REPORT OF AUDIT

OF THE

FIRE DISTRICT NO. 2

TOWNSHIP OF NEPTUNE, NEW JERSEY

FOR THE YEAR ENDED DECEMBER 31, 2024

FIRE DISTRICT NO. 2
TOWNSHIP OF NEPTUNE, NEW JERSEY

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FIRE DISTRICT NO. 2
TOWNSHIP OF NEPTUNE, NEW JERSEY

OFFICIALS IN OFFICE AND SURETY BONDS
DECEMBER 31, 2024

Name	**Amount of Surety Bond**
Board of Commissioners	
Robert S. McEwan, Chairman	
Scott Jarmer, Secretary	
Paul Bagdanov, Treasurer	(A)
Matthew Gannon	
Lori Moses-Day	
Other Officials	
David M. Shotwell, Jr., Clerk	
Debra Latshaw, Financial Officer	(A)
Scott Liddick, Fire Official	
James Hundley, Attorney	
Rev. Joe Tiedemann, Chaplain	
Rev. William Noll, Chaplain	

Surety Company

(A) Penn National Insurance Company provides a blanket position bond which covers the Treasurer and Financial Officer by title for an amount of $5,000.00 for each position.

FINANCIAL SECTION

ALVINO & SHECHTER, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
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Neptune, New Jersey 07753-3767

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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Township of Neptune Fire District No. 2
County of Monmouth
Ocean Grove, New Jersey

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Neptune Fire District No. 2 (hereafter referred to as the Fire 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 Fire District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire District, as of December 31, 2024, and the respective 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 the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fire District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2025 on our consideration of the Fire District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 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 Fire District's internal control over financial reporting and compliance.

Vincent J. Alvino

Vincent J. Alvino, CPA
ALVINO & SHECHTER, L.L.C.
Certified Public Accountants

Neptune, New Jersey
November 10, 2025

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

Board of Fire Commissioners
Township of Neptune Fire District No. 2
County of Monmouth
Ocean Grove, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Neptune Fire District No. 2 (hereafter referred to as the Fire 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 Fire District's financial statements, and have issued our report thereon dated November 10, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fire District's internal control over financial reporting internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire 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 determination of financial statement amounts. 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 Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vincent J. Alvino

Vincent J. Alvino, CPA
ALVINO & SHECHTER, L.L.C.
Certified Public Accountants

Neptune, New Jersey
November 10, 2025

REQUIRED SUPPLEMENTARY INFORMATION
PART I

As management of the Neptune Township Fire District No. 2 (hereafter referred to as the "Fire District"), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole. Readers should also review the information furnished in the notes to the basic financial statements along with the financial statements to enhance their understanding of the Fire District's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the Fire District, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled $110,442.24 at the close of the current year.

- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of $1,033,370.24, an increase of $105,644.50, or eleven percent (11%) in comparison with the prior year. The increase is primarily attributable to an excess of general and program revenues over program expenditures for the current year.

- At the end of the current year, unassigned fund balance for the general fund was $753,596.32, approximately a four percent (4%) increase from that of the prior year.

- The Fire District's outstanding bonded debt at the close of the current year pursuant to obligations under finance purchases for the acquisition of a Class A pumper fire apparatus was paid in full during the prior year, as a result, the Fire District had no outstanding bonded debt at the close of the current year.

USING THIS REPORT OF AUDIT

This report of audit consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Fire District as a whole and present a longer-term view of the Fire District's finances. Fund financial statements for the governmental activities tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Fire District's operations in more detail than the government-wide statements by providing information about the Fire District's most significant funds.

Reporting the Fire District as a Whole

One of the most important questions asked about the Fire District's finances is, "Is the Fire District as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the Fire District as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

USING THIS REPORT OF AUDIT (CONT'D)

Reporting the Fire District as a Whole (Cont'd)

These two statements report the Fire District's net position and changes in it. You can think of the Fire District's net position - which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources - as one way to measure the Fire District's financial health, or financial position. Over time, increases or decreases in the Fire District's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Fire District's property tax base and the condition of the Fire District's capital assets, to assess the overall health of the Fire District.

In the statement of net position and the statement of activities, we divide the Fire District into one kind of activity, that being governmental activities. This is where all of the Fire District's basic services are reported, which include fire-fighting services. Property taxes, uniform fire safety act fees, charges for service billings, and state grants primarily finance these activities.

Reporting the Fire District's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Fire District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire District constitute one fund type, that being governmental funds.

Government funds - All of the Fire District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Fire District's fund balances by law, creditors, Fire District Board of Commissioners, and the Fire District's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Fire District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Fire District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The Fire District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund.

THE FIRE DISTRICT AS A WHOLE

During 2024, the Fire District's net position increased by $116,662.71, increasing from ($6,220.47) in 2023 to $110,442.24 in 2024. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Fire District's governmental-type activities.

TABLE 1
NET POSITION

	2024	2023
Current and Other Assets	$1,100,685.90	$ 989,622.23
Capital Assets	64,459.96	107,581.39
Total Assets	1,165,145.86	1,097,203.62
Deferred Outflows of Resources	515,103.50	326,133.00
Other Liabilities	125,203.12	114,344.09
Long-Term Liabilities Outstanding	886,912.00	633,995.00
Total Liabilities	1,012,115.12	748,339.09
Deferred Inflows of Resources	557,692.00	681,218.00
Net Investment in Capital Assets	64,459.96	107,581.39
Restricted for:		
Capital Projects	94,322.00	64,322.00
Unemployment Compensation	25,451.92	25,448.97
Unrestricted	(73,791.64)	(203,572.83)
Total Net Position	$ 110,442.24	$ (6,220.47)

In total, assets increased by $67,942.24, deferred outflows of resources increased by $188,970.50, liabilities increased by $263,776.03, and deferred inflows of resources decreased by $123,526.00. The increase in assets was attributable to a variety of factors, including the increase in cash and cash equivalents and other assets. The increase in deferred outflows of resources and in liabilities and the decrease in deferred inflows of resources are directly related to the effects of GASB Statement No. 68 and GASB Statement No. 71 (pensions - see note 6 and Table 2 that follows) and GASB Statement No. 75 (OPEB - see note 7 and Table 2 that follows).

THE FIRE DISTRICT AS A WHOLE (CONT'D)

$64,459.96, of the Fire District's net position at the end of the current year reflects its net investment in capital assets (i.e., buildings and improvements, apparatus and equipment and vehicles). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowing used for the acquisition, construction, or improvement of those assets. The Fire District uses these assets to provide fire-fighting and other services to the citizens of the Township of Neptune, consequently, these assets are not available for future spending. Although the Fire District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities. At the end of the current year, the Fire District had no outstanding related debt.

Additional components of the Fire District's net position, $94,322.00, represents resources that are restricted as of the end of the current year for future capital projects. $25,451.92 represents amounts that are also restricted as of the end of the current year consisting of resources held by the Fire District in the Unemployment Compensation Trust.

The third and final component of net position is unrestricted. The unrestricted net position at year end is a deficit of $73,791.64. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position.

TABLE 2
CHANGES IN NET POSITION

	2024	2023
Expenses:		
Operating Appropriations:		
Administration	$ 147,326.89	$ 28,553.85
Cost of Operations and Maintenance	504,523.97	576,960.65
Operating Appropriations Offset with Revenues	30,000.00	30,000.00
Interest on Long-Term Debt	.00	1,350.00
Total Program Expenses	681,850.86	636,864.50
Program Revenues:		
Charges for Services	27,715.62	38,256.70
Operating Grants	12,931.00	438.00
Net Program Expenses	641,204.24	598,169.80

THE FIRE DISTRICT AS A WHOLE (CONT'D)

TABLE 2
CHANGES IN NET POSITION (CONT'D)

	2024	2023
General Revenues:		
Taxes:		
Property Taxes, Levied for General Purposes	753,327.00	705,362.00
Property Taxes, Levied for Debt Service	.00	46,800.00
Unrestricted Investment Earnings	53.60	18,004.98
Unrestricted Miscellaneous Income	4,483.40	380.00
Other Restricted Miscellaneous Revenues	2.95	2.95
Total General Revenues	757,866.95	770,549.93
Change in Net Position	116,662.71	172,380.13
Net Position, January 1	(6,220.47)	(178,600.60)
Net Position - December 31	$110,442.24	$ (6,220.47)

During 2024, the Fire District's revenues decreased by $10,731.06, decreasing from $809,244.63 in 2023 to $798,513.57 in 2024. The decrease is largely attributable to a decrease in charges for services program revenues. In regards to expenses, the Fire District experienced an increase of $44,986.36, increasing from $636,864.50 in 2023 to $681,850.86 in 2024. The increase is largely attributable to increased operating appropriations in administration from that of the previous year.

