

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

**Financial Statements**

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

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



# TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1

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

**ROSTER OF OFFICIALS**  
**December 31, 2024**

**BOARD OF COMMISSIONERS**

Erick Burd	Chairperson
Joseph Novak	Vice Chairperson
Christopher Jones	Secretary
Cosmo Tomaro	Treasurer
Enrique Rodriguez, Jr.	Commissioner at Large

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## *Financial Section*

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## INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners  
Township of Hopewell Fire District No. 1  
County of Mercer  
Titusville, New Jersey 08560

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Hopewell Fire District No. 1, County of Mercer, State of New Jersey, herein referred to as the District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Hopewell Fire District No. 1, County of Mercer, State of New Jersey, herein referred to as the District, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

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

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

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

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

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

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

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*Holt McNally & Associates, Inc.*

**HOLT McNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Medford, New Jersey  
November 14, 2025

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**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  
Township of Hopewell Fire District No. 1  
County of Mercer  
Titusville, New Jersey 08560

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and major funds of the Township of Hopewell Fire District No. 1 as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township of Hopewell Fire District No. 1's basic financial statements and have issued our report thereon dated November 14, 2025.

**Internal Control over Financial Reporting**

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Hopewell 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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Holt McNally & Associates, Inc.*

**HOLT MCNALLY & ASSOCIATES, INC.**

*Certified Public Accountants and Advisors*

Medford, New Jersey  
November 14, 2025

***Required Supplementary Information - Part I***

***Management's Discussion and Analysis***

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**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2024**  
**(Unaudited)**

This section of the Fire District No. 1 of the Township of Hopewell (the “District”) annual financial report presents a discussion and analysis of the Fire District’s financial performance during the fiscal year that ended on December 31, 2024. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

**Financial Highlights**

Total assets were \$7,014,860.65; deferred outflows were \$2,923,476.00; total liabilities were \$9,448,101.31 and total deferred inflows were \$1,417,174.00 resulting in net position of \$(926,938.66) at December 31, 2024.

The District’s unrestricted net position was \$(2,249,953.82) the year ended December 31, 2024. This deficit is directly attributable to the recognition of long-term liabilities (pensions, other postemployment benefits (OPEB), bonds and compensated absences) that the District is not required to fund in accordance with State budgetary rules and regulations. The District, instead, funds these obligations on a pay-as-you-go basis.

As of the close of the year, the District’s governmental funds reported combined ending fund balances of \$5,795,047.49, an increase of \$328,352.29, or 6.0%, in comparison with the prior year balance of \$5,466,695.20.

At the end of the current year, unassigned fund balance for the general fund was \$2,528,569.70, approximately an 4.0% decrease from the previous year.

**Overview of Annual Financial Report**

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

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2024**  
**(Unaudited)**

Financial Analysis of the Fire District

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

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

**Table 1**  
Condensed Summary of Net Position

	Governmental Activities	
	2024	2023
<b>ASSETS</b>		
Current Assets	\$ 6,125,530.42	\$ 5,872,925.98
Capital Assets, Net	889,330.23	930,775.72
 Total Assets	 7,014,860.65	 6,803,701.70
 Deferred Outflows of Resources	 2,923,476.00	 3,275,212.54
 Total Assets and Deferred Outflows of Resources	 \$ 9,938,336.65	 \$ 10,078,914.24
<b>LIABILITIES</b>		
Current Liabilities	\$ 790,309.93	\$ 1,014,779.78
Noncurrent Liabilities	8,657,791.38	8,007,624.10
 Total Liabilities	 9,448,101.31	 9,022,403.88
 Deferred Inflows of Resources	 1,417,174.00	 1,792,921.00
 Total Liabilities and Deferred Inflows of Resources	 10,865,275.31	 10,815,324.88
<b>NET POSITION</b>		
Net Investment in Capital Assets	681,330.23	670,775.72
Restricted	641,684.93	639,773.49
Unrestricted (Deficit)	(2,249,953.82)	(2,046,959.85)
 Total Net Position	 \$ (926,938.66)	 \$ (736,410.64)

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2024**  
**(Unaudited)**

Financial Analysis of the Fire District

In total, assets increased by \$211,158.95, deferred outflows of resources decreased by \$351,736.54, liabilities increased by \$425,697.43, and deferred inflows of resources decreased by \$375,747.00. The increase in assets was mainly attributable to an increase in cash and cash equivalents and investments - Length of Service Awards Program. In addition, the increase in liabilities was mainly attributable to the increase in Length of Service Awards Program as of December 31, 2024. Readers should refer to note 8 of the notes to financial statements for additional information on the Length of Service Awards Program.

The decrease in deferred outflows of resources and decrease in deferred inflows of resources are mainly attributable to the change in the Fire District's proportionate share of its liability of pension and proportionate share of its liability associated with the other postemployment benefits offered through the state health benefit plan (see note 7 and note 9 of the notes to financial statements).

\$681,330.23 of the Fire District's net position at the end of the current year reflects its net investment in capital assets (i.e., equipment and vehicles). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The Fire District uses these assets to provide fire-fighting services and emergency medical services to the citizens of the Township of Hopewell; consequently, these assets are not available for future spending. Although the Fire District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the Fire District's net position of \$646,959.93, represents resources that are restricted. These amounts consist of amounts restricted for voter-approved capital projects, unemployment compensation benefits, and uniform fire safety.

The third and final component of net position is unrestricted. The unrestricted net position at year-end is a deficit of \$2,255,228.82. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. As stated previously, this deficit is directly attributable to the recognition of long-term liabilities, specifically related to pensions and other postemployment benefits, in which the Fire District is not required to fund in accordance with State budgetary rules and regulations, but instead funds on a pay-as-you-go basis via contractual contributions.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2024**  
**(Unaudited)**

**Operating Activities**

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

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

	<b>Governmental Activities</b>	
	2024	2023
<b>REVENUES</b>		
General Revenues		
Property Taxes	\$ 4,602,666.46	\$ 4,445,777.00
Miscellaneous	523,432.23	631,606.54
Total Revenues	<u>5,126,098.69</u>	<u>5,077,383.54</u>
<b>Expenses:</b>		
Administrative	312,189.17	282,217.97
Cost of Operations and Maintenance	4,292,756.78	4,437,093.92
Appropriations Offset with Revenue	240,702.84	142,625.64
LOSAP	205,800.00	205,497.23
Interest and other charges on long term debt	163,732.43	10,956.40
Unallocated Depreciation	101,445.49	-
Total Expenses	<u>5,316,626.71</u>	<u>5,078,391.16</u>
Changes in Net Position	<u>(190,528.02)</u>	<u>(1,007.62)</u>
Net Position- July 1,	<u>(736,410.64)</u>	<u>(735,403.02)</u>
Net Postion- June 30	<u>\$ (926,938.66)</u>	<u>\$ (736,410.64)</u>

During 2024, the Fire District's revenues increased by \$48,715.15, increasing from \$5,077,383.54 in 2022 to \$5,126,098.69 in 2023. The change in revenues is largely attributable to the following:

- amount to be raised by taxation for 2024 increased from 2023 by \$156,889.46, or 3.5%.
- unrestricted miscellaneous income decreased from 2023 by \$164,327.96, or 81.2%.

Property taxes constituted approximately ninety percent (90%) of total revenues for governmental activities for the Fire District for the year 2024. In addition, charges for services, which resulted from uniform fire safety act fees and interlocal agreements for fire protection services, operating grants and contributions, investment earnings, and miscellaneous income, constituted approximately ten percent (10%) of total revenues for governmental activities.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2024**  
**(Unaudited)**

During 2024, the Fire District's expenses increased by \$238,235.55, increasing from \$5,078,391.16 in 2023 to \$5,316,626.71 in 2023. The change in expenses is largely attributable to the following:

- other post-employment expense increased from 2023 by \$330,485.54.
- pension expense decreased from 2023 by \$130,363.

