

**TOWNSHIP OF WESTVILLE
FIRE DISTRICT NO. 1**

Financial Statements

For the year ended December 31, 2023

(With Independent Auditor's Report thereon)

TOWNSHIP OF WESTVILLE FIRE DISTRICT NO. 1

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TOWNSHIP OF WESTVILLE FIRE DISTRICT NO. 1

**ROSTER OF OFFICIALS
December 31, 2023**

BOARD OF COMMISSIONERS

William Marsden	Chairman
Dennis Morina	Vice Chairman
Joseph Bobiak	Treasurer
Vincent DiCicco	Secretary
Jim Rich	Commissioner

OTHER OFFICIALS

Chuck Murtaugh	Administrator
Eric Farley	Fire Chief
Fritz Sims	Financial Officer

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Westville Fire District No.1
County of Gloucester
Westville, 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 Westville Fire District No. 1, County of Gloucester, State of New Jersey, herein referred to as the Fire District, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Westville Fire District No. 1, County of Gloucester, State of New Jersey, herein referred to as the Fire District, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Fire District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going

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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 Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Fire 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 July 8, 2024, on our consideration of the Fire 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 Fire 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
July 8, 2024

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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
Westville Fire District No.1
County of Gloucester
Westville, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the 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 Westville Fire District No.1, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Westville Fire District No.1's basic financial statements, and have issued our report thereon dated July 8, 2024.

Internal Control Over Financial Reporting

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

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Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Westville Fire District No. 1'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 & Advisors

Medford, New Jersey
July 8, 2024

WESTVILLE FIRE DISTRICT NO. 1 MANAGEMENTS DISCUSSION AND ANALYSIS

This section of the Westville Fire District No. 1 (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, 2023. The Fire District services the entire area of the Borough of Westville in Gloucester County, New Jersey. Please read this in conjunction with the Fire District’s financial statements, which immediately follow this section.

Financial Highlights

Management believes the Fire District’s financial position to be strong. The Fire District is well within its stringent financial policies and guidelines as set forth by the Fire District members. Some specific items of note include the following:

The Governmental Funds at the close of the current year total assets were \$807,904.25 and total liabilities were \$16,982.13 resulting in fund balance of \$790,922.12 at December 31, 2023.

The Fire district’s unassigned fund balance was \$3334,122.71 for the year ended December 31, 2023.

The Statement of Activities has general revenue of \$659,127.98, charges for services of \$45,594.46, operating grants of \$59,433.75 and expenditures of \$632,604.29 for the year ended December 31, 2023.

Using this Annual Report

This annual report consists of a series of financial statements. Fire District No. 1 of the Borough of Westville’s basic financial statements are comprised of three components: district-wide financial statements; fund financial statements; and notes to the basic financial statements.

Reporting on the District as a Whole

Our analysis of the Fire District as a whole begins on page 15. District-wide financial statements are provided to give the reader a broad overview of the Fire District’s financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The Statement of Net Position presents information on all the assets and liabilities of Westville Fire District No.1. The difference between the assets and liabilities is reported as the Fire District’s net position. Significant increases or decreases in the Fire District’s net position can be an indication of the financial health of the Fire District. The Statement of Activities presents financial information about activities that result in the Fire District’s net position increasing or decreasing during the year. Financial activities are recorded when the transactions occur rather than when the cash is received or disbursed. As a result, there could be activities that result in cash flow in a future period.

The district-wide financial statements report on the financial data by function. Westville Fire District No. 1 has two basic functions: activities that are supported by property taxes; and activities supported by other governmental activities. Westville Fire District No. 1 provides firefighting services to the citizens of Westville Borough. The Fire District also provides services for the enforcement of the state and local fire codes and fire prevention education.

WESTVILLE FIRE DISTRICT NO. 1 MANAGEMENTS DISCUSSION AND ANALYSIS

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Westville Fire District No. 1 uses fund accounting to document compliance with finance-related legal matters. Westville Fire District No. 1 has one type of fund, which is the governmental funds.

Governmental Funds

Westville Fire District No. 1's activities are all reported in governmental funds. These funds record the flow of cash in and out of the Fire District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the Fire District's general government operations and the basic services that it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Fire District's services.

Westville Fire District No. 1 maintains three separate government funds, the General Fund, Capital Projects Fund and the Debt Service Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by N.J.S.A. 40A:14:78-3, Westville Fire District No. 1 adopts an annual budget which is voted on by the legal voters of the district at the general election in November. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements are an integral part of the financial statements.

District – Wide Financial Analysis

Westville Fire District No. 1's net position is a useful indicator of the District's financial condition. At the end of 2023, the Fire District's assets exceeded its liabilities by approximately \$888,000. The largest portion of Westville Fire District No. 1's net position is its investment in capital assets. The Fire District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. Westville Fire District No. 1's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt. As of December 31, 2023, the District had approximately \$125,000 of debt.

**WESTVILLE FIRE DISTRICT NO. 1
MANAGEMENTS DISCUSSION AND ANALYSIS**

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, 2023 and 2022:

Table 1

	Governmental Activities	
	2023	2022
ASSETS		
Current Assets	\$ 807,904.25	\$ 721,805.40
Capital Assets, Net	786,555.75	795,370.07
	1,594,460.00	1,517,175.47
Deferred Outflows of Resources	147,508.00	213,781.00
	\$ 1,741,968.00	\$ 1,730,956.47
LIABILITIES		
Current Liabilities	\$ 18,949.80	\$ 26,858.03
Noncurrent Liabilities	640,454.80	877,862.94
	659,404.60	904,720.97
Deferred Inflows of Resources	194,075.00	69,299.00
	853,479.60	974,019.97
NET POSITION		
Net Investment in Capital Assets	661,432.29	610,744.79
Restricted	96,837.07	66,242.07
Unrestricted (Deficit)	130,219.04	79,949.64
	\$ 888,488.40	\$ 756,936.50

Net Position increased by \$131,551.90 compared to the prior year. In 2023 capital assets decreased \$8,814.32 after changes in fixed assets and depreciation.

