

**TOWNSHIP OF NEPTUNE
FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH
NEW JERSEY**

**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2024**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Township of Neptune Fire District No. 1
1120 Corlies Ave
Neptune, New Jersey 07753

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Board of Fire Commissioners of the Township of Neptune Fire District No. 1, (the "District"), County of Monmouth, State of New Jersey, 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.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of 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.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on the Length of Service Award Program" paragraph, the financial statements referred to above present fairly in all material respects, the financial position of the District's Fiduciary Funds as of December 31, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America the and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"). 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 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.

Basis for Qualified Opinion on the Fiduciary Funds

The financial statements of the Length of Service Award Program Fund (LOSAP) have not been audited and we were not required by the Division to audit the LOSAP Fund financial Statements. The LOSAP Fund financial activities are included in the District's Fiduciary Funds and represent 98.58%, 98.58% and 99.64% of the assets, net position and revenues, respectively of the District's Fiduciary Funds.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible 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 aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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*, 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, budgetary comparison information, schedules of the Fire District's proportionate share of the net pension liability, schedules of the Fire District's contributions, and schedules of the Fire District's proportionate share of the net OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 Summary Schedule of Project Revenues, Expenditures and Fund Balance - Capital Projects Fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Summary Schedule of Project Revenues, Expenditures and Fund Balance - Capital Projects Fund is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the roster of officials and schedule of findings and recommendations but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 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 agreement and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

Charles J. Fallon CPA, RMA

Charles J. Fallon
Certified Public Accountant
Registered Municipal Accountant #506

Fallon & Company LLP

Fallon & Company LLP
Hazlet, New Jersey
October 1, 2025

**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 Neptune Fire District No. 1
1120 Corlies Ave
Neptune, New Jersey 07753

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 the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Board of Fire Commissioners of the Township of Neptune Fire District No. 1, ("District"), in the County of Monmouth, State of New Jersey, 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 and have issued our report thereon dated October 1, 2025.

The financial statements of the Length of Service Award Program ("LOSAP") were not audited and we were not required by the Division to audit the LOSAP Fund financial statements in accordance with auditing standards generally accepted in the United States, *Government Auditing Standards* and the audit requirements prescribed by the Division. We expressed a qualified opinion on the conformity of the statements with accounting principles generally accepted in the United States of America because the Division does not require the Length of Service Award Program to be audited, only reviewed.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Charles J. Fallon CPA, RMA

Charles J. Fallon
Certified Public Accountant
Registered Municipal Accountant #506

Fallon & Company LLP
Fallon & Company LLP
Hazlet, New Jersey
October 1, 2025

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

Our discussion and analysis of the Township of Neptune Fire District No. 1's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2024. Please read this analysis in conjunction with the District's financial statements.

Financial Highlights

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$5,327,175.83 (net position) as of December 31, 2024 This compares to December 31, 2023 when assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$4,901,701.03.
- In total, net position increased \$425,474.80 or 8.68%.
- The District had \$3,318,206.68 in expenses. \$46,417.50 of this was offset by charges for services and grants. General revenues (primarily taxes) were adequate to provide for these programs.
- \$495,000.00 was levied in taxes to finance the District's capital program. Net Position Restricted for Capital Projects net decrease was \$33,625.994.90 or -0.85%.
- Total net position is comprised of the following:
 - Net investment in capital assets of \$1,768,316.94 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt.
 - Restricted net position of \$4,003,286.39 is restricted by constraints imposed from outside the District such as debt covenants, grantors, laws, or regulations.
 - Unrestricted net position/(deficit) of (\$444,427.50) represents the portion available to maintain the District's continuing obligations to citizens and creditors.

Overview of the Financial Statements

The financial statements consist of the following parts: Management's Discussion and Analysis; the Basic Financial Statements consisting of government-wide financial statements, and fund financial statements (government and fiduciary); Notes to the Financial Statements; Required Supplementary Information; and Supplementary Information; and Other Information.

The basic government-wide and fund financial statements present the financial results on different methods of accounting. Included in the financial statements are reconciliations that explain the difference between the two methods.

Government-wide financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Net Position (Exhibit A-1) and Statement of Activities (Statement A-2). The Statement of Net Position reports all assets, deferred outflows,

liabilities, and deferred inflows, and the difference between them (net assets, equity and fund balance) of the District. The Statement of Activities reports all revenue and expenses during the year, regardless of when cash is received or paid.

Governmental funds financial statements are prepared on the modified accrual basis of accounting and current financial resources focus. This is the traditional form for our financial statements. The required financial statements are: Balance Sheet (Exhibit B-1) and Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit B-2). The Balance Sheet shows only assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during or soon after the end of the year.

Exhibit B-1 - Reconciliation of the Governmental Fund Balance Sheet to the Government-wide Statement of Net Position, explains the differences between the two statements. Exhibit B-3 - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, traces the change in fund balances to the change in net position reported in Exhibit A-2.

The government-wide and governmental funds financial statements show the results of the following funds:

General Fund - This Fund is used to finance the operations of the District. All tax revenues are placed in the General Fund and regular operating expenses are charged here. Funds to be used for capital equipment and projects are transferred from the General Fund to the Capital Projects Fund.

Capital Projects Fund - This Fund is used to separate funds for capital equipment and projects. All capital expenditures are taken from this Fund. Funds in this account come from revenue transferred from the General Fund to be used for capital improvements, the sale of existing assets (such as land), and interest received on the balance in the Fund.

Fiduciary funds financial statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. This supplementary information follows the notes to the financial statements.

Financial Analysis of the District

One of the most important questions asked about the District's finances is "Is the District, as a whole, better able to fulfill its mission as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District's activities in a way that will help answer this question. These two statements report net position of the District and the changes in net position. The reader

can think of the District's net position - the difference between assets, deferred outflows, liabilities, and deferred inflows - as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

Net Position

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the District as a whole.

The District's net position at fiscal year-end is \$5,327,175.83. This is a \$425,474.80 increase over last year's net position of \$4,901,701.03. A summary of the District's statement of net position is presented in the following table:

Condensed Statement of Net Position

While the Statement of Net Position shows the change in financial position, the Statement of Activities provides answers as to the nature and source of these changes. As can be seen in the following table, net position increased by \$425,474.80.

	<u>FY 2024</u>	<u>FY 2023</u>	<u>Dollar Change</u>	<u>% Change</u>
Current and Non-current assets	\$ 7,926,928.05	\$ 7,582,620.84	\$ 344,307.21	4.54%
Capital Assets, net of accumulated depreciation	<u>1,768,316.94</u>	<u>2,034,473.65</u>	<u>(266,156.71)</u>	-13.08%
Total Assets	<u>9,695,244.99</u>	<u>9,617,094.49</u>	<u>78,150.50</u>	0.81%
Deferred Outflows of Resources	<u>1,525,305.00</u>	<u>1,054,136.00</u>	<u>471,169.00</u>	44.70%
Current Liabilities and Accrued Expenses	353,778.17	530,948.54	(177,170.37)	-33.37%
Noncurrent Liabilities:				
Net Pension Liability	800,620.00	1,285,039.00	(484,419.00)	-37.70%
Net OPEB Liability	2,638,009.00	1,809,489.00	828,520.00	45.79%
Compensated Absences Payable	<u>119,803.99</u>	<u>119,148.92</u>	<u>655.07</u>	0.55%
Total Liabilities	<u>3,912,211.16</u>	<u>3,744,625.46</u>	<u>167,585.70</u>	4.48%
Deferred Inflows of Resources	<u>1,981,163.00</u>	<u>2,024,904.00</u>	<u>(43,741.00)</u>	-2.16%
Invested in Capital Assets, net of related debt	1,768,316.94	2,034,473.65	(266,156.71)	-13.08%
Restricted	4,003,286.39	4,030,973.88	(27,687.49)	-0.69%
Unrestricted	<u>(444,427.50)</u>	<u>(1,163,746.50)</u>	<u>719,319.00</u>	-61.81%
Total	<u>\$ 5,327,175.83</u>	<u>\$ 4,901,701.03</u>	<u>\$ 425,474.80</u>	8.68%