The Fire Districts Funds

As the Fire District completed the year, its governmental funds reported a *combined* fund balance of \$5,795,047.49, which is an increase over last year's total *combined* fund balance of \$5,466,695.20. Of the combined ending fund balances of \$5,795,047.49, approximately forty-eight percent (44%) constitutes unassigned fund balance in the amount of \$2,523,294.70. The remainder of fund balance is restricted and / or assigned to indicate that it is not available for new spending because of the following: (1) restricted for voter-approved capital projects (\$579,000.00), (2) restricted for the payment of future New Jersey unemployment claims (\$26,973.98), (3) restricted for dedicated fire safety penalties to be utilized in subsequent years' budgets (\$40,985.95), (4) restricted for length of service awards program (\$1,887,610.81), (5) assigned to liquidate contracts and purchase orders of the prior period (\$16,381.05), and (6) assigned for subsequent year's expenditures (\$720,801.00).

*General fund* - The general fund is the general operating fund of the Fire District and is used to account for the inflows and outflows of its financial resources. The acquisition of certain capital assets, such as firefighting and emergency medical apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current year, all of the Fire District's unassigned fund balance resided in the general fund, which totaled \$2,523,294.70.

During the current year, the fund balance of the Fire District's general fund increased by \$328,352.29. The primary factors affecting the fund balance of the general fund are as follows:

- total overall revenues for 2024 increased by \$164,927.45 from 2023, with property taxes (amount to be raised by taxation to support the district budget) increasing by \$173,067.69
- expenditures were \$522,916.54 less than the final estimated budget of \$5,333,879.79.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2024**  
**(Unaudited)**

Capital Assets

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

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

	<b>2024</b>	<b>2023</b>	<b>Variance</b>
Governmental Activities:			
Building & Improvements	\$ 148,589.79	\$ 190,502.42	\$ (41,912.63)
Equipment & Vehicles	<u>740,740.44</u>	<u>740,273.30</u>	<u>467.14</u>
	<u><u>\$ 889,330.23</u></u>	<u><u>\$ 930,775.72</u></u>	<u><u>\$ (41,445.49)</u></u>

Debt Administration

At the end of the current year, the Fire District had total bonded debt outstanding of \$208,000.00, which is a decrease of \$52,000.00 from the prior year.

Additional information on the Fire District's long-term obligations can be found in the notes to the basic financial statements (Note 6) of this report.

Next Year's Budget

The District adopted a \$6,041,263.86 operating budget for 2025, an increase of \$456,773.85 when compared to 2024. The Tax Levy increased by \$219,897.35 or 4.78% over the 2024 Tax Levy.

Requests for Information

This financial report is designed to provide a general overview of the Township of Hopewell Fire District No. 1's finances for all those with an interest in the Fire District finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jonathan D. Moore, Fire Chief, at the Township of Hopewell Fire District No. 1, 201 Washington Crossing-Pennington Road, Titusville, New Jersey 08560, or email at [jmoore@hopewelltwpfire.org](mailto:jmoore@hopewelltwpfire.org).

## *Basic Financial Statements*

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## ***Government-Wide Financial Statements***

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**EXHIBIT A-1**

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Statement of Net Position**  
**December 31, 2024**

	<b>Governmental Activities</b>
	<b><u>2024</u></b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 4,017,075.07
Restricted Cash and Cash Equivalents	27,252.34
Investments in Length of Service Award Program (Note 8)	1,817,610.81
Prepaid Expense	128,126.20
Accounts Receivable (Note 5)	<u>135,466.00</u>
Total Current Assets	<u>6,125,530.42</u>
Capital assets (net of depreciation) (Note 3)	
Depreciable net	<u>889,330.23</u>
Total capital assets	<u>889,330.23</u>
Total assets	<u>7,014,860.65</u>
<b>Deferred Outflows of Resources</b>	
Related to Other Post Employment Benefits (Note 9)	2,291,375.00
Related to Pensions (Note 7)	<u>632,101.00</u>
Total Deferred Outflows of Resources	<u>2,923,476.00</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 9,938,336.65</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	\$ 321,082.04
Payroll Taxes Payables	9,400.89
Pension Payable	457,955.00
Accrued Interest	1,872.00
Noncurrent Liabilities (Note 6):	
Due Within One Year	185,515.29
Due Beyond One Year	<u>8,472,276.09</u>
Total Liabilities	<u>9,448,101.31</u>
<b>Deferred Inflows of Resources</b>	
Related to Other Post Employment Benefits (Note 9)	1,020,395.00
Related to Pensions (Note 7)	<u>396,779.00</u>
Total Deferred Inflows of Resources	<u>1,417,174.00</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>10,865,275.31</u>
<b>Net Position</b>	
Investments in Capital Assets, Net of Related Debt	681,330.23
Restricted	646,959.93
Unrestricted	<u>(2,255,228.82)</u>
Total Net Position	<u>(926,938.66)</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 9,938,336.65</u>

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Statement of Activities**  
**For the Year Ended December 31, 2024**

	<u>Charges for Services</u>	<u>Governmental Activities</u>
	<u>Expenses</u>	<u>2024</u>
Government Activities:		
Operation Appropriations:		
Administration	\$ 312,189.17	\$ (312,189.17)
Costs of Operations and Maintenance	4,292,756.78	(4,292,756.78)
Operating Appropriations Offset with Revenues	240,702.84	111,325.57
Interest and Other Charges Long-Term Debt	163,732.43	(163,732.43)
Length of Service Award Contribution	205,800.00	(205,800.00)
Depreciation Expense	101,445.49	(101,445.49)
Total Government Activities	<u>5,316,626.71</u>	<u>352,028.41</u>
General Revenues:		
Amount Raised by Taxation		4,602,666.46
Unrestricted Miscellaneous Revenues		137,661.74
Restricted Investment Earnings		169.73
Unrestricted Investment Earnings		<u>33,572.35</u>
Total General Revenues		<u>4,774,070.28</u>
Change in Net Position		(190,528.02)
Net Position, January 1		<u>(736,410.64)</u>
Net Position, December 31	<u>\$ (926,938.66)</u>	