**WESTVILLE FIRE DISTRICT NO. 1
MANAGEMENTS DISCUSSION AND ANALYSIS**

Governmental Activities

The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

Table 2

	Governmental Activities		Change	% Change
	2023	2022		
Revenues:				
Program Revenues:				
Charges for Services	\$ 45,594.46	\$ 46,780.54	\$ (1,186.08)	-2.54%
Operating Grants & Contributions	59,433.75	33,367.50	26,066.25	100.00%
General Revenues				
Property Taxes	589,737.60	542,329.22	47,408.38	8.74%
Miscellaneous	69,390.38	24,287.89	45,102.49	185.70%
Total Revenues	<u>764,156.19</u>	<u>646,765.15</u>	<u>117,391.04</u>	<u>18.15%</u>
Expenses:				
Administrative	95,541.85	96,050.19	(508.34)	-0.53%
Cost of Operations and Maintenance	417,421.34	387,989.61	29,431.73	7.59%
Appropriations Offset with Revenue	17,769.51	19,288.58	(1,519.07)	-7.88%
Length of Service Award Program	18,524.19	14,532.00	3,992.19	27.47%
Interest on Long-Term Debt	5,323.08	7,304.77	(1,981.69)	-27.13%
Unallocated Depreciation	78,024.32	78,330.57	(306.25)	-0.39%
Total Expenses	<u>632,604.29</u>	<u>603,495.72</u>	<u>29,108.57</u>	<u>4.82%</u>
Changes in Net Position	131,551.90	43,269.43	88,282.47	204.03%
Net Position- January 1	<u>756,936.50</u>	<u>713,667.07</u>	<u>43,269.43</u>	<u>6.06%</u>
Net Postion- December 31	<u>\$ 888,488.40</u>	<u>\$ 756,936.50</u>	<u>131,551.90</u>	<u>17.38%</u>

The statement of activity provides information as to the nature and source of changes in financial position.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Westville Fire District No. 1 uses fund accounting to document compliance with finance related legal requirements.

**WESTVILLE FIRE DISTRICT NO. 1
MANAGEMENTS DISCUSSION AND ANALYSIS**

Government Fund

The primary objective of the Fire District’s governmental funds is to report on cash flows in and out during the period and the ending balances of the spendable resources. This information is useful to evaluate the performance of the Fire District and to assess its future needs and available resources.

As of December 31, 2023, the combined balance of the governmental cash funds of Westville Fire District No. 1 was \$446,201.01. This balance is approximately \$1,000 lower than the prior year’s combined governmental funds balance.

The combined balance of the governmental funds of Westville Fire District No. 1 was approximately \$790,000. Unassigned fund balance amounted to approximately \$334,000 of that total.

At the end of 2023, the Fire District had a capital projects fund balance of \$96,837.07. This is an increase of \$30,595.

Capital Assets and Debt Administration

Capital Assets

Table 3 summarizes the changes in capital assets net of depreciation at December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Governmental Activities:			
Equipment	\$ 159,471.75	\$ 106,104.17	\$ 53,367.58
Vehicles	627,084.00	689,265.90	(62,181.90)
	<u>\$ 786,555.75</u>	<u>\$ 795,370.07</u>	<u>\$ (8,814.32)</u>

Debt Outstanding

Table 4 summarizes the changes in debt at December 31, 2023 and 2022.

Table 4

Long-Term Debt

	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Financed Purchases	\$ 125,123.46	\$ 184,625.28	\$ (59,501.82)
Length of Service Award Program	305,412.34	273,986.66	31,425.68
Net Pension Liability	209,919.00	419,251.00	(209,332.00)
	<u>\$ 640,454.80</u>	<u>\$ 877,862.94</u>	<u>\$ (237,408.14)</u>

**WESTVILLE FIRE DISTRICT NO. 1
MANAGEMENTS DISCUSSION AND ANALYSIS**

Next Year's Budget and User Rates

The Fire District adopted a \$741,273.12 operating budget for 2024, an overall decrease of \$54,140 when compared to 2023. The Tax Levy increased \$30,654 when compared to 2022.

Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances and to demonstrate the Fire District's accountability for the money it receives. If you have any question about this report or need any additional information, contact Chuck Murtaugh, Business Administrator, at Westville Fire District No. 1, 23 Olive Street, Westville, New Jersey 08093.

WESTVILLE FIRE DISTRICT NO. 1
Statement of Net Position
December 31, 2023

	Governmental Activities
	<u>2023</u>
ASSETS	
Cash and cash equivalents	\$ 446,201.01
Accounts receivables (Note 4)	56,290.90
Investment in length of service award program (Note 3)	305,412.34
Capital assets (net of depreciation) (Note 5)	<u>786,555.75</u>
Total assets	<u>1,594,460.00</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	<u>147,508.00</u>
Total Deferred Outflows of Resources	<u>147,508.00</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,741,968.00</u>
LIABILITIES	
Current liabilities:	
Accounts payable	9,693.09
Payroll taxes payables	7,289.04
Accrued interest	1,967.67
Noncurrent liabilities:	
Length of service award program	305,412.34
Due within one year	61,518.94
Due beyond one year	<u>273,523.52</u>
Total Liabilities	<u>659,404.60</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	<u>194,075.00</u>
Total Deferred Inflows of Resources	<u>194,075.00</u>
Total Liabilities and Deferred Inflows of Resources	<u>853,479.60</u>
NET POSITION:	
Investments in capital assets, net of related debt	661,432.29
Capital projects	96,837.07
Unrestricted	<u>130,219.04</u>
Total net position	<u>888,488.40</u>
Total liabilities and net position	<u><u>\$ 1,741,968.00</u></u>

