# FIRE DISTRICT NO. 1
# OF THE TOWNSHIP OF WASHINGTON

## COUNTY OF GLOUCESTER

## REPORT OF AUDIT

## December 31, 2024

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON**
**Table of Contents**
**For the year ended December 31, 2024**
**(With Independent Auditor's Report thereon)**

CONTENTS


| | Page |
|---|---|
| Roster of Officials | 1 |
| Independent Auditor's Report | 3-5 |
| 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* | 7-8 |
| Management's Discussion and Analysis | 9-15 |
| District Wide Statement of Net Position | 17 |
| District Wide Statement of Activities | 18 |
| Governmental Funds Balance Sheet | 19 |
| Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance | 20-21 |
| Governmental Funds Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities | 22-23 |
| Notes to Financial Statements | 25-67 |
| **Required Supplementary Information, Part I:** | |
| Budgetary Comparison Schedule | 69-70 |
| Notes to the required supplementary information Budget-to-GAAP Reconciliation | 71 |

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON**
**Table of Contents (continued)**
**For the year ended December 31, 2024**
**(With Independent Auditor's Report thereon)**

CONTENTS (continued)

**Required Supplementary Information, Part II:**


Schedule of the District's Proportionate Share of the Net Pension Liability – PERS 73

Schedule of District Contributions – PERS 74

Schedule of the District's Proportionate Share of the Net Pension Liability – PFRS 75

Schedule of District Contributions – PFRS 76

Schedule of District's Proportionate Share of Net OPEB Liability and Related Ratios – OPEB 77

Changes in the Net Pension Liability and Related Rations – LOSAP 78

Notes to the Required Supplementary Information 79


**Supplementary Information:**


Capital Projects Fund Statement of Project Expenditures 81

Long-Term Debt Schedule of Serial Bonds Payable 82

Long-Term Debt Schedule of Obligations under Financed Purchases 83

General Comments and Recommendations 85-87

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON**

**ROSTER OF OFFICIALS**
**DECEMBER 31, 2024**

Board of Commissioners

| **Officials** | **Term Expiration** |
|---|---|
| John Reisenwitz | 2026 |
| Robert Matteo | 2025 |
| William Robertson | 2025 |
| Frank Stella | 2026 |
| Greg Godish | 2027 |

***This page intentionally left blank.***

HMA
HOLT MCNALLY & ASSOCIATES
Certified Public Accountants & Advisors

# INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1 of the Township of Washington
County of Gloucester
Sewell, New Jersey

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

***Opinion***

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

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

***Basis for Opinion***

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

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

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

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

105 Atsion Road, Suite I, Medford, NJ 08055
**P:** 609.953.0612 • **F:** 609.257.0008
www.hmacpainc.com

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

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

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

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

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

***Required Supplementary Information***

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

***Supplementary Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Holt McNally & Associates, Inc.

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

Medford, New Jersey
October 16, 2025

***This page intentionally left blank.***

HMA
HOLT MCNALLY & ASSOCIATES
Certified Public Accountants & Advisors

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

Board of Fire Commissioners
Fire District No. 1 of the Township of Washington
County of Gloucester
Sewell, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund of the Fire District No. 1 of the Township of Washington as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Fire District No. 1 of the Township of Washington's basic financial statements and have issued our report thereon dated October 16, 2025.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District No. 1 of the Township of Washington's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Holt McNally & Associates, Inc.

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

Medford, New Jersey
October 16, 2025

**WASHINGTON TWP FIRE DISTRICT NO. 1**
**MANAGEMENT DISCUSSION AND ANALYSIS**
**FOR THE YEAR ENDED DECEMBER 31, 2024**

As management of Washington Twp Fire District No. 1, we offer readers of the Washington Twp Fire District No. 1's financial statements this narrative overview and analysis of the financial activities of the Washington Twp Fire District No. 1 for the year ended December 31, 2024. The intent of this narrative is to look at Washington Twp Fire District No. 1's overall financial performance in terms easily understood by the lay person. Please read this in conjunction with and the District's financial statements which begin on page 17. Notes to the financial statements will provide the reader with additional useful information and they begin on page 25.

## FINANCIAL HIGHLIGHTS

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

- The liabilities of the District exceeded its assets at December 31, 2024 by approximately $10 million. In 2023 the excess of liabilities over assets was approximately $10.91 million. This is an increase of $519,000.

- At the close of the current year, the District's governmental funds reported combined ending fund balances of approximately $8.75 million, an increase of approximately $206,000, or approximately 2.41% percent, in comparison with the prior year.

- During the current year, the Fire District reduced its obligations for debt services by $415,000 for outstanding general obligation bonds. The District also decreased its obligations for debt services by $356,895 for outstanding financed purchase payable.

## USING THIS ANNUAL REPORT

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

### Reporting on the District as a Whole

Our analysis of the District as a whole begins on page 11. District-wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The Statement of Net Position presents information on all the assets and liabilities of Washington Twp Fire District No. 1. The difference between the assets and liabilities is reported as the District's net position. Significant increases or decreases in the District's net position can be an indication of the financial health of the District. The Statement of Activities presents financial information about activities that result in the District's net position increasing or decreasing during the year. Financial activities are

**Reporting on the District as a Whole (continued)**

recorded when the transactions occur rather than when the cash is received or disbursed. As a result, there could be activities that result in cash flow in a future period.

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

**Fund Financial Statements**

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

**Governmental Funds**

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

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

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

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

**Notes to Financial Statements**

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

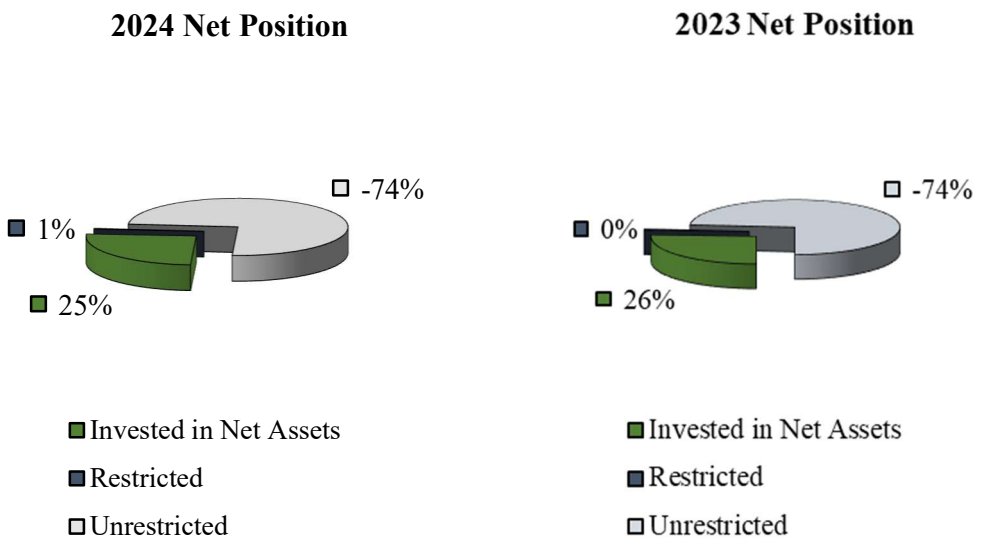
## DISTRICT-WIDE FINANCIAL ANALYSIS

Washington Twp Fire District No. 1's net position is a useful indicator of the District's financial condition. At the end of 2024, the District's liabilities exceeded its assets by approximately $10.5 million. The largest portion of Washington Twp Fire District No. 1's net position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. Washington Twp Fire District No. 1's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt.

### Statement of Net Position

WASHINGTON TWP FIRE DISTRICT NO. 1
NET POSITION
DECEMBER 31, 2024

| | 2024 | 2023 | $ Increase (Decrease) | % Increase (Decrease) |
|---|---|---|---|---|
| Current and Other Assets | $ 14,786,076 | $ 13,715,123 | 1,070,953 | 7.8% |
| Capital Assets | 14,888,142 | 16,150,502 | (1,262,360) | -7.8% |
| Total Assets and deferred outlows | 29,674,218 | 29,865,625 | (191,407) | -0.6% |
| Total Liabilities and deferred inflows | (40,154,618) | (40,864,852) | 710,234 | -1.7% |
| Net Position | $ (10,480,400) | $ (10,999,227) | 518,827 | -4.7% |
| | | | | |
| **Analysis of Net Position:** | | | | |
| Investment in Capital Assets | $ 5,476,552 | $ 5,967,017 | (490,465) | -8.2% |
| Restricted for: | | | | |
| Capital | 55,181 | 106,841 | (51,660) | -48.4% |
| Debt Service | 8,907 | 8,907 | - | 0.0% |
| New Jersey Unemployment | 17,379 | 17,172 | 207 | 1.2% |
| Unrestricted | (16,038,419) | (17,099,164) | 1,060,745 | -6.2% |
| Total Net Position | $ (10,480,400) | $ (10,999,227) | 518,827 | -4.7% |



**Statement of Net Position (continued)**

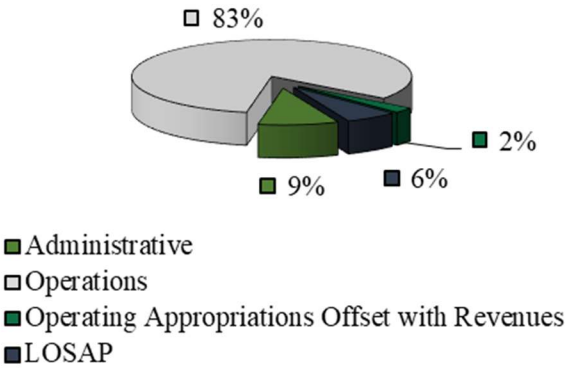
The net position of Washington Twp Fire District No. 1 increased approximately $519,000. The District added approximately $472,000 of capital assets during the year. In 2024, overall capital asset value decreased by approximately $1,262,360 after depreciation expense and current year additions.