During 2024, the Fire District's unrestricted miscellaneous income increased by $4,103.40, increasing from $380.00 in 2023 to $4,483.40 in 2024. The increase is largely attributable to a payroll tax refund received from the United States Treasury and from accident and sickness insurance policy premium refunds received during the current year.

Property taxes constituted approximately ninety-four percent (94%) of total revenues for governmental activities for the Fire District for the year 2024. In addition, charges for services constituted approximately three percent (3%) of total revenues for governmental activities.

THE FIRE DISTRICT AS A WHOLE (CONT'D)

Cost of operations and maintenance comprised approximately seventy-four percent (74%) of Fire District expenses, with administration comprising approximately twenty-two percent (22%) of total expenses. The remaining four percent (4%) of expenses results from costs incurred for fire official activities.

THE FIRE DISTRICT'S FUNDS

As the Fire District completed the year, its governmental funds reported a combined fund balance of $1,033,370.24, which is higher than last year's total of $927,725.74. Of the combined ending fund balances of $1,033,370.24, approximately seventy-three percent (73%) constitutes unassigned fund balance in the amount of $753,596.32. The remainder of fund balance is assigned/restricted to indicate that it is not available for new spending because it has already been assigned as follows: (1) restricted for future capital projects $94,322.00, (2) restricted for unemployment compensation $25,451.92, and (3) designated for subsequent year's expenditures $160,000.00.

General fund - The general fund is the general operating fund of the Fire District and is used to account for the inflows and outflows of its financial resources. The acquisition of certain capital assets, such as fire-fighting and emergency medical apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current year, unassigned fund balance of the general fund was $753,596.32.

During the current year, the fund balance of the Fire District's general fund increased by $75,644.50. The primary factor affecting the fund balance of the general fund is as follows:

- The general fund received $785,582.57 in revenues in the current year and expended $678,278.78 in the current year in expenditures, $1,659.29 in subsequent year's expenditures in the current year, and $30,000.00 in expenditure of current year to increase reserve for future capital outlays.

Special revenue fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Fire District did receive supplemental fire services grants during the current year.

Capital projects fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities such as fire houses, fire-fighting apparatus, and emergency medical equipment. Generally, the financial resources of the capital projects fund are derived from the issuance of debt or by the utilization of fund balance, which must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election. At the end of the current year, the capital projects fund balance is $94,322.00. The fund balance increased by $30,000.00 from that of the prior year, since there is an unexpended current year capital appropriation - future capital outlay of $30,000.00 included in the current year Fire District budget.

THE FIRE DISTRICT'S FUNDS (CONT'D)

Debt service fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. For the current year, there was no expenditure for principal and interest since the final payments for the lease/purchase of the Toyne Class A Pumper fire apparatus were made in the prior year.

General Fund Budgetary Highlights

The final budgetary basis revenue estimate was $959,678.00, which remained unchanged from the original budgeted estimate.

In addition, during the current year, the Fire District budgeted $753,327.00 for property taxes (local tax levy) and $6,251.00 for state aid revenue (supplemental fire services grant). Fire safety act revenue was budgeted for $30,000.00. The Fire District received fire safety act revenue in the amount of $27,715.62.

The final budgetary basis expenditure appropriation estimate was $959,678.00 which remained unchanged from the original budgeted estimate.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Fire District's net investment in capital assets for its governmental activities as of December 31, 2024 amounts to a historical cost of $3,589,517.68, or $64,459.96 net of accumulated depreciation (see Table 3 below). This net investment in capital assets includes buildings and improvements, apparatus and equipment, and vehicles. Net capital assets decreased by $43,121.43 in 2024 from 2023. The decrease was attributable to the current year depreciation expense.

TABLE 3
CAPITAL ASSETS AT YEAR END
(NET OF ACCUMULATED DEPRECIATION)

	2024	2023
Buildings and Improvements	$58,922.65	$ 66,435.52
Apparatus and Equipment	5,537.31	41,145.87
Vehicles	.00	.00
Total	$64,459.96	$107,581.39

Major capital asset events during the year include the following:

- As previously mentioned, $43,121.43 of depreciation expense was recognized by the Fire District on existing capital assets.

Additional information on the Fire District's capital assets can be found in note 4.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Debt Administration

Compensated Absences. At the end of the current year, the liability for compensated absences was \$14,460.96. Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. Additional information on compensated absences can be found in note 10.

Net Pension Liability. At the end of the current year, the net pension liability was \$133,272.00. For additional details on the net pension liability see note 6.

Net OPEB Liability. At the end of the current year, the net OPEB liability was \$753,640.00. For additional details on the net OPEB liability see note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2024 year, the Fire District was able to sustain its budget through property taxes, uniform fire safety act annual registration fees, interest on investments and deposits, and other miscellaneous revenue sources. Approximately ninety-four percent (94%) of total revenue is from property taxes, while six percent (6%) of the Fire District's revenue is from federal, state, and local sources. The 2025 budget was adopted January 16, 2025 by the Board of Fire Commissioners, and was subsequently approved by the voters at the annual fire district election on February 15, 2025.

CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Fire District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Richard J. Cuttrell, Financial Officer, at the Ocean Grove Board of Fire Commissioners, 50 Olin Street, Ocean Grove, New Jersey 07756 or email at cfodistrict54@gmail.com.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
Statement of Net Position
December 31, 2024

ASSETS:	
Cash and Cash Equivalents	$ 977,486.19
Restricted Assets:	
Restricted Cash and Cash Equivalents	121,473.00
Prepaid Expenses	1,200.00
Due from State of New Jersey - Payroll Tax Overpayment	526.71
Capital Assets, Net (Note 4)	64,459.96
Total Assets	1,165,145.86
DEFERRED OUTFLOWS OF RESOURCES:	
Related to Pensions (Note 6)	92,222.50
Related to OPEB (Note 7)	422,881.00
Total Deferred Outflows of Resources	515,103.50
LIABILITIES:	
Accounts Payable:	
Other	64,910.58
Pensions	28,951.00
Unemployment Compensation Claims	1,198.68
Payroll Taxes Payable	706.00
Accrued Liabilities:	
Interest Payable	.00
Pensions	14,475.50
Reserve for Supplemental Fire Services Grant	500.40
Noncurrent Liabilities (Note 5):	
Due within One Year	14,460.96
Due beyond One Year	886,912.00
Total Liabilities	1,012,115.12
DEFERRED INFLOWS OF RESOURCES:	
Related to Pensions (Note 6)	284,803.00
Related to OPEB (Note 7)	272,889.00
Total Deferred Inflows of Resources	557,692.00
NET POSITION:	
Invested in Capital Assets, Net of Related Debt	64,459.96
Restricted for:	
Capital Projects	94,322.00
Unemployment Compensation	25,451.92
Unrestricted (Deficit)	(73,791.64)
Total Net Position	$ 110,442.24

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

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
Statement of Activities
For the Year Ended December 31, 2024

Expenses:	
Operating Appropriations:	
Administration	$ 147,326.89
Cost of Operations and Maintenance	504,523.97
Operating Appropriations Offset with Revenues	30,000.00
Interest on Long-Term Debt	.00
Total Program Expenses	681,850.86
Program Revenues:	
Charges for Services	27,715.62
Operating Grants	12,931.00
Net Program Expenses	641,204.24
General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	753,327.00
Property Taxes, Levied for Debt Service	.00
Unrestricted Investment Earnings	53.60
Unrestricted Miscellaneous Income	4,483.40
Other Restricted Miscellaneous Revenues	2.95
Total General Revenues	757,866.95
Increase in Net Position	116,662.71
Net Position, January 1	(6,220.47)
Net Position, December 31	$110,442.24

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2

Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	977,486.19	.00	.00	.00	977,486.19
Restricted Cash and Cash Equivalents	26,650.60	500.40	94,322.00	.00	121,473.00
Prepaid Expenses	1,200.00	.00	.00	.00	1,200.00
Due from State of New Jersey - Payroll Tax Overpayment	526.71	.00	.00	.00	526.71
Total Assets	1,005,863.50	500.40	94,322.00	.00	1,100,685.90
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	64,885.58	.00	.00	.00	64,885.58
Unemployment Compensation Claims Payable	1,198.68	.00	.00	.00	1,198.68
Payroll Taxes Payable	706.00	.00	.00	.00	706.00
Miscellaneous Payable	25.00	.00	.00	.00	25.00
Reserve for Supplemental Fire Services Grant	.00	500.40	.00	.00	500.40
Total Liabilities	66,815.26	500.40	.00	.00	67,315.66
Fund Balances:					
Restricted:					
Reserve for Future Capital Outlays	.00	.00	94,322.00	.00	94,322.00
Reserve for Unemployment Compensation	25,451.92	.00	.00	.00	25,451.92
Assigned:					
Designated for Subsequent Year's Expenditures	160,000.00	.00	.00	.00	160,000.00
Unassigned	753,596.32	.00	.00	.00	753,596.32
Total Fund Balances	939,048.24	.00	94,322.00	.00	1,033,370.24
Total Liabilities and Fund Balances	$1,005,863.50	500.40	94,322.00	.00	