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

WESTVILLE FIRE DISTRICT NO. 1
Statement of Activities
For the year ended December 31, 2023

	<u>Program Revenues</u>			<u>Governmental</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Activities</u>
		<u>Services</u>	<u>Grants &</u>	<u>2023</u>
			<u>Contributions</u>	
Government activities:				
Operation appropriations:				
Administration	\$ 95,541.85	\$ -	\$ -	\$ (95,541.85)
Costs of operations and maintenance	417,421.34	45,594.46	59,433.75	(312,393.13)
Operating appropriations offset with revenues	17,769.51	-	-	(17,769.51)
Interest on debt	5,323.08	-	-	(5,323.08)
Length of service award contribution	18,524.19	-	-	(18,524.19)
Depreciation Expense	78,024.32	-	-	(78,024.32)
	<u>632,604.29</u>	<u>45,594.46</u>	<u>59,433.75</u>	<u>(527,576.08)</u>
Total government activities				
General revenues:				
Amount raised by taxation				589,737.60
Miscellaneous revenue anticipated				9,848.36
Miscellaneous revenue not anticipated				59,542.02
				<u>659,127.98</u>
Total general revenues				
Excess of expenditures over revenues				131,551.90
Net position, January 1				<u>756,936.50</u>
Net position, December 31				<u>\$ 888,488.40</u>

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

WESTVILLE FIRE DISTRICT NO. 1
Governmental Funds
Balance Sheet
December 31, 2023

	General Fund	Capital Projects Fund	Totals
Assets:			
Current assets:			
Cash and cash equivalents	\$ 349,363.94	\$ 96,837.07	\$ 446,201.01
Accounts receivable	56,290.90	-	56,290.90
Total current assets:	<u>405,654.84</u>	<u>96,837.07</u>	<u>502,491.91</u>
Noncurrent assets:			
Investment in length of service award program	305,412.34	-	305,412.34
Total noncurrent assets:	<u>305,412.34</u>	<u>-</u>	<u>305,412.34</u>
Total assets	<u>\$ 711,067.18</u>	<u>\$ 96,837.07</u>	<u>\$ 807,904.25</u>
Liabilities, equity and other credits:			
Accounts payable	9,693.09	-	9,693.09
Payroll Taxes Payable	7,289.04	-	7,289.04
Total liabilities	<u>16,982.13</u>	<u>-</u>	<u>16,982.13</u>
Fund balances:			
Restricted for:			
Capital Projects	-	96,837.07	96,837.07
Length of service award program	305,412.34	-	305,412.34
Assigned for:			
For subsequent year's expenditures	54,550.00	-	54,550.00
Unassigned, reported in:			
General fund	334,122.71	-	334,122.71
Total fund balance	<u>694,085.05</u>	<u>96,837.07</u>	<u>790,922.12</u>
Total liabilities and fund balance	<u>\$ 711,067.18</u>	<u>\$ 96,837.07</u>	
Amounts reported for governmental activities in the statement of net position (A-1) are different because:			
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.			(640,454.80)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.			
Deferred Outflows Related to Pensions			147,508.00
Deferred Inflows Related to Pensions			(194,075.00)
Accrued interest payable is not recorded in the fund financial statements due to the fact that the payable is not due in the current period.			(1,967.67)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,316,193.62 and the accumulated depreciation is \$1,529,637.88			<u>786,555.75</u>
Net position of governmental activities			<u>\$ 888,488.40</u>

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

WESTVILLE FIRE DISTRICT NO. 1
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Totals
Revenues:				
Amount raised by taxation to support district budget	\$ 523,976.98	\$ -	\$ 65,760.62	\$ 589,737.60
Miscellaneous revenues anticipated:				
Uniform fire safety act revenues:				
Annual registration fees	25,594.46	-	-	25,594.46
Penalty and fines	1,057.00	-	-	1,057.00
Supplemental fire service act	1,764.00	-	-	1,764.00
American Rescue Plan	-	51,000.00	-	51,000.00
SAFER Grant	8,433.75	-	-	8,433.75
Interest on investments	7,027.36	-	-	7,027.36
Shared services - code enforcement	20,000.00	-	-	20,000.00
Total miscellaneous revenues offset with appropriations	63,876.57	51,000.00	-	114,876.57
Investment income - length of service award program	32,935.09	-	-	32,935.09
Miscellaneous revenue not anticipated	59,542.02	-	-	59,542.02
Total Miscellaneous Revenue Not Anticipated	92,477.11	-	-	92,477.11
Total Revenues	680,330.66	51,000.00	65,760.62	797,091.28
Expenditures:				
Administration	95,541.85	-	-	95,541.85
Cost of operations	444,509.34	-	-	444,509.34
Operating appropriations offset with revenues:	17,769.51	-	-	17,769.51
Length of service award program:				
Administrative fees	1,150.00	-	-	1,150.00
Participant withdrawals	18,883.60	-	-	18,883.60
Capital outlay	-	60,405.00	-	60,405.00
Debt service				
Principal	-	-	59,501.82	59,501.82
Interest	-	-	6,258.80	6,258.80
	577,854.30	60,405.00	65,760.62	704,019.92
Excess of revenues over expenditures	102,476.36	(9,405.00)	-	93,071.36
Other Financing Sources (Uses)				
Transfer	(40,000.00)	40,000.00	-	-
Total Other Financing Sources (Uses)	(40,000.00)	40,000.00	-	-
Net change in fund balance	62,476.36	30,595.00	-	93,071.36
Fund balance, January 1	631,608.69	66,242.07	-	697,850.76
Fund balance, December 31	\$ 694,085.05	\$ 96,837.07	\$ -	\$ 790,922.12