**Governmental Activities**

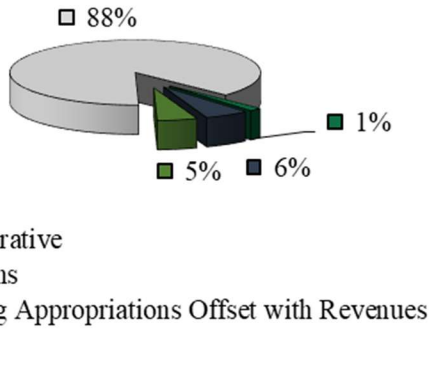
The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

| | 2024 | 2023 | $ Increase (Decrease) | % Increase (Decrease) |
|---|---|---|---|---|
| Expenses | | | | |
| Program Expenses | | | | |
| Administrative | $ 789,257 | $ 441,739 | 347,518 | 78.7% |
| Cost of Operations | 7,080,870 | 7,559,575 | (478,705) | -6.3% |
| Operating Appropriations Offest with Revenue | 199,938 | 137,108 | 62,830 | 45.8% |
| LOSAP Contribution | 510,795 | 489,040 | 21,755 | 4.4% |
| Total Program Expenses | $ 8,580,860 | $ 8,627,462 | (46,602) | -0.5% |

**2024 Program Expenses**

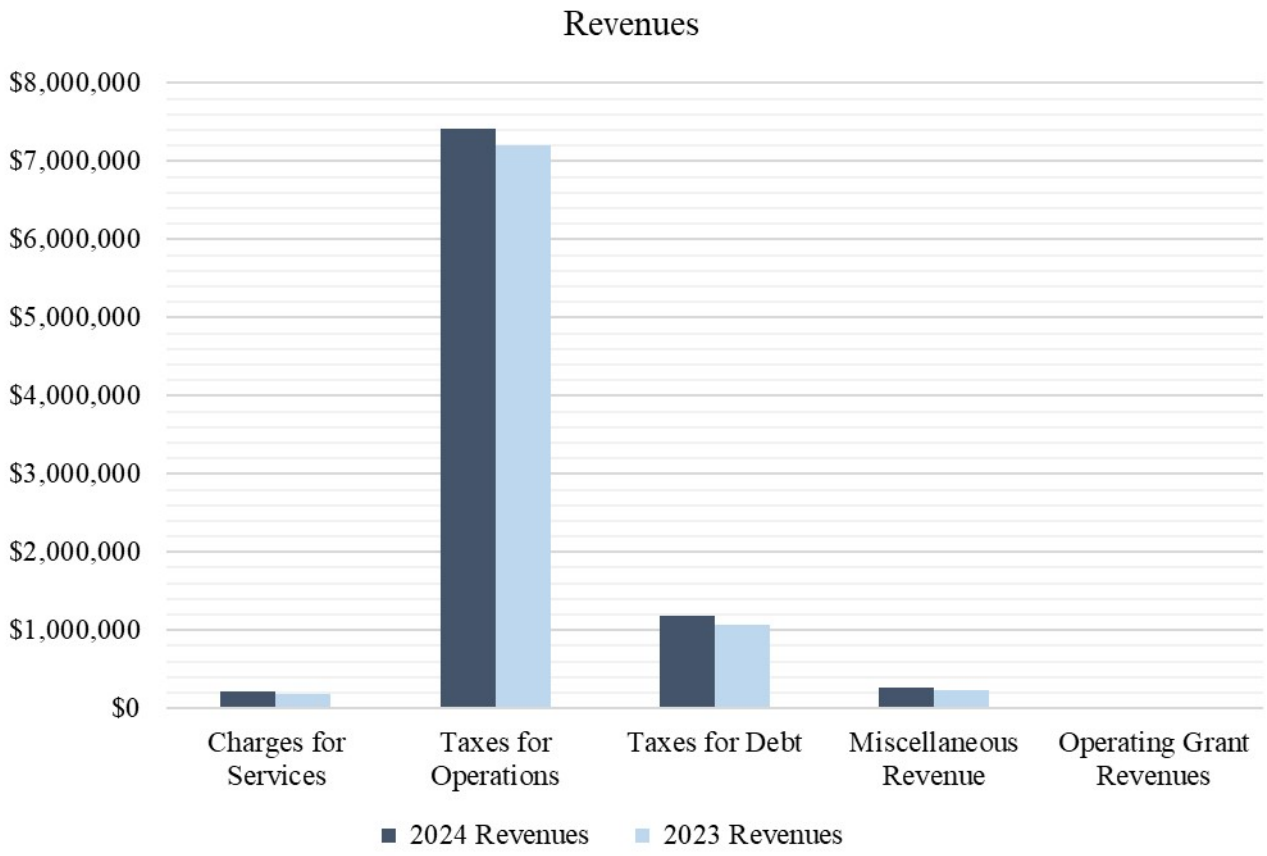



**2023 Program Expenses**



## Governmental Activities (continued)

| | 2024 | 2023 | $ Increase (Decrease) | % Increase (Decrease) |
|---|---|---|---|---|
| Revenues | | | | |
| Program Revenues | | | | |
| Charges for Services | $ 214,604 | $ 189,294 | 25,310 | 13.4% |
| Total Program Revenues | 214,604 | 189,294 | 25,310 | 13.4% |
| Net Program Expenses | 8,366,256 | 8,438,168 | (71,912) | -0.9% |
| General Revenues | | | | |
| Property Tax Revenue | | | | |
| General | 7,424,068 | 7,199,209 | 224,859 | 3.1% |
| Debt | 1,182,546 | 1,068,860 | 113,686 | 10.6% |
| Total Property Tax | 8,606,614 | 8,268,069 | 338,545 | 4.1% |
| Other Revenue | 262,050 | 231,839 | 30,211 | 13.0% |
| Operating Grant Revenue | 16,419 | 16,419 | - | 0.0% |
| Total General Revenues | 8,885,083 | 8,516,327 | 368,756 | 4.3% |
| Increase (decrease) in Net Position | 518,827 | 78,159 | 440,668 | 563.8% |
| Net Position, January 1 | (10,999,227) | (11,077,386) | 78,159 | -0.7% |
| Net Position, Dec. 31 | $ (10,480,400) | $ (10,999,227) | 518,827 | -4.7% |



**Governmental Activities (continued)**

Property tax revenue constituted 95% of the total governmental activities revenues received by Washington Twp Fire District No. 1 in 2024 and 2023.

The Cost of Operations & Maintenance was 82% and 88% of the District's total expenses in 2024 and 2023, respectively. Administration expenses equaled 9% and 5% of the total expenses in 2024 and 2023, respectively.

## FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

### Governmental Funds

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

As of December 31, 2024, the combined balance of the governmental cash funds of Washington Twp Fire District No. 1 was approximately $1.2 million. This balance is approximately $435,000 lower than last year's combined governmental cash funds. The decrease is due primarily to funds spent from the 2021 general obligation bonds towards capital projects.

The combined balance of the governmental funds of Washington Twp Fire District No. 1 was approximately $8.75 million. Unreserved fund balance amounted to approximately $1.1 million of that total. Reserved fund balance of $350,000 has been designated for subsequent year's expenditures.

The general fund is the main operating fund of Washington Twp Fire District No. 1. At the end of 2024, the total fund balance of the general fund was approximately $8.7 million. Of this balance, approximately $1.2 million of it was unreserved.

During 2024, the general fund balance of Washington Twp Fire District No. 1 increased by approximately $258,000. The primary reasons for this increase is as follows:

- Budget operations.

At the end of 2024, the District had a capital projects fund balance of approximately $55,000. Of this balance, approximately $55,000 is restricted for capital projects.

At the end of 2024, the District had a debt service fund balance of approximately $8,900. Of this balance, approximately $8,900 is restricted for debt service.

### General Fund Budgetary Highlights

The District had total actual revenues in excess of total budgeted revenues of approximately $125,000 in 2024. The Board anticipates in 2025 that actual revenues will exceed the budgeted revenues.

Overall, the District spent approximately $212,158 less than originally anticipated in the operating budget for 2024.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of December 31, 2024, Washington Twp Fire District No. 1 had invested in capital assets for government activities of approximately $14.89 million (net of accumulated depreciation). Capital assets consist of land, apparatus in progress, firehouse improvements, fire apparatus, fire equipment, and office equipment. The District purchased approximately $420,000 of vehicles and equipment and spent $52,000 towards building improvements in 2024.

WASHINGTON TWP FIRE DISTRICT NO. 1
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)
DECEMBER 31, 2024

| | 2024 | 2023 | $ Increase (Decrease) |
|---|---|---|---|
| Capital Assets | | | |
| Land | $ 658,015 | $ 658,015 | - |
| Buildings & Improvements | 20,930,487 | 20,878,827 | 51,660 |
| Furniture and Equipment | 4,862,879 | 4,704,306 | 158,573 |
| Vehicles & Apparatus | 8,076,563 | 7,815,231 | 261,332 |
| Total Capital Assets | 34,527,944 | 34,056,379 | 471,565 |
| Accumulated Depreciation | (19,639,802) | (17,905,877) | (1,733,925) |
| Total Capital Assets, Net | $ 14,888,142 | $ 16,150,502 | (1,262,360) |

Additional information on Washington Twp Fire District No. 1's capital assets can be found in Note 6 in the notes to the financial statements.