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
Balance Sheet
Governmental Funds
December 31, 2024

	Total Governmental Funds
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 capital assets is $3,589,517.68 and the accumulated depreciation is $3,525,057.72.	64,459.96
Deferred outflows and deferred inflows related to pensions represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements.	(192,580.50)
Deferred outflows and deferred inflows related to OPEB represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements.	149,992.00
Accounts payable and accrued expenses related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements.	(43,426.50)
Accrued interest payable is not due and payable in the current period and, therefore, is not reported as liabilities in the funds.	.00
Long-term liabilities, including finance purchases, pension liability, OPEB liability and compensated absences payable are not due and payable in the current period and therefore are not reported in the funds.	(901,372.96)
Net position of governmental activities	$ 110,442.24

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

Exhibit B-2
(Page 1 of 2)

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Miscellaneous Anticipated Revenues	53.60	.00	.00	.00	53.60
Operating Grant Revenue	.00	12,501.00	.00	.00	12,501.00
Miscellaneous Revenues Offset with Appropriations	27,715.62	.00	.00	.00	27,715.62
Amount to be Raised by Taxation to Support the District Budget	753,327.00	.00	.00	.00	753,327.00
Other Restricted Miscellaneous Revenues	2.95	.00	.00	.00	2.95
Non-Budgetary Revenues	4,483.40	.00	.00	.00	4,483.40
Total Revenues	$785,582.57	12,501.00	.00	.00	798,083.57
EXPENDITURES:					
Operating Appropriations:					
Administration	156,743.70	.00	.00	.00	156,743.70
Cost of Operations and Maintenance	491,535.08	12,501.00	.00	.00	504,036.08
Operating Appropriations Offset with Revenues	30,000.00	.00	.00	.00	30,000.00
Debt Service:					
Principal	.00	.00	.00	.00	.00
Interest and Other Charges	.00	.00	.00	.00	.00
Total Expenditures	$678,278.78	12,501.00	.00	.00	690,779.78
Excess (Deficiency) of Revenues over Expenditures	$107,303.79	.00	.00	.00	107,303.79

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
OTHER FINANCING SOURCES (USES):					
Subsequent Year Expenditures	(1,659.29)	.00	.00	.00	(1,659.29)
Reserve for Future Capital Outlays	(30,000.00)	.00	30,000.00	.00	.00
Total Other Financing Sources and Uses	(31,659.29)	.00	30,000.00	.00	(1,659.29)
Net Change in Fund Balances	75,644.50	.00	30,000.00	.00	105,644.50
Fund Balance, January 1	863,403.74	.00	64,322.00	.00	927,725.74
Fund Balance, December 31	$939,048.24	.00	94,322.00	.00	1,033,370.24

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

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2024

Total Net Change in Fund Balance - Governmental Funds		105,644.50
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Revenue recognized from non-employer special funding situations with pension plans (long-term liability) is not recognized as revenue in the fund financial statements but is recognized as revenue from contributions in the statement of activities.		.00
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in this period.		
Depreciation Expense	(43,121.43)	
Capital Outlay	.00	(43,121.43)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net pension and is not reported in the statement of activities.		.00
In the statement of activities, certain operating expenses, (e.g., compensated absences, pension, OPEB, interest on debt,) are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).		54,139.64
Change in Net Position of Governmental Activities		$116,662.71

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity - Fire District No. 2 of the Township of Neptune (the "Fire District") is a political subdivision of the Township of Neptune, Monmouth County, New Jersey. It was formed in 1886. 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. 2 of the Township of Neptune has three fire companies within its jurisdiction, E.H. Stokes Fire Co., Washington Fire Co., and Eagle Hook and Ladder Co.

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

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

Component Units - In evaluating how to define the Fire District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* - an amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 80, Blending Requirements for Certain Component Units. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Component Units (Cont'd)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Fire District has no component units, and is not a component unit of another governmental agency.

Basis of Presentation - The financial statements of the Fire 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 Fire District's accounting policies are described in this Note.

The Fire District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provides a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the Fire District as a whole. These statements include the financial activities of the government. The Statement of Net Position presents the financial condition of the governmental activities of the Fire District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Fire District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The policy of the Fire District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Fire District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Fire District.

Fund Financial Statements - During the year, the Fire District segregates transactions related to certain Fire District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Fire District at this more detailed level, including its fiduciary funds. Separate statements for each fund category are presented. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The Fire District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Fire District's major governmental funds:

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

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants and appropriations, that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities such as fire houses and firefighting apparatus. Generally, the financial resources of the capital projects fund are derived from the issuance of debt or by the utilization of fund balance, which must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Fire District are included on the Statement of Net Position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (ie., revenues and other financing sources) and uses (ie., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Government fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus (Cont'd)

Basis of Accounting - Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Fire District, available means expected to be received within thirty days of year-end. Non-exchange transactions, in which the Fire District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its Fire District the entire balance of taxes in the amount voted upon or certified, prior to the end of the fire district year. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The Fire District is entitled to receive monies under the following established payment schedule: on or before April 1, an amount equaling 21.25% of all monies assessed; on or before July 1, an amount equaling 22.5% of all monies assessed; on or before October 1, an amount equaling 25% of all monies assessed; and on or before December 31, an amount equaling the difference between the total of all monies so assessed and the total amount of monies previously paid over. In an effort to facilitate cash flow to the Fire District, Fire District taxes are paid by the municipality and received by the district on a monthly basis, with a monthly adjustment in taxes determined upon adoption of the annual Fire District Budget. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Fire District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Fire District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: grants, fees, and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budget / Budgetary Control - The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et al. The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

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

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

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the Fire District's basic fund financial statements.

Exhibit - C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the General Fund Budgetary Comparison Schedule and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. Note that the Fire District does not report encumbrances outstanding at year-end as expenditures in the general fund since the general fund budget follows modified accrual basis of accounting.

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. Encumbrances are a component of fund balance at year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included with committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Fire District has received advances of grant awards, and all eligibility and time requirements satisfied are reflected on the balance sheet as unearned grant revenue at year-end.

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

In accordance with N.J.A.C. 5:30-5.2 - Encumbrance Systems, all local units except those subject to the Local Authorities Fiscal Control Act (N.J.S.A. 40A:5A-1et seq.) shall maintain an encumbrance accounting system for its current (general) fund. Since the Fire District is subject to N.J.S.A. 40A:5A-1 et seq., the Fire District has elected not to maintain an encumbrance accounting system for its General Fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. 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 governments are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey governments. At December 31, 2024, the Fire District carried no investment balances.

Additionally, the Fire District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act. The Act was enacted in 1970 to protect Government 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 State or federally chartered banks, savings banks or associations located in the State of New Jersey or State or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Inventories - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements are recorded as expenditures when consumed rather than when purchased. As of December 31, 2024, no material amount of inventories existed.

Prepaid Expenses - Prepaid expenses recorded in the governmental fund types and government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2024. Prepaid expenses for services for budgetary purposes are recorded as an expenditure during the year of purchase.

Short-Term Interfund Receivables/Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the Fire District and that are due within one year. These amounts are eliminated in the governmental column of the Statement of Net Position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the government-wide Statement of Net Position but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Fire District maintains a capitalization threshold of $5,000.00. The Fire District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	30 Years
Apparatus and Equipment	5-10 Years
Vehicles	5 Years

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for Fire Districts, and N.J.S.A. 40:14-85 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase fire fighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to $60,000.00 or two percent of the assessed valuation of property, whichever is larger.

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

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

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Fire District's proportion of expenses and liabilities to the pension as a whole, and differences between the Fire District's pension contribution and its proportionate share of contributions.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources.

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

Management Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

Pensions and OPEB - For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS), Police and Firemen's Retirement System (PFRS), State Health Benefits Program (NJSHBP), and additions to/deductions from PERS's, PFRS's, and NJSHBP's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

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

Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Position (Cont'd)

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 are available.

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire District's highest level of decision-making authority, which, for the Fire District is the Board of Commissioners. Such formal action consists of an affirmative vote by the Board of Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Commissioners removes, or changes, the specified use by taking the same type of resolution it employed to previously commit these amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the Fire District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by either the Board of Commissioners or by the financial officer, to which the Board of Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the financial officer is established by way of a formal job description for the position, approved by the Board of 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 other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Balance (Cont'd)

Unassigned (Cont'd) - When an expenditure is 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 balance first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Fire District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

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

Impact of Recently Issued and Adopted Accounting Principles

Recently Adopted Accounting Pronouncements - During the year 2024, the following GASB Statements were adopted:

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of* GASB No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. Implementation of this Statement did not impact the District's financial statements.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The District has implemented this Statement during the current year.