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

WESTVILLE FIRE DISTRICT NO. 1
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance in
the Governmental Funds to the Statement of Activities
December 31, 2023

Total net changes in Fund Balance-Governmental Funds (B-2) \$ 93,071.36

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

Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

	Capital Outlays	69,210.00	
	Depreciation Expense	<u>(78,024.32)</u>	(8,814.32)

Repayment of financed purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 59,501.82

District pension 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 pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities 18,283.00

Length of service award program contribution is not reported in governmental funds as expenditures. However, in the statement of net position, the expense is equal to the amount of contributions to the volunteers accounts as determined by the benefit terms. Change in value of LOSAP investments is not a revenue in the government wide financial statements as it is payable to the volunteers in accordance with the plan benefits.

	District contribution to length of service award program	(18,524.19)	
	(Appreciation)/Loss in fair value of investments	(32,935.09)	
	Administrative fees	1,150.00	
	Participant withdrawals	<u>18,883.60</u>	(31,425.68)

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due expensed over the payroll period as payroll expense.

	Prior Year	2,903.39	
	Current Year	<u>(1,967.67)</u>	935.72

Changes in net position of governmental activities \$ 131,551.90

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WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Fire Commissioners (the “Board”) of the Westville Fire District No. 1 (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fire District’s accounting policies are described below.

A. Reporting

The Fire District is a political subdivision of the Borough of Westville, County of Gloucester, State of New Jersey. The Board of Fire Commissioners consists of elected officials and is responsible for the fiscal control of the Fire District. The primary criterion for including activities within the Fire District’s reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Fire District. Oversight responsibility includes financial interdependency, selection of governing District, designation of management, ability to significantly influence operations and accountability for fiscal matters. GASB Statement No. 14 *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, 80 and No. 90, 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.

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

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

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

B. 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 district-wide 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). 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 1 R) 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.

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting

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

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 firefighting 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 fire-fighting 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.

D. Government-Wide and Fund Financial Statements

Government-Wide 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 Fire District as a whole. All inter-fund activity 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.

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 Fire District does not allocate general government (indirect) expenses to other functions.

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Government-Wide and Fund Financial Statements (continued)

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 Fire District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements

The fund financial statements provide detail of the governmental funds.

E. 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 Westville Fire District No. 1 follows the pronouncements of the Governmental Accounting Standards Board (GASB).

F. 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. The Fire District adopted a resolution authorizing a change in the election date to the November general election.

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.

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Budgets and Budgetary Accounting (continued)

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.

G. 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 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.

H. Cash and Cash Equivalents

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.

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and National banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of five percent of its average daily balance of collected public funds, to secure the deposits of governmental units. If a 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.

I. Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2023.

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

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Debt Limitation

N.J.S.A.40A:14-84 governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase firefighting apparatus, equipment, land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

K. 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. The Fire District has set capitalization thresholds for reporting capital assets of \$5,000.

Depreciation is recorded on the straight-line method (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Building and Improvements	5 to 30 Years
Furniture and Equipment	5 to 15 Years
Vehicles and Apparatus	7 to 20 Years

L. Unearned Revenue

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

M. 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.

N. Interfund Receivable/Payable

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

O. Compensated Absences

Fire District employees are entitled to vacation and sick leave. Employees are required to take their vacation within the year earned or lose any unused days. The Fire District does permit employees to carryover days which could not be taken due to extenuating circumstances. These requests are handled on an individual basis and require approval of the Board of Fire Commissioners. Based on this policy there was no liability for compensated absences as of year-end.

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Accrued Liabilities and Long-Term Obligations

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

Q. Revenues and Expenditures

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

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

R. Fire District Taxes

Upon proper certification to the assessor of the municipality 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 municipality 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, and 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.

S. 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time.

T. Pension 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.

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Fund Equity

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Westville Fire District No.1's 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 within the Fire 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 nor 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.

V. 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 Fire District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

W. 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.

X. Interfund Activity

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

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the year ended December 31, 2023:

Statement No. 96, Subscription-Based IT Arrangements (SBITA), addresses accounting and financial reports for subscription-based information technology arrangements. The standard requires governments to recognize the subscription-based IT arrangement as an intangible asset and to amortize the intangible asset over the subscription term. Statement No. 96 is effective for reporting periods beginning after June 15, 2022. The District has implemented this standard as of December 31, 2023.

Recently Issued Accounting Pronouncements

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

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. Management has not yet determined the potential impact on the District's financial statements.

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. 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.

Z. Fair Value Measurement

The Fire District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Z. Fair Value Measurement (continued)

Subsequent to initial recognition, the Fire District may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by the Fire District in estimating the fair value of its financial instruments:

Mutual funds: Valued at the net asset value (NAV) of shares held by the plan at year end.

Fixed Account Investment Contract: Valued at the contract’s market value as reported by the insurance company.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table in Note 4 sets forth by level, within the fair value hierarchy, the Fire District’s assets at fair value as of December 31, 2023.

NOTE 2. CASH DEPOSITS

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Fire District’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 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 \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2023, the Fire District’s bank balance of \$463,441.20 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	463,441.20
Uninsured and Uncollateralized		-
	\$	463,441.20

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 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 Fire District and are collateralized by GUDPA.

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3. INVESTMENTS (continued)

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair 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.

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 Fire District’s assets at fair value at December 31, 2023.