Governmental Activities

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

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
<u>Expenses</u>			
Administration	\$ 664,940.72	\$ 527,159.89	\$ 137,780.83
Cost of Providing Services	2,390,696.74	1,815,230.85	575,465.89
Fire Official	103,142.01	117,909.33	(14,767.32)
Appropriations for First Aid/Rescue Squad Associations	65,000.00	65,000.00	-
Length of Service Award Program	<u>94,427.21</u>	<u>84,045.75</u>	<u>10,381.46</u>
Total Program Expenses	<u>3,318,206.68</u>	<u>2,609,345.82</u>	<u>708,860.86</u>
<u>Program Revenue</u>			
Operating Grants and Appropriations	<u>46,417.50</u>	<u>55,404.50</u>	<u>(8,987.00)</u>
Net Program Expenses	<u>3,271,789.18</u>	<u>2,553,941.32</u>	<u>717,847.86</u>
<u>General Revenues</u>			
Property Taxes	3,350,232.00	3,200,556.00	149,676.00
Annual Registration Fees	173,572.85	160,644.23	12,928.62
Fees and Penalties	8,238.50	9,218.00	(979.50)
Miscellaneous Income	96,402.15	40,362.30	56,039.85
Investment Income	<u>68,818.48</u>	<u>60,149.49</u>	<u>8,668.99</u>
Total General Revenues	<u>3,697,263.98</u>	<u>3,470,930.02</u>	<u>226,333.96</u>
Change in Net Position	425,474.80	916,988.70	(491,513.90)
Net Position, January 1	<u>4,901,701.03</u>	<u>3,984,712.33</u>	<u>916,988.70</u>
Net Position, December 31	<u>\$ 5,327,175.83</u>	<u>\$ 4,901,701.03</u>	<u>\$ 425,474.80</u>

Property taxes constituted 90.61% of general revenues for governmental activities for the Fire District for the year 2024.

Cost of providing services comprises 72.05% of fire district expenses, with administration comprising 20.32%.

Budgetary Highlights

The State of New Jersey requires local fire districts to prepare and adopt annual budgets in accordance with the N.J.S.A. 40A:14-78.1. The statutory budget was designed to demonstrate to the Division of Local Government Services that the cash flows of the District for the coming year will be sufficient to cover operating expenses.

The following table provides a 2024 budget comparison:

	Budget as <u>Modified</u>	<u>Actual</u>	Favorable/ <u>(Unfavorable)</u>
Revenues:			
Fund Balance Utilized:			
Unrestricted	\$ 1,377,171.00	\$ 1,377,171.00	
Restricted	2,165,000.00	2,165,000.00	
Property Taxes	3,350,232.00	3,350,232.00	
Other Revenue	158,417.00	217,228.85	\$ 58,811.85
Total Revenues	<u>7,050,820.00</u>	<u>7,109,631.85</u>	<u>58,811.85</u>
Expenses:			
Administration	1,208,495.00	669,857.71	538,637.29
Cost of Providing Services	2,833,825.00	1,932,900.16	900,924.84
Operating Appropriations Offset with Revenue	198,500.00	110,580.70	87,919.30
Appropriation for First Aid Squad	65,000.00	65,000.00	
LOSAP	85,000.00	94,427.21	(9,427.21)
Capital Appropriation	<u>2,660,000.00</u>	<u>2,660,000.00</u>	
Total Appropriation	<u>7,050,820.00</u>	<u>5,532,765.78</u>	<u>1,518,054.22</u>
Net Change in Fund Balance	-	1,576,866.07	1,576,866.07
Less: Fund Balance Utilized	<u>3,542,171.00</u>	<u>1,377,171.00</u>	<u>2,165,000.00</u>
Fund Balance Generated/(Used)	(3,542,171.00)	199,695.07	3,741,866.07
Fund Balance, January 1	<u>3,072,470.23</u>	<u>3,072,470.23</u>	
Fund Balance, December 31 (budgetary basis)	<u>\$ (469,700.77)</u>	<u>\$ 3,272,165.30</u>	<u>\$ 3,741,866.07</u>

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the District's net property, plant and equipment at fiscal year-end was \$1,768,316.94. This is a \$266,156.65 decrease from last year's net property, plant and equipment of \$2,034,473.65. The decrease is due to vehicle purchases of \$76,935.22 offset by depreciation expense of \$343,091.93. A summary of the District's capital assets is presented in the following table:

CAPITAL ASSETS

	<u>FY 2024</u>	<u>FY 2023</u>
Buildings and improvements	\$ 842,116.84	\$ 842,116.84
Equipment	496,194.00	496,194.00
Vehicles	<u>6,649,752.86</u>	<u>6,997,079.64</u>
	7,988,063.70	8,335,390.48
Less: accumulated depreciation	<u>6,219,746.76</u>	<u>6,300,916.83</u>
	<u><u>\$ 1,768,316.94</u></u>	<u><u>\$ 2,034,473.65</u></u>

Debt Administration

The District had no outstanding bonds or capital leases as of December 31, 2024.

Economic Factors, Future Years' Budgets and Rates

The Commissioners and management of the District consider many factors when preparing each year's budget and annual charges. Two of the main factors are growth in the District's system and new regulations issued by the State and Federal governments.

Contacting the District

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the Township of Neptune Fire District No.1, PO Box 457, Neptune, New Jersey 07754-0457.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF NET POSITION

As of December 31, 2024

	Governmental <u>Activities</u>	<u>Total</u>
Assets:		
Cash	\$ 3,963,149.14	\$ 3,963,149.14
Restricted Assets:		
Cash	3,963,778.91	3,963,778.91
Capital Assets, Net	<u>1,768,316.94</u>	<u>1,768,316.94</u>
Total Assets	<u>9,695,244.99</u>	<u>9,695,244.99</u>
Deferred Outflows of Resources:		
Related to Pensions	192,455.00	192,455.00
Related to OPEB	<u>1,332,850.00</u>	<u>1,332,850.00</u>
Total Deferred Outflows of Resources	<u>1,525,305.00</u>	<u>1,525,305.00</u>
Liabilities:		
Accounts Payable:		
Other	258,624.17	258,624.17
Payroll and Taxes Payable	350.00	350.00
Accrued Expenses - Pension	94,804.00	94,804.00
Noncurrent Liabilities:		
Net Pension Liability	800,620.00	800,620.00
Net OPEB Liability	2,638,009.00	2,638,009.00
Compensated Absences Payable	<u>119,803.99</u>	<u>119,803.99</u>
Total Liabilities	<u>3,912,211.16</u>	<u>3,912,211.16</u>
Deferred Inflows of Resources:		
Related to Pensions	733,302.00	733,302.00
Related to OPEB	<u>1,247,861.00</u>	<u>1,247,861.00</u>
Total Deferred Inflows of Resources	<u>1,981,163.00</u>	<u>1,981,163.00</u>
Net Position:		
Net Investment in Capital Assets	1,768,316.94	1,768,316.94
Restricted for:		
Firefighter Training and Education -		
Dedicated Penalties	39,507.48	39,507.48
Capital Projects	3,963,778.91	3,963,778.91
Unrestricted Net Position/(Deficit)	<u>(444,427.50)</u>	<u>(444,427.50)</u>
Total Net Position	<u>\$ 5,327,175.83</u>	<u>\$ 5,327,175.83</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

Function/Programs	<u>Expenses</u>	<u>Indirect Expense Allocation</u>	<u>Total</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Net (Expenses) Revenue and Changes in Net Position</u>	
					<u>Governmental Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES						
Operating Appropriations:						
Administration	\$ 664,940.72		\$ 664,940.72		\$ (664,940.72)	\$ (664,940.72)
Cost of Providing Services	2,047,604.81	\$ 343,091.93	2,390,696.74	\$ 46,417.50	(2,344,279.24)	(2,344,279.24)
Fire Official	103,142.01		103,142.01		(103,142.01)	(103,142.01)
Appropriations for First Aid/Rescue Squad						
Associations	65,000.00		65,000.00		(65,000.00)	(65,000.00)
Length of Service Award Program	<u>94,427.21</u>	<u></u>	<u>94,427.21</u>	<u></u>	<u>(94,427.21)</u>	<u>(94,427.21)</u>
Total Government Activities	<u>2,975,114.75</u>	<u>343,091.93</u>	<u>3,318,206.68</u>	<u>46,417.50</u>	<u>(3,271,789.18)</u>	<u>(3,271,789.18)</u>
Total Primary Government	\$ 2,975,114.75	\$ 343,091.93	\$ 3,318,206.68	\$ 46,417.50	(3,271,789.18)	(3,271,789.18)

GENERAL REVENUES

Property Taxes Levied for:

General Purposes	2,855,232.00	2,855,232.00
Capital Expenditures	495,000.00	495,000.00
Annual Registration Fees	173,572.85	173,572.85
Penalties and Fines	8,238.50	8,238.50
Miscellaneous Income	96,402.15	96,402.15
Investment Income	68,818.48	68,818.48

Total General Revenues	<u>3,697,263.98</u>	<u>3,697,263.98</u>
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Change in Net Position Before Other Items	425,474.80	425,474.80
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Net Position - Beginning	<u>4,901,701.03</u>	<u>4,901,701.03</u>
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Net Position - Ending	<u>\$ 5,327,175.83</u>	<u>\$ 5,327,175.83</u>
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The accompanying notes are an integral part of this statement.