## LONG-TERM OBLIGATIONS

As of December 31, 2024 the Washington Twp Fire District No. 1 had serial bonds payable outstanding in the amount of $8,450,000, of which $425,000 is due within one year.

Additionally, as of December 31, 2024 the Washington Twp Fire District No. 1 had financed purchases outstanding in the amount of approximately $962,000, of which approximately $307,000 is due within one year.

## ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2024, Washington Twp Fire District No. 1 was able to cover all of its appropriations through the fire tax levy and other revenues.

Washington Twp Fire District No. 1 adopted their 2025 budget on December 5, 2025. The voters subsequently voted to approve the budget at the February election.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Washington Twp Fire District No. 1's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to Washington Twp Fire District No. 1, P.O. Box 653, Turnersville, New Jersey 08012.

***This page intentionally left blank.***

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

| | Governmental Activities |
|---|---|
| Assets: | |
| Current assets: | |
| Cash and cash equivalents (Note 3) | $ 1,571,324 |
| Prepaid expenses | 115,648 |
| Other receivables (Note 5) | 25,020 |
| Total current assets | 1,711,992 |
| Noncurrent asset: | |
| Investment in length of service awards program (Note 4) | 7,094,126 |
| Total noncurrent assets | 7,094,126 |
| Capital assets, net: | |
| Nondepreciable (Note 6) | 658,015 |
| Depreciable (Note 6) | 14,230,127 |
| Total capital assets | 14,888,142 |
| Total assets | 23,694,260 |
| Deferred outflows of resources: | |
| Deferred outflows related to other postemployment benefits (Note 8) | 4,059,039 |
| Deferred outflows related to pensions (Note 9) | 1,705,334 |
| Deferred outflows related investment in length of service awards program (Note 10) | 215,585 |
| Total deferred outflow of resources | 5,979,958 |
| Total assets and deferred outflow of resources | $ 29,674,218 |
| Liabilities: | |
| Current liabilities: | |
| Accounts payable | $ 52,546 |
| Accrued interest payable | 42,067 |
| Financed purchase payable (Note 7) | 306,649 |
| Bonds payable (Note 7) | 425,000 |
| Pensions payable | 998,718 |
| Total current liabilities | 1,824,980 |
| Noncurrent liabilities: | |
| Financed purchase payable (Note 7) | 654,941 |
| Bonds payable (Note 7) | 8,025,000 |
| Compensated absences (Note 7) | 687,829 |
| Net other postemployment benefits (Note 8) | 7,348,753 |
| Net pension liability (Note 9) | 7,573,454 |
| Net length of service awards program liability (Note 10) | 9,566,768 |
| Total noncurrent liabilities | 33,856,745 |
| Total liabilities | 35,681,725 |
| Deferred inflows of resources: | |
| Deferred inflows related to other postemployment benefits (Note 8) | 2,541,537 |
| Deferred inflows related to pensions (Note 9) | 535,852 |
| Deferred inflows related investment in length of service award program (Note 10) | 1,395,504 |
| Total deferred inflow of resources | 4,472,893 |
| Total liabilities and deferred inflow of resources | 40,154,618 |
| Net position: | |
| Investments in capital assets, net of related debt | 5,476,552 |
| Restricted for: | |
| Capital | 55,181 |
| Debt Service | 8,907 |
| New Jersey Unemployment | 17,497 |
| Unrestricted (Note 19) | (16,038,537) |
| Total net position | (10,480,400) |
| Total liabilities, deferred inflow of resources and net position | $ 29,674,218 |

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON**
**Statement of Activities**
**For the year ended December 31, 2024**

| | Expenses | Charges for Services | Governmental Activities Totals |
|---|---|---|---|
| Government activities: | | | |
| Operation appropriations: | | | |
| Administration | $ 543,360 | $ - | $ 543,360 |
| Costs of operations and maintenance | 7,326,767 | 214,604 | 7,112,163 |
| Operating appropriations offset with revenues | 199,938 | - | 199,938 |
| Length of service award contribution | 510,795 | - | 510,795 |
| Total government activities | $ 8,580,860 | $ 214,604 | 8,366,256 |
| General revenues: | | | |
| Miscellaneous revenue | | | 262,050 |
| Operating grant revenues | | | 16,419 |
| Amount raised by taxation | | | 8,606,614 |
| Total general revenues | | | 8,885,083 |
| Change in net position | | | 518,827 |
| Net position, January 1 | | | (10,999,227) |
| Net position, December 31 | | | $ (10,480,400) |

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

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

| | General Fund | Capital Projects Fund | Debt Service Fund | Totals |
|---|---|---|---|---|
| Assets: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 1,430,644 | $ 131,773 | $ 8,907 | $ 1,571,324 |
| Other accounts receivable | 25,020 | - | - | 25,020 |
| Prepaid expenses | 115,648 | - | - | 115,648 |
| Interfund receivable | 76,592 | - | - | 76,592 |
| Total current assets | 1,647,904 | 131,773 | 8,907 | 1,788,584 |
| Noncurrent assets: | | | | |
| Investment in length of service awards program | 7,094,126 | - | - | 7,094,126 |
| Total noncurrent assets | 7,094,126 | - | - | 7,094,126 |
| Total assets | $ 8,742,030 | $ 131,773 | $ 8,907 | $ 8,882,710 |
| Liabilities, equity and other credits: | | | | |
| Accounts payable | $ 52,546 | $ - | $ - | $ 52,546 |
| Interfund payable | - | 76,592 | - | 76,592 |
| Total liabilities | 52,546 | 76,592 | - | 129,138 |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Capital | - | 55,181 | - | 55,181 |
| Length of service awards program | 7,094,126 | - | - | 7,094,126 |
| Debt Service | - | - | 8,907 | 8,907 |
| Unemployment reserve | 17,497 | - | - | 17,497 |
| Assigned for: | | | | |
| Subsequent year's expenditures | 350,000 | - | - | 350,000 |
| Unassigned, reported in: | | | | |
| General fund | 1,227,861 | - | - | 1,227,861 |
| Total fund balance | 8,689,484 | 55,181 | 8,907 | 8,753,572 |
| Total liabilities and fund balance | $ 8,742,030 | $ 131,773 | $ 8,907 | |
| Amounts reported for governmental activities in the statement of net position (A-1) are different because: | | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $34,532,555 and the accumulated depreciation is $19,644,413. | | | | 14,888,142 |
| Accrued interest payable and PERS and PFRS pension payable are not recorded in the fund financial statements due to the fact that payable is not due in the period. | | | | (1,040,785) |
| Deferred outflows and inflows of resources related to pensions, net other post employment benefits liability, net length of service awards program liability and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds. | | | | 1,507,065 |
| Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds. | | | | (34,588,394) |
| Net position of governmental activities | | | | $ (10,480,400) |

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

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

| | General Fund | Capital Projects Fund | Debt Service Fund | Totals |
|---|---|---|---|---|
| Revenues: | | | | |
| Miscellaneous anticipated revenue: | | | | |
| Investment income - unrestricted cash and investments | $ 83,069 | $ - | $ - | $ 83,069 |
| Investment income - length of service awards program | 205,010 | - | - | 205,010 |
| Other revenue | 178,981 | - | - | 178,981 |
| Total miscellaneous revenues | 467,060 | - | - | 467,060 |
| Operating grant revenues: | | | | |
| Supplemental fire service act | 16,419 | - | - | 16,419 |
| Total operating grant revenue | 16,419 | - | - | 16,419 |
| Miscellaneous revenues offset with appropriations: | | | | |
| Uniform Fire Safety Act revenues: | | | | |
| Annual registration fee | 197,295 | - | - | 197,295 |
| Penalties and fines | 17,239 | - | - | 17,239 |
| Other revenues | 70 | - | - | 70 |
| Total Uniform Fire Safety Act revenues | 214,604 | - | - | 214,604 |
| Total miscellaneous revenues offset with appropriations | 214,604 | - | - | 214,604 |
| Total revenues | 698,083 | - | - | 698,083 |
| Amount raised by taxation to support the district budget | 7,424,068 | - | 1,182,546 | 8,606,614 |
| Total anticipated revenues | 8,122,151 | - | 1,182,546 | 9,304,697 |
| Expenditures: | | | | |
| Operating appropriations: | | | | |
| Administration: | | | | |
| Salaries and wages | 190,556 | - | - | 190,556 |
| Fringe benefits | 112,543 | - | - | 112,543 |
| Other expenditures: | | | | |
| Professional fees | 145,497 | - | - | 145,497 |
| Elections | 8,626 | - | - | 8,626 |
| Insurance | 11,481 | - | - | 11,481 |
| Membership dues/software/subscriptions | 68,636 | - | - | 68,636 |
| Office supplies | 6,021 | - | - | 6,021 |
| Total administration | 543,360 | - | - | 543,360 |