<u>Investment type</u>	<u>Carrying Value</u>	<u>Fair Value as of December 31, 2023</u>			
		<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Length of service award program:					
Mutual Funds	134,204.50	\$ 134,204.50	\$ -	\$ -	\$ 134,204.50
Fixed Account Investment Contract	171,207.84	171,207.84			171,207.84
Total LOSAP at fair value	\$ 305,412.34	\$ 305,412.34	\$ -	\$ -	\$ 305,412.34

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable in the Fire District's governmental activities as of December 31, 2023, consisted of the following:

<u>Description</u>	Governmental	
	<u>Funds</u>	Total
	General <u>Fund</u>	Governmental <u>Activities</u>
Due from other Governments	\$ 49,244.79	\$ 49,244.79
Other receivables	7,046.11	7,046.11
Total	\$ 56,290.90	\$ 56,290.90

NOTE 5. CAPITAL ASSETS

The following is a summarization of the changes in capital assets for the year ended December 31, 2023:

	Balance January 1, 2023	Additions	Retirements and Transfers	Balance December 31, 2023
Governmental Activities:				
Capital Assets being depreciated:				
Equipment	\$ 327,895.65	\$ 69,210.00	\$ -	\$ 397,105.65
Vehicles	1,919,087.97	-	-	1,919,087.97
Total Capital Assets being depreciated	2,246,983.62	69,210.00	-	2,316,193.62
Less: Accumulated Depreciation:				
Equipment	(221,791.48)	(15,842.42)		(237,633.90)
Vehicles	(1,229,822.07)	(62,181.90)		(1,292,003.97)
Total Accumulated Depreciation	(1,451,613.55)	(78,024.32)	-	(1,529,637.87)
Total Capital Assets being depreciated, net	795,370.07	(8,814.32)	-	786,555.75
Total Governmental Activities Capital Assets, net	\$ 795,370.07	\$ (8,814.32)	\$ -	\$ 786,555.75

NOTE 6: LONG-TERM OBLIGATIONS

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

	Balance January 1, 2023	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2023	Balance Due Within One Year
Governmental Activities:					
Financed Purchases	\$ 184,625.28		\$ 59,501.82	\$ 125,123.46	\$ 61,518.94
Length of Service Award Program	273,986.66	31,425.68	-	305,412.34	
Net Pension Liability	419,251.00	-	209,332.00	209,919.00	-
	\$ 877,862.94	\$ 31,425.68	\$ 268,833.82	\$ 640,454.80	\$ 61,518.94

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6: LONG-TERM OBLIGATIONS (continued)

A. Financed Purchases

On December 4, 2014, the Fire District issued \$576,000.00 capital lease for a KME pumper. The final maturity of this lease is December 4, 2024. Principal and interest on the capital lease outstanding are as follows:

The following is a schedule of future minimum capital lease payments at December 31, 2023:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 61,518.94	\$ 4,241.68	\$ 65,760.62
2025	63,604.52	2,156.13	65,760.65
	<u>\$ 125,123.46</u>	<u>\$ 6,397.81</u>	<u>\$ 131,521.27</u>

NOTE 7. RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Fire District maintains commercial insurance for property, liability, and surety bonds.

Property and Liability Insurance - The Fire District maintains commercial insurance for property, liability, and surety bonds coverage which is consistent with prior year's coverage.

NOTE 8. PENSION OBLIGATIONS

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

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8. PENSION OBLIGATIONS (Continued):

Public Employees' Retirement System (PERS) (continued):

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

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. 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 2022, 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, 2023, the District's contractually required contribution to PERS plan was \$19,370.

Components of Net Pension Liability - At December 31, 2023, the District's proportionate share of the PERS net pension liability was \$209,919. The net pension liability was measured as of June 30, 2023. 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, 2022, which was rolled forward to June 30, 2023. The Fire District's proportion of the net pension liability was based on the Fire District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Fire District's proportion measured as of June 30, 2023, was 0.00145% which was a decrease of 0.00133% from its proportion measured as of June 30, 2022.

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8. PENSION OBLIGATIONS (Continued):

Public Employees' Retirement System (PERS) (continued):

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/31/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 147,508	\$ 213,781
Deferred Inflows of Resources	194,075	69,299
Net Pension Liability	209,919	419,251
Fire's portion of the Plan's total Net Pension Liability	0.001449%	0.002778%

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2023, the District's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2023 measurement date is \$1,088. As previously mentioned, the Fire District contributed \$19,370 to the plan in 2023.

At December 31, 2023, the Fire District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 2,007	\$ 858
Changes of Assumptions	461	12,722
Net Difference between Projected and Actual Earnings on Pension Plan Investments	967	-
Changes in Proportion and Differences between Fire Contributions and Proportionate Share of Contributions	<u>144,073</u>	<u>180,495</u>
	<u>\$ 147,508</u>	<u>\$ 194,075</u>

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

WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8. PENSION OBLIGATIONS (Continued):

Public Employees' Retirement System (PERS) (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, 2018	-	5.63
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
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	5.08
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
June 30, 2023	5.00	-
Changes in Proportion and Differences between Contributions and Pro Year of Pension Plan Deferral:		
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04
June 30, 2023	5.08	5.08

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:

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8. PENSION OBLIGATIONS (Continued):

Public Employees' Retirement System (PERS) (continued):

Year Ending	<u>Dec 31,</u>	<u>Amount</u>
2024		\$ (50,872)
2025		(28,395)
2026		39,680
2027		(7,101)
2028		120
		\$ (46,567)

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.

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8. PENSION OBLIGATIONS (Continued):

Public Employees' Retirement System (PERS) (continued):

The actuarial assumptions used in the July 1, 2022 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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 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%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.10%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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.