GOVERNMENTAL FUNDS

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY

BALANCE SHEET
GOVERNMENTAL FUNDS

As of December 31, 2024

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Total Governmental <u>Funds</u>
Assets:			
Cash	\$ 3,963,149.14	\$ 3,963,778.91	\$ 7,926,928.05
Total Assets	<u>\$ 3,963,149.14</u>	<u>\$ 3,963,778.91</u>	<u>\$ 7,926,928.05</u>
Liabilities and Fund Balance:			
Accounts Payable	\$ 258,624.17		\$ 258,624.17
Payroll and Taxes Payable	<u>350.00</u>		<u>350.00</u>
Total Liabilities	<u>258,974.17</u>	<u>-</u>	<u>258,974.17</u>
Fund Balances:			
Restricted for:			
Firefighter Training and Education -			
Dedicated Penalties	39,507.48		39,507.48
Capital Projects		2,628,415.15	2,628,415.15
Assigned to:			
Encumbrances	28,669.66	380,363.76	409,033.42
Subsequent Year's Budget	1,500,000.00	955,000.00	2,455,000.00
Unassigned	<u>2,135,997.83</u>		<u>2,135,997.83</u>
Total Fund Balances	<u>3,704,174.97</u>	<u>3,963,778.91</u>	7,667,953.88
Total Liabilities and Fund Balance	<u>\$ 3,963,149.14</u>	<u>\$ 3,963,778.91</u>	(Continued)

The accompanying notes are an integral part of this statement.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY

BALANCE SHEET
GOVERNMENTAL FUNDS

As of December 31, 2024

Amounts reported for Governmental Activities in the Statement of Net Position
(A-1) are different because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The Cost of the Assets is \$7,988,063.70 and the Accumulated Depreciation is \$6,219,746.76.	\$ 1,768,316.94
Deferred outflows and deferred inflows related to the refunding of debt and pensions represent the consumption and acquisition, respectively, of resources that relates to future periods; therefore, such amounts are not reported in the fund financial statements.	1,525,305.00 (1,981,163.00)
Accrued expenses related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements.	(94,804.00)
Long-term liabilities, including bonds payable, capital leases, compensated absences, and pension are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	<u>(3,558,432.99)</u>
Net Position of Governmental Activities	<u><u>\$ 5,327,175.83</u></u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2024

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Total Governmental <u>Funds</u>
Operating Revenues:			
Miscellaneous Revenues Anticipated:			
Supplemental Fire Services Grant	\$ 35,417.50		\$ 35,417.50
Annual Registration Fees	173,572.85		173,572.85
Penalties and Fines	8,238.50		8,238.50
Amount to be Raised by Taxation	2,855,232.00	\$ 495,000.00	3,350,232.00
Miscellaneous	96,402.15		96,402.15
Investment Income	68,818.48		68,818.48
Total Revenues	3,237,681.48	495,000.00	3,732,681.48
Expenditures:			
Operating Appropriations:			
Administration	638,293.71		638,293.71
Cost of Providing Services	1,823,911.79		1,823,911.79
Fire Official	109,824.20		109,824.20
Appropriations for First Aid/Rescue			
Squads	65,000.00		65,000.00
Length of Service Awards Program	94,427.21		94,427.21
Investment in Capital Assets		528,625.99	528,625.99
Total Expenditures	2,731,456.91	528,625.99	3,260,082.90
Net Change in Fund Balance	506,224.57	(33,625.99)	472,598.58
Fund Balance - January 1	3,197,950.40	3,997,404.90	7,195,355.30
Fund Balance - December 31	\$ 3,704,174.97	\$ 3,963,778.91	\$ 7,667,953.88

The accompanying notes are an integral part of this statement.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

Total Net Change in Fund Balances - Governmental Funds (B-2)	\$	472,598.58
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Amounts reported for governmental activities in the Statement
of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, on the Statement of Activities, the cost of those assets is allocated
over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlay in the current period.

Depreciation Expense		(343,091.93)
Depreciable Capital Outlays		528,625.99
Prior Year Encumbrances		(452,014.77)

In the statement of activities, certain operating expenses (e.g. compensated absences,
and pension), are measured by the amounts incurred during the year. In the governmental
funds, however, expenditures for these items are reported in the amount of financial resources
used (paid). when the incurred amount exceeds the paid amount, the difference is a reduction
in the reconciliation (-); when the paid amount exceeds the incurred amount, the difference is
an addition to the reconciliation (+).

(Increase) Decrease in Compensated Absences Payable		(331.07)
(Increase) Decrease in Pension Liabilities		176,210.00
(Increase) Decrease in OPEB Liabilities		43,478.00

Change in Net Position of Governmental Activities (A-2)	\$	425,474.80
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The accompanying notes are an integral part of this statement.

FIDUCIARY FUNDS

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

As of December 31, 2024

	Unemployment <u>Compensation</u>	(Unaudited) Length of Service <u>Award Plan</u>
Assets:		
Cash	\$ 29,913.83	
Investments		\$ 1,982,158.73
Contributions Receivable		94,427.21
Total Assets	<u>\$ 29,913.83</u>	<u>\$ 2,076,585.94</u>
Liabilities and Net Position:		
Net Position:		
Held in Trust for Unemployment Claims	\$ 29,913.83	
Available for Benefits		\$ 2,076,585.94
Total Net Position	<u>\$ 29,913.83</u>	<u>\$ 2,076,585.94</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

As of December 31, 2024

	<u>Unemployment Compensation</u>	<u>Length of Service Award Plan</u>
Additions:		
Contributions:		
Fire District		\$ 94,427.21
Fire District Employees	\$ 1,321.47	
Appreciation on Investments		268,822.86
Total Additions	1,321.47	363,250.07
Deductions:		
Benefits Paid		235,111.90
Administrative Expenses		3,025.00
Total Deductions		238,136.90
Change in Net Position	1,321.47	125,113.17
Net Position - Beginning of Year	28,592.36	1,951,473.07
Net Position - End of Year	\$ 29,913.83	\$ 2,076,586.24

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 1 DESCRIPTION OF REPORTING ENTITY

Fire District No. 1 of the Township of Neptune (“District”) is a political subdivision of the Township of Neptune, County of Monmouth, New Jersey.

A board of five commissioners oversees all operations of the Fire District. The length of each Commissioner’s term is three years, with the annual election held the third Saturday of every February.

Fire Districts are governed by 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 fire-fighting services to the residents within its territorial location. Fire District No. 1 of the Township of Neptune has four fire companies within its jurisdiction: Unexcelled Fire Company, Hamilton Fire Company, Liberty Fire Company, and Shark River Hills Fire Company.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity 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 more significant of the District’s accounting policies are described below.

A. Financial Statements:

Governmental-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These Statements report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or section and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the District’s government funds.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Financial Statements (continued):

Governmental Fund Financial Statements

The District's Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for all major governmental funds and non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the Net Position presented in the Government-Wide financial statements.

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the different measurement focus and basis of accounting.

The Governmental Funds are as follows:

General Fund - The General Fund is the General Operating fund of the District and is used to account for the inflows and outflows of financial resources.

Capital Projects Fund - The Capital Projects Fund is used for the acquisition or construction of major capital assets. The financial resources are derived from the issuance of debt, by reservation of fund balances that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. Funds appropriated for capital projects included in the annual adopted budget are raised by taxation or are offset by fund balances appropriated and are transferred into the Capital Projects Fund. Additional financial resources are the sale of existing assets and interest received on the balance in the fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest. The District currently has no debt.