Recently Issued Accounting Pronouncements - The GASB has issued the following Statements which will become effective in future years as shown below:

GASB Statement No. 102, *Certain Risk Disclosures*, will be effective for the year ended December 31, 2025. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. Management does not expect this Statement to impact the District's financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recently Issued Accounting Pronouncements (Cont'd) - The GASB has issued the following Statements which will become effective in future years as shown below:

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the year ended December 31, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. Management is currently evaluating the effect this Statement will have on future financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the year ended December 31, 2026. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. Management is currently evaluating the effect this Statement will have on future financial statements.

NOTE 2: CASH AND CASH EQUIVALENTS

The Fire District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at December 31, 2024, and reported at fair value, as follows:

Type	Rating	Maturities	Carrying Value
Deposits:			
Demand deposits			1,098,959.19
Investments:			
	N/A	N/A	.00
Total deposits and investments			$1,098,959.19
Reconciliation of Statement of Net Position			
Current:			
Cash and cash equivalents - Unrestricted			977,486.19
Cash and cash equivalents - Restricted			121,473.00
Investments			.00
			$1,098,959.19

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first $250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the Fire District's amount on deposit of $1,107,158.83 as of December 31, 2024, $272,095.87 was insured under FDIC and the remaining balance of $835,062.96 was collateralized under GUDPA.

NOTE 3: PROPERTY TAX LEVIES

Following is a tabulation of Fire District assessed valuations, tax levies and property tax rates per $100.00 of assessed valuations for the current and preceding four years:

Year	Assessed Valuations	Total Tax Levy	Tax Rates
2024	1,877,335,500.00	753,327.00	.041
2023	1,609,806,700.00	752,162.00	.047
2022	1,436,811,900.00	754,194.00	.053
2021	1,256,200,700.00	764,269.00	.061
2020	1,204,884,200.00	788,068.00	.066

NOTE 4: CAPITAL ASSETS

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

	Balance Jan. 1, 2024	Increases	Decreases	Balance Dec. 31, 2024
Buildings and Improvements	1,309,596.00	.00	.00	1,309,596.00
Apparatus and Equipment	2,185,866.28	.00	.00	2,185,866.28
Vehicles	94,055.40	.00	.00	94,055.40
Total Capital Assets being Depreciated	3,589,517.68	.00	.00	3,589,517.68
Less Accumulated Depreciation:				
Buildings and Improvements	(1,243,160.48)	(7,512.87)	.00	(1,250,673.35)
Apparatus and Equipment	(2,144,720.41)	(35,608.56)	.00	(2,180,328.97)
Vehicles	(94,055.40)	(.00)	.00	(94,055.40)
Total Accumulated Depreciation	(3,481,936.29)	(43,121.43)	.00	(3,525,057.72)
Total Capital Assets being Depreciated Net of Accumulated Depreciation	107,581.39	(43,121.43)	.00	64,459.96
Capital Assets, Net	$ 107,581.39	(43,121.43)	.00	64,459.96

*Depreciation expense was charged to governmental functions as follows:

Cost of Operations and Maintenance	43,121.43
Total Depreciation Expense	$43,121.43

NOTE 5: LONG-TERM OBLIGATIONS

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

	Balance Dec. 31, 2023	Increases	Decreases	Balance Dec. 31, 2024	Due Within One Year
Compensated Absences	10,225.60	4,235.36	.00	14,460.96	14,460.96
Net Pension Liability (Note 6)	140,430.00	.00	7,158.00	133,272.00	.00
Net OPEB Liability (Note 7)	493,565.00	260,075.00	.00	753,640.00	.00
Total Government-wide Long-Term Debt	$644,220.60	264,310.36	7,158.00	901,372.96	14,460.96

Bonds and Notes Authorized But Not Issued - As of December 31, 2024, the Fire District had no authorized but not issued bonds and notes.

Compensated Absences- Compensated absences will be paid from the fund from which the employee's salaries are paid.

Net Pension Liability - The Public Employees' Retirement System (PERS) and Police and Firemen's Retirement System (PFRS) net pension liability of the government activities is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the PERS net pension liability at December 31, 2024 is $.00 and the long-term portion is $133,272.00. The current portion of the PFRS net pension liability at December 31, 2024 is $.00 and the long-term portion is $.00. See Note 6 for further information on the PERS and PFRS.

Net OPEB Liability - The net OPEB liability attributable to the Fire District at June 30, 2024 was $753,640.00. See Note 7 for further information on this net OPEB liability.

NOTE 6: PENSION PLANS

The eligible Fire District's employees participate in one of the following defined benefit pension plans: the State of New Jersey, Public Employees' Retirement System (PERS) and the State of New Jersey, Police and Firemen's Retirement System (PFRS), which are administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. These reports may be obtained by reference to the additional information for each plan in the Plan Descriptions section that follows.

General Information about the Pension Plans

Plan Descriptions

Public Employees' Retirement System - The Public Employees' Retirement System of New Jersey (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death and disability benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Fire District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS plan is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's annual financial statements which can be found at https://www.nj.gov/treasury/pensions/annual-reports.shtml.

NOTE 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Plan Descriptions (Cont'd)

Police and Firemen's Retirement System - The Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS's designated purpose is to provide retirement, death and disability benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Fire District. The PFRS plan is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to Division's annual financial statements which can be found at https://www.nj.gov/treasury/pensions/annual-reports.shtml.

Vesting and Benefit Provisions

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

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

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

Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62 and tier 5 with 30 years or more 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.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, 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:

Tier	Definition
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

NOTE 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Plan Descriptions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - 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 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 ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Effective October 1, 2011, pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over seven years beginning in July 2012. The phase-in of the additional incremental member contribution rate took place in July of each subsequent State fiscal year. The member contribution rate was 7.50% in State fiscal year 2024. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 226, P.L. 2021) was 10% of base salary in State fiscal year 2024. Employers' contributions are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

The Fire District's contractually required contribution rate for the year ended December 31, 2024 was 35.31% of the Fire District's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2024, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2024 is $28,951.00, and is payable by April 1, 2025. Based on the PERS measurement date of June 30, 2023, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2023 was $28,148.00, which was paid on April 1, 2024. Employee contributions to the Plan during the year ended December 31, 2024 were $6,150.00.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011 effective June 28, 2011, the active member contribution rate was 10.0% in State fiscal year 2024. Employers' contributions are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

NOTE 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Contributions (Cont'd)

Police and Firemen's Retirement System (Cont'd) - *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 that 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, deferred outflows of resources, or deferred inflows of resources to report in the government-wide financial statements. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

The Fire District's nonexistent contractually required contribution rate for the year ended December 31, 2024 was 0% of the Fire District's nonexistent covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2024, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2024 is $.00, and would have been payable by April 1, 2025. Based on the PFRS measurement date of June 30, 2023, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2023 was $.00, which would have been payable April 1, 2024. Employee contributions to the plan during the year ended December 31, 2024 were $.00 since there were no PFRS covered employees for the year ended December 31, 2024.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Fire District, for the year ended December 31, 2024 was 0% of the Fire District's covered-employee payroll.

Based on the most recent PFRS measurement date of June 30, 2024, the State's contractually required contribution, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2024 is $.00, and would have been payable by April 1, 2025. Based on the PFRS measurement date of June 30, 2023, the State's contractually required contribution, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2023 was $.00, which would have been payable by April 1, 2024.

NOTE 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2024, the Fire District's proportionate share of the PERS net pension liability was $133,272.00. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. The Fire District proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2024 measurement date, the Fire District's proportion was .0009808039%, which was an increase of .0000112763% from its proportion measured as of June 30, 2023.

At December 31, 2024, the Fire District's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2024 measurement date was $31,297.00.

Police and Firemen's Retirement System - At December 31, 2024, the Fire District's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Fire District's Proportionate Share of Net Pension Liability	$ .00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Fire District	.00
	$ .00

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2024 measurement date, the Fire District's proportion was .0000000000%, which was unchanged from its proportion measured as of June 30, 2023. Likewise, at June 30, 2023, the State of New Jersey's proportion, on-behalf of the Fire District, was .0000000000%, which was a .0000000000% change from its proportion, on-behalf of the Fire District, measured as of June 30, 2022.

At December 31, 2024, the Fire District's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2024 measurement date is $.00.

At December 31, 2024, the State's proportionate share of the PFRS pension expense, associated with the Fire District, calculated by the Plan as of the June 30, 2024 measurement date is $.00. This on-behalf expense would have been recognized by the Fire District in the government-wide financial statements.