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8. PENSION OBLIGATIONS (Continued):

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 Fire 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>
Fire's Proportionate Share of the Net Pension Liability	\$ 275,574	\$ 209,919	\$ 157,314

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

NOTE 9: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description - The Fire District's length of service awards program ("LOSAP") was created by resolution adopted on December 10, 2001, pursuant to Section 457(e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The voters of the Borough of Westville approved the adoption of the LOSAP at the election held on February 16, 2002. The LOSAP provides tax deferred income benefits to active volunteer firefighters.

The tax deferred income benefits for the active volunteer firefighters serving the residents the Borough of Westville come from contributions made solely by the governing body of the Fire District, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution based on points earned per year in the initial plan year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14- 185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Fire District elected to contribute between \$217 and \$870 for the year ended December 31, 2023, per eligible volunteer, into the Plan. During the year ended December 31, 2023, the District contributed a total of \$18,524 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Fire District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

Participant Accounts - Each participant's account is credited with the Fire District's contribution and Plan earnings and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Fire District has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Fire District's creditors until distributed as benefit

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 9: LENGTH OF SERVICE AWARDS PROGRAM (continued)

Participant Accounts – (continued) payments, are not available for funding the operations of the Fire District. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Lincoln Financial Group (“Plan Administrator”), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Fire District’s practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting – The active volunteer member shall not be permitted to receive a distribution of the fund in their LOSAP account until the completion of a five-year vesting period.

Payment of Benefits - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2023, payouts of \$18,883 were made to vested participants.

Forfeited Accounts - There were \$0 in forfeitures during the year ended December 31, 2023.

Investments - The investments of the length of service awards program reported on the governmental funds balance sheet are recorded at fair value.

Plan Information - Additional information about the Fire District’s length of service awards program can be obtained by contacting the Plan Administrator at <https://www.lincolfinancial.com>.

NOTE 10. FUND BALANCES APPROPRIATED

The 2023 annual budget of the Fire District was adopted on January 24, 2023. The budget utilized \$39,344 of unreserved fund balance from the general fund.

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

Year	Balance at	Utilization in	Percentage
Ending	December 31,	Subsequent Budget	Utilized
December 31,	December 31,		
2023	\$ 388,672.71	\$ 54,550.00	14.03%
2022	357,622.03	39,344.00	11.00%
2021	317,338.75	42,360.00	13.35%
2020	268,940.73	97,409.72	36.22%
2019	266,818.41	62,323.00	23.36%

General Fund – Of the \$388,672.71 General Fund balance at December 31, 2023, \$54,550.00 is designated for subsequent year’s expenditures, and \$334,122.71 is unassigned.

Capital Projects Fund Balance – Of the \$96,837.07 Capital Projects Fund Balance is restricted for Capital Projects.

The Fire District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation.

**WESTVILLE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 11: FUNDING AND CONCENTRATIONS

The activities of the Board of Commissioners are primarily funded by striking a fire tax rate on property owners of the Fire District, as provided for by the state statute. For the year ended December 31, 2023, the fire tax rate on Fire District No. 1 was \$.251 per \$100 of assessed valuation.

The tax revenue is supplemented by income earned on annual registration fees and a code enforcement shared service with the Borough of Westville during the year.

The ability to levy property taxes, and the limits to which property taxes can be levied, are promulgated by State statute. As a result of this dependency, the Fire District's operations are significantly reliant and impacted by State laws and regulations regarding property taxes.

NOTE 12. CONTINGENCIES

Litigation – The Fire District is not a defendant in any lawsuits. It is the opinion of the Fire Districts' attorney that no contingent liability exists that would have a material adverse effect on the financial condition of the Fire District.

Economic Dependency – The Fire District receives some of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the Fire District's programs and activities.

NOTE 13. SHARED SERVICE AGREEMENT

The Fire District has an agreement with the Borough of Westville to provide liability insurance and medical benefits to the Fire District's full-time employees at cost. The Fire District does not provide any post-employment benefits to its full-time employees at retirement.

On February 4, 2019, the Fire District entered into a shared service agreement with the Borough of Westville to provide services for Code Enforcement Official. The Fire District received \$20,000 for this service in 2023.

NOTE 14. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2023 and July 8, 2024, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items other than the following have come to the attention of the District that would require disclosure.

Required Supplementary Information - Part I

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WESTVILLE FIRE DISTRICT NO. 1
Budgetary Comparison Schedule
For the year ended December 31, 2023

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Amount raised by taxation to support district budget	\$ 523,977.00	\$ 523,977.00	\$ 523,976.98	\$ (0.02)
Miscellaneous revenues offset with appropriations:				
Uniform Fire Safety Act Revenues:				
Annual Registration Fees	20,000.00	20,000.00	25,594.46	5,594.46
Penalty and Fines	200.00	200.00	1,057.00	857.00
Supplemental Fire Service Act	1,764.00	1,764.00	1,764.00	-
Municipal Assistance	500.00	500.00	-	(500.00)
Interest on Investments	1,000.00	1,000.00	7,027.36	6,027.36
SAFER Grant	22,867.50	22,867.50	8,433.75	(14,433.75)
NJ American Rescue Plan	51,000.00	51,000.00	51,000.00	-
Shared Services - UFS	50,000.00	50,000.00	20,000.00	(30,000.00)
Total miscellaneous revenues offset with appropriations	<u>147,331.50</u>	<u>147,331.50</u>	<u>114,876.57</u>	<u>(32,454.93)</u>
Total Anticipated Revenues	<u>671,308.50</u>	<u>671,308.50</u>	<u>638,853.55</u>	<u>(32,454.95)</u>
Miscellaneous Revenue Not Anticipated				
Miscellaneous Revenue	-	-	54,494.68	54,494.68
Insurance Dividend	-	-	5,047.34	5,047.34
Total Miscellaneous Revenue Not Anticipated	<u>-</u>	<u>-</u>	<u>59,542.02</u>	<u>59,542.02</u>
Total Revenues	<u>671,308.50</u>	<u>671,308.50</u>	<u>698,395.57</u>	<u>27,087.07</u>