Fiduciary Fund Financial Statements

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organization, other governments and/or other funds.

B. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Cash, Cash Equivalents and Investments (continued)

U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey fire districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("Act"). The Act was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. 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 at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

C. Assessment and Collection of Property Tax

Upon proper certification, pursuant to Section 9 of P.L. 1979, c. 453 (C. 40A:14-78.5), the assessor of the municipality in which the fire district is situated shall assess the amount to be raised by taxation to support the District budget against the taxable property therein, in the same manner as municipal taxes are assessed, and the said amount shall be assessed, levied and collected at the same time and in the same manner as other municipal taxes.

The collector or treasurer of the municipality, in which said District is situated, shall pay over all moneys so assessed to the treasurer or custodian of funds of said Fire District as follows: on or before April 1, an amount equaling 21.25% of all monies so assessed; on or before July 1, an amount equaling 22.50% of all moneys so assessed; on or before October 1, an amount equaling 25.00% of all moneys so assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of such moneys previously paid over, to be held and expended for the purpose of providing and maintaining means for extinguishing fires in such District.

Notwithstanding anything herein to the contrary, the municipal governing body may authorize, in the cash management plan adopted by it pursuant to N.J.S. 40A:5-14, a schedule of payments of fire district moneys by which an amount greater than required on any of the first three payments cited herein may be paid over.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assessment and Collection of Property Tax (continued)

The municipal governing body and board of fire commissioners may, by concurrent resolution, adopt a schedule of payments of fire district moneys by which an amount less than required on any of the first three payment dates cited herein may be paid over. Such resolution shall be included in the cash management plan adopted by the municipal governing body pursuant to N.J.S. 40A:5-14.

The commissioners may also pay back, or cause to be paid back, to such municipality, any funds or part thereof paid to the treasurer or custodian of funds of such fire district by the collector or treasurer of the municipality, representing taxes levied for fire district purposes but not actually collected in cash by said collector or treasurer.

D. Capital Assets

Capital Assets, which include apparatus 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 District has set capitalization thresholds for reporting capital assets at \$5,000.00 and a minimum useful life of five years.

Depreciation is recorded on the straight-line method over the useful lives of the assets as follows:

Buildings	40 years
Building improvements	20 years
Vehicles	8 years
Equipment	5-10 years

E. Inventory Materials and Supplies

Purchase of materials and supplies are recorded as expenditures when they are acquired, regardless of when used.

F. Prepaid Expenses

Payments made for services not rendered until the subsequent year are recorded as prepaid expenses and are then expensed when the service is rendered.

G. Budgets/Budgetary Control

An annual budget is prepared each year for the operations of the District. The budget is approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budget is then voted upon by the public, at the annual fire district election held on the third Saturday in February. Budgetary transfers may be made during the last two months of the year. Formal budgetary integration into the accounting system is employed as a management control device during the year.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deferred Outflows and Deferred Inflows of Resources

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

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Fire District is required to report the following Defined Benefit Pension Plan and Other Post Employment Benefit (OPEB) deferred outflows of resources and deferred inflows of resources:

The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension and OPEB plan investments, changes in the Fire District's proportion of expenses and liabilities to the pension and OPEB as a whole, differences between the Fire District's pension and OPEB contributions and its proportionate share of contributions, and the Fire District's pension and OPEB contributions subsequent to the pension and OPEB valuation measurement date.

I. 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 in excess of accounts payable in governmental funds, other than the special revenue fund, are reported as an assignment of fund balance at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

J. Long-Term Obligations

Long-term Debt is recorded in the Government-Wide Financial Statements when incurred. Long-term Debt is recognized in the governmental funds when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

N.J.S.A. 40A:14-85 governs the procedures for the acquisition of property and equipment for fire districts and N.J.S.A. 40A:14-85 to 87 governs procedures for the issuance of debt related to such purchases.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Compensated Absences

Employees of the District are entitled to one day of sick leave for each calendar month the employee works up to a maximum of 12 sick days leave for each calendar year. Unused sick leave may be accumulated and carried forward to the subsequent years to a maximum of 240 days. Upon termination in good standing, employees shall receive payment for one-half of the accumulated sick leave. Employees are entitled to three personal days that may not be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward.

L. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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.

M. Unrealized Gains and Losses

GASB has established GASB No. 31 which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of December 31, 2023, the District has no unrealized gains or losses.

N. Restricted Assets

Certain assets are classified on the Statement of Net Position as restricted because their use is limited. Property taxes collected for capital acquisitions is legally restricted for that purpose. Dedicated penalties for firefighter training and education must be used only for firefighter training and/or new firefighting equipment.

O. Program Revenues

Appropriations received from the Township of Neptune and contributions from the State of New Jersey related to the Police and Firemen's Retirement System that offset the cost of providing services are recorded as program revenues in the Statement of Activities.

P. Indirect Expense Allocation

Depreciation expense is allocated to the cost of providing services in the Statement of Activities.

Q. Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Net Position (continued)

Net position is classified into 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 the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Fire District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

R. Fund Balance

The Fire District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Fire District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Fire District's classifications, and policies for determining such classifications, are as follows:

- Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire District's highest level of decision-making authority, which, for the Fire District, is the Board of Fire Commissioners. Such formal actions consist of an affirmative vote by the Board of Fire Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Fire Commissioners removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Fund Balance (continued)

- Assigned - The assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Fire Commissioners or by the Chief Financial Officer, to which the Board of Fire Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the Chief Financial Officer is established by way of a formal job description for the position, approved by the Board of Fire Commissioners.
- Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In governmental funds, if expenditures incurred for a specific purpose exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

S. Accounting and Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement became effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, *Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's net pension liability. Furthermore, the District has implemented GASB Statement 82, *Pension Issues* which addresses the presentation of payroll-related measures in required supplementary information. Statement No. 82 amends GASB 68 to require the

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Accounting and Financial Reporting for Pensions (continued)

presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

Statement No. 68 requires state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

Under GAAP, Districts are required to recognize the pension liability in the Statement of Activities and Notes to the Financial Statements in accordance with GASB No. 68. The liability required to be displayed by GASB No. 68 is displayed as a separate line item in the Liabilities section of the Statement of Net Position.

T. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, Districts are required to recognize the OPEB liability in Statement of Activities and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the liabilities of the Statement of Net Position.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

At December 31, 2024, the District's deposits had a carrying amount of \$7,956,841.73.

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the district in excess of FDIC insured amounts are protected by the ACT. However, the Act does not protect intermingled trust funds such as salary withholding, bail funds, or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2024, the District's bank balances of \$8,021,878.52 were exposed to custodial credit risk as follows:

Insured	\$ 250,000.00
Collateralized	7,754,135.71
Uninsured and Uncollateralized	<u>17,742.81</u>
Total	\$ <u>8,021,878.52</u>

B. Investments

As of December 31, 2024, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Book Value</u>
LOSAP Fund:		
LOSAP	\$ <u>1,982,158.73</u>	\$ <u>1,982,158.73</u>

Interest Rate Risk

LOSAP investment options are at the discretion of each individual participant and not the District.

During the year, the District had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the District.

Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described as follows.

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Program has the ability to access.
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TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

Level 2	Inputs to the valuation methodology include: - quoted prices for similar assets or liabilities in active markets; - quoted prices for identical or similar assets in inactive markets; - inputs other than quoted prices that are observable for the asset or liability - inputs that are derived principally from or corroborated by observable market data by correlation or other means If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs or minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024.