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

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

| | General Fund | Capital Projects Fund | Debt Service Fund | Totals |
|---|---|---|---|---|
| Cost of operations and maintenance: | | | | |
| Salaries and wages | 3,050,607 | - | - | 3,050,607 |
| Fringe benefits | 2,459,969 | - | - | 2,459,969 |
| Other expenditures: | | | | |
| Insurance | 225,217 | - | - | 225,217 |
| Advertising | 8,269 | - | - | 8,269 |
| Professional services | 133,722 | - | - | 133,722 |
| Rental charges | 121,283 | - | - | 121,283 |
| Supplies | 485 | - | - | 485 |
| Training and education | 37,274 | - | - | 37,274 |
| Uniforms | 96,663 | - | - | 96,663 |
| Utilities | 302,037 | - | - | 302,037 |
| Other rentals | 71,218 | - | - | 71,218 |
| SFSG expenses | 16,792 | - | - | 16,792 |
| Contingencies | 4,776 | - | - | 4,776 |
| Maintenance and repairs | 268,751 | - | - | 268,751 |
| Other non-bondable assets | 26,248 | - | - | 26,248 |
| Total cost of operations and maintenance | 6,823,311 | - | - | 6,823,311 |
| Operating appropriations offset with revenues: | | | | |
| Salaries and wages | 139,019 | - | - | 139,019 |
| Fringe benefits | 60,439 | - | - | 60,439 |
| Other expenditures | 480 | - | - | 480 |
| Total operating appropriations offset with revenues | 199,938 | - | - | 199,938 |
| Total operating appropriations | 7,566,609 | - | - | 7,566,609 |
| Length of service awards program: | | | | |
| Administrative fees | 6,045 | - | - | 6,045 |
| Participant withdrawals | 291,837 | - | - | 291,837 |
| Total length of service awards program | 297,882 | - | - | 297,882 |
| Capital appropriations | 204,000 | 51,660 | - | 255,660 |
| Debt service for capital appropriations: | | | | |
| Bond principal | - | - | 415,000 | 415,000 |
| Interest on bonds | - | - | 161,614 | 161,614 |
| Financed purchases | - | - | 560,896 | 560,896 |
| Interest on financed purchases | - | - | 45,036 | 45,036 |
| Total debt service for capital appropriations | - | - | 1,182,546 | 1,182,546 |
| Total governmental expenditures | 8,068,491 | 51,660 | 1,182,546 | 9,302,697 |
| Other financing sources and uses: | | | | |
| Financed Purchase Proceeds | 204,000 | - | - | 204,000 |
| Tax Anticipation Note Principal | (3,940,900) | - | - | (3,940,900) |
| Tax Anticipation Note Proceeds | 3,940,900 | - | - | 3,940,900 |
| Total other financing sources and uses | 204,000 | - | - | 204,000 |
| Excess of revenues over expenditures | 257,660 | (51,660) | - | 206,000 |
| Fund balance, January 1 | 8,431,824 | 106,841 | 8,907 | 8,547,572 |
| Fund balance, December 31 | $ 8,689,484 | $ 55,181 | $ 8,907 | $ 8,753,572 |

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON**
**Reconciliation of the Statement of Revenues,**
**Expenditures and Changes in Fund Balance in**
**the Governmental Funds to the Statement of Activities**
**December 31, 2024**

| | | | |
|---|---|---|---|
| Total net changes in Fund Balance-Governmental Funds (B-2) | | | $ 206,000 |
| Amounts reported for governmental activities in the statement of activities (A-2) are different because: | | | |
| Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | | | |
| | Capital Outlays | $ 471,565 | |
| | Depreciation expense | (1,733,925) | |
| | | | (1,262,360) |
| Length of service awards program contribution is not reported in governmental funds as expenditures. However, in the statement of net position, the expense is equal to the amount of contributions to the volunteers accounts as determined by the benefit terms. Change in value of LOSAP investments is not a revenue in the government wide financial statements as it is payable to the volunteers in accordance with the plan benefits. | | | |
| | Length of service awards program expense | 1,324,857 | |
| | District contribution to length of service awards program | (510,795) | |
| | Appreciation in fair value of investments | (205,010) | |
| | Administrative fees | 6,045 | |
| | Participant withdrawals | 291,837 | |
| | | | 906,934 |
| Proceeds from lease purchases provide current financial resources and are reported in the fund financial statements, but they are presented as liabilities in the statement of net position. | | | (204,000) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. | | | 415,000 |
| Repayment of financed purchase principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. | | | 560,895 |
| Accrual of interest on long-term liabilties is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the statement of activities. | | | |
| | Prior year | 46,243 | |
| | Current year | (42,067) | |
| | | | 4,176 |

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON**
**Reconciliation of the Statement of Revenues,**
**Expenditures and Changes in Fund Balance in**
**the Governmental Funds to the Statement of Activities**
**December 31, 2024**

| | | | |
|---|---|---|---|
| District other postemployment benefit contributions are reported as expenditures in the govermental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net other postemployment benefit liability is measured a year before the District's report date. Other post employment expense, which is the change in the net other postemployment benefit liability adjusted for changes in deferred outflows and inflows of resources related to other postemployment benefits is reported in the Statement of Activities. | | | |
| | Other postemployment benefit credit | (126,120) | |
| | | | (126,120) |
| District pension contributions are reported as expenditures in the govermental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities. | | | |
| | Pension expense | 31,580 | |
| | | | 31,580 |
| In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. | | | (13,278) |
| Changes in net position of governmental activities | | | $ 518,827 |

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

*This page intentionally left blank.*

**FIRE DISTRICT NO. 1 OF THE DISTRICT OF WASHINGTON**
**Notes to Financial Statements**
**For the year ended December 31, 2024**

## NOTE 1: GENERAL INFORMATION

### A. Description of Reporting Entity

Fire District No. 1 of the Township of Washington is a political subdivision of the District of Washington, County of Gloucester, State of New Jersey. A board of five commissioners oversees all of the operations of the Fire District. The length of each commissioner's term is three years with the annual election held the first Thursday of March.

Fire Districts are governed by the *N.J.S.A. 40A: 14-70* et al. and are taxing authorities charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location.

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

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

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

### B. Accounting Records

The official accounting records of the Fire District No. 1 of the Township of Washington are maintained in the office of the District.

### C. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Presentation

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

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### A. Basis of Presentation (continued)

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

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

### B. Fund Accounting

The accounts of the district are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts.

An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types."

Governmental Funds:

*General Fund*

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

*Capital Projects Fund*

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

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### B. Fund Accounting (continued)

*Debt Service Fund*

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

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

*Government-Wide Financial Statements*

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

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

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

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

*Fund Financial Statements*

The fund financial statements provide detail of the governmental funds.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### D. Basis of Accounting

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

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

### E. Budgets and Budgetary Accounting

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A: 14-78.1 et al.

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

Amendments may be made to the Fire District budget in accordance with N.J.S.A 40A: 14-78.3.

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

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

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### F. Encumbrances

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

Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. The District did not have any encumbrances at December 31, 2024.

### G. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds and cash in banks. All certificates of deposit are recorded as cash regardless of the date of maturity.

Fire districts are required by N.J.S.A. 40A: 5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A: 5-15.1 provides a list of investments that may be purchased by fire districts.

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

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

### H. Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2024.

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

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### I. Debt Limitation

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

### J. Capital Assets

Capital assets, which include land, building, improvements, and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of $2,000.

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

| | |
|---|---|
| Land Improvements | 40 Years |
| Building and Improvements | 5 to 30 Years |
| Furniture and Equipment | 5 to 15 Years |
| Vehicles and Apparatus | 5 to 25 Years |

### K. 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 Governmental 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 and postemployment benefit plans.

### L. Unearned Revenue

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

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### M. Inventory, Materials and Supplies

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

### N. Interfund Receivable/Payable

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

### O. Compensated Absences

Fire District employees are entitled to vacation and sick leave. Unused vacation may be accumulated with a 90 hours threshold for firemen and a 10 day threshold for administrative staff. Unused sick time will be paid upon retirement to any employee with a minimum of ten years at a rate of thirty percent of their accrued sick time. Benefits paid in any future year will be calculated according to formulas outlined in the Fire District's agreement with the employee's union and included in the current year's budget.

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

### P. Accrued Liabilities and Long-Term Obligations

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

### Q. Revenues and Expenditures

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

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

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### R. Fire District Taxes

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

### S. Fund Equity

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Fire District No. 1 of the Township of Washington classifies governmental fund balances as follows:

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

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

### T. Net Position

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

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### T. Net Position (continued)

- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

### U. Use of Estimates

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

### V. Interfund Activity

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

### W. Unrealized Gains and Losses

Governmental Accounting Standards Board (GASB) has established GASB-31, which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of December 31, 2024, unrealized gains and losses for the Fire District were not considered to be material to the financial statements taken as a whole, and accordingly, have not been reflected in the financial statements.

### X. Fair Value Measurement

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

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

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

*Level III* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values. Subsequent to initial recognition, the District may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

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

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

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

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

The table in Note 4 sets forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2024.

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

Recently Adopted Accounting Pronouncements

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

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. This standard has been implemented by the District.

Recently Issued Accounting Pronouncements

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

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Statement No. 104, Disclosure of Certain Capital Assets, requires a government to disclose certain types of capital assets separately in the capital assets note previously required by Statement No. 34. The standard requires separate disclosure for lease assets in accordance with Statement No. 87, intangible right-to-use assets in accordance with Statement No. 94 and subscription assets in accordance with Statement No. 96. Statement No. 104 is effective for reporting periods beginning after June 15, 2025. Management has not yet determined the potential impact on the District's financial statements.

## NOTE 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first $250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2024, the District's bank balance of $1,645,373 was insured or collateralized as follows:

| | |
|---|---|
| FDIC Insured | $ 287,564 |
| Collaterized not in the District's name (New Jersey Cash Management Fund) | 886,148 |
| Collaterized in the District's name under GUDPA | 471,661 |
| Total | $ 1,645,373 |

## NOTE 4: INVESTMENTS

### A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Fire District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fire District, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fire District's name. All of the District's investments are held in the name of the District and are collateralized by GUDPA.