WESTVILLE FIRE DISTRICT NO. 1
Budgetary Comparison Schedule
For the year ended December 31, 2023

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages:				
Administrator Part-time	3,500.00	3,500.00	3,499.49	0.51
Administrator Clerk Part-time	11,020.00	11,020.00	9,819.40	1,200.60
Fringe benefits	2,323.00	2,323.00	1,979.31	343.69
Other expenditures:				
Professional fees	17,000.00	17,000.00	13,850.63	3,149.37
Office Expenses	4,000.00	4,000.00	3,483.40	516.60
Insurance	40,000.00	40,000.00	39,963.39	36.61
Promotion Fire Prevention	1,500.00	1,500.00	1,055.58	444.42
Accounting Fees - Payroll Process	4,200.00	4,200.00	2,666.75	1,533.25
Copier Lease	3,500.00	3,500.00	3,897.91	(397.91)
Computer Equipment	2,000.00	2,000.00	-	2,000.00
Computer Software	10,000.00	15,325.99	15,325.99	-
Total administration	99,043.00	104,368.99	95,541.85	8,827.14
Cost of operations and maintenance:				
Salaries and wages				
Firefighters/EMT	127,500.00	127,500.00	115,844.52	11,655.48
Fire Inspector	2,500.00	2,500.00	2,403.75	96.25
Firefighters/Code Enforcement	45,675.00	45,675.00	55,177.79	(9,502.79)
Part-time personnel	17,030.00	17,030.00	14,408.19	2,621.81
Code Enforcement - Brooklawn	12,000.00	12,000.00	15,000.00	(3,000.00)
Fringe benefits				
Employer Group Insurance	63,514.00	51,238.31	43,536.49	7,701.82
Other Fringe Benefits	6,929.00	6,929.00	16,524.16	(9,595.16)
Public Employee's Retirement Pension	35,511.00	35,511.00	41,237.37	(5,726.37)
Other expenditures:				
Fire Department Rental	36,000.00	36,000.00	36,000.00	-
Fuel	10,000.00	10,000.00	7,586.58	2,413.42
Supplies and Maintenance	30,000.00	30,000.00	29,834.78	165.22
Training and Education	4,000.00	4,000.00	2,843.07	1,156.93
Professional Fees - Medical	5,000.00	5,000.00	5,912.10	(912.10)
EMS Supplies and Equipment	1,500.00	2,023.95	2,115.85	(91.90)
Advertising	1,000.00	1,000.00	765.86	234.14
Membership and Dues	1,000.00	1,000.00	566.00	434.00
Utilities	10,009.00	10,656.00	10,303.36	352.64
Volunteer Stipends	21,000.00	21,000.00	-	21,000.00
HLS Safer Grant	22,867.50	23,146.25	23,146.25	-
Matching Funds for Grants	8,000.00	8,000.00	1,200.00	6,800.00
Supplemental Fire	2,374.00	2,374.00	2,207.43	166.57
Firefighting Equipment	20,000.00	20,000.00	17,895.79	2,104.21
Total cost of operations and maintenance	483,409.50	472,583.51	444,509.34	28,074.17

WESTVILLE FIRE DISTRICT NO. 1
Budgetary Comparison Schedule
For the year ended December 31, 2023

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Operating appropriations offset with revenues:				
Salaries and wages	3,000.00	3,000.00	2,999.88	0.12
Fringe benefits	459.00	459.00	229.49	229.51
Other expenditures:				
Fire Marshall Uniform	4,000.00	4,000.00	2,196.50	1,803.50
Utilities	11,991.00	11,991.00	12,343.64	(352.64)
Supplies and Postage	750.00	750.00	-	750.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating appropriations offset with revenues	20,200.00	20,200.00	17,769.51	2,430.49
Length of Service Award Program (LOSAP) Contribution:				
LOSAP Contribution	17,000.00	22,500.00	18,524.19	3,975.81
	<hr/>	<hr/>	<hr/>	<hr/>
Total LOSAP Contributions	17,000.00	22,500.00	18,524.19	3,975.81
	<hr/>	<hr/>	<hr/>	<hr/>
Capital appropriations				
Reserve for Future Capital Outlay	40,000.00	40,000.00	-	40,000.00
Firefighting Gear	70,000.00	70,000.00	60,405.00	9,595.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Appropriations	110,000.00	110,000.00	60,405.00	49,595.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating appropriations	729,652.50	729,652.50	636,749.89	92,902.61
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (efficiency) of revenues over (under) expenditures	(58,344.00)	(58,344.00)	61,645.68	119,989.68
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, January 1	423,864.10	423,864.10	423,864.10	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, December 31	<u>\$ 365,520.10</u>	<u>\$ 365,520.10</u>	<u>\$ 485,509.78</u>	<u>\$ 119,989.68</u>
Recapitulation of Fund Balance:				
Restricted for:				
Capital Projects			\$ 96,837.07	
Assigned:				
Subsequent year's budget			54,550.00	
Unassigned			<u>334,122.71</u>	
Total - budgetary basis			<u>\$ 485,509.78</u>	
Reconciliation to governmental fund statements (GAAP):				
Length of service award program investment balance not recognized on the budgetary basis			<u>305,412.34</u>	
Total fund balance per governmental funds (GAAP)			<u>\$ 790,922.12</u>	

WESTVILLE FIRE DISTRICT NO. 1
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation
For the year ended December 31, 2023

