		<u>1,604,180.73</u>
		<u><u>\$ 2,607,465.03</u></u>

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the Net Pension Liability (Asset)	0.003452%	0.003300%	0.003197%	0.002948%	0.002838%	0.003192%	0.003058%	0.002921%	0.002842%	0.001331%
Districts proportionate share of the Net Pension Liability (Asset)	\$ 469,089.00	\$ 477,958.00	\$ 482,511.00	\$ 349,189.00	\$ 462,844.00	\$ 575,192.00	\$ 602,081.00	\$ 680,014.00	\$ 841,822.00	\$ 298,808.00
State's Proportionate Share of the Net Pension Liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>\$ 469,089.00</u>	<u>\$ 477,958.00</u>	<u>\$ 482,511.00</u>	<u>\$ 349,189.00</u>	<u>\$ 462,844.00</u>	<u>\$ 575,192.00</u>	<u>\$ 602,081.00</u>	<u>\$ 680,014.00</u>	<u>\$ 841,822.00</u>	<u>\$ 298,808.00</u>
District's Covered-Employee Payroll	\$ 292,872.00	\$ 274,556.00	\$ 250,504.00	\$ 235,654.00	\$ 219,422.00	\$ 232,953.00	\$ 192,091.57	\$ 215,440.00	\$ 202,384.00	\$ 193,011.00
District's proportionate share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	160.17%	174.08%	192.62%	148.18%	210.94%	246.91%	313.43%	315.64%	415.95%	154.81%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Contractually Required Contribution	\$ 46,975	\$ 44,103	\$ 40,319	\$ 34,520	\$ 30,681	\$ 31,051	\$ 30,681	\$ 25,743	\$ 25,251	\$ 11,244
Contributions in relation to the Contractually Required Contributions	\$ 46,975	\$ 44,103	\$ 40,319	\$ 34,520	\$ 30,681	\$ 31,051	\$ 30,681	\$ 25,743	\$ 25,251	\$ 11,244
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 274,556	\$ 274,556	\$ 250,504	\$ 235,654	\$ 219,422	\$ 232,953	\$ 192,092	\$ 215,440	\$ 202,384	\$ 193,011
Contributions as a percentage of Covered-Employee Payroll	17.11%	16.06%	16.10%	14.65%	13.98%	13.33%	15.97%	11.95%	12.48%	5.83%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the Net Pension Liability (Asset)	0.003371%	0.003290%	0.003236%	0.003166%	0.003091%	N/A	N/A	N/A	N/A	N/A
Districts proportionate share of the Net Pension Liability (Asset)	\$ 348,072.00	\$ 363,476.00	\$ 370,361.00	\$ 231,417.00	\$ 399,450.00	N/A	N/A	N/A	N/A	N/A
State's Proportionate Share of the Net Pension Liability associated with the District	\$ 68,622.00	\$ 66,975.00	\$ 65,913.00	\$ 65,086.00	\$ 61,994.00	N/A	N/A	N/A	N/A	N/A
	<u>\$ 416,694.00</u>	<u>\$ 430,451.00</u>	<u>\$ 436,274.00</u>	<u>\$ 296,503.00</u>	<u>\$ 461,444.00</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's Covered-Employee Payroll	\$ 132,648.00	\$ 126,004.00	\$ 119,848.00	\$ 115,305.00	\$ 110,988.00	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	262.40%	288.46%	309.03%	200.70%	359.90%	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a percentage of the total Pension Liability	70.16%	70.16%	68.33%	77.26%	63.52%	N/A	N/A	N/A	N/A	N/A

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Contractually Required Contribution	\$ 46,624.00	\$ 43,793.00	\$ 42,081.00	\$ 36,900.00	\$ 34,337.00	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the Contractually Required Contributions	\$ 46,624.00	\$ 43,793.00	\$ 42,081.00	\$ 36,900.00	\$ 34,337.00	N/A	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 132,648.00	\$ 126,004.00	\$ 119,848.00	\$ 115,305.00	\$ 110,988	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of Covered-Employee Payroll	35.15%	34.76%	35.11%	32.00%	30.94%	N/A	N/A	N/A	N/A	N/A

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability**  
**Local Government Retired Employees Plan**  
**Last Eight Fiscal Years\*\***

	<b>Measurement Date Ended June 30,</b>						
	2024	2023	2022	2021	2020	2019	2018
District's Proportionate Share of the Net Other Postemployment Benefit Liability (Asset)	0.006314%	0.006577%	0.005647%	0.005685%	0.005758%	0.005365%	0.004828%
District's Proportionate Share of the Net Other Postemployment Benefit Liability (Asset)	\$ 1,130,550.00	\$ 986,980.00	\$ 911,968.00	\$ 1,023,288.00	\$ 1,033,366.00	\$ 726,747.00	\$ 756,484.00
District's Covered-Employee Payroll	\$ 425,520.00	\$ 400,560.00	\$ 370,352.00	\$ 350,959.00	\$ 330,410.00	\$ 232,953.00	\$ 192,091.57
District's Proportionate Share of the Net Other Postemployment Benefit Liability (Asset) as a percentage of its Covered-Employee Payroll	265.69%	246.40%	246.24%	291.57%	312.75%	311.97%	393.81%
Plan Fiduciary Net Position as a percentage of the total Other Postemployment Benefit Liability	-0.89%	-0.79%	-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, governments should present information for those years for which information is available.

*This page intentionally left blank.*

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**

**Notes to the Required Supplementary Information**

**For the year ended December 31, 2024**

**Public Employees' Retirement System (PERS)**

**Changes of Benefit Terms** – None

**Changes of Assumptions** – None

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

**Changes of Benefit Terms** – None

**Changes of Assumptions** – None

**State Health Benefit Local Retired Employees Plan (OPEB)**

**Changes of Benefit Terms** – None

**Changes of Assumptions** – The discount rate changed from 3.65% as of June 30, 2023, to 3.93% as of June 30, 2024.

*This page intentionally left blank.*

**EXHIBIT F-1**

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN**  
**Capital Projects Fund**  
**Statement of Project Expenditures**  
**For the year ended December 31, 2024**

	<u>Balance January 1, 2024</u>	<u>Transfer from Budget</u>	<u>Expended Current Year</u>	<u>Balance December 31, 2024</u>
Reserve for Future Capital Outlay	\$ 597,862.30	\$ 50,000.00	\$ 50,000.00	\$ 647,862.30
Vehicle	50,000.00	-	-	-
Undesignated	8,283.00	-	-	8,283.00
<b>Total</b>	<b>\$ 656,145.30</b>	<b>\$ 50,000.00</b>	<b>\$ 50,000.00</b>	<b>\$ 656,145.30</b>

*This page intentionally left blank.*

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN  
SCHEDULE OF FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

None.

**FIRE DISTRICT NO. 2 OF THE TOWNSHIP OF MOORESTOWN  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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*.

**FINANCIAL STATEMENT FINDINGS**

No financial statement findings in prior year.



**HOLT MCNALLY & ASSOCIATES**

Certified Public Accountants & Advisors

### **Acknowledgment**

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

**HOLT MCNALLY & ASSOCIATES, INC.**

*Certified Public Accountants & Advisors*

Medford, New Jersey

October 7, 2025

105 Atsion Road, Suite I, Medford, NJ 08055

**P:** 609.953.0612 • **F:** 609.257.0008

[www.hmacpainc.com](http://www.hmacpainc.com)