## *Fund Financial Statements*

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**EXHIBIT B-1**

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2024**

	<b>General Fund</b>	<b>Totals</b>
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 4,044,327.41	\$ 4,044,327.41
Accounts Receivable	135,466.00	135,466.00
Prepaid Expenses	128,126.20	128,126.20
	<hr/>	<hr/>
Total Current Assets	4,307,919.61	4,307,919.61
	<hr/>	<hr/>
Noncurrent Assets:		
Investment in Length of Service Award Program	1,817,610.81	1,817,610.81
	<hr/>	<hr/>
Total Noncurrent Assets	1,817,610.81	1,817,610.81
	<hr/>	<hr/>
Total assets	6,125,530.42	6,125,530.42
	<hr/>	<hr/>
Liabilities:		
Accounts Payable	311,030.94	311,030.94
Unemployment Compensation Claims Payable	10,051.10	10,051.10
Payroll Taxes Payable	9,400.89	9,400.89
	<hr/>	<hr/>
Total Liabilities	330,482.93	330,482.93
	<hr/>	<hr/>
Fund Balances:		
Restricted for:		
Capital Projects	579,000.00	579,000.00
New Jersey Unemployment Trust Fund	26,973.98	26,973.98
Dedicated Penalties	40,985.95	40,985.95
Investment in Length of Service Award Program	1,887,610.81	1,887,610.81
	<hr/>	<hr/>
Assigned for:		
Other Purposes	16,381.05	16,381.05
For Subsequent Year's Expenditures	720,801.00	720,801.00
	<hr/>	<hr/>
Unassigned, reported in:		
General Fund	2,523,294.70	2,523,294.70
	<hr/>	<hr/>
Total Fund Balance	5,795,047.49	5,795,047.49
	<hr/>	<hr/>
Total Liabilities and Fund Balance	<u>\$ 6,125,530.42</u>	
	<u><hr/></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.	(8,657,791.38)	
Accrued interest payable is not due and payable in the current period and, therefore, is not reported as liabilities in the funds.	(1,872.00)	
Deferred outflows and inflows of resources related to pensions and other post post employment benefits are applicable to future reporting periods and therefore are not reported in the funds.		
Deferred outflows	2,923,476.00	
Deferred inflows	(1,417,174.00)	
	<hr/>	
Accrued pension contributions for the June 30, 2024 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(457,955.00)	
	<hr/>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,639,065.47 and the accumulated depreciation is \$1,749,735.24.	889,330.23	
	<hr/>	
Net position of governmental activities	<u>\$ (926,938.66)</u>	
	<u><hr/></u>	

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2024**

	<b>Debt Service</b>		
	<b>General Fund</b>	<b>Fund</b>	<b>Totals</b>
Revenues:			
Amount raised by taxation to support district budget	\$ 4,341,901.57	\$ 260,764.89	\$ 4,602,666.46
Miscellaneous revenues offset with appropriations	352,028.41	-	352,028.41
Miscellaneous revenues	134,838.08	-	134,838.08
Restricted:			
Length of Service Awards Program (LOSAP) - Contribution	70,433.05	-	70,433.05
Unrealized Gain/(Loss) on Investments	277,209.19	-	277,209.19
Total miscellaneous revenues	834,508.73	-	834,508.73
Miscellaneous Revenue Not Anticipated	36,565.74	-	36,565.74
Total Miscellaneous Revenue Not Anticipated	36,565.74	-	36,565.74
Total Revenues	5,212,976.04	260,764.89	5,473,740.93
Expenditures:			
Administration	312,189.17	-	312,189.17
Cost of Operations	3,962,271.24	-	3,962,271.24
Operating appropriations offset with revenues	240,702.84	-	240,702.84
Length of service award program - contributions	205,800.00	-	205,800.00
Restricted:			
Administrative Charges	2,725.00	-	2,725.00
Benefit Payments	101,531.48	-	101,531.48
Capital Appropriations	60,000.00	-	60,000.00
Debt Service:			
Principal	-	206,336.44	206,336.44
Interest and Other Charges	-	53,832.47	53,832.47
	4,885,219.73	260,168.91	5,145,388.64
Excess of revenues over expenditures	327,756.31	595.98	328,352.29
Other Financing Sources/(Uses)			
Equity Transfer	595.98	(595.98)	-
Total Other Financing Sources/(Uses)	595.98	(595.98)	-
Net change in fund balance	328,352.29	-	328,352.29
Fund balances, January 1	5,466,695.20	-	5,466,695.20
Fund balance, December 31	\$ 5,795,047.49	\$ -	\$ 5,795,047.49

**TOWNSHIP OF HOPEWELL 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, 2024**

Total net changes in Fund Balance-Governmental Funds (B-2) \$ 328,352.29

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

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital Outlays	\$ 60,000.00	
Depreciation Expense	<u>(101,445.49)</u>	(41,445.49)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 52,000.00

District other postemployment benefit contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net other postemployment benefit liability is measured a year before the District's report date. Other postemployment expense, which is the change in the net other postemployment benefit liability adjusted for changes in deferred outflows and inflows of resources related to other postemployment benefits is reported in the statement of activities. (330,485.54)

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. (494.00)

Governmental funds report certain activity related to the length of services awards program as restricted revenues and expenditures, whereas such activity is a component of the length of service awards program liability reported on the statement of net position.

District contribution to length of service awards program	(70,433.05)	
Appreciation in fair value of investments	(277,209.19)	
Administrative fees	2,725.00	
Participant withdrawals	<u>101,531.48</u>	(243,385.76)

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 pension, is reported in the statement of activities. 130,363.00

In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. (85,432.52)

Changes in net position of governmental activities \$ (190,528.02)

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**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Description of the Financial Reporting Entity**

The Fire District is a political subdivision of the Township of Hopewell (the “Township”), Mercer County, New Jersey. The Township is comprised of an area of approximately sixty (60) square miles. It is bounded by Hunterdon County to the north, the Delaware River to the west, Lawrence and Ewing Townships to the south and Princeton Township to the east. The Township also surrounds the Boroughs of Hopewell and Pennington. As of the 2020 United States Census, the Township’s population was 17,491. The Fire District was formed in February of 1988 through the adoption of a Township ordinance. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner’s term is three years following the vote held at the annual election.

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

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

**B. Government-Wide and Fund Financial Statements**

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Fire District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Government-Wide and Fund Financial Statements (continued):**

to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

The Fire District reports the following major 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.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

*Special Revenue Fund*

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

*Capital Projects Fund*

The capital projects fund is used to account for 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 and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**D. Budgets/Budgetary Control**

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A: 14-78.1 et al. The fire commissioners must introduce and adopt the annual budget no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the fire district. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

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

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

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. 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.

**F. 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.

**G. 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, 2024.

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.

**H. 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.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. 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:

Equipment	5-25 Years
Vehicles	10-25 Years

**J. 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.

**K. Inventory, Materials and Supplies**

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

**L. Interfund Receivable/Payable**

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.

**M. Compensated Absences**

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**N. 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.

**O. Fund Equity**

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Township of Hopewell 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.

**P. 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.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Q. 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.

**R. 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.

**S. Accounting Estimates**

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

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

Adopted Accounting Pronouncements

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

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance to better meet the information needs of the financial statement users for compensated absences. The standard requires that liabilities for compensated absences be recognized for leave that hasn't been used and leave that has been used but not paid yet. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management has implemented this standard for the year ended December 31, 2024.

Recently Issued Accounting Pronouncements

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

Statement No. 102, *Certain Risk Disclosures*, addresses risks related to certain concentrations or constraints within financial statements. 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.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 2. CASH DEPOSITS AND INVESTMENTS**

**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, 2024, the Fire District’s bank balance of \$4,255,514.36 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 4,010,591.72
New Jersey Cash Management Fund	<u>244,922.64</u>
	<u><u>\$ 4,255,514.36</u></u>

New Jersey Cash Management Fund – During the year, the Fire District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to ensure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2024, the Fire District’s deposits with the New Jersey Cash Management Fund were \$244,922.64.

Restricted Cash and Cash Equivalents – At December 31, 2024, the government-wide financial statements reported restricted cash and cash equivalents. This amount of \$27,252.34 represents cash and cash equivalents held for the New Jersey unemployment trust fund (Note 10).