	<u>Total Governmental Funds</u>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-1/I-3)	<u>\$ 764,156.19</u>
Difference - Budget to GAAP:	
Budgetary basis differs from GAAP in that the District does not budget for length of service awards program investment income. GASB 73 requires the investment appreciation in the length of service awards program to be shown in financial statements using the current financial resources measurement focus and modified accrual basis of accounting:	
Net appreciation in fair value of investments	<u>32,935.09</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u><u>\$ 797,091.28</u></u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Appropriations"	
From the Budgetary Comparison Schedule (C-1/I-3)	\$ 702,510.51
Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service awards program Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the Plan.	
Length of service awards program district contribution	(18,524.19)
Administrative fees	1,150.00
Participant withdrawals	<u>18,883.60</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u><u>\$ 704,019.92</u></u>

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

WESTVILLE FIRE DISTRICT NO. 1
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Public Employee's Retirement System
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.00145%	0.00278%	0.00152%	0.00155%	0.00155%	0.00154%	0.00153%	0.00151%	0.00148%	0.00135%
District's proportionate share of the net pension liability (asset)	\$ 209,919	\$ 419,251	\$ 180,492	\$ 253,179	\$ 279,491	\$ 303,831	\$ 356,667	\$ 448,465	\$ 332,726	\$ 252,684
District's covered-employee payroll	71,312	102,259	102,453	89,787	106,895	109,302	106,703	105,160	103,206	99,092
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	294.37%	409.99%	176.17%	281.98%	261.46%	277.97%	334.26%	426.46%	322.39%	255.00%
Plan fiduciary net position as a percentage of the total pension liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.59%	48.10%	40.13%	47.92%	52.08%

WESTVILLE FIRE DISTRICT NO. 1
 Schedule of District Contributions
 Public Employee's Retirement System
 Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 19,370	\$ 35,033	\$ 17,843	\$ 16,984	\$ 15,088	\$ 15,349	\$ 14,194	\$ 13,452	\$ 12,743	\$ 11,126
Contributions in relation to the contractually required contribution	(19,370)	(35,033)	(17,843)	(16,984)	(15,088)	(15,349)	(14,194)	(13,452)	(12,743)	(11,126)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	71,312	102,259	102,453	89,787	106,895	109,302	106,703	105,160	103,206	99,092
Contributions as a percentage of covered-employee payroll	27.16%	34.26%	17.42%	18.92%	14.11%	14.04%	13.30%	12.79%	12.35%	11.23%

WESTVILLE FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate was unchanged at 7% as of June 30, 2022, and June 30, 2023.

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Supplementary Information

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WESTVILLE FIRE DISTRICT NO. 1
Capital Projects Fund
Statement of Project Expenditures
For the year ended December 31, 2023

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance December 31, 2023</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Command Vehicle	2/15/2020	\$ 60,000.00	\$ 48,581.93	\$ -	\$ 11,418.07
Firefighting Gear		70,000.00	-	60,405.00	9,595.00
		Total	\$ 48,581.93	\$ 60,405.00	\$ 21,013.07
		\$ 130,000.00	\$ 48,581.93	\$ 60,405.00	\$ 21,013.07
		<u>Balance December 31, 2022</u>	<u>Transfer from Budget</u>	<u>Transfer to Designated</u>	<u>Balance December 31, 2023</u>
Reserve for Future Capital Outlay		\$ 54,824.00	\$ 40,000.00	\$ 19,000.00	\$ 75,824.00

**WESTVILLE FIRE DISTRICT NO. 1
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES
FOR THE YEAR ENDED DECEMBER 31, 2023**

DESCRIPTION	DATE	TERM	AMOUNT OF ORIGINAL ISSUE		INTEREST RATE	PRINCIPAL OUTSTANDING JANUARY 1, 2023	RETIRED	PRINCIPAL OUTSTANDING DECEMBER 31, 2023	DUE IN 1 YEAR
			PRINCIPAL	INTEREST					
E-One Aerial Fire Apparatus	7/14/15	10 years	\$ 549,950.00	\$ 107,656.20	3.39%	\$ 184,625.28	\$ 59,501.82	\$ 125,123.46	\$ 61,518.94
					Total	<u>\$ 184,625.28</u>	<u>\$ 59,501.82</u>	<u>\$ 125,123.46</u>	<u>\$ 61,518.94</u>

**WESTVILLE FIRE DISTRICT NO. 1
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE -
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

REVENUES	ORIGINAL BUDGET	ADJUSTED FINAL BUDGET	ACTUAL	POSITIVE / (NEGATIVE) VARIANCE
Amount to be Raised by Taxation to Support the District Budget	\$ 65,760.62	\$ 65,760.62	\$ 65,760.62	\$ -
Total Revenues	<u>65,760.62</u>	<u>65,760.62</u>	<u>65,760.62</u>	<u>-</u>
EXPENDITURES				
Principal Payments:				
Financed Purchases	59,501.82	59,501.82	59,501.82	-
Interest Payments:				
Financed Purchases	6,258.80	6,258.80	6,258.80	-
Total Expenditures	<u>65,760.62</u>	<u>65,760.62</u>	<u>65,760.62</u>	
Excess/(Deficiency) of Revenues & Other Financing Sources Over/ (Under) Expenditures	-	-	-	-
Fund Balances, January 1	-	-	-	-
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WESTVILLE DISTRICT NO. 1
SCHEDULE OF FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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 Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None

**WESTVILLE FIRE DISTRICT NO. 1
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023**

This section identifies the status of prior year findings related to the financial statements.

FINANCIAL STATEMENT FINDINGS

No Prior Year Audit Findings

Acknowledgment

We received the complete cooperation of all the staff of the Fire District, and we greatly appreciate the courtesies extended to the members of the audit team.

Should you have any questions, please contact us.

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

Medford, New Jersey

July 8, 2024