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

Fixed Account: Valued at the fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

Money Market: Valued at the net asset value (NAV) of shares held by the District at year end where the NAV is valued at \$1 per unit.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

		Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
	December 31, 2024		
Investments by fair value level			
Fixed Account	\$ 652,636.48	\$ -	\$ 652,636.48
<i>Total investments by fair value level</i>	<u>\$ 652,636.48</u>	<u>\$ -</u>	<u>\$ 652,636.48</u>

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 3 DEPOSITS AND INVESTMENTS (continued)

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2024:

	<u>December 31, 2024</u>
Investments measured at the net asset value (NAV)	
Mutual Funds:	
Technology & Utilities	\$ 11,069.56
Growth and Income	2,178.52
Large US Equity	1,075,660.73
Small/Mid US Equity	77,721.83
Intermediate-Term Bond	97,993.63
International Securities	54,452.02
Money Market	10,445.95
<i>Total investments measure at the NAV</i>	<u>1,329,522.24</u>
Total investments	<u><u>\$ 1,982,158.72</u></u>

NOTE 4 CAPITAL ASSETS

Capital Asset activity for the fiscal year ended December 31, 2024 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets Being Depreciated:				
Buildings and building improvements	\$ 842,116.84			\$ 842,116.84
Vehicles	6,997,079.64	\$ 76,935.22	\$ 424,262.00	6,649,752.86
Equipment	496,194.00			496,194.00
	<u>8,335,390.48</u>	<u>76,935.22</u>	<u>424,262.00</u>	<u>7,988,063.70</u>
Total				
Less: Accumulated Depreciation	<u>(6,300,916.83)</u>	<u>(343,091.93)</u>	<u>(424,262.00)</u>	<u>(6,219,746.76)</u>
Government Activity Capital				
Assets, Net	<u><u>\$ 2,034,473.65</u></u>	<u><u>\$ (266,156.71)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,768,316.94</u></u>

All depreciation expense is charged as an indirect cost allocation to cost of providing services in the Statement of Activities.

NOTE 5 GENERAL LONG-TERM OBLIGATIONS

Long-Term Obligation Activity:

Bonds Payable

At December 31, 2024, the Fire District had no bonded indebtedness.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 5 GENERAL LONG-TERM OBLIGATIONS (continued)

Capital Leases

At December 31, 2024, the Fire District had no capital lease agreements in effect.

Operating Lease

At December 31, 2024, the Fire District had no operating lease agreements in effect.

Changes in Long-Term Obligations for the year ended December 31, 2024, are as follows:

	Balance December 31, 2023	Additions	Retired	Balance December 31, 2024
Compensated absences	\$ 119,148.92	\$ 7,861.84	\$ 7,530.77	\$ 119,479.99
Net OPEB liability	1,809,489.00	828,520.00		2,638,009.00
Net Pension liability	1,285,039.00		484,419.00	800,620.00
	<u>\$ 3,213,676.92</u>	<u>\$ 836,381.84</u>	<u>\$ 491,949.77</u>	<u>\$ 3,558,108.99</u>

NOTE 6 PENSIONS AND RETIREMENT PLANS

A. Public Employees' Retirement System (PERS)

Plan Description -The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension administrated by the State of New Jersey, Division of Pensions and Benefits (the Division).

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

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295 Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 6 PENSIONS AND RETIREMENT PLANS

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

Plan Description (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 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 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 allocations and the schedules of pension amounts by employer (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 2023, the State's pension contribution was more 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

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 6 PENSIONS AND RETIREMENT PLANS (continued)

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

Contributions (continued)

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 contribution to the PERS was \$36,843.00.

Components of Net Pension Liability - At December 31, 2024, the District reported a liability of \$367,9110.00 for its proportionate share of the PERS net pension liability. 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 0.0027076097% which was a decrease of 0.0000002996% from its proportion measured as of June 30, 2023.

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and actual experience	\$ 7,370	\$ 979
Changes of Assumptions	457	4,186
Net Difference between Projected and Actual Earnings on Pension Plan Investments		17,059
Changes in Proportion	6,665	5,128
	<u>\$ 14,492</u>	<u>\$ 27,352</u>

The District will amortize the above sources of deferred outflows and inflows related to the PERS over the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan with the exception of net differences between projected and actual earnings on pension plan

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 6 PENSIONS AND RETIREMENT PLANS (continued)

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

investments which will be amortized over 6 years. The average of the expected remaining service lives of all employees are 5.08, 5.08, 5.04, 5.13, 5.16 and 5.21 for the years 2024, 2023, 2022, 2021, 2020 and 2019 respectively.

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

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2025	\$ 12,230
2026	35,663
2027	15,115
2028	(70,072)
2029	(5,796)
	<u>\$ (12,860)</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 rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

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.

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.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 6 PENSIONS AND RETIREMENT PLANS (continued)

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

Long-Term 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 Investment 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 assets class included in PERS's target assets allocation as of June 30, 2024 asset 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%	8.69%
Non-U.S. developed markets equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging markets equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

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 the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 6 PENSIONS AND RETIREMENT PLANS (continued)

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

Sensitivity of the Fire 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 of the participating employers as of June 30, 2023 respectively, 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 was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	At Current Discount Rate (7.00%)	1% Increase (8.00%)
Fire District's proportionate share of the PERS pension liability	\$ 488,863	\$ 367,911	\$ 264,981

Police and Firemen's Retirement System (PFRS)

Plan Description – The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits (the "Division").

Each of the aforementioned plans has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PFRS plans' fiduciary net position which can be obtained by writing to or at the following website:

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

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

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 6 PENSIONS AND RETIREMENT PLANS (continued)

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

Plan Description (continued)

30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving 10 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 schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. 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 contribution to PFRS was \$57,961. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Net Pension Liability and Pension Expense - At December 31, 2024, the District's proportionate share of the PFRS net pension liability is valued to be \$432,709.00. 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

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 6 PENSIONS AND RETIREMENT PLANS (continued)

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

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 0.00419024% which was a decrease of .00386512% from its proportion measured as of June 30, 2023.

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2024, the District had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and actual experience	\$ 27,260	\$ 14,814
Changes of Assumptions	684	12,708
Net Difference between Projected and Actual Earnings on Pension Plan Investments		3,387
Changes in Proportion	<u>150,019</u>	<u>675,041</u>
	<u>\$ 177,963</u>	<u>\$ 705,950</u>

The District will amortize the above sources of deferred outflows and inflows related to the PFRS over the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan with the exception of net differences between projected and actual earnings on pension plan investments which will be amortized over 6 years. The average of the expected remaining service lives of all employees are 6.09, 6.16, 6.22, 6.17, 5.90 and 5.92 for the years 2024, 2023, 2022, 2021, 2020 and 2019 respectively.

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ (172,351)
2026	(42,250)
2027	(116,135)
2028	(113,006)
2029	(77,722)
Thereafter	<u>(6,523)</u>
	<u>\$ (527,987)</u>

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 6 PENSIONS AND RETIREMENT PLANS (continued)

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

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

The State's proportionate share of the PFRS net pension liability attributable to the District is \$85,38 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 0.00805542%, which was an increase of .00741255% from its proportion measured as of June 30, 2023.

At December 31, 2024, the District's and the State of New Jersey's proportionate share of the PFRS net pension liability was as follows:

District's Proportionate Share of Net Pension Liability	\$57,961
State of New Jersey Proportionate Share of the Net Pension Liability Associated with the District	<u>85,308</u>
	<u><u>\$143,269</u></u>

Actuarial Assumptions - The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. This actuarial valuation used the following assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 6 PENSIONS AND RETIREMENT PLANS (continued)

B. Police and Firemen’s Retirement System (PFRS) (Continued)

Actuarial Assumptions (continued)

Salary Increases:	
Through	All Future Years
	3.25-16.25%
	Based on Years of Service
Investment Rate of Return	7.00%

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

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 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 Investment 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 assets class included in PFRS’s target assets allocation as of June 30, 2024 asset are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small-Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 6 PENSIONS AND RETIREMENT PLANS (continued)

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

Long-Term Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Multisector Fixed Income	6.00%	6.40%
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 Debit/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%

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 nonemployer contributing entity will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the collective 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 or 1-percentage-point higher than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Fire District's proportionate share of the PFRS pension liability	\$ 618,245	\$ 432,709	\$ 278,198
State of New Jersey Proportionate Share of the net pension liability	121,886	85,308	54,846
	<u>\$ 740,131</u>	<u>\$ 518,017</u>	<u>\$ 333,044</u>

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 6 PENSIONS AND RETIREMENT PLANS (continued)

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

Pension Plan Fiduciary Net Position -Detailed information about the pension plans fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

NOTE 7 ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions.

OPEB obligations are non-pension benefits that the district has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget requirements, the district is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple employers 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 financial statements, which can be found at <https://WWW.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. and Chapter 48, P.L. 1999, local governments 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 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 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.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 7 ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (continued)

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

Contributions

The District's contributions to SHBP for retired employees and the number of covered retired employees for the years ended December 31, 2024, 2023 and 2022 were \$77,168.58, and 6 retirees \$94,165.65 and 6 retirees and \$91,528.55 and 6 retirees respectively, which equaled the required contributions for each year.