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3. CAPITAL ASSETS**

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

The following is a summarization of the changes in capital assets by source for the year ended December 31, 2024:

	<b>Balance</b>			<b>Balance</b>
	<b>January 1, 2024</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>December 31, 2024</b>
<b>Governmental Activities:</b>				
Capital Assets being depreciated:				
Equipment	\$ 516,723.93	\$ 3,889.47	\$ -	\$ 520,613.40
Vehicles	2,062,341.54	56,110.53	-	2,118,452.07
Total Capital Assets being depreciated	<u>2,579,065.47</u>	<u>60,000.00</u>	-	<u>2,639,065.47</u>
Less: Accumulated Depreciation:				
Equipment	(326,221.51)	(45,802.10)	-	(372,023.61)
Vehicles	(1,322,068.24)	(55,643.39)	-	(1,377,711.63)
Total Accumulated Depreciation	<u>(1,648,289.75)</u>	<u>(101,445.49)</u>	-	<u>(1,749,735.24)</u>
Total Capital Assets being depreciated, net	<u>930,775.72</u>	<u>(41,445.49)</u>	-	<u>889,330.23</u>
Total Governmental Activities Capital Assets, net	<u>\$ 930,775.72</u>	<u>\$ (41,445.49)</u>	-	<u>\$ 889,330.23</u>

**NOTE 4. PROPERTY TAX LEVIES**

The following is a tabulation of the Fire District's assessed valuations, tax levies, and property tax rates per \$100.000 of assessed valuations for the current and preceding four years:

<b>Year</b>	<b>Assessed Valuation</b>	<b>Total Tax Levy</b>	<b>Tax Rate</b>
2024	\$ 3,994,610,481.00	\$ 4,602,666.46	0.116
2023	3,988,214,565.00	4,445,777.00	0.112
2022	3,884,121,556.00	4,244,371.16	0.109
2021	3,816,199,773.00	4,149,564.02	0.109
2020	3,924,848,132.00	3,966,616.00	0.102

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
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**NOTE 5. ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2024 consisted of amounts owed from individuals and businesses located within the jurisdiction of the Fire District for various fees related to uniform fire safety inspections, penalties, and registrations. All receivables are considered to be collectible.

Accounts receivable as of year-end for the Fire District's individual major funds, in the aggregate, is as follows:

<u>Description</u>	<u>Governmental Funds</u>		<u>Total</u>
	<u>General</u>	<u>Governmental</u>	
	<u>Fund</u>	<u>Activities</u>	
USFA Onspection and Registration Fees	\$ 65,466.00	\$ 65,466.00	
Firefighters ARP Grant	70,000.00	70,000.00	
<b>Total</b>	<b>\$ 135,466.00</b>	<b>\$ 135,466.00</b>	

**NOTE 6. LONG-TERM OBLIGATIONS**

During the year ended December 31, 2024, the following changes occurred in long-term obligations:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
	<u>January 1,</u>			<u>December 31,</u>	
	<u>2024</u>			<u>2024</u>	<u>One Year</u>
<b>Governmental Activities:</b>					
Compensated Absences	\$ 368,824.05	\$ 85,432.52	\$ -	\$ 454,256.57	\$ 133,515.29
Fire District Bonds Payable	260,000.00	-	52,000.00	208,000.00	52,000.00
Net Pension Liability	3,431,521.00	38,394.00	-	3,469,915.00	-
OPEB Liability	2,303,054.00	334,955.00	-	2,638,009.00	-
Length of Service Program	1,644,225.05	347,642.24	104,256.48	1,887,610.81	-
	<b>\$ 8,007,624.10</b>	<b>\$ 806,423.76</b>	<b>\$ 156,256.48</b>	<b>\$ 8,657,791.38</b>	<b>\$ 185,515.29</b>

**Fire District Bonds** – Bonds and loans are authorized in accordance with State law by the voters of the Fire District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Fire District are to be paid from property taxes. The Fire District budgeted for the liquidation of its general obligation bonds in the debt service fund. As of December 31, 2024, the Fire District had the following outstanding general obligation bonds:

On November 8, 2018, the Fire District issued \$520,000.00 of fire district bonds at an interest rate of 3.60% for the acquisition of a marine unit and tanker truck. The final maturity of these bonds is October 1, 2028.

Principal and interest due on the general obligation bonds outstanding are as follows:

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
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**NOTE 6. LONG-TERM OBLIGATIONS (continued)**

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 52,000.00	\$ 7,488.00	\$ 59,488.00
2026	52,000.00	5,616.00	57,616.00
2027	52,000.00	3,744.00	55,744.00
2028	52,000.00	1,872.00	53,872.00
	<hr/> <u>\$ 208,000.00</u>	<hr/> <u>\$ 18,720.00</u>	<hr/> <u>\$ 226,720.00</u>

**Bonds Authorized but not Issued** – As of December 31, 2024, the Fire District had no authorizations to issued additional debt.

**Compensated Absences** – Compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 11 for a description of the Fire District's policy.

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

**Net Pension Liability** – For details on the net pension liability, refer to note 7. The Fire District's annual required contribution to the Public Employees' Retirement System and the Police and Firemen's Retirement System is budgeted and paid from the general fund on an annual basis.

**Fire Protection Agreements** – The Board of Fire Commissioners entered into several multi-year agreements for fire protection and services with the Hopewell Borough Fire District No. 1 and the Pennington Borough Fire District No. 1. The aforementioned Boroughs provide fire protection and emergency medical services, and in turn, the Township of Hopewell Fire District No. 1 pays an annual fee for such services, which covers a portion of the Boroughs' existing debt service and operating expenses. As a result, a portion of the payments for these services are budgeted in the debt service fund (bond anticipation notes).

**NOTE 7. PENSION OBLIGATIONS**

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

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7. PENSION OBLIGATIONS (continued)**

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

The following represents the membership tiers for PERS:

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

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

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

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2024, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the District's contractually required contribution to PERS plan was \$20,252.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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

**Components of Net Pension Liability** - At December 31, 2024, the District's proportionate share of the PERS net pension liability was \$202,235. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The District's proportion measured as of June 30, 2024, was 0.00149% which was a decrease of .000063% from its proportion measured as of June 30, 2023

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2024, the District's proportionate share of the PERS expense/(benefit), calculated by the plan as of the June 30, 2024 measurement date was (\$11,368). This benefit is not recognized by the District because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the District contributed \$20,252 to the plan in 2024.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 4,051	\$ 538
Changes of Assumptions	251	2,301
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	9,377
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	<u>5,230</u>	<u>80,451</u>
	<u><u>\$ 9,532</u></u>	<u><u>\$ 92,667</u></u>

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7. PENSION OBLIGATIONS (continued)**

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

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

<b>Year Ending</b>	<b>Dec 31,</b>	<b>Amount</b>
2024	\$ (90,198)	
2025	69,792	
2026	(40,153)	
2027	(23,180)	
2028	<u>604</u>	
		<u><u>\$ (83,135)</u></u>

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

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7. PENSION OBLIGATIONS (continued)**

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

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

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

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7. PENSION OBLIGATIONS (continued)**

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

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

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 270,982	\$ 202,235	\$ 146,882

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

The State's proportionate share of the PERS net pension liability associated with the special funding situation is \$-0- as of December 31, 2024. The State's proportionate share of the contribution associated with the special funding situation was \$652 as of December 31, 2024. These are based on measurements as of June 30, 2024.

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

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7. PENSION OBLIGATIONS (continued)**

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

The following represents the membership tiers for PFRS:

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

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

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

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2024, the State contributed an amount more than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the District's contractually required contributions to PFRS plan was \$437,703.