## NOTE 4: INVESTMENTS (continued)

### B. Investment Interest Rate Risk

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

### C. Investment Credit Risk

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

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

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

| | Assets at Fair Value as of December 31, 2024 | | | |
|---|---|---|---|---|
| | *Level I* | *Level II* | *Level III* | *Total* |
| Length of service award program: | | | | |
| Fixed account investment contract | $ 7,094,127 | $ - | $ - | $ 7,094,127 |
| Total LOSAP at fair value | $ 7,094,127 | $ - | $ - | $ 7,094,127 |

## NOTE 5: OTHER RECEIVABLES

As of December 31, 2024, accounts receivables consisted of the following:

| | |
|---|---|
| Due from LEA | $ 25,020 |
| Total | $ 25,020 |

## NOTE 6: CAPITAL ASSETS

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

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

| | Balance 12/31/23 | Additions | Adjustments | Retirements | Balance 12/31/24 |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Capital assets that are not being depreciated: | | | | | |
| Land | $ 658,015 | $ - | $ - | $ - | $ 658,015 |
| Total capital assets that are not being depreciated | 658,015 | - | - | - | 658,015 |
| Capital assets being depreciated: | | | | | |
| Building and improvements | 20,878,827 | 51,660 | - | - | 20,930,487 |
| Furniture and equipment | 4,704,306 | 158,573 | - | - | 4,862,879 |
| Vehicle and apparatus | 7,815,231 | 261,332 | - | - | 8,076,563 |
| Total capital assets being depreciated | 33,398,364 | 471,565 | - | - | 33,869,929 |
| Less: accumulated depreciation: | | | | | |
| Building and improvements | (9,435,517) | (1,245,920) | - | - | (10,681,437) |
| Furniture and equipment | (4,172,996) | (140,142) | - | - | (4,313,138) |
| Vehicle and apparatus | (4,297,364) | (347,863) | - | - | (4,645,227) |
| Total accumulated depreciation | (17,905,877) | (1,733,925) | - | - | (19,639,802) |
| Total capital assets being depreciated net of accumulated depreciation | 13,908,471 | (1,262,360) | - | - | 14,230,127 |
| Total capital assets | $ 14,566,486 | $ (1,262,360) | $ - | $ - | $ 14,888,142 |

## NOTE 7: LONG-TERM OBLIGATIONS

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

| | Balance 12/31/2023 | Accrued/ increases | (Retired)/ (decreases) | Balance 12/31/2024 | Due within One Year |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| General serial bonds | $ 8,865,000 | $ - | $ (415,000) | $ 8,450,000 | $ 425,000 |
| Obligations under financed purchases | 1,318,485 | 204,000 | (560,895) | 961,590 | 306,649 |
| Net pension liability | 7,533,722 | 39,732 | - | 7,573,454 | - |
| Net other postemployment benefit liability | 5,428,616 | 1,920,137 | | 7,348,753 | - |
| Net length of service awards program liability | 10,123,803 | - | (557,035) | 9,566,768 | - |
| Compensated absences | 674,551 | 13,278 | - | 687,829 | - |
| Total | $33,944,177 | $ 2,177,147 | $(1,532,930) | $34,588,394 | $ 731,649 |

### A. Bonds Payable

Bonds and loans are authorized in accordance with State law by the voters of the Fire District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Fire District are general obligation bonds.

On August 27, 2020, the Fire District issued $9,970,000 general obligation bonds at interest rates varying from 1% to 2% for various construction and renovation projects. The final maturity of these bonds is May 1, 2040. The bonds will be paid from property tax revenue.

Principal and interest due on bonds outstanding is as follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | 425,000 | 125,382 | 550,382 |
| 2026 | 440,000 | 121,057 | 561,057 |
| 2027 | 450,000 | 116,045 | 566,045 |
| 2028 | 465,000 | 110,326 | 575,326 |
| 2029 | 475,000 | 104,154 | 579,154 |
| 2030-2034 | 2,605,000 | 415,823 | 3,020,823 |
| 2035-2039 | 2,980,000 | 196,950 | 3,176,950 |
| 2040 | 610,000 | 6,100 | 616,100 |
| | $ 8,450,000 | $ 1,195,837 | $ 9,645,837 |

## NOTE 7: LONG-TERM OBLIGATIONS (continued)

### B. Financed Purchase Payable

The Fire District has fire trucks totaling $3,076,785 under financed purchases. All financed purchases are for a term of three to ten years. The following is a schedule of the future minimum payments under these financed purchases, and the present value of the net minimum payments at December 31, 2024.

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2025 | 306,649 | 28,975 | 335,624 |
| 2026 | 316,604 | 19,020 | 335,624 |
| 2027 | 251,176 | 8,694 | 259,870 |
| 2028 | 87,161 | 2,223 | 89,384 |
| | $ 961,590 | $ 58,912 | $ 1,020,502 |

## NOTE 8: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

### General Information about the OPEB Plan

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

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

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

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

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

### Basis of Presentation

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

### Allocation Methodology

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

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

### Net OPEB Liability

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

| | |
|---|---|
| Salary Increases*: | |
| Public Employees' Retirement System (PERS) | |
| Initial Fiscal Year Applied | |
| Rate for all future years | 2.75% to 6.55% |
| Police and Firemen's Retirement System (PFRS) | |
| Rate for all future years | 3.25% to 16.25% |
| Mortality: | |
| PERS | Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021 |
| PERS | Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021 |

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

**OPEB Obligation and OPEB (benefit) Expense -** The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the District's as of June 30, 2024 was $7,348,753. The District's proportionate share was $0.

The OPEB Obligation was measured as of June 30, 2024, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating Districts, actuarially determined. At June 30, 2024, the State proportionate share of the OPEB Obligation attributable to the District was 0.04104%, which was a increase of 0.0049% from its proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2024, the State of New Jersey recognized an OPEB (benefit) expense in the amount of $325,842 for the State's proportionate share of the OPEB (benefit) expense attributable to the District. This OPEB (benefit) expense was based on the OPEB plans June 30, 2024 measurement date.

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

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.

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 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.

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

The following presents the collective net OPEB liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

| | At 1% Decrease (2.93%) | At Discount Rate (3.93%) | At 1% Increase (4.93%) |
|---|---|---|---|
| State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Fire District | $ 8,560,505.24 | $ 7,348,753.00 | $ 6,378,247.14 |
| State of New Jersey's Total Nonemployer OPEB Liability | $ 20,857,914,273.00 | $ 17,905,445,505.00 | $ 15,540,780,410.00 |

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

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

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

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with The Fire District | $ 6,215,545.05 | $ 7,348,753.00 | $ 8,805,739.95 |
| State of New Jersey's Total Nonemployer OPEB Liability | 15,144,352,142.00 | 17,905,445,505.00 | 21,455,435,620.00 |

**Additional Information –** The following is a summary of the collective balances of the local group at June 30, 2024:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between Expected and Actual Experience | $ 906,784,304 | $ 3,033,798,337 |
| Changes of Assumptions | 2,993,451,517 | 2,972,190,924 |
| Differences between Projected and Actual Investment Earnings on OPEB Plan Investments | - | 8,105,194 |
| | $ 3,900,235,821 | $ 6,014,094,455 |

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

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

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

*Changes in Proportion*

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

### Plan Membership

At June 30, 2021, the Program membership consisted of the following:

| | June 30, 2023 |
|---|---|
| Active Plan Members | 60,691 |
| Retirees Currently Receiving Benefits | 28,899 |
| Total Plan Members | 89,590 |

### Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2022 (measurement date July 1, 2021) is as follows:

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

## NOTE 9. PENSION OBLIGATIONS

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

**Plan Description -** The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's (ACFR) which can be found at http://www.state.nj.us/treasury/pensions/annual-reports.shtml.

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

The following represents the membership tiers for PERS:

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

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

**Contributions -** The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2024, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the District's contractually required contribution to PERS plan was $46,622.

**Components of Net Pension Liability** - At December 31, 2024, the District's proportionate share of the PERS net pension liability was $465,564. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The District's proportion measured as of June 30, 2024, was 0.00343% which was an increase of 0.00088% from its proportion measured as of June 30, 2023.

**Balances at December 31, 2024 and December 31, 2023**

| | 12/31/2024 | 12/31/2023 |
|---|---|---|
| Actuarial valuation date (including roll forward) | June 30, 2024 | June 30, 2023 |
| Deferred Outflows of Resources | $ 123,495 | $ 17,385 |
| Deferred Inflows of Resources | 28,139 | 23,856 |
| Net Pension Liability | 465,564 | 368,436 |
| District's portion of the Plan's total Net Pension Liability | 0.003426% | 0.002544% |

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2024, the District's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2024 measurement date is $41,922. This expense is not recognized by the District because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the District contributed $46,622 to the plan in 2024.

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

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between Expected and Actual Experience | $ 9,326 | $ 1,239 |
| Changes of Assumptions | 578 | 5,297 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | 21,587 |
| Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions | 113,591 | 16 |
| | $ 123,495 | $ 28,139 |

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

## NOTE 9: PENSION OBLIGATIONS (continued):

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

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

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

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

| Year Ending Dec 31, | Amount |
|---|---|
| 2024 | $ 103,457 |
| 2025 | (80,052) |
| 2026 | 46,056 |
| 2027 | 26,587 |
| 2028 | (691) |
| | $ 95,356 |

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

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

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

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

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

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| District's Proportionate Share of the Net Pension Liability | $ 623,827 | $ 465,564 | $ 338,136 |

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

At December 31, 2024, the State's proportionate share of the PERS expense, associated with the District, calculated by the plan as of the June 30, 2024 measurement date was $1,501.

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

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

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

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

The following represents the membership tiers for PFRS:

| 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 |

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

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

**Contributions -** The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2024, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the District's contractually required contributions to PFRS plan was $952,096.