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.

Components of Net OPEB Liability

At June 30, 2024, the Plan reported a Liability of \$2,638,009.00 for the District's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured 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 valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary increases*:

Public Employees's Retirement System (PERS)

Rate for all future years	2.75% to 6.55% Based on years of service
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Police and Firemen's Retirement System (PFRS)

Rate for all future years	3.25% to 16.25% Based on years of service
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* Salary increases are based on years of service within the respective plan.

Post-retirement mortality rates for PERS were based on PUB-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Preretirement mortality rates for PFRS were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale-2021.

Post retirement mortality rates for Chapter 330 retirees were based on the PUB-2010 safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates for other retirees are based on the PUB-2010.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 7 ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (continued)

general classification headcount-weighted table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disabled retiree mortality rates for PERS future disabled retirees were based on the PUB-2010 General

classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for PFRS future disabled retirees were based on the PUB-2010 safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2022 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.

The District's proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024.

At June 30, 2024, the District's proportion was 0.0147330 percent, which was an increase of 0.135272 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the State reported an OPEB expense of \$24,628.00. This OPEB expense was based on the OPEB plans June 30, 2024 measurement date.

At June 30, 2024, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 133,597	\$ 446,970
Changes in Assumptions	441,025	437,893
Changes in Proportion	758,228	1,194
Net Difference between Projected and Actual Earnings on Pension Plan Investments		361,804
	<u>\$ 1,332,850</u>	<u>\$ 1,247,861</u>

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 7 ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (continued)

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

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2025	\$ (63,535)
2026	(6,148)
2027	49,549
2028	(27,679)
2029	(16,447)
Thereafter	149,249
	<u>\$ 84,989</u>

Changes in proportion

The previous amounts do not include employer and nonemployer 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 services lives of all plan members, which is 7.89, 7.89, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

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 the District's OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the District's as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the 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:

	1% Decrease (2.93%)	At Current Discount Rate (3.93%)	1% Increase (4.93%)
Fire District's proportionate share of the OPEB liability	<u>\$ 3,072,996</u>	<u>\$ 2,638,009</u>	<u>\$ 2,289,623</u>

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 7 ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Sensitivity of the District's Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the District's as of June 30, 2024, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the OPEB liability	\$ 2,231,217	\$ 2,638,009	\$ 3,161,029

NOTE 8 DEFERRED COMPENSATION

The District offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et. seq., and the Internal Revenue Code, Section 457. The plan, available to all district employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administration Code under N.J.A.C. 5:3-37.

The "Small Business Job Protection Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The plan was adopted by Resolution on October 21, 1998 and amended by resolution on April 4, 2000.

The administrator for the District's Deferred Compensation Plan is The Equitable Life Assurance Society of the United States.

NOTE 9 LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)

A. General

The Program is subject to the provisions of the P.L. 1997, c. 388, as amended by P.L. 2001, c. 272 and its amendments and pursuant to Sections 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program enacted into federal law in 1997.

B. Description of Program

On February 20, 1999, the District created the Program which is offered to all qualified Fire Department and First Aid Squad members. The Program was created in accordance with Chapter 388 of the Laws of 1997

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 9 LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED) (continued)

B. Description of Program (continued)

(N.J.S.A. 40A:14-183, et seq.) and N.J.A.C. 5:30-14.1 et seq., to reward members of the Neptune Fire District, all of whom are volunteer members, for their loyal, diligent and devoted services to the residents of the Township of Neptune.

If an active member meets the year-of-active-service requirements, the District must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 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 issues the permitted maximum annually.

Annually by January 31 of the current year, the First Aid Squads and Fire Department submit a listing of qualified volunteers for the previous year, which are approved by the governing body. After approval, the listing is posted for 30 days at the office of the Board of Fire Commissioners, Firehouses and the First Aid Squads for review by members.

Appeals may be made in writing to the Secretary of the Board of Fire Commissioners within the 10 days of the posting of the approved listing. The District, upon receiving an appeal, and prior to conducting its own investigation, may at its discretion, and within 10 days, refer the matter back to the First Aid Squads and/or Fire Department in an effort to settle the dispute internally. If the appeal and all written documentation is referred back to the First Aid Squads and/or Fire Department and it fails to settle or take action on the issue within 30 days, the District shall then investigate the appeal in accordance with N.J.A.C. 5:30-14.11(d); additionally, if the appeal is not referred back to the First Aid Squads and/or Fire Department or within 30 days of receiving the unresolved appeal, the District shall investigate the appeal in accordance with N.J.A.C. 5:30-14.11 (d) and submit a non-binding recommendation to the First Aid Squads and/or Fire Department. The First Aid Squads and/or Fire Department shall either, accept, modify or deny the District's recommendations. The final decision by the First Aid Squads and/or Fire Department shall be subject to appropriate judicial review.

Following the 30-day period for filing an appeal and subject to holding the payment of any members being appealed, payment shall be made by the District to the Lincoln Financial Group ("Contractor") for deposit into the Program account in the deferred income program.

C. Investments

The following presents investments that represent 5 percent or more of the Program's net assets.

	December 31, 2024
Fixed Account	\$ 652,636.48
LVIP SSGA S&P 500 Index	834,817.57
American Funds Growth	135,984.08

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 9 LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED) (continued)

D. Terms of Participation

The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the Program and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the Program. The Plan Administrator shall rely upon all such information furnished.

E. Vesting

The active volunteer member shall not be permitted to receive a distribution of the fund in his or her Program Account until the completion of a five-year vesting period.

F. Termination of Service

Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

G. Related Party Transactions

Certain Program investments are shares of mutual funds managed by Lincoln Financial Group. Lincoln is the trustee as defined by the Program and, therefore, these transactions qualify as party-in-interest transactions.

H. Program Termination

Although it has not expressed the intent to do so, the District has the right under the Program to discontinue its contributions at any time and terminate the Program subject to the provisions of ERISA. The trustee also reserves the right to amend, modify, suspend, or terminate the Program permanently or temporarily, at such time as they deem appropriate.

I. Tax Status

The Internal Revenue Service has determined and informed the District by letter that the Program is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Program has been amended since receiving the determination letter, the Program administrator and the Program's tax counsel believe that the Program is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Program is qualified and the related trust is tax exempt. Accounting principles generally accepted in the United States of America require Program management to evaluate tax positions taken by the Program and recognize a tax liability (or asset) if the Program has taken an uncertain position that more likely than not would not be sustained upon examination. The Program administrator has analyzed the tax positions taken or expected to be taken that would require recognition of

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 9 LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED) (continued)

a liability (or asset) or disclosure in the financial statements. The Program is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

J. Risks and Uncertainties

The Program invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Net Position Available for Benefits.

K. Contributions

During the year ended December 31, 2024, \$94,427.21 was charged to the General Fund budget to fund the LOSAP. Participants do not contribute to the plan.

L. Financial Statements

The financial statements of the LOSAP are included in the Fiduciary Fund Financial statements and are unaudited.

NOTE 10 RISK MANAGEMENT

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

Property and Liability Insurance

The District, through the Township of Neptune, is a member of the Statewide Joint Insurance Fund (the "Fund"). This public entity risk pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Fund will be self-sustaining through member premiums. The Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property. There were no settlements in excess of insurance coverage in 2023, 2021 and 2021.

New Jersey Unemployment Compensation Insurance

The District covers its employees under the New Jersey Unemployment Trust Fund by the "contributions" method. Under this method, a contribution rate is established annually for the District share of unemployment tax. The District is billed quarterly for amounts due to the State. The following is a summary of employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's trust fund for the current year and prior two years:

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

NOTE 10 RISK MANAGEMENT (continued)

Year Ended December 31,	Interest Earned	Employee Contribution	Benefits Paid	Ending Balance
2024	\$ -	\$ 1,321.47	\$ -	\$ 29,913.83
2023	-	1,350.83	-	28,592.36
2022	-	1,232.22	-	27,241.53

NOTE 11 CONTINGENT LIABILITIES

Litigation

The District is involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, District's management, based upon the opinion of the District's attorney, presently believe that the outcome of each such proceeding or claim which is pending or known to be threatened, or all of them combined, will not have a material effect on the District's financial position.