**Net Pension Liability and Pension Expense** - At December 31, 2024 the District's proportionate share of the PFRS net pension liability was \$3,267,680. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, to the measurement date of June 30, 2024. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The District's proportion measured as of June 30, 2024, was 0.03164%, which was an increase of 0.00336% from its proportion measured as of June 30, 2023.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2024, the District's proportionate share of the PFRS expense/(benefit), calculated by the plan as of the June 30, 2024 measurement date was \$285,845.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 205,861	\$ 111,867
Changes of Assumptions	5,166	95,966
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	25,576
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	<u>411,542</u>	<u>70,703</u>
	<u><u>\$ 622,569</u></u>	<u><u>\$ 304,112</u></u>

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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

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

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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

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

<b>Year Ending</b>		
<b><u>Dec 31.</u></b>		<b><u>Amount</u></b>
2024	\$	2,252,023
2025		(2,594,859)
2026		651,278
2027		302,437
2028		(269,052)
Thereafter		<u>(23,370)</u>
	<b>\$</b>	<b><u>318,457</u></b>

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

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the District is \$644,216 as of December 31, 2024. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, to the measurement date of June 30, 2024. The State's proportion of the net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2024 was 0.03164%, which was an increase of 0.00336% from its proportion measured as of June 30, 2023, which is the same proportion as the District's. At December 31, 2024, the District's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

District's Proportionate Share of Net Pension Liability	\$ 3,267,680
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the District	<u>644,216</u>
	<b><u>\$ 3,911,896</u></b>

At December 31, 2024, the State's proportionate share of the PFRS expense, associated with the District, calculated by the plan as of the June 30, 2024 measurement date was \$74,112.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7. PENSION OBLIGATIONS (continued)**

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

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 16.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

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

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
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**NOTE 7. PENSION OBLIGATIONS (continued)**

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

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

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
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**NOTE 7. PENSION OBLIGATIONS (continued)**

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

	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.0%)</u></b>
District's Proportionate Share of the Net Pension Liability	\$ 4,668,788	\$ 3,267,680	\$ 2,100,864
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	920,441	644,216	414,181
	\$ 5,589,229	\$ 3,911,896	\$ 2,515,045

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

**NOTE 8. LOSAP**

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

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8. LOSAP (continued)**

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

**Contributions** – If an active member meets the year of active service requirement, a length of service award program must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,500.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Fire District elected to contribute between \$714.11 and \$2,028.22 for the year ended December 31, 2024, per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Fire District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2024, the Fire District’s Plan expense was \$70,433.05.

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

**Vesting** – The Fire District, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-14.62 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
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**NOTE 8. LOSAP (continued)**

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

**Forfeited Accounts** – For the year ended December 31, 2024, no accounts were forfeited.

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

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

**NOTE 9. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**General Information about the OPEB Plan**

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

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
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**NOTE 9. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

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

**Basis of Presentation**

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

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2024 were \$4,833,833,875 and \$12,914,432,673, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**Net OPEB Liability**

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
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**NOTE 9. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

Salary Increases\*:

Public Employees' Retirement System (PERS)

Initial Fiscal Year Applied

Rate for all future years      2.75% to 6.55%

Police and Firemen's Retirement System (PFRS)

Rate for all future years      3.25% to 16.25%

Mortality:

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

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

\* - Salary increases are based on years of service within the respective plan.

**OPEB Obligation and OPEB (benefit) Expense** - The District's proportionate share of the total Other Post-Employment Benefits Obligations as of June 30, 2024 was \$2,638,009.

The OPEB Obligation was measured as of June 30, 2024, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

The District's proportionate share of the OPEB Obligation was based on the ratio of plan members of an individual employer to the total members of the plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024. At June 30, 2024, the District's proportionate share of the OPEB Obligation was 0.01473%, which was a decrease of 0.00061% from its proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2024, the District recognized an OPEB (benefit) expense in the amount of \$386,177 for the District's proportionate share of the OPEB (benefit) expense. This OPEB (benefit) expense was based on the OPEB plans June 30, 2024 measurement date.

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 22.62% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 23.58% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
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**NOTE 9. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

*Discount Rate*

The discount rate for June 30, 2024 was 3.93%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

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

	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Fire District	\$ 3,072,996.18	\$ 2,638,009.00	\$ 2,289,622.93
State of New Jersey's Total Nonemployer OPEB Liability	20,857,914,273.00	17,905,445,505.00	15,540,780,410.00

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

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

	Healthcare Cost 1% Decrease	Trend Rate	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Fire District	\$ 2,231,217.16	\$ 2,638,009.00	\$ 3,161,028.99
State of New Jersey's Total Nonemployer OPEB Liability	15,144,352,142.00	17,905,445,505.00	21,455,435,620.00

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
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**NOTE 9. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

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

Year Ending June 30:		
2025	\$	(1,123,975,872.00)
2026		(483,903,543.00)
2027		(83,156,324.00)
2028		(443,334,965.00)
2029		(282,447,899.00)
Thereafter		<u>302,959,969.00</u>
		<u><u>\$ (2,113,858,634.00)</u></u>

*Changes in Proportion*

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members.

**Plan Membership**

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
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**NOTE 9. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2024 (measurement date June 30, 2023) is as follows:

Service Cost	\$ 545,086,159.00
Interest on the Total OPEB Liability	554,448,470.00
Change of Benefit Terms	107,670,542.00
Differences Between Expected and Actual Experience	408,491,660.00
Changes of Assumptions	1,735,990,164.00
Contributions From the Employer	(399,436,504.00)
Contributions From Non-Employer Contributing Entity	(62,827,411.00)
Net Investment Income	(1,636,336.00)
Administrative Expense	<u>11,119,284.00</u>
Net Change in Total OPEB Liability	2,898,906,028.00
Total OPEB Liability (Beginning)	<u>15,006,539,477.00</u>
Total OPEB Liability (Ending)	<u>\$ 17,905,445,505.00</u>

**NOTE 10. RISK MANAGEMENT**

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

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

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

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

<b>Year</b>	<b>Fire District Contributions</b>	<b>Employee Contributions</b>	<b>Interest Earnings</b>	<b>Ending Balance</b>	
				<b>Claims Payable</b>	<b>Restricted Fund Balance</b>
2024	\$ -	\$ 1,941.44	\$ 169.73	\$ 10,051.10	\$ 26,973.98
2023		- 2,027.24	2.43	10,051.10	25,032.54
2022		- 2,164.01	2.23	8,023.86	25,030.11

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
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**NOTE 11. COMPENSATED ABSENCES**

The Fire District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 101 (GASB 101), "Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

**Union Employees** – Union employees are entitled to twelve paid sick leave days each year that are earned at the rate of one day per month. Sick leave days may be accumulated and carried forward to the following year. Employees are entitled to three personal days per calendar year that are earned at the rate of one day for each four month period. Personal days are not used during the year are carried forward to the following year and reclassified as sick leave. Each employee is entitled to vacation leave based on the number of years of continuous service. Up to ten days of unused vacation time may be carried forward to the following year. The vacation time carried forward must be used in the following year or it will be forfeited.

The Fire District compensates employees for unused sick leave upon death or retirement at the current rate of pay. Upon retirement, employees will be paid a lump-sum payment based on fifty percent of the accumulated sick leave on the date of retirement, up to a maximum of \$15,000.00. In the event that an employee dies, the beneficiary will receive a lump-sum payment based on fifty percent of the accumulated sick leave on the date of death, up to a maximum of \$15,000.00. If the employee dies in the line of duty, the beneficiary will receive a lump-sum payment for one hundred percent of the accumulated sick leave upon the date of death, up to a maximum of \$15,000.00. Employees are also compensated at their current rate of pay for unused vacation (up to a maximum of eighty (80) hours) and compensation time (up to a maximum of four hundred and eighty (480) hours) upon termination of employment.