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

**Net Pension Liability and Pension Expense** - At December 31, 2024 the District's proportionate share of the PFRS net pension liability was $7,107,890. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, to the measurement date of June 30, 2024. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The District's proportion measured as of June 30, 2024, was 0.06883%, which was a decrease of 0.0040% from its proportion measured as of June 30, 2023.

**Balances at December 31, 2024 and December 31, 2023**

| | 12/31/2024 | 12/31/2023 |
|---|---|---|
| Actuarial valuation date (including roll forward) | June 30, 2024 | June 30, 2023 |
| Deferred Outflows of Resources | $ 1,581,839 | $ 1,828,771 |
| Deferred Inflows of Resources | 507,713 | 825,549 |
| Net Pension Liability | 7,107,890 | 7,165,286 |
| District's portion of the Plan's total net pension Liability | 0.06883% | 0.06485% |

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2024, the District's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2024 measurement date was $823,933. This expense is not recognized by the District because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the District contributed $952,096 to the plan in 2024.

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

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between Expected and Actual Experience | $ 447,792 | $ 243,334 |
| Changes of Assumptions | 11,236 | 208,747 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | 55,632 |
| Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions | 1,122,811 | - |
| | $ 1,581,839 | $ 507,713 |

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

## NOTE 9: PENSION OBLIGATIONS (continued):

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

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

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

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

| Year Ending Dec 31, | | Amount |
|---|---|---|
| 2024 | $ | 7,595,866 |
| 2025 | | (8,752,219) |
| 2026 | | 2,196,702 |
| 2027 | | 1,020,091 |
| 2028 | | (907,489) |
| Thereafter | | (78,826) |
| | $ | 1,074,126 |

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

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the District is $1,401,305 as of December 31, 2024. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, to the measurement date of June 30, 2024. The State's proportion of the net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2024 was 0.06883%, which was a decrease of 0.0040% from its proportion measured as of June 30, 2023, which is the same proportion as the District's. At December 31, 2024, the District's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

| | |
|---|---|
| District's Proportionate Share of Net Pension Liability | $ 7,107,890 |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the District | 1,401,305 |
| | $ 8,509,195 |

At December 31, 2024, the State's proportionate share of the PFRS expense, associated with the District, calculated by the plan as of the June 30, 2024 measurement date was $161,209.

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

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

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% 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.

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

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

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

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to

**NOTE 9: PENSION OBLIGATIONS (continued):**

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

make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

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

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.0%) |
|---|---|---|---|
| District's Proportionate Share of the Net Pension Liability | $ 10,155,593 | $ 7,107,890 | $ 4,569,821 |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the District | 2,002,153 | 1,401,305 | 900,930 |
| | $ 12,157,746 | $ 8,509,195 | $ 5,470,751 |

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

**NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM**

**Plan Description –** The Fire District's Length of Service Awards Program (LOSAP) provides tax deferred income benefits to active volunteer firefighters. The plan is intended to comply with Section 457(e)(11)(A)(ii) of the Internal Service Code of 1986, as amended.

The assets of the plan are invested in a fixed-income Group Annuity Contract with Empower Retirement (formerly MassMutual) under which Empower pools funds invested for various Length of Service Awards Program customers along with funds in The Empower general account. Interest income is provided at an average rate of return of approximately 3% for 2024 and there is a guaranteed minimum return of 3%.

**Contributions –** The District has a contractual obligation to pay the LOSAP benefits to eligible members. Assets that are designated to pay the LOSAP benefits are available to the unsecured creditors of the District. As such, the assets and liabilities of the LOSAP are included in the financial statements of the District. For the year ended December 31, 2024 the District's contractually required contribution to the plan was $510,795.

## NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM (continued)

**Basis of Presentation –** The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of LOSAP to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Components of Net Pension Liability –** At December 31, 2024, the District's net pension liability relating to the length of service awards program was $9,566,768. The net pension liability was measured as of March 31, 2024. The net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of April 1, 2023, which was rolled forward to March 31, 2024. The components of the net pension liability at December 31, 2024, were as follows:

**Collective Balances at December 31, 2024**

| | 12/31/2024 |
|---|---|
| Actuarial valuation date | April 1, 2024 |
| Deferred outflows of resources | $ 215,585 |
| Deferred inflows of resources | 1,395,504 |
| Plan fiduciary liability | - |
| Net pension liability | 9,566,768 |
| Plan fiduciary net position as a percentage of the total pension liability | 0.00% |

The following table shows the Changes in the Net Pension Liability as follows:

| | Increase (Decrease) | | |
|---|---|---|---|
| | **Total Pension Liability (a)** | **Plan Fiduciary Net Position (b)** | **Net Pension Liability (a) - (b)** |
| **Balances at 4/1/24** | $ 10,123,803 | $ - | $ 10,123,803 |
| **Changes for the year:** | | | |
| Service cost | $ 100,005 | $ - | $ 100,005 |
| Interest | 453,744 | - | 453,744 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | 174,682 | - | 174,682 |
| Changes in assumptions | (970,252) | - | (970,252) |
| Benefit payments and expenses | (315,214) | - | (315,214) |
| **Net Changes** | (557,035) | - | (557,035) |
| **Balances at 3/31/25** | $ 9,566,768 | $ - | $ 9,566,768 |

## NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM (continued)

**Pension Expense –** The pension expense, calculated by the plan as of the December 31, 2024 measurement date is ($591,720) as follows:

| Note | Description | Amount |
|---|---|---|
| A | Service Cost | $ 100,005 |
| B | Interest on the total pension liability | 453,744 |
| A | Changes of benefits terms | - |
| C | Differences between expected and actual experience | 201,343 |
| C | Changes of assumptions | (1,346,812) |
| | Total Pension Expense Relating to LOSAP | $ (591,720) |

**Notes:**

| | |
|---|---|
| A | Provided in the Changes in Net Pension Liability exhibit |
| B | Based on the following calculation: |
| C | Provided in summary of deferred outflows and deferred inflows |

| Amount for Period (1) | Portion of Period (2) | Projected Rate of Return (3) | Projected Earnings (1) x (2) x (3) |
|---|---|---|---|
| $ 10,123,803 | 100% | 4.55% | $ 460,633 |
| 100,005 | 0% | 4.55% | - |
| (302,806) | 50% | 4.55% | (6,889) |
| | | | $ 453,744 |

**Deferred Outflows/Inflows of Resources –** At December 31, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to the length of service awards program from the following sources:

The District will amortize the above sources of deferred outflows and inflows related to the length of service awards program over the following number of years:

## NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM (continued)

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|---|---|
| Differences between Expected and Actual Experience | | |
| Year of LOSAP Plan Deferral: December 31, 2024 | 3.00 | 3.00 |
| Changes of Assumptions | | |
| Year of LOSAP Plan Deferral: December 31, 2024 | 3.00 | - |

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to the length of service awards program that will be recognized as pension expense in future periods:

| Year Ended December 31, | Amount |
|---|---|
| 2026 | $ (884,403) |
| 2027 | (295,516) |
| 2028 | - |
| 2029 | - |
| 2030 | - |
| Thereafter | - |
| | $ (1,179,919) |

## NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM (continued)

**Actuarial Assumptions –** The total pension liability was determined by an actuarial valuation as of April 1, 2024 rolled forward to December 31, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 0.00% |
| Salary Increases: | Not Applicable |
| Investment Rate of Return | 4.55%<br>net of pension plan investment<br>expense, including inflation |
| Mortality Rate Table | Pretirement: None<br>Post-retirement: RP2000<br>projected to 2030 |
| Retirement | First eligible |
| Turnover | T5 |
| Disability | None |

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the April 1, 2024 actuarial valuation report.

**Discount Rate –** The discount rate used to measure the total pension liability 4.55% which is based on the 20-year AA general obligation bond rate as of March 31, 2024.

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

| | 1% Decrease (3.55%) | Current Discount Rate (4.55%) | 1% Increase (5.55%) |
|---|---|---|---|
| Net Pension Liability - LOSAP | $ 11,216,163 | $ 9,566,768 | $ 8,260,243 |

## NOTE 11: FUNDING AND CONCENTRATIONS

The activities of the Board of Commissioners are primarily funded by striking a fire tax rate on property owners of the Fire District, as provided for by the state statute. For the year ended December 31, 2024, the fire tax rate on Fire District No. 1 was $.174 per $100 of assessed valuation.

The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of $16,419.

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

## NOTE 12: RISK MANAGEMENT

The 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.

### A. Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability and surety bonds. Insurance coverage was maintained in amounts consistent with prior years. The District did not have any claims that exceeded coverage.

### B. New Jersey Unemployment Compensation Insurance

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

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

| Fiscal Year | District Contributions | Employee Contributions | Interest Earnings | Amount Reimbursed | Ending Balance |
|---|---|---|---|---|---|
| 2024 | $ - | $ - | $ 325 | $ - | $ 17,497 |
| 2023 | - | - | 207 | - | 17,172 |
| 2022 | - | - | 91 | - | 16,965 |

## NOTE 13. 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

## NOTE 13. DEFERRED COMPENSATION (continued)

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 14: COMPENSATED ABSENCES

Full time employees are entitled to 135 paid sick leave hours per year for firemen, and 120 paid sick leave hours per year for administrative positions. Unused sick leave may be accumulated and carried forward for subsequent years. Full time employees accrue vacation leave based on years of employment. Accumulation of annual vacation leave from year to year may be permitted at the discretion of the District Fire Chief. No more than ten (10) vacation leave days may be carried over in any one anniversary year for an employee.