NOTE 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

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

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	2,670.00	.00	2,670.00	355.00	.00	355.00
Changes of Assumptions	166.00	.00	166.00	1,516.00	.00	1,516.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	.00	.00	.00	6,179.00	.00	6,179.00
Changes in Proportion and Differences between Fire District Contributions and Proportionate Share of Contributions	70,948.00	3,963.00	74,911.00	19,229.00	257,524.00	276,753.00
Fire District Contributions Subsequent to the Measurement Date	14,475.50	.00	14,475.50	.00	.00	.00
	$88,259.50	3,963.00	92,222.50	27,279.00	257,524.00	284,803.00

$14,475.50 and $.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2025. These amounts were based on an estimated April 1, 2025 contractually required contribution, prorated from the pension plans measurement date of June 30, 2024 to the Fire District's year end of December 31, 2024.

The Fire District will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	PERS		PFRS	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2020	5.16	.00	5.90	5.90
June 30, 2021	5.13	5.13	5.90	6.17
June 30, 2022	5.00	5.04	6.22	6.17
June 30, 2023	5.08	5.04	6.16	6.17
June 30, 2024	5.08	5.04	6.09	6.17

NOTE 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

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

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

	PERS		PFRS	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2020	5.16	5.16	5.90	5.90
June 30, 2021	5.13	5.13	6.17	5.90
June 30, 2022	5.00	5.04	6.22	6.22
June 30, 2023	5.00	5.04	6.22	6.22
June 30, 2024	5.00	5.04	6.22	6.22
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2021	5.00	5.00	5.00	5.00
June 30, 2022	5.00	5.00	5.00	5.00
June 30, 2023	5.00	5.00	5.00	5.00
June 30, 2024	5.00	5.00	5.00	5.00
Changes in Proportion and Differences between Fire District Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2020	5.16	.00	5.90	.00
June 30, 2021	5.13	.00	6.17	.00
June 30, 2022	5.04	.00	6.22	6.22
June 30, 2023	5.08	5.08	6.16	.00
June 30, 2024	5.08	.00	6.09	.00

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

Year Ending Dec 31,	PERS	PFRS	Total
2025	24,547.48	(95,002.33)	(70,454.85)
2026	26,884.78	(58,189.33)	(31,304.55)
2027	(4,308.22)	(75,781.34)	(80,089.56)
2028	(701.13)	(21,422.84)	(22,123.97)
2029	82.09	(2,725.65)	(2,643.56)
2030	.00	(439.51)	(439.51)
	$46,505.00	(253,561.00)	(207,056.00)

NOTE 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

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

Actuarial Assumptions - The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	PFRS
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:	2.75% - 6.55% Based on Years of Service	
Through All Future Years		3.25% - 16.25% Based on Years of Service
Investment Rate of Return	7.00%	7.00%

For PERS, preretirement 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.

For PFRS, employee mortality rates were based on the Pub-2010 Safety Employee amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection. 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.

NOTE 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Actuarial Assumptions (Cont'd) - For PERS and PFRS, 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 asset class included in PERS's and PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

	Target Allocation		Long-Term Expected Real Rate of Return	
Asset Class	**PERS**	**PFRS**	**PERS**	**PFRS**
U.S. Equity	28.00%		8.63%	
U.S. Large-Cap Equity		24.00%		6.90%
U.S. Developed Small/Mid-Cap Equity		4.00%		7.40%
Non-U.S. Developed Markets Equity	12.75%		8.85%	
Non-U.S. Developed Large-Cap Equity		9.50%		6.70%
Non-U.S. Small-Cap Equity		2.00%		7.50%
International Small-Cap Equity	1.25%		8.85%	
Emerging Markets Equity	5.50%		10.66%	
Emerging Markets Large-Cap Equity		6.00%		9.60%
Emerging Markets Small-Cap Equity		1.50%		9.60%
Private Equity	13.00%		12.40%	
Real Estate	8.00%		10.95%	
Real Estate Core		3.00%		5.10%
Real Estate Non-Core		4.00%		6.50%
Real Assets	3.00%		8.20%	
High Yield	4.50%		6.74%	
Private Credit	8.00%		8.90%	
Private Debt/Credit		8.00%		9.10%
Investment Grade Credit	7.00%		5.37%	
Cash Equivalents	2.00%		3.57%	
Cash		2.00%		3.40%
U.S. Treasuries	4.00%		3.57%	
U.S. Treasury Bond		7.00%		4.10%
Risk Mitigation Strategies	3.00%		7.10%	
U.S. Corporate Bond		5.00%		5.90%
U.S. Mortgage-Backed Securities		5.00%		4.40%
Global Multi-sector Fixed Income		6.00%		6.50%
Infrastructure		3.00%		7.00%
Private Equity		10.00%		10.10%

NOTE 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Discount Rate - For PERS and PFRS, the discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. For both PERS and PFRS, 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 to determine the total pension liability.

Sensitivity of Fire District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Public Employees' Retirement System (PERS) - The following presents the Fire District's proportionate share of the net pension liability at June 30, 2024, the Plan's measurement date, calculated using a discount rate of 7.00%, as well as what the Fire District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	PERS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Fire District's Proportionate Share of the Net Pension Liability	$177,086.00	$133,272.00	$95,987.00

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Fire District's annual required contribution. As such, the net pension liability as of June 30, 2024, the Plan's measurement date, for the Fire District and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Fire District's Proportionate Share of the Net Pension Liability	.00	.00	.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Fire District	.00	.00	.00
	$ .00	$ .00	$ .00

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

NOTE 6: PENSION PLANS (CONT'D)

General Information about the Pension Plans (Cont'd)

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established on July 1, 2017 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. The DCRP is administered by Empower for the Division of Pension and Benefits.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their base covered wages. Member contributions to the plan are matched by a 3.0% State contribution.

Defined Contribution Retirement Program (Cont'd) - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to State contributions shall be vested and non forfeitable after twelve months of participation in the plan.

Contribution to the plan were as follows:

Year	Employee	State
2024	1,030.80	562.32
2023	981.72	535.56
2022	935.04	510.00
2021	968.60	528.24
2020	1,799.72	981.65

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description - The Township of Neptune Fire District No. 2 contributes to the State Health Benefits Program (SHBP) - the State of New Jersey, State Health Benefit Local Government Retired Employees Plan, a cost-sharing, multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employees must adopt a resolution to participate in the SHBP. In 1975, the Township of Neptune Fire District No. 2 authorized participation in the SHBP's post-retirement benefit program through Resolution dated October 9, 1975. Full-time employees that meet the requirements of retirement eligibility as promulgated by the Police and Firemen's Retirement System (PFRS) or the Public Employees' Retirement System (PERS) are eligible for health and prescription coverage upon retirement for the retiree and eligible family members. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

General Information about the OPEB Plan (Cont'd)

Plan Description (Cont'd) - The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. 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.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided - 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. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide post-retirement 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 post-retirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

Contributions - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township of Neptune Fire District No. 2 on a monthly basis. The funding is raised through a line item in the District's annual budget and includes full payment of health and prescription coverage.

NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

General Information about the OPEB Plan (Cont'd)

Contributions - At December 31, 2024 and 2023, three (3) active eligible participants and one (1) retired eligible participant were in the SHBP plan in which the District was billed and contributions were made of $89,988.03 for active participants and $41,144.36 for the retired participant in the year 2024; and $91,115.04 for active participants and $4,612.56 for the retired participant in the year 2023, which equaled the required contributions for each year.

Special Funding Situation - Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 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, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer. The participating employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the OPEB expense allocated to the State of New Jersey under the special funding situation.

The Township of Neptune Fire District No. 2 does not come under the provisions of Chapter 330, P.L. 1997 and, therefore, is not considered to be an employer in a special funding situation as defined by GASB Statement No. 75.

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

Net OPEB Liability - The components of the collective net OPEB liability of the participating employers in the Plan, for the years ending December 31, 2024 and 2023 is as follows:

	12/31/24	12/31/23
Actuarial valuation date	July 1, 2023 rolled forward to June 30, 2024	July 1, 2022 rolled forward to June 30, 2023
Total OPEB liability	$17,748,257,548.00	$14,889,576,786.00
Plan fiduciary net position (deficit)	(157,187,957.00)	(116,962,691.00)
Net OPEB liability	$17,905,445,505.00	$15,006,539,477.00

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

General Information about the OPEB Plan (Cont'd)

Net OPEB Liability (Cont'd) - The components of the collective net OPEB liability of the participating employers in the Plan, for the years ending December 31, 2024 and 2023 is as follows:

	12/31/24	12/31/23
Actuarial valuation date	July 1, 2023 rolled forward to June 30, 2024	July 1, 2022 rolled forward to June 30, 2023
Plan fiduciary net position as a percentage of the total OPEB liability	(0.88%)	(0.78%)
District's portion of the Plan's total Net OPEB liability	0.004209%	0.003289%
Total OPEB liability - District	$747,024.00	$489,718.00
Plan fiduciary net position (deficit) - District	(6,616.00)	(3,847.00)
Net OPEB liability - District	$753,640.00	$493,565.00

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Salary Increases*:

Public Employees' Retirement System (PERS)	
Rate for all future years	2.75% - 6.55% Based on Years of Service
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% - 16.25% Based on Years of Service

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

Pre-retirement healthy mortality

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

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

General Information about the OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

Post-retirement healthy mortality

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 is based on the PUB-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disabled retiree mortality

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 PRFS 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.