**Non-Union Employees** – Non-union employees are entitled to twelve paid sick leave days each year that is prorated as seven hours for each full month of employment. Sick leave days may be accumulated and carried forward to the following year. Employees are entitled to three personal days per calendar year that are earned at the rate of one day for each four month period. Personal days not used during the year are carried forward to the following year and reclassified as sick leave. Each employee is entitled to vacation leave based on the number of years of continuous service. Up to five days of unused vacation time may be carried forward to the following year. The vacation time carried forward must be used in the following year or it will be forfeited.

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of December 31, 2024, the liability for compensated absences reported on the government-wide statement of net position was \$454,256.57, which was an increase of \$85,432.52 from the prior year.

**NOTE 12. CONTINGENCIES**

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

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 13. CONCENTRATIONS**

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

**NOTE 14. FUND BALANCES APPROPRIATED – GENERAL FUND**

The annual 2025 budget of the Fire District was adopted on January 9, 2025. The adopted budget utilized \$720,801.10 of fund balance in the general fund. The following presents the total fund balance of the general fund as of the end of the last five years and the amount utilized in the subsequent year's budget:

Year Ending <u>December 31,</u>	Balance at <u>December 31,</u>	Utilization in Subsequent Budget
2024	\$ 5,795,047.49	\$ 720,801.10
2023	5,466,695.20	537,947.51
2022	4,136,066.46	655,805.19
2021	4,640,589.18	685,134.92
2020	4,952,314.20	1,179,734.97

**NOTE 15. FUND BALANCES**

**RESTRICTED:**

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

**General Fund**

**Capital Projects (Future Capital Outlays)** – These funds are restricted for future capital expenditures to be made in future years. When the Fire District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation. As of December 31, 2024, the balance is \$579,000.00.

**New Jersey Unemployment Trust** Fund – Pursuant to N.J.S.A. 43:21-7.3g, the Board of Fire Commissioners has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method” (see Note 10). As a result, there exists at December 31, 2024 a restricted fund balance from employer contributions in the amount of \$26,973.98 for future unemployment claims.

**Dedicated Penalties** – Pursuant to N.J.A.C. 5:70-2.12A, certain monies collected by the Fire District for violations by property owners must be placed in the general treasury of the Fire District and are subject to separate accounting. These monies are required to fund the cost of firefighter training and/or new firefighting equipment. As of December 31, 2024, such funds collected by the Fire District amount to \$40,985.95.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 15. FUND BALANCES (continued)**

**Length of Service Awards Program (LOSAP)** – Pursuant to N.J.S.A. 40A:14-187, all accumulated proceeds shall remain restricted for the volunteer members. As a result, there exists at December 31, 2024, a restricted fund balance in the amount of \$1,887,610.81 for future benefit payments of volunteers.

**ASSIGNED:**

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

**General Fund**

**Other Purposes** – As of December 31, 2024, the Fire District had \$16,381.05 of encumbrances outstanding for purchase orders and contracts signed by the Fire District, but not completed, as of the close of the year.

**For Subsequent Year's Expenditures** – The Fire District has appropriated and included as an anticipated revenue for the year ending December 31, 2025, \$720,801.00 of general fund balance at December 31, 2024.

**UNASSIGNED:**

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

**General Fund** – As of December 31, 2024, \$2,523,294.70 of general fund balance was unassigned.

**NOTE 16. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2024 and November 14, 2025, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the Fire District that would require disclosure other than those noted below:

During 2025, the Fire District authorized the purchase of a ladder truck for approximately \$1,898,187 and the remounting of an ambulance for \$128,099. The Fire District is currently in the process of obtaining funding for these capital assets in the form of general obligation bonds. As of the date of this report, The Fire District is still in the beginning stages of obtaining the funding and no further details are available.

***Required Supplementary Information - Part II***  
***Budgetary Comparision Schedules***

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**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**For the year ended December 31, 2024**

	<b>Original Budget</b>	<b>Budget Modifications/ Transfers</b>	<b>Modified Budget</b>	<b>Actual</b>	<b>Variance</b>
Revenues:					
Amount raised by taxation to support district budget	\$ 4,341,901.57	\$ -	\$ 4,341,901.57	\$ 4,341,901.57	\$ -
Miscellaneous Revenues:					
Miscellaneous revenues offset with appropriations:					
Uniform Fire Safety Act Revenues:					
Annual Registration Fees	212,412.04	-	212,412.04	218,859.00	6,446.96
Other Revenues:					
Anticipated Life Hazard Use Fee	52,337.00	-	52,337.00	58,399.41	6,062.41
ARP Firefighter Grant	-	70,000.00	70,000.00	70,000.00	-
Other Grant	-	4,770.00	4,770.00	4,770.00	-
Interest on Investments	5,036.00	-	5,036.00	33,742.08	28,706.08
Municipal Assistance (N.J.S.A.:14-34)	4,321.00	-	4,321.00	4,321.00	-
Reimbursements from Hopewell Borough Fire District	88,000.00	-	88,000.00	88,000.00	-
Special Duty Fees	7,000.00	-	7,000.00	8,775.00	1,775.00
Total Miscellaneous Revenues	369,106.04	74,770.00	443,876.04	486,866.49	42,990.45
Total Anticipated Revenues	4,711,007.61	74,770.00	4,785,777.61	4,828,768.06	42,990.45
Miscellaneous Revenue Not Anticipated					
Miscellaneous Revenue	-	-	-	19,295.74	19,295.74
Share Services (N.J.S.A. 40A:65-1 et seq.)	-	-	-	17,270.00	17,270.00
Total Miscellaneous Revenue Not Anticipated	-	-	-	36,565.74	36,565.74
Total Revenues	4,711,007.61	74,770.00	4,785,777.61	4,865,333.80	79,556.19

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**For the year ended December 31, 2024**