Upon retirement or other termination of employment of a District employee, the employee shall be paid equivalent of the vacation leave time accrued, based on the current rate of pay.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of December 31, 2024, the liability for compensated absences reported on the government-wide statement of net position was $687,829.

## NOTE 15: INTERFUND RECEIVABLE/PAYABLE

The purpose of the interfunds is for short-term borrowing. As of December 31, 2024, the following interfund balances remained on the balance sheet:

| Fund | Interfund receivable | Interfund payable |
|---|---|---|
| General | $ 76,592 | $ - |
| Capital Projects | - | 76,592 |
| Totals | $ 76,592 | $ 76,592 |

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

As previously mentioned, these amounts are eliminated in the governmental columns of the Statement of Net Position.

## NOTE 16: FUND BALANCES APPROPRIATED

The 2024 annual budget of the Fire District was adopted on January 4, 2024 and subsequently approved by the voters at the annual election. The budget utilized $550,000 of unreserved fund balance in the general fund.

## NOTE 16: FUND BALANCES APPROPRIATED (continued)

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

| For the year ended December 31, | Balance at December 31, | Utilization in Subsequent Budget |
|---|---|---|
| 2024 | $8,689,484 | 350,000 |
| 2023 | 8,431,824 | 550,000 |
| 2022 | 8,102,309 | 615,000 |
| 2021 | 8,402,297 | 350,000 |
| 2020 | 16,565,040 | 717,000 |

## NOTE 17: 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

**New Jersey Unemployment Trust Fund -** Pursuant to N.J.S.A. 43:21-7.3g, the Board of Fire Commissioners has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method" (see note 12). As a result, there exists at December 31, 2024 a restricted fund balance from employer contributions in the amount of $17,497 for future unemployment claims.

**Length of Service Awards Program (LOSAP) -** Pursuant to N.J.S.A. 40A:14-187, all accumulated proceeds shall remain restricted for the volunteer members. As a result, there exists at December 31, 2024 a restricted fund balance in the amount of $7,094,126 for future benefit payments of volunteers.

### Capital Projects Fund

**Capital Projects (Future Capital Outlays) -** These funds are restricted for future capital expenditures to be made in future years. When the Fire District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation. As of December 31, 2024, the balance is $55,181.

### Debt Service Fund

**Debt Service Payments -** These funds are restricted for future debt service expenditures to be made in future years. As of December 31, 2024, the balance is $8,907.

## NOTE 17: FUND BALANCES (continued)

### 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

**For Subsequent Year's Expenditures** - The Fire District has appropriated and included as anticipated revenue for the year ending December 31, 2024, $350,000 of general fund balance.

### 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, $1,227,871 of general fund balance was unassigned.

## NOTE 18: DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of $(16,038,537) existed as of December 31, 2024 for governmental activities. The primary cause of this deficit is the recording of the long-term liability for net pension, long-term liability of other post-retirement benefits and long-term liability for the LOSAP obligation. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities is not an indication that the District is facing financial difficulties or going concern issues.

## NOTE 20: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2024 and October 16, 2025, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items other than the following have come to the attention of the District that would require disclosure.

*This page intentionally left blank.*

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

| | Original Budget | Modified Budget | Actual Budgetary Basis | Variance |
|---|---|---|---|---|
| Revenues: | | | | |
| Miscellaneous anticipated revenue: | | | | |
| Investment income | $ 50,000 | $ 50,000 | $ 83,069 | $ 33,069 |
| Other revenue | 115,000 | 115,000 | 178,981 | 63,981 |
| Total miscellaneous revenues | 165,000 | 165,000 | 262,050 | 97,050 |
| Operating grant revenues: | | | | |
| Supplemental fire service act | 16,419 | 16,419 | 16,419 | - |
| Total operating grant revenue | 16,419 | 16,419 | 16,419 | - |
| Miscellaneous revenues offset with appropriations: | | | | |
| Uniform fire safety act revenues: | | | | |
| Annual registration fee | 165,255 | 165,255 | 197,295 | 32,040 |
| Penalties and fines | 5,480 | 5,480 | 17,239 | 11,759 |
| Other revenues | 15,000 | 15,000 | 70 | (14,930) |
| Total uniform fire safety act revenues | 185,735 | 185,735 | 214,604 | 28,869 |
| Total miscellaneous revenues offset with appropriations | 185,735 | 185,735 | 214,604 | 28,869 |
| Total revenues | 367,154 | 367,154 | 493,073 | 125,919 |
| Amount raised by taxation to support district budget | 8,606,614 | 8,606,614 | 8,606,614 | - |
| Total anticipated revenues | 8,973,768 | 8,973,768 | 9,099,687 | 125,919 |
| Expenditures: | | | | |
| Operating appropriations: | | | | |
| Administration: | | | | |
| Salaries and wages | 195,312 | 195,312 | 190,556 | 4,756 |
| Fringe benefits | 79,722 | 112,543 | 112,543 | - |
| Other expenditures: | | | | |
| Professional fees | 202,000 | 202,000 | 145,497 | 56,503 |
| Elections | 10,375 | 10,375 | 8,626 | 1,749 |
| Insurance | 62,360 | 62,360 | 11,481 | 50,879 |
| Membership dues/software/subscriptions | 78,500 | 78,500 | 68,636 | 9,864 |
| Office supplies | 15,500 | 15,500 | 6,021 | 9,479 |
| Reimbursement for losses/expenses | 3,000 | 3,000 | - | 3,000 |
| Total administration | 646,769 | 679,590 | 543,360 | 136,230 |
| Cost of operations and maintenance: | | | | |
| Salaries and wages | 2,872,940 | 3,052,940 | 3,050,607 | 2,333 |
| Fringe benefits | 2,576,967 | 2,564,615 | 2,459,969 | 104,646 |
| Other expenditures: | | | | |
| Insurance | 145,504 | 225,504 | 225,217 | 287 |
| Advertising | 14,500 | 14,500 | 8,269 | 6,231 |
| Professional services | 69,240 | 134,240 | 133,722 | 518 |
| Rental charges | 81,700 | 121,700 | 121,283 | 417 |
| Supplies | - | 500 | 485 | 15 |
| Training and education | 113,000 | 38,000 | 37,274 | 726 |
| Uniforms | 149,500 | 99,500 | 96,663 | 2,837 |
| Utilities | 356,000 | 306,000 | 302,037 | 3,963 |
| Other rentals | 121,283 | 71,283 | 71,218 | 65 |
| SFSG expenses | 18,061 | 18,061 | 16,792 | 1,269 |
| Contingencies | 5,000 | 5,000 | 4,776 | 224 |
| Maintenance and repairs | 388,550 | 270,550 | 268,751 | 1,799 |
| Other non-bondable assets | 133,500 | 33,500 | 26,248 | 7,252 |
| Total cost of operations and maintenance | 7,045,745 | 6,955,893 | 6,823,311 | 132,582 |
| Operating appropriations offset with revenues: | | | | |
| Salaries and wages | 134,869 | 139,869 | 139,019 | 850 |
| Fringe benefits | 42,266 | 62,266 | 60,439 | 1,827 |
| Other expenditures | 8,600 | 8,600 | 480 | 8,120 |
| Total operating appropriations offset with revenues | 185,735 | 210,735 | 199,938 | 10,797 |

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

| | Original Budget | Modified Budget | Actual Budgetary Basis | Variance |
|---|---|---|---|---|
| Length of service awards program | 495,000 | 495,000 | 510,795 | (15,795) |
| Capital appropriations: | | | | |
| Capital purchase of property | - | - | 51,660 | (51,660) |
| Total capital appropriations | - | - | 51,660 | (51,660) |
| Debt service for capital appropriations: | | | | |
| Bond principal | 415,000 | 415,000 | 415,000 | - |
| Interest on bonds | 129,583 | 161,614 | 161,614 | - |
| Financed purchases | 560,898 | 560,898 | 560,896 | 2 |
| Interest on financed purchases | 45,038 | 45,038 | 45,036 | 2 |
| Total debt service for capital appropriations | 1,150,519 | 1,182,550 | 1,182,546 | 4 |
| Assets Acquired Under Long Term Financing (non-budgeted) | | | | |
| Financed Purchases | - | - | 204,000 | (204,000) |
| Total operating appropriations | 9,523,768 | 9,523,768 | 9,515,610 | 8,158 |
| Other financing sources and uses: | | | | |
| Financed Purchase Proceeds | | | 204,000 | 204,000 |
| Tax Anticipation Note Proceeds | - | - | 3,940,900 | 3,940,900 |
| Tax Anticipation Note Principal | - | - | (3,940,900) | (3,940,900) |
| Total other financing sources and uses: | - | - | 204,000 | 204,000 |
| Excess (efficiency) of revenues over (under) expenditures | (550,000) | (550,000) | (211,923) | 338,077 |
| Fund balance, January 1 | 1,871,369 | 1,871,369 | 1,871,369 | - |
| Fund balance, December 31 | $ 1,321,369 | $ 1,321,369 | $ 1,659,446 | $ 338,077 |

**RECAPITULATION OF FUND BALANCE**

| | |
|---|---|
| Restricted fund balance: | |
| Capital reserve | $ 55,181 |
| Debt Service reserve | 8,907 |
| New Jersey Unemployment Trust | 17,497 |
| Assigned for: | |
| Subsequent year's expenditures | 350,000 |
| Unassigned fund balance | 1,227,861 |
| Total - budgetary basis | 1,659,446 |
| Reconciliation to governmental fund statements (GAAP): | |
| Length of service awards program investment balance not recognized on the budgetary basis | 7,094,126 |
| Total fund balance per governmental funds (GAAP) | $ 8,753,572 |