Disabled retiree mortality rates for Chapter 330 current 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. Disabled retiree mortality rates for other current 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.

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

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

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 7.5% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 22.62% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 23.58% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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.

OPEB Plan Fiduciary Net Position - Detailed information about each OPEB plan's fiduciary net position is available in the separately issued New Jersey Division of Pensions and Benefits financial report. Information on where to obtain the report is indicated in the Plan Description section at the beginning of this note.

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

General Information about the OPEB Plan (Cont'd)

Sensitivity of Fire District's Proportionate Share of Net OPEB Liability to Changes in the Discount Rate

The following presents the Fire District's proportionate share of the net OPEB liability at June 30, 2024, the Plan's measurement date, calculated using a discount rate of 3.93%, as well as what the Fire District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate used:

	SHBP		
	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Fire District's Proportionate Share of the Net OPEB Liability	$877,909.00	$753,640.00	$654,111.00

Sensitivity of Fire District's Proportionate Share of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Fire District's proportionate share of the net OPEB liability at June 30, 2024, the Plan's measurement date, calculated using a healthcare trend rate as disclosed above, as well as what the Fire District's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1% lower or 1% higher than the current rate used:

	SHBP		
	1% Decrease	Current Healthcare Trend Rate	1% Increase
Fire District's Proportionate Share of the Net OPEB Liability	$637,426.00	$753,640.00	$903,059.00

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2024 and December 31, 2023, the Fire District had deferred outflows of resources and deferred inflows of resources, including current year additions and current year deductions recognized in OPEB expense, related to OPEB from the following sources:

	Year of Deferral	Amortization Period	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Deferred Outflows of Resources:						
Differences between expected and actual experience	2020	7.87 Years	7,666.21	.00	1,980.93	5,685.28
	2020	7.87 Years	(98.27)	.00	(25.40)	(72.87)
	2022	7.82 Years	11,963.88	.00	2,055.65	9,908.23
	2023	7.82 Years	3,229.18	.00	473.49	2,755.69
	2024	7.89 Years	.00	22,777.56	2,886.89	19,890.67
			22,761.00	22,777.56	7,371.56	38,167.00
Changes in Assumptions	2020	7.87 Years	43,533.27	.00	11,248.91	32,284.36
	2021	7.82 Years	5,341.53	.00	1,108.19	4,233.34
	2022	7.82 Years	(332.73)	.00	(57.17)	(275.56)
	2023	7.89 Years	15,392.93	.00	2,234.10	13,158.83
	2024	7.89 Years	.00	87,709.58	11,116.55	76,593.03
			63,935.00	87,709.58	25,650.58	125,994.00

NOTE 7: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

General Information about the OPEB Plan (Cont'd)

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

	Year of Deferral	Amortization Period	Beginning of Year Balance	Additions	Deductions	End of Year Balance
Deferred Outflows of Resources (Cont'd):						
Changes in proportion	2018	8.14 Years	2,264.00	.00	1,059.00	1,205.00
	2020	7.87 Years	21,490.04	.00	5,552.98	15,937.06
	2023	7.89 Years	88,146.96	.00	12,793.46	75,353.50
	2024	7.89 Years	.00	190,349.90	24,125.46	166,224.44
			111,901.00	190,349.90	43,530.90	258,720.00
Total Deferred Outflows of Resources			198,597.00	300,837.04	76,553.04	422,881.00
Deferred Inflows of Resources:						
Differences between expected and actual experience	2018	8.14 Years	27,620.00	.00	12,906.00	14,714.00
	2019	8.05 Years	11,698.20	.00	3,835.45	7,862.75
	2020	8.05 Years	3,833.68	.00	946.59	2,887.09
	2021	7.82 Years	20,140.14	.00	4,178.45	15,961.69
	2022	7.82 Years	(557.69)	.00	(95.82)	(461.87)
	2023	7.89 Years	71,301.67	.00	10,348.57	60,953.10
	2024	7.89 Years	.00	29,517.35	3,741.11	25,776.24
			134,036.00	29,517.35	35,860.35	127,693.00
Changes in assumptions	2017	8.04 Years	9,572.00	.00	9,202.00	370.00
	2018	8.14 Years	17,846.00	.00	8,340.00	9,506.00
	2019	8.05 Years	13,501.80	.00	4,426.80	9,075.00
	2020	8.05 Years	4,639.30	.00	1,145.50	3,493.80
	2020	8.05 Years	(853.56)	.00	(225.57)	(627.99)
	2022	7.82 Years	75,119.58	.00	12,907.15	62,212.43
	2023	7.82 Years	19,689.88	.00	2,887.08	16,802.80
	2024	7.82 Years	.00	27,826.31	3,558.35	24,267.96
			139,515.00	27,826.31	42,241.31	125,100.00
Differences between projected and actual investment earnings on OPEB plan investment	2023	5 Years	81.00	.00	20.25	60.75
	2024	5 Years	.00	350.31	70.06	280.25
			81.00	350.31	90.31	341.00
Changes in proportion	2017	8.04 Years	8,453.00	.00	8,131.00	322.00
	2019	8.05 Years	18,497.32	.00	6,064.67	12,432.65
	2020	7.87 Years	(.18)	.00	(.05)	(.13)
	2021	7.82 Years	5,042.36	.00	1,046.13	3,996.23
	2022	7.82 Years	3,468.75	.00	596.00	2,872.75
	2023	7.89 Years	65.75	.00	9.54	56.21
	2023	7.89 Years	.00	86.22	10.93	75.29
			35,527.00	86.22	15,858.22	19,755.00
Total Deferred Inflows of Resources			309,159.00	57,780.19	94,050.19	272,889.00

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

Year ending June 30:	
2025	(856.15)
2026	17,194.85
2027	31,146.04
2028	18,115.42
2029	23,719.13
Thereafter	60,672.71
Total	$149,992.00

NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

General Information about the OPEB Plan (Cont'd)

OPEB Expense - The components of allocable OPEB expense for the year ending June 30, 2024 are as follows:

	State of New Jersey's OPEB expense	District's proportionate share (0.004209%) of the State of New Jersey's OPEB expense
Service cost	$545,086,159.00	$22,943.00
Interest on total OPEB liability	554,448,470.00	23,336.00
Expected investment return	5,026,265.00	212.00
Administrative expense	11,119,284.00	468.00
Changes of benefit terms	107,670,542.00	4,532.00
Current period recognition (amortization) of deferred inflows/outflows of resources:		
Differences between expected and actual experience	(847,755,885.00)	(35,682.00)
Changes of assumptions	(583,228,782.00)	(24,548.00)
Differences between projected and actual investment earnings on OPEB plan investments	(1,033,536.00)	(44.00)
Total OPEB (benefit) expense	$(208,667,483.00)	(8,783.00)
Changes in proportion - employer specific		27,759.00
Total OPEB (benefit) expense with employer specific liability		18,976.00
Other adjustments - employer specific		(19,455.00)
District's total OPEB expense at December 31, 2023		$ (479.00)

NOTE 8: RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The Fire District has elected to fund its New Jersey Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the Fire District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Fire District is billed quarterly for amounts due to the State. The following is a summary of the Fire District's unemployment and compensation fund for the current and previous two prior years.

Year Ended December 31,	Interest Earned	Employee Contributions	Benefits Paid	Ending Balance
2024	2.95	303.14	.00	26,650.60*
2023	2.95	137.87	.00	26,344.51*
2022	2.96	37.23	.00	26,203.69*

*Includes Unemployment compensation restricted fund balance and unemployment compensation claims payable.

NOTE 9: DEFERRED COMPENSATION

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

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

NOTE 10: COMPENSATED ABSENCES

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

(1) leave that have not been used and
(2) leave that has been used but not yet paid in cash or settled through noncash means

Fire District employees are entitled to fifteen paid sick leave days per year. Unused sick leave may be accumulated and carried forward to the subsequent years. Employees are entitled to four personal days which may not be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward.

The Fire District compensates employees for unused sick leave, vacation, and compensatory time upon termination or retirement. Payment will be made based on the employee's rate of pay at the time of termination or retirement.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of December 31, 2024, the liability for compensated absences in the governmental activities was $14,460.96.

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2024, no interfund receivables or payables existed.

NOTE 12: FUND BALANCES

RESTRICTED

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

General Fund - Of the $939,048.24 General Fund balance at December 31, 2024, $25,451.92 has been restricted for Unemployment Compensation.