	<b>Original Budget</b>	<b>Budget Modifications/ Transfers</b>	<b>Modified Budget</b>	<b>Actual</b>	<b>Variance</b>
Expenditures:					
Operating appropriations:					
Administration:					
Salaries and wages:					
Commissioners	25,650.00	-	25,650.00	25,620.00	30.00
Administrative Secretary	-	7,200.00	7,200.00	6,890.63	309.37
Fringe benefits	2,733.50	725.40	3,458.90	2,954.94	503.96
Other expenditures:					
Office Supplies	11,825.00	(4,063.21)	7,761.79	5,868.61	1,893.18
Printing and PR Materials	5,125.00	(1,008.00)	4,117.00	1,059.48	3,057.52
Admin Training/Conferences	2,715.00	133.28	2,848.28	2,721.53	126.75
Membership Dues	300.00	-	300.00	300.00	-
Fire Prevention Materials	1,000.00	-	1,000.00	995.89	4.11
Postage and Shipping	2,000.00	-	2,000.00	628.73	1,371.27
Computer Software and Maintenance	54,460.50	4,167.08	58,627.58	56,533.90	2,093.68
Building Maintenance and Repair	5,510.00	(725.13)	4,784.87	2,199.62	2,585.25
Specialized Services	18,400.00	(500.00)	17,900.00	1,013.00	16,887.00
Contracted Services	345,808.00	(53,685.32)	292,122.68	204,288.88	87,833.80
Advertising	2,000.00	72.02	2,072.02	1,113.96	958.06
Total administration	477,527.00	(47,683.88)	429,843.12	312,189.17	117,653.95
Cost of operations and maintenance:					
Salaries and wages:					
Chief	236,694.65	128,073.00	364,767.65	236,426.65	128,341.00
Deputy Chief	168,883.79	-	168,883.79	168,883.79	-
Lieutenants	257,907.83	-	257,907.83	243,540.69	14,367.14
Specialists	752,349.41	-	752,349.41	687,220.70	65,128.71
Part Time Employees	181,600.00	(96,650.00)	84,950.00	61,956.25	22,993.75
Overtime	130,000.00	(9,950.00)	120,050.00	108,013.26	12,036.74
Fringe benefits	872,323.08	(2,900.00)	869,423.08	833,142.17	36,280.91
Other expenditures:					
Insurance	89,014.00	1,562.00	90,576.00	89,047.77	1,528.23
Materials and Supplies	5,150.00	(2,500.00)	2,650.00	587.00	2,063.00
Fuel	38,700.00	(100.00)	38,600.00	21,072.93	17,527.07
EMS Supplies	17,000.00	-	17,000.00	14,420.10	2,579.90
Training	69,329.50	(9,542.42)	59,787.08	29,588.84	30,198.24
Memberships and Subscriptions	4,034.00	-	4,034.00	1,350.25	2,683.75
Uniforms/FF Gear	69,645.00	(28,694.40)	40,950.60	35,566.69	5,383.91
Laundry Service	6,200.00	(1,500.00)	4,700.00	3,370.01	1,329.99
Hydrants and Rent	332,874.67	(1,500.00)	331,374.67	325,299.57	6,075.10
Safety Equipment	5,700.00	1,269.19	6,969.19	6,059.19	910.00
Computer/Radio Repair	500.00	330.00	830.00	165.00	665.00
Equipment Maintenance	38,050.00	(573.91)	37,476.09	21,556.93	15,919.16
Vehicle Maintenance	90,080.00	(1,487.44)	88,592.56	77,991.70	10,600.86
Utilities	33,612.00	68.72	33,680.72	25,112.25	8,568.47
Contracted Services - Fire	531,511.15	95,066.00	626,577.15	626,577.00	0.15
Contracted Services - EMS	212,400.00	363.00	212,763.00	210,218.00	2,545.00
Volunteer Services	14,000.00	-	14,000.00	14,000.00	-
Biohazard	3,120.00	-	3,120.00	3,066.32	53.68
Other Assets - Non-Bondable #1	17,400.00	(5,851.96)	11,548.04	5,195.49	6,352.55
Other Assets - Non-Bondable #2	32,800.00	80,126.77	112,926.77	112,842.69	84.08
Total cost of operations and maintenance	4,210,879.08	145,608.55	4,356,487.63	3,962,271.24	394,216.39

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**For the year ended December 31, 2024**

	<b>Original Budget</b>	<b>Budget Modifications/ Transfers</b>	<b>Modified Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Operating appropriations offset with revenues:</b>					
Salary and Wages:					
Fire Official	193,956.00	(7,345.76)	186,610.24	182,577.27	4,032.97
Fringe Benefits	70,793.04	(5,654.24)	65,138.80	58,125.57	7,013.23
Total operating appropriations offset with revenues	<u>264,749.04</u>	<u>(13,000.00)</u>	<u>251,749.04</u>	<u>240,702.84</u>	<u>11,046.20</u>
<b>Emergency Appropriations &amp; Deferred Charges</b>					
Emergency Appropriation #1 - Fire Truck	30,000.00	-	30,000.00	30,000.00	-
Total Emergency Appropriations & Deferred Charges	<u>30,000.00</u>	<u>-</u>	<u>30,000.00</u>	<u>30,000.00</u>	<u>-</u>
<b>Length of Service Award Program (LOSAP) Contribution:</b>					
LOSAP Contribution	205,800.00	-	205,800.00	205,800.00	-
Total LOSAP Contributions	<u>205,800.00</u>	<u>-</u>	<u>205,800.00</u>	<u>205,800.00</u>	<u>-</u>
<b>Capital appropriations</b>					
Fire Inspector/Emergency Response Vehicle	60,000.00	-	60,000.00	60,000.00	-
Total Capital Appropriations	<u>60,000.00</u>	<u>-</u>	<u>60,000.00</u>	<u>60,000.00</u>	<u>-</u>
Total operating appropriations	<u>5,248,955.12</u>	<u>84,924.67</u>	<u>5,333,879.79</u>	<u>4,810,963.25</u>	<u>522,916.54</u>
<b>Other financing sources and uses:</b>					
Transfer In - Debt Service Fund	-	-	-	595.98	595.98
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>595.98</u>	<u>595.98</u>
Excess (efficiency) of revenues over (under) expenditures	(537,947.51)	(10,154.67)	(548,102.18)	54,966.53	603,068.71
Fund balance, January 1	<u>5,496,695.20</u>	<u>-</u>	<u>5,496,695.20</u>	<u>5,496,695.20</u>	<u>-</u>
Fund balance, December 31	<u>\$ 4,958,747.69</u>	<u>\$ (10,154.67)</u>	<u>\$ 4,948,593.02</u>	<u>\$ 5,551,661.73</u>	<u>\$ 603,068.71</u>
<b>Recapitulation of Budget Transfers</b>					
Encumbrances Canceled		\$ (1,179.02)			
Prior Year Reserve for Encumbrances		11,333.69			
		<u>\$ 10,154.67</u>			

**Reconciliation to Fund Balance for Length of Service Awards Program:**

Length of Service Awards Program (LOSAP) - Contribution (P.L. 1997, c.388)	70,433.05
Unrealized Gain/(Loss) on Investments	277,209.19
Administrative Charges	(2,725.00)
Benefit Payments	(101,531.48)
	<u>243,385.76</u>

**Fund Balance, December 31**

<b>Recapitulation of Fund Balance:</b>	
Restricted fund balance:	
Capital Projects	\$ 579,000.00
New Jersey Unemployment Trust Fund	26,973.98
Dedicated Penalties	40,985.95
Investment in Length of Service Award Program	1,887,610.81
Assigned:	
Subsequent year's budget	720,801.00
Year-End Encumbrances	16,381.05
Unassigned	<u>2,523,294.70</u>
Total Fund Balance	<u>\$ 5,795,047.49</u>

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Notes to the Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the year ended December 31, 2024**

	<b>Total</b> <b>General</b> <b>Fund</b>
<b>Sources/Inflows of Resources:</b>	
Actual Amounts (Budgetary Basis) "Revenue" From the Budgetary Comparison Schedule (C-1)	\$ 4,865,333.80
Certain restricted revenues related to the length of service awards program are recognized on the GAAP basis but are not required to be budgeted.	<u>347,642.24</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 5,212,976.04</u>
<b>Uses/Outflows of Resources:</b>	
Actual Amounts (Budgetary Basis) "Total Appropriations" From the Budgetary Comparison Schedule (C-1)	\$ 4,810,963.25
Certain budgetary expenditures that are deferred and raised in the subsequent years budget are not recorded as expenditures on the "budgetary comparison schedules" but are expenditures on the GAAP basis.	
Deferred Charges - Emergency Appropriation Fire Truck #1	\$ (30,000.00)
Certain restricted expenditures related to the length of service awards program are recognized on the GAAP basis but are not required to be budgeted.	
Length of service awards program district contribution	2,725.00
Administrative fees	<u>2,725.00</u>
Participant withdrawals	<u>101,531.48</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 4,885,219.73</u>

***Required Supplementary Information - Part III***

***Schedules Related to Accounting and Reporting  
for Pensions***

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**TOWNSHIP OF HOPEWELL 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**