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 1, 2025, which is the date the financials were available to be issued.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1

COUNTY OF MONMOUTH, NEW JERSEY

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the Year Ended December 31, 2024

	Adopted Budget	Final Budget	Actual Amounts Budgetary Basis See Note A at C-2	Variance Final To Actual
Fund Balance Utilized:				
Unrestricted Fund Balance	\$ 1,377,171.00	\$ 1,377,171.00	\$ 1,377,171.00	
Restricted Fund Balance	2,165,000.00	2,165,000.00	2,165,000.00	
	<u>3,542,171.00</u>	<u>3,542,171.00</u>	<u>3,542,171.00</u>	
Revenues:				
Supplemental Fire Services Grant	35,417.00	35,417.00	35,417.50	\$ 0.50
Uniform Fire Safety Act:				
Annual Registration Fees	120,000.00	120,000.00	173,572.85	53,572.85
Penalties and Fines	3,000.00	3,000.00	8,238.50	5,238.50
Amount to be Raised by Taxation	<u>2,855,232.00</u>	<u>2,855,232.00</u>	<u>2,855,232.00</u>	
Total Operating Revenues	<u>3,013,649.00</u>	<u>3,013,649.00</u>	<u>3,072,460.85</u>	<u>58,811.85</u>
Total Revenues	<u>6,555,820.00</u>	<u>6,555,820.00</u>	<u>6,614,631.85</u>	<u>58,811.85</u>
Expenditures:				
Administration:				
Salaries and Wages	315,088.00	315,088.00	239,186.53	75,901.47
Fringe Benefits	203,407.00	203,407.00	89,226.36	114,180.64
Election	25,000.00	25,000.00	4,960.18	20,039.82
Insurance	430,000.00	430,000.00	162,000.00	268,000.00
Office Expenses	62,000.00	62,000.00	40,241.56	21,758.44
Professional Services	160,000.00	160,000.00	122,393.75	37,606.25
Travel	10,000.00			
Fire Prevention	<u>13,000.00</u>	<u>13,000.00</u>	<u>11,849.33</u>	<u>1,150.67</u>
Total Administration	<u>1,218,495.00</u>	<u>1,208,495.00</u>	<u>669,857.71</u>	<u>538,637.29</u>
Cost of Providing Services:				
Salaries and Wages	937,900.00	937,900.00	498,737.62	439,162.38
Fringe Benefits	644,008.00	644,008.00	314,611.62	329,396.38
Advertising	3,000.00	3,000.00	1,362.21	1,637.79
Vehicle Maintenance and Repair	260,000.00	275,000.00	219,935.98	55,064.02
Lease Charges	55,190.00	55,190.00	55,190.00	
Supplies and Equipment	85,000.00	85,000.00	137,779.28	(52,779.28)
Training and Education	32,000.00	32,000.00	17,173.99	14,826.01
Travel Expenses	5,200.00	5,200.00	900.00	4,300.00
Utilities	159,300.00	159,300.00	82,318.48	76,981.52
Hydrant Rental	285,000.00	285,000.00	270,243.10	14,756.90
Aid to Volunteer Fire Company	80,000.00	80,000.00	80,000.00	
Supplemental Fire Services Grant	35,417.00	35,417.00	32,854.80	2,562.20
Facility Maintenance	217,000.00	227,000.00	217,923.45	9,076.55
Uniforms	<u>9,810.00</u>	<u>9,810.00</u>	<u>3,869.63</u>	<u>5,940.37</u>
Total Cost of Providing Services	<u>2,808,825.00</u>	<u>2,833,825.00</u>	<u>1,932,900.16</u>	<u>900,924.84</u>

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Year Ended December 31, 2024

	Adopted Budget	Final Budget	Actual Amounts Budgetary Basis See Note A at C-2	Variance Final To Actual
Operating Appropriations Offset with Revenues:				
Salaries and Wages	\$ 173,500.00	\$ 173,500.00	\$ 90,893.59	\$ 82,606.41
Other Expenses	25,000.00	25,000.00	19,687.11	5,312.89
Total Operating Appropriations Offset with Revenues	198,500.00	198,500.00	110,580.70	87,919.30
Appropriations for First Aid/Rescue Squad Assoc.:				
Materials and Supplies	65,000.00	65,000.00	65,000.00	
Total Expenditures	4,290,820.00	4,305,820.00	2,778,338.57	1,527,481.43
Excess of Revenues Over Expenditures	2,265,000.00	2,250,000.00	3,836,293.28	1,586,293.28
Length of Service Award Program:				
LOSAP Contribution	100,000.00	85,000.00	94,427.21	(9,427.21)
Capital Appropriation	2,165,000.00	2,165,000.00	2,165,000.00	
Net Change in Fund Balance			1,576,866.07	1,576,866.07
Fund Balance, January 1	3,072,470.23	3,072,470.23	3,072,470.23	
Less:				
Fund Balance Utilized	3,542,171.00	3,542,171.00	1,377,171.00	2,165,000.00
Fund Balance, December 31	\$ (469,700.77)	\$ (469,700.77)	\$ 3,272,165.30	\$ 3,741,866.07

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY

BUDGET -to- GAAP RECONCILIATION

For the Year Ended December 31, 2024

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

	<u>General Fund</u>
Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (C-1)	\$ 6,614,631.85
Differences - budget to GAAP:	
Unanticipated revenue is not a budgetary resource	165,220.63
The fund balance appropriated is a budgetary resource but is not a current year revenue for financial reporting purposes	<u>(3,542,171.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ <u><u>3,237,681.48</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule (C-1)	\$ 2,872,765.78
Differences - budget to GAAP:	
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but the year the supplies or equipment is received for financial reporting purposes - net change in encumbrances payable	<u>(141,308.87)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	\$ <u><u>2,731,456.91</u></u>

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE FIRE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST TEN YEARS

	<u>Measurement Date Ended June 30,</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Fire District's Proportion of the Net Pension Liability	0.0027076097%	0.2737571500%	0.0027653002%	0.0027502821%	0.0026420779%
Fire District's Proportionate Share of the Net Pension Liability	\$ 367,911	\$ 395,020	\$ 415,661	\$ 325,812	\$ 430,854
Fire District's Covered - Employee Payroll	\$ 222,232	\$ 207,036	\$ 202,988	\$ 201,552	\$ 174,820
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll	165.55%	190.80%	204.77%	161.65%	246.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Fire District's Proportion of the Net Pension Liability	0.0024758780%	0.0024561744%	0.0024695777%	0.0024403814%	0.0019622398%
Fire District's Proportionate Share of the Net Pension Liability	\$ 446,116	\$ 483,608	\$ 574,878	\$ 722,771	\$ 440,484
Fire District's Covered - Employee Payroll	\$ 175,940	\$ 174,820	\$ 171,096	\$ 167,876	\$ 110,804
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll	253.56%	276.63%	336.00%	430.54%	397.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.59%	48.00%	40.14%	47.93%

This schedule is presented to illustrate the requirement to show information for 10 years.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE FIRE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST TEN YEARS

	<u>Year Ended December 31,</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Fire District's Contractually Required Contribution	\$ 36,843.0	\$ 36,450.0	\$ 34,733.0	\$ 32,209.0	\$ 28,903.0
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(36,843)</u>	<u>(36,450)</u>	<u>(34,733)</u>	<u>(32,209)</u>	<u>(28,903)</u>
Fire District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered - Employee Payroll	\$ 245,594.0	\$ 211,697.0	\$ 205,012.0	\$ 177,731.0	\$ 199,372.0
Fire District's Contribution as a Percentage of Covered - Employee Payroll	15.00%	17.22%	16.94%	18.12%	14.50%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Fire District's Contractually Required Contribution	\$ 24,083	\$ 24,431	\$ 22,878	\$ 21,680	\$ 16,870
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(24,083)</u>	<u>(24,431)</u>	<u>(22,878)</u>	<u>(21,680)</u>	<u>(16,870)</u>
Fire District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered - Employee Payroll	\$ 178,844	\$ 174,212	\$ 173,834	\$ 171,096	\$ 167,876
Fire District's Contribution as a Percentage of Covered - Employee Payroll	13.47%	14.02%	13.16%	12.67%	10.05%

This schedule is presented to illustrate the requirement to show information for 10 years.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE FIRE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)
LAST TEN YEARS