NOTE 12: FUND BALANCES (CONT'D)

RESTRICTED (Cont'd)

Capital Projects Fund - As of December 31, 2024, the restricted fund balance - Reserve for Future Capital Outlays is $94,322.00.

Unemployment Compensation Fund - As of December 31, 2024, the restricted fund balance - Reserve for Unemployment Compensation is $25,451.92.

ASSIGNED

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

General Fund - The Fire District has appropriated and included as anticipated revenue for the year ending December 31, 2025, $160,000.00 of general fund balance at December 31, 2024 for subsequent year's expenditures.

UNASSIGNED

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

General Fund - As of December 31, 2024, $753,596.32 of general fund balance was unassigned.

NOTE 13: ECONOMIC DEPENDENCY

The Fire District receives a substantial amount of its support from its local district taxes. A significant reduction in the level of support, if this were to occur, may have a significant effect on the Fire District's programs and activities.

NOTE 14: LITIGATION

There are no pending or threatened litigation or unasserted claims or assessments against the Fire District for the year ended December 31, 2024, through the date of the independent auditor's report.

NOTE 15: DEFICIT IN UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of ($73,791.64) existed as of December 31, 2024. The primary cause of this deficit is the recording of the long-term liability for compensated absences, net pension and net OPEB. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the Fire District in the formation of their annual budget (See Note 1), compensated absences, pension and OPEB liabilities that relate to future services, or that are contingent on a specific event outside the control of the Fire District and its employees, are funded in the period in which services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position does not indicate that the Fire District is facing financial difficulties.

NOTE 16: SUBSEQUENT EVENTS

Management has reviewed and evaluated material events and transactions that occurred between December 31, 2024, and November 10, 2025, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Fire District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Fund Balance Utilized:					
Restricted Fund Balance	60,000.00	.00	60,000.00	.00	(60,000.00)
Total Fund Balance Utilized	60,000.00	.00	60,000.00	.00	(60,000.00)
Miscellaneous Anticipated Revenues:					
Interest on Investments and Deposits	100.00	.00	100.00	53.60	(46.40)
Total Miscellaneous Anticipated Revenues	100.00	.00	100.00	53.60	(46.60)
Miscellaneous Revenues Offset with Appropriations:					
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Annual Registration Fees	10,000.00	.00	10,000.00	15,604.47	5,604.47
Penalties and Fines	20,000.00	.00	20,000.00	12,111.15	(7,888.85)
Total Miscellaneous Revenues Offset with Appropriations	30,000.00	.00	30,000.00	27,715.62	(2,284.38)
Amount to be Raised by Taxation to Support the District Budget	753,327.00	.00	753,327.00	753,327.00	.00
Total Anticipated Revenues	843,427.00	.00	843,427.00	781,096.22	(62,330.78)
Non-Budgetary Revenues:					
Miscellaneous Income	.00	.00	.00	4,483.40	4,483.40
Other Restricted Miscellaneous Revenues	.00	.00	.00	2.95	2.95
Total Non-Budgetary Revenues	.00	.00	.00	4,486.35	4,486.35
Total Revenues	843,427.00	.00	843,427.00	785,582.57	(57,844.43)

(Continued)

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salary and Wages	35,280.00	.00	35,280.00	35,280.00	.00
Commissioners	70,500.00	11,200.00	81,700.00	81,695.82	4.18
Fringe Benefits	5,000.00	.00	5,000.00	4,437.67	562.33
Other Expenses:					
Election	2,500.00	.00	2,500.00	1,747.10	752.90
Office Supplies	7,000.00	.00	7,000.00	6,304.11	695.89
Professional Services	30,000.00	.00	30,000.00	27,279.00	2,721.00
Total Administration	150,280.00	11,200.00	161,480.00	156,743.70	4,736.30
Cost of Operations and Maintenance:					
Salary and Wages	104,500.00	.00	104,500.00	56,348.47	48,151.53
Fringe Benefits	74,648.00	20,720.00	95,368.00	95,318.20	49.80
Other Expenses:					
Insurance	87,550.00	.00	87,550.00	86,722.00	828.00
Hydrant Rental	48,000.00	300.00	48,300.00	48,212.92	87.08
Advertising	1,700.00	.00	1,700.00	305.81	1,394.19
Dues & Education	6,000.00	.00	6,000.00	1,228.01	4,771.99
Firefighting/Building Supplies	138,749.00	(32,220.00)	106,529.00	33,104.80	73,424.20
Utilities	30,000.00	.00	30,000.00	29,794.50	205.50

(Continued)

Exhibit C-1

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2

Budgetary Comparison Schedule

General Fund

For the Year Ended December 31, 2024

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Operating Appropriations (Cont'd):					
Cost of Operations and Maintenance (Cont'd):					
Other Expenses (Cont'd):					
Training	30,000.00	.00	30,000.00	16,950.56	13,049.44
Communications & Fire Alarm	19,000.00	.00	19,000.00	8,951.35	10,048.65
Fire Safety - Other Expenses	21,000.00	.00	21,000.00	17,908.26	3,091.74
Building Maintenance	65,000.00	(5,000.00)	60,000.00	44,408.90	15,591.10
Vehicle Maintenance	45,000.00	.00	45,000.00	37,058.55	7,941.45
Equipment Maintenance/Tests	12,000.00	5,000.00	17,000.00	15,222.75	1,777.25
Total Cost of Operations and Maintenance	683,147.00	(11,200.00)	671,947.00	491,535.08	180,411.92
Operating Appropriations Offset with Revenues:					
Uniform Fire Safety Act:					
Salary and Wages	30,000.00	.00	30,000.00	30,000.00	.00
Fringe Benefits	.00	.00	.00	.00	.00
Other Benefits	.00	.00	.00	.00	.00
Total Operating Appropriations Offset with Revenues	30,000.00	.00	30,000.00	30,000.00	.00

(Continued)

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Capital Appropriations:					
Replacement for Passenger Van/Utility Vehicle	90,000.00	.00	90,000.00	.00	90,000.00
Total Expenditures	953,427.00	.00	953,427.00	678,278.78	275,148.22
Excess (Deficiency) of Budget Revenues Over(Under) Budget Expenditures	(110,000.00)	.00	(110,000.00)	107,303.79	217,303.79
Other Financing Sources (Uses):					
Subsequent Year's Expenditures	.00	.00	.00	(1,659.29)	(1,659.29)
Total Other Financing Sources (Uses)	.00	.00	.00	(1,659.29)	(1,659.29)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(110,000.00)	.00	(110,000.00)	105,644.50	215,644.50
Fund Balance, January 1				862,203.74	
Fund Balance, December 31				967,848.24	
Recapitulation:					
Restricted Fund Balance:					
Future Capital Outlays				30,000.00	
Unemployment Compensation				25,451.92	
Assigned Fund Balance:					
Subsequent Year's Expenditures				160,000.00	
Unassigned Fund Balance				752,396.32	
Fund Balance Per General Fund (GAAP)				967,848.24	
Reconciliation to Governmental Funds Statement (GAAP):					
Prepaid expense not recognized as an expenditure on GAAP basis				1,200.00	
Restricted Fund Balance Increase - Future Capital Outlays Transferred to Capital Projects Fund				(30,000.00)	
Fund Balance per Governmental Funds (GAAP) (B-1)				$939,048.24	

Exhibit C-2

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended December 31, 2024

	Original Budget	Budget Modifications/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Operating Grant Revenue:					
Supplemental Fire Services Grant (P.L. 1985, Ch. 295)	6,251.00	.00	6,251.00	12,501.00	6,250.00
Total Revenues	6,251.00	.00	6,251.00	12,501.00	6,250.00
EXPENDITURES:					
Cost of Operations and Maintenance:					
Supplemental Fire Services Grant - Supplies	6,251.00	.00	6,251.00	12,501.00	6,250.00
Total Expenditures	6,251.00	.00	6,251.00	12,501.00	6,250.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	.00	.00	.00	.00	.00
Fund Balance, January 1				.00	
Fund Balance, December 31				.00	

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2

Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Year Ended December 31, 2024

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

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	785,582.57	.00
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	.00	.00
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2)	$785,582.57	.00
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" and "other financing uses" from budgetary comparison schedule	679,938.07	.00
Prepaid expenses for services are recorded as an expenditure during the year of purchase for budgetary purposes, but in the year such services are of benefit to that period for financial reporting purposes.	.00	.00
Total expenditures and other financing uses as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds. (B-2)	$679,938.07	.00

REQUIRED SUPPLEMENTARY INFORMATION
PART III

Exhibit RSI - 1

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2

Required Supplementary Information
Schedule of the Fire District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Years
(Unaudited)