	Measurement Date Ended June 30,									
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's Proportion of the Net Pension Liability	0.001488%	0.002120%	0.002154%	0.002135%	0.002057%	0.002048%	0.002072%	0.002030%	0.001793%	0.001676%
District's Proportionate Share of the Net Pension Liability	\$ 202,235.00	\$ 307,097.00	\$ 325,033.00	\$ 252,940.00	\$ 335,524.00	\$ 368,944.00	\$ 407,992.00	\$ 472,658.00	\$ 531,177.00	\$ 376,147.00
District's Covered-Employee Payroll	\$ 118,368.00	\$ 160,956.00	\$ 135,268.00	\$ 156,464.00	\$ 148,884.00	\$ 145,508.00	\$ 145,512.00	\$ 140,668.00	\$ 125,068.00	\$ 114,464.00
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	170.85%	190.80%	240.29%	161.66%	225.36%	253.56%	280.38%	336.01%	424.71%	328.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Schedule of District Contributions**  
**Public Employee's Retirement System**  
**Last Ten Fiscal Years**

	<b>Year Ended December 31,</b>					
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
District's Contractually Required Contribution	\$ 20,252.00	\$ 28,337.00	\$ 27,160.00	\$ 25,005.00	\$ 22,508.00	\$ 19,917.00
District's Contribution in Relation to the Contractually Required Contribution	<u>(20,252.00)</u>	<u>(28,337.00)</u>	<u>(27,160.00)</u>	<u>(25,005.00)</u>	<u>(22,508.00)</u>	<u>(19,917.00)</u>
District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 121,920.00	\$ 118,368.00	\$ 155,988.00	\$ 141,089.00	\$ 155,635.00	\$ 150,407.00
District's Contributions as a Percentage of its Covered-Employee Payroll	16.61%	23.94%	17.41%	17.72%	14.46%	13.24%
					14.01%	13.24%
					11.33%	11.51%

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Police and Firemen's Retirement System**  
**Last Ten Fiscal Years**

	Measurement Date Ended June 30,									
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's Proportion of the Net Pension Liability	0.031643%	0.028278%	0.028174%	0.027573%	0.028669%	0.027025%	0.025911%	0.022542%	0.021958%	0.019430%
District's Proportionate Share of the Net Pension Liability	\$ 3,267,680.00	\$ 3,124,424.00	\$ 3,224,915.00	\$ 2,015,368.00	\$ 3,730,290.00	\$ 3,307,229.00	\$ 3,506,210.00	\$ 3,480,086.00	\$ 4,194,528.00	\$ 3,236,383.00
District's Covered-Employee Payroll	\$ 1,160,931.00	\$ 1,058,745.00	\$ 977,354.00	\$ 954,234.00	\$ 918,090.00	\$ 880,797.00	\$ 796,170.00	\$ 705,617.00	\$ 644,451.00	\$ 569,727.00
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	281.47%	295.11%	329.96%	211.20%	406.31%	375.48%	440.38%	493.20%	650.87%	568.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.77%	70.16%	68.33%	77.26%	63.52%	65.00%	62.48%	58.60%	52.01%	56.31%

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Schedule of District Contributions**  
**Police and Firemen's Retirement System**  
**Last Ten Fiscal Years**

***Required Supplementary Information - Part IV***

***Schedules Related to Other Postemployment  
Benefit Plans (OPEB)***

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**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability**  
**Last Five Plan Years\***

	Measurement Date Ended June 30,				
	2024	2023	2022	2021	2020
District's Proportion of the Other Postemployment Benefit Liability (asset)	0.014733%	0.015347%	0.014117%	0.014290%	0.000960%
District's Proportionate Share of the Net Other Postemployment Benefit Liability (asset)	\$ 2,638,009	\$ 2,303,054	\$ 4,103,774	\$ 4,774,982	\$ 4,994,722
District's Covered-employee Payroll	\$ 1,279,299	\$ 1,271,822	\$ 1,138,914	\$ 1,112,146	\$ 1,072,092
District's Proportionate Share of the Net Other Postemployment Benefit Liability (asset) as a Percentage of its Covered-employee payroll	206.21%	181.08%	360.32%	429.35%	465.89%
Plan Fiduciary Net Position as a Percentage of the Total Other Postemployment Benefit Liability	-0.89%	-0.79%	-0.36%	0.28%	0.91%

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

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**Schedule of District's OPEB Contributions**  
**Last Five Fiscal Years\***

	Year Ended December 31,				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
District's Contractually Required Contribution	\$ 26,685.84	\$ 24,829.08	\$ 16,314.24	\$ 13,765.20	\$ 8,155.92
District's Contribution in Relation to the Contractually Required Contribution	<u>(26,685.84)</u>	<u>(24,829.08)</u>	<u>(16,314.24)</u>	<u>(13,765.20)</u>	<u>(8,155.92)</u>
District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,358,221.00	\$ 1,279,299.00	\$ 1,214,733.00	\$ 1,118,443.00	\$ 1,109,869.00
District's Contributions as a Percentage of its Covered-Employee Payroll	1.96%	1.94%	1.34%	1.23%	0.73%

\*This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation information is available.

## *Other Supplementary Information*

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**Township of Hopewell Fire District No. 1**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2024**

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

**Changes of Benefit Terms** – None

**Changes of Assumptions** – None

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

**Changes of Benefit Terms** – None

**Changes of Assumptions** – None

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

**Changes of Benefit Terms** – None

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

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## *Long-Term Debt*

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**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**SCHEDULE OF FIRE DISTRICT BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JANUARY 1, 2024	DECREASED	BALANCE DECEMBER 31, 2024
			DATE	AMOUNT				
Fire District Bonds, 2018	11/8/18	\$ 520,000.00	10/1/25	\$ 52,000.00	3.60%			
			10/1/26	\$ 52,000.00	3.60%			
			10/1/27	\$ 52,000.00	3.60%			
			10/1/28	\$ 52,000.00	3.60%	\$ 260,000.00	\$ 52,000.00	\$ 208,000.00
			Total			\$ 260,000.00	\$ 52,000.00	\$ 208,000.00

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	Original <u>Budget</u>	Budget Modifications/ <u>Transfers</u>	Final <u>Budget</u>	Actual	Variance Positive/(Negative) <u>Final to Actual</u>
<b>REVENUE:</b>					
Amount to be Raised by Taxation to Support the District Budget	\$ 260,764.89	\$ -	\$ 260,764.89	\$ 260,764.89	\$ -
<b>EXPENDITURES:</b>					
Principal Payments:					
Bond Anticipation Notes	57,053.78	-	57,053.78	57,053.78	-
Intergovernmental Loans	56,637.85	-	56,637.85	56,184.04	453.81
Other Bonds or Notes Payable	93,098.62	-	93,098.62	93,098.62	-
Total Principal Payments	206,790.25	-	206,790.25	206,336.44	453.81
Interest Payments:					
Bond Anticipation Notes	20,098.24	-	20,098.24	20,098.24	-
Intergovernmental Loans	17,743.33	-	17,743.33	17,601.16	142.17
Other Bonds or Notes Payable	16,133.07	-	16,133.07	16,133.07	-
Total Interest Payments	53,974.64	-	53,974.64	53,832.47	142.17
Total Expenditures	260,764.89	-	260,764.89	260,168.91	595.98
<b>OTHER FINANCING USES:</b>					
Transfer to General Fund	-	-	-	-	(595.98) 595.98
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, January 1					-
Fund Balance, December 31				<u>\$ -</u>	

## *Schedule of Findings and Recommendations*

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**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1  
SCHEDULE OF FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

None.

**TOWNSHIP OF HOPEWELL FIRE DISTRICT NO. 1  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

**FINANCIAL STATEMENT FINDINGS**

No financial statement findings in prior year.



### Acknowledgment

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

*Holt McNally & Associates, Inc.*  
**HOLT McNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Medford, New Jersey  
November 14, 2025

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