	<u>Measurement Date Ended June 30,</u>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Fire District's Proportion of the Net Pension Liability	0.8055360000%	0.8055360000%	0.0116028300%	0.0108513833%	0.0100416727%
Fire District's Proportionate Share of the Net Pension Liability	\$ 432,709	\$ 890,019	\$ 1,328,101	\$ 793,144	\$ 1,169,981
State's Proportionate Share of the Net Pension Liability associated with the Fire District	<u>85,308</u>	<u>163,996</u>	<u>236,363</u>	<u>223,072</u>	<u>181,576</u>
Total	<u>\$ 518,017</u>	<u>\$ 1,054,015</u>	<u>\$ 1,564,464</u>	<u>\$ 1,016,216</u>	<u>\$ 1,351,557</u>
Fire District's Covered - Employee Payroll	\$ 265,676	\$ 227,272	\$ 413,472	\$ 380,396	\$ 577,208
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll	162.87%	391.61%	321.21%	208.50%	202.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.66%	70.16%	68.33%	77.26%	64.99%

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE FIRE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)
LAST TEN YEARS

	<u>Measurement Date Ended June 30,</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Fire District's Proportion of the Net Pension Liability	0.0100416727%	0.0087061047%	0.0082738387%	0.0076959249%	0.0087898045%
Fire District's Proportionate Share of the Net Pension Liability	\$ 1,228,882	\$ 1,178,079	\$ 1,277,321	\$ 1,470,119	\$ 1,464,075
State's Proportionate Share of the Net Pension Liability associated with the Fire District	<u>194,043</u>	<u>160,023</u>	<u>143,071</u>	<u>123,453</u>	<u>128,394</u>
Total	<u>\$ 1,422,925</u>	<u>\$ 1,338,102</u>	<u>\$ 1,420,392</u>	<u>\$ 1,593,572</u>	<u>\$ 1,592,469</u>
Fire District's Covered - Employee Payroll	\$ 456,719	\$ 288,832	\$ 276,164	\$ 255,980	\$ 278,356
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll	269.07%	407.88%	462.52%	574.31%	525.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.99%	62.47%	58.60%	52.01%	56.31%

This schedule is presented to illustrate the requirement to show information for 10 years.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE FIRE DISTRICT'S CONTRIBUTIONS
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)
LAST TEN YEARS

Year Ended December 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Fire District's Contractually Required Contribution	\$ 57,961	\$ 107,233	\$ 150,901	\$ 126,469	\$ 101,156
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(57,961)</u>	<u>(107,233)</u>	<u>(150,901)</u>	<u>(126,469)</u>	<u>(101,156)</u>
Fire District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered - Employee Payroll	\$ 241,872	\$ 294,901	\$ 343,585	\$ 405,478	\$ 369,071
Fire District's Contribution as a Percentage of Covered - Employee Payroll	23.96%	36.36%	43.92%	31.19%	27.41%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Fire District's Contractually Required Contribution	\$ 101,432	\$ 85,115	\$ 73,225	\$ 62,748	\$ 71,448
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>(101,432)</u>	<u>(85,115)</u>	<u>(73,225)</u>	<u>(62,748)</u>	<u>(71,448)</u>
Fire District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered - Employee Payroll	\$ 304,292	\$ 324,898	\$ 284,659	\$ 273,811	\$ 228,604
Fire District's Contribution as a Percentage of Covered - Employee Payroll	33.33%	26.20%	25.72%	22.92%	31.25%

This schedule is presented to illustrate the requirement to show information for 10 years.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -ACCOUNTING AND REPORTING
FOR PENSIONS (GASB 68)
FOR THE YEAR ENDED DECEMBER 31, 2024

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate remained the same at 7.00% as of June 30, 2024 and June 30, 2023.
The price inflation rate remained the same at 2.75% as of June 30, 2024 and June 30, 2023.
The wage inflation rate remained the same at 3.25% as of June 30, 2024 and June 30, 2023.
The investment rate of return on plan investments remained the same at 7.00% as of June 30, 2024 and June 30, 2023.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate remained the same at 7.00% as of June 30, 2024 and June 30, 2023.
The price inflation rate remained the same at 2.75% as of June 30, 2024 and June 30, 2023.
The wage inflation rate remained the same at 3.25% as of June 30, 2024 and June 30, 2023.
The investment rate of return on plan investments remained the same at 7.00% as of June 30, 2024 and June 30, 2023.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE FIRE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN
LAST EIGHT YEARS

	<u>Measurement Date Ended June 30,</u>							
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fire District's Proportion of the Net OPEB Liability	0.012058%	0.012058%	0.012235%	0.014211%	0.013436%	0.011625%	0.012553%	0.011438%
Fire District's Proportionate Share of the Net OPEB Liability	\$ 2,638,009	\$ 1,809,489	\$ 1,975,903	\$ 2,557,949	\$ 2,411,304	\$ 1,574,731	\$ 1,966,631	\$ 2,335,158
Fire District's Covered - Employee Payroll	\$ 265,676	\$ 227,272	\$ 413,472	\$ 380,396	\$ 577,208	\$ 456,719	\$ 288,832	\$ 276,164
Fire District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered - Employee Payroll	992.94%	796.18%	477.88%	672.44%	417.75%	344.79%	680.89%	845.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	-0.89%	-0.79%	-0.36%	0.28%	0.91%	1.98%	1.97%	1.03%

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

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE FIRE DISTRICT'S CONTRIBUTIONS
STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN
LAST EIGHT YEARS

	<u>Year Ended December 31,</u>							
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Fire District's Contractually Required Contribution	\$ 81,016.32	\$ 99,739.89	\$ 85,529.92	\$ 84,766.80	\$ 79,824.00	\$ 92,629.62	\$ 87,627.54	\$ 86,703.36
Fire District's Contribution in Relation to the Contractually Required Contribution	<u>81,016.32</u>	<u>99,739.89</u>	<u>85,529.92</u>	<u>84,766.80</u>	<u>79,824.00</u>	<u>92,629.62</u>	<u>87,627.54</u>	<u>86,703.36</u>
Fire District's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fire District's Covered - Employee Payroll	\$ 241,871.70	\$ 294,901.00	\$ 343,585.00	\$ 405,478.00	\$ 369,071.00	\$ 304,292.00	\$ 324,898.00	\$ 284,659.00
Fire District's Contribution as a Percentage of Covered - Employee Payroll	33.50%	33.82%	24.89%	20.91%	21.63%	30.44%	26.97%	30.46%

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 NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - ACCOUNTING AND REPORTING
FOR OTHER POST EMPLOYMENT BENEFITS (GASB 75)
FOR THE YEAR ENDED DECEMBER 31, 2024

State Health Benefit Local Government Retired Employees Plan

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 3.93% as of June 30, 2024 to 3.54% as of June 30, 2024.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY

SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND FUND BALANCE
CAPITAL PROJECTS FUND

For the Year Ended December 31, 2024

	Balance <u>December 31, 2023</u>	<u>Tax Levy</u>	<u>Transfer</u>	<u>Purchases</u>	Balance <u>December 31, 2024</u>
Purchase of New Trucks and Equipment	\$ 2,514,016.32	\$ 450,000.00	\$ 54,820.38	\$ 1,494.20	\$ 3,017,342.50
Purchase of Vehicles	404,080.91	45,000.00	(54,820.38)	71,935.22	322,325.31
Building Fund	<u>624,111.26</u>	<u> </u>	<u> </u>	<u>380,363.92</u>	<u>243,747.34</u>
	<u><u>\$ 3,542,208.49</u></u>	<u><u>\$ 495,000.00</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 453,793.34</u></u>	<u><u>\$ 3,583,415.15</u></u>

OTHER INFORMATION

**TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
ROSTER OF OFFICIALS
DECEMBER 31, 2024**

BOARD OF FIRE COMMISSIONERS

James Manning, Jr., President

Frank Sutphin, Vice President

Frank Martuscelli, Treasurer

Albert Fritz, Sr., Clerk

Todd Puryear, Deputy Clerk

**TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH**

**SCHEDULE OF COMMENTS AND RECOMMENDATIONS
Year Ended December 31, 2024**

None.

Status of Prior Year's Audit Recommendations

A review was performed on the prior year's recommendation and corrective action on the prior year recommendation has been taken.

Corrective Action

None