	Measurement Date Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fire District's Proportion of the Net Pension Liability	0.0009808039%	0.0009695276%	0.0011598289%	0.0002587275%	0.0002549478%	0.0002526973%	0.0002489250%	0.0002456840%	0.0002409989%	0.0002337938%
Fire District's Proportionate Share of the Net Pension Liability	$ 133,272.00	$ 140,430.00	$ 175,034.00	$ 30,650.00	$ 41,575.00	$ 45,532.00	$ 49,012.00	$ 57,191.00	$ 71,377.00	$ 52,482.00
Fire District's Covered - Employee Payroll	$ 82,000.00	$ 78,000.00	$ 75,140.00	$ 64,313.00	$ 17,360.00	$ 16,850.00	$ 16,360.00	$ 15,585.00	$ 15,420.00	$ 14,752.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Employee Payroll	162.53%	180.04%	232.94%	47.66%	239.49%	270.22%	299.58%	366.96%	462.89%	355.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

Exhibit RSI - 2

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2

Required Supplementary Information
Schedule of the Fire District's Contributions
Public Employees' Retirement System (PERS)
Last Ten Years
(Unaudited)

	Year Ended December 31,									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Fire District's Contractually Required Contribution	$ 28,951.00	$ 28,148.00	$ 29,413.00	$ 17,614.00	$ 16,985.00	$ 16,202.00	$ 15,823.00	$ 15,604.00	$ 15,083.00	$ 14,577.00
Fire District's Contribution in Relation to the Contractually Required Contributio	(28,951.00)	(28,148.00)	(29,413.00)	(17,614.00)	(16,985.00)	(16,202.00)	(15,823.00)	(15,604.00)	(15,083.00)	(14,577.00)
Fire District's Contribution Deficiency (Exces	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fire District's Covered - Employee Payroll	$ 82,000.00	$ 78,000.00	$ 75,140.00	$ 64,313.00	$ 17,360.00	$ 16,850.00	$ 16,360.00	$ 15,885.00	$ 15,420.00	$ 14,970.00
Fire District's Contributions as a Percentage of its Covered - Employee Payroll	35.31%	36.09%	39.14%	27.39%	97.84%	96.15%	96.72%	98.23%	97.81%	111.99%

Exhibit RSI - 3

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
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
(Unaudited)

	Measurement Date Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fire District's Proportion of the Net Pension Liability	0.0000000000%	0.0000000000%	0.0000000000%	0.0037213495%	0.0036731177%	0.0036181187%	0.0035923997%	0.0035784564%	0.0035220864%	0.0034534011%
Fire District's Proportionate Share of the Net Pension Liability	$ -	$ -	$ -	$ 271,999.00	$ 474,615.00	$ 442,779.00	$ 486,111.00	$ 552,444.00	$ 672,809.00	$ 575,216.00
State's Proportionate Share of the Net Pension Liability Associated with the Fire District	$ -	$ -	$ -	$ 76,500.00	$ 73,658.00	$ 69,916.00	$ 66,030.00	$ 61,878.00	$ 56,499.00	$ 50,445.00
Total	$ -	$ -	$ -	$ 348,499.00	$ 548,273.00	$ 512,695.00	$ 552,141.00	$ 614,322.00	$ 729,308.00	$ 625,661.00
Fire District's Covered - Employee Payroll	$ -	$ -	$ -	$ 11,185.00	$ 130,450.00	$ 126,740.00	$ 122,635.00	$ 119,180.00	$ 115,830.00	$ 110,970.00
Fire District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Employee Payroll	0.00%	0.00%	0.00%	2431.82%	363.83%	349.36%	396.39%	463.54%	580.86%	518.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.66%	70.16%	68.33%	77.26%	63.52%	65.00%	62.48%	54.52%	52.01%	56.31%

Exhibit RSI - 4

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
Required Supplementary Information
Schedule of the Fire District's Contributions
Police and Firemen's Retirement System (PFRS)
Last Ten Years
(Unaudited)

Year Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fire District's Contractually Required Contribution	$ -	$ -	$ -	$ 43,371.00	$ 41,035.00	$ 36,547.00	$ 35,121.00	$ 31,670.00	$ 28,717.00	$ 28,071.00
Fire District's Contribution in Relation to the Contractually Required Contributior	-	-	-	(43,371.00)	(41,035.00)	(36,547.00)	(35,121.00)	(31,670.00)	(28,717.00)	(28,071.00)
Fire District's Contribution Deficiency (Exces	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fire District's Covered - Employee Payroll	$ -	$ -	$ -	$ 11,185.00	$ 130,450.00	$ 126,740.00	$ 122,635.00	$ 119,180.00	$ 115,830.00	$ 112,575.00
Fire District's Contributions as a Percentage of its Covered - Employee Payroll	-	-	-	387.76%	31.46%	28.84%	28.64%	26.57%	24.79%	24.94%

Exhibit RSI - 5

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2

Required Supplementary Information
Schedule of the Fire District's Changes in the
Proportionate Share of State Total Liability and Related Ratios (OPEB)
Last Ten Years*
(Unaudited)

	Year Ended December 31,								
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Fire District's Proportion of the Net OPEB Liability (Asset)	0.004209%	0.003289%	0.002823%	0.002842%	0.002897%	0.002683%	0.002897%	0.002859%	0.003160%
Fire District's Proportionate Share of the Net OPEB Liability (Asset)	$ 753,640.00	$ 493,565.00	$ 455,903.00	$ 511,554.00	$ 516,683.00	$363,441.00	$453,862.00	$ 583,687.00	$ 686,272.00
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total	$ 753,640.00	$ 493,565.00	$ 455,903.00	$ 511,554.00	$ 516,683.00	$363,441.00	$453,862.00	$ 583,687.00	$ 686,272.00
Fire District's Covered - Employee Payroll	$ 88,568.68	$ 83,980.45	$ 81,077.66	$ 61,914.29	$ 148,538.44	$131,800.38	$132,425.72	$ 126,708.62	$ 122,687.87
Fire District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Employee Payroll	850.91%	587.71%	562.30%	826.23%	347.84%	275.75%	342.73%	460.65%	559.36%
Plan Fiduciary Net Position as a Percentage of the Total (OPEB) Liability (Local)	-0.89%	-0.79%	-0.36%	0.28%	0.92%	1.98%	1.97%	1.03%	0.69%

*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. 2
Required Supplementary Information
Notes to Required Supplementary Information
For the Year Ended December 31, 2024
(Unaudited)

Public Employees' Retirement System (PERS)

Changes in Benefit Terms -	There were none.
Changes in Actuarial Assumptions -	There were none.
Other Changes in Assumptions -	There were none.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms - There were none.

Changes in Actuarial Assumptions - The mortality rates in the valuation as of June 30, 2023 were based on the following:

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% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The mortality rates in the valuation as of June 30, 2024 were based on the following:

Employee mortality rates were based on the Pub-2010 Safety Employee amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

Other Changes in Assumptions - There were none.

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
Required Supplementary Information
Notes to Required Supplementary Information
For the Year Ended December 31, 2024
(Unaudited)

State Health Benefit Local Government Retired Employee Plan (OPEB)

Changes in Benefit Terms - There were none.

Changes in Actuarial Assumptions - The discount rate changed from 3.65% as of June 30, 2023 to 3.93% as of June 30, 2024, a rate increase of .28%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2023. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

The health care trend rates in the valuation as of June 30, 2024 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 7.5% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 22.62% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 23.58% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Other Changes in Assumptions - There were none.

OTHER SUPPLEMENTARY INFORMATION

CAPITAL PROJECTS FUND

Exhibit F-1

TOWNSHIP OF NEPTUNE FIRE DISTRICT NO. 2
Summary Statement of Project Expenditures
Capital Projects Fund
For the Year Ended December 31, 2024

Project Title/Issue	Authorization Date	Authorization Amount	Unexpended Balance Dec. 31, 2023	2024 Budget Appropriations	Authorized Allocation by Resolution	Expenditures Current Year	Unexpended Balance Dec. 31, 2024
Reserve for Future Capital Outlays	N/A	N/A	$64,322.00	30,000.00	.00	.00	94,322.00
Reserve for Future Capital Outlays - Restricted			$64,322.00	30,000.00	.00	.00	94,322.00

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Schedule of Financial Statement Findings

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

Finding:

In accordance with Local Finance Notice (LFN) 2017-20, the required corrective action plan was not submitted to the Division of Local Government Services (DLGS) after receipt of the 2023 annual audit.

Recommendation:

That the required corrective action plan for the 2023 annual audit be submitted to the DLGS as soon as possible in order to avoid complications in the DLGS's examination and approval of the District's annual budget.

Schedule of Financial Statement Findings

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

FINANCIAL STATEMENT FINDINGS

None

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Fire District officials during the course of the audit.

Respectfully submitted,

Vincent J. Alvino

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Certified Public Accountants