**EXHIBIT C-1A**

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

| | Total Governmental Funds |
|---|---|
| Sources/Inflows of Resources: | |
| Actual Amounts (Budgetary Basis) "Revenue" From the Budgetary Comparison Schedule (C-1) | $ 9,099,687 |
| Difference - Budget to GAAP: | |
| Budgetary basis differs from GAAP in that the District does not budget for length of service awards program investment income. GASB 73 requires the investment appreciation in the length of service awards program to be shown in financial statements using the current financial resources measurement focus and modified accrual basis of accounting: | |
| Net appreciation in fair value of investments | 205,010 |
| Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2) | $ 9,304,697 |
| Uses/Outflows of Resources: | |
| Actual Amounts (Budgetary Basis) "Total Appropriations" From the Budgetary Comparison Schedule (C-1) | $ 9,515,610 |
| Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service awards program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the Plan. | |
| Length of service awards program district contribution | (510,795) |
| Administrative fees | 6,045 |
| Participant withdrawals | 291,837 |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2) | $ 9,302,697 |

***This page intentionally left blank.***

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

| | Measurement Date Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| District's Proportion of the Net Pension Liability | 0.00343% | 0.00254% | 0.25400% | 0.00251% | 0.00244% | 0.00242% | 0.00240% | 0.00236% | 0.00252% | 0.00242% |
| District's Proportionate Share of the Net Pension Liability | $ 465,564 | $ 368,436 | $ 383,900 | $ 297,124 | $ 398,789 | $ 435,631 | $ 472,266 | $ 548,670 | $ 747,572 | $ 543,150 |
| District's Covered-Employee Payroll | $ 291,595 | $ 256,240 | $ 193,100 | $ 186,936 | $ 176,964 | $ 171,808 | $ 168,444 | $ 163,292 | $ 158,059 | $ 166,908 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll | 159.66% | 143.79% | 198.81% | 158.94% | 225.35% | 253.56% | 280.37% | 336.01% | 472.97% | 325.42% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 68.22% | 65.23% | 40.13% | 70.33% | 58.32% | 56.27% | 53.60% | 48.10% | 40.14% | 47.93% |

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

| | Year Ended December 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
| District's Contractually Required Contribution | $ 46,622 | $ 33,997 | $ 32,079 | $ 29,373 | $ 26,752 | $ 23,517 | $ 23,858 | $ 21,835 | $ 22,424 | $ 20,802 |
| District's Contribution in Relation to the Contractually Required Contribution | (46,622) | (33,997) | (32,079) | (29,373) | (26,752) | (23,517) | (23,858) | (21,835) | (22,424) | (20,802) |
| District's Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| District's Covered-Employee Payroll | $ 291,595 | $ 256,240 | $ 193,100 | $ 187,476 | $ 186,936 | $ 176,964 | $ 171,808 | $ 168,444 | $ 163,292 | $ 158,059 |
| District's Contributions as a Percentage of it's Covered-Employee Payroll | 15.99% | 13.27% | 16.61% | 15.67% | 14.31% | 13.29% | 13.89% | 12.96% | 13.73% | 13.16% |

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

| | Measurement Date Ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
| District's Proportion of the Net Pension Liability | 0.06883% | 0.06485% | 0.06337% | 0.05971% | 0.05560% | 0.04938% | 0.04878% | 0.04438% | 0.04646% | 0.04559% |
| District's Proportionate Share of the Net Pension Liability | $ 7,107,890 | $ 7,165,286 | $ 7,253,163 | $ 4,364,346 | $ 7,184,855 | $ 6,043,585 | $ 6,600,609 | $ 6,852,161 | $ 8,875,137 | $ 7,592,932 |
| State's Proportionate Share of the Net Pension Liability associated with the District | 1,401,305 | 1,320,287 | 1,290,850 | 1,227,472 | 1,115,057 | 954,294 | 896,584 | 767,500 | 745,291 | 665,875 |
| Total | $ 8,509,195 | $ 8,485,573 | $ 8,544,013 | $ 5,591,818 | $ 8,299,912 | $ 6,997,879 | $ 7,497,193 | $ 7,619,661 | $ 9,620,428 | $ 8,258,807 |
| District's Covered-Employee Payroll | $ 2,494,426 | $ 2,293,880 | $ 2,032,779 | $ 2,149,117 | $ 1,793,041 | $ 1,609,189 | $ 1,519,259 | $ 1,403,053 | $ 1,392,286 | $ 1,339,582 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll | 284.95% | 312.37% | 356.81% | 203.08% | 400.71% | 375.57% | 434.46% | 488.38% | 637.45% | 566.81% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 67.53% | 65.04% | 63.29% | 77.26% | 63.52% | 65.00% | 62.48% | 58.60% | 52.01% | 56.31% |

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

| | Year Ended December 31, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
| District's Contractually Required Contribution | $ 952,302 | $ 863,302 | $ 824,115 | $ 695,907 | $ 621,199 | $ 498,838 | $ 476,887 | $ 392,814 | $ 378,811 | $ 370,541 |
| District's Contribution in Relation to the Contractually Required Contribution | (952,302) | (863,302) | (824,115) | (695,907) | (621,199) | (498,838) | (476,887) | (392,814) | (378,811) | (370,541) |
| District's Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| District's Covered-Employee Payroll | $ 2,650,335 | $ 2,494,426 | $ 2,293,880 | $ 2,032,779 | $ 2,149,117 | $ 1,793,041 | $ 1,609,189 | $ 1,519,259 | $ 1,403,053 | $ 1,392,286 |
| District's Contributions as a Percentage of it's Covered-Employee Payroll | 35.93% | 34.61% | 35.93% | 34.23% | 28.90% | 27.82% | 29.64% | 25.86% | 27.00% | 26.61% |

EXHIBIT L-5

**WASHINGTON TWP FIRE DISTRICT NO. 1**
**Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability**
**Last Nine Fiscal Years ***

| | Measurement Date Ended June 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| District's Proportion of the Other Postemployment Benefit Liability (asset) | 0.04104% | 0.03620% | 0.02917% | 0.02748% | 0.02783% | 0.02683% | 0.02414% | 0.02574% | 0.02633% |
| District's Proportionate Share of the Net Other Postemployment Benefit Liability (asset) | $ 7,348,753 | $ 5,428,616 | $ 4,711,644 | $ 4,945,620 | $ 4,994,722 | $ 3,633,869 | $ 3,781,922 | $ 5,254,003 | $ 5,718,860 |
| District's Covered-employee Payroll | $ 2,650,335 | $ 2,494,426 | $ 2,293,880 | $ 2,032,779 | $ 2,149,117 | $ 1,793,041 | $ 1,609,189 | $ 1,519,259 | $ 1,403,053 |
| District's Proportionate Share of the Net Other Postemployment Benefit Liability (asset) as a Percentage of its Covered-employee payroll | 277.28% | 217.63% | 205.40% | 243.29% | 232.41% | 202.67% | 235.02% | 345.83% | 407.60% |
| Plan Fiduciary Net Position as a Percentage of the Total Other Postemployment Benefit Liability | -0.89% | -0.79% | -0.36% | 0.28% | 0.91% | 1.98% | 1.97% | 1.03% | 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, governments should present information for those years for which information is available.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON**
**Changes in the Net Pension Liability and Related Ratios**
**Length of Service Awards Program (LOSAP)**
**Last Eight Fiscal Years ***

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|
| Total pension liability: | | | | | | | | |
| Service cost | $ 100,005 | $ 119,239 | $ 127,152 | $ 174,955 | $ 210,026 | $ 215,826 | $ 188,189 | $ 176,914 |
| Interest | 453,744 | 391,541 | 452,371 | 360,838 | 284,484 | 243,002 | 308,576 | 303,202 |
| Differences between expected and actual experience | 174,682 | 198,260 | (15,578) | 389,784 | 36,706 | (26,452) | 117,783 | - |
| Changes in assumptions | (970,252) | (319,564) | (2,339,973) | (1,434,044) | 336,494 | 2,081,322 | 359,440 | 330,908 |
| Payments for benefits and admin expenses | (315,214) | (300,032) | (308,023) | (241,091) | (204,785) | (197,252) | (198,935) | (176,229) |
| Net change in total pension liability | (557,035) | 89,444 | (2,084,051) | (749,558) | 662,925 | 2,316,446 | 775,053 | 634,795 |
| Total pension liability - beginning | 10,123,803 | 10,034,359 | 12,118,410 | 12,867,968 | 12,205,043 | 9,888,597 | 9,113,544 | 8,478,749 |
| Total pension liability - ending | $ 9,566,768 | $ 10,123,803 | $ 10,034,359 | $ 12,118,410 | $ 12,867,968 | $ 12,205,043 | $ 9,888,597 | $ 9,113,544 |
| Net pension liability - LOSAP | $ 9,566,768 | $ 10,123,803 | $ 10,034,359 | $ 12,118,410 | $ 12,867,968 | $ 12,205,043 | $ 9,888,597 | $ 9,113,544 |
| Plan fiduciay net position as a percentage of the total pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| District's covered payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Net pension liability as a percentage of covered payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Expected average remaining service years for all participants | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 |

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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

***Changes of Benefit Terms***

None.

***Changes of Assumptions***

None.

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

***Changes of Benefit Terms***

None.

***Changes of Assumptions***

None.

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

***Changes of Benefit Terms***

None.

***Changes of Assumptions***

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

**Length of Service Awards Program (LOSAP)**

***Changes of Benefit Terms***

None.

***Changes of Assumptions***

The discount rate changed from 3.96% as of December 31, 2023, to 4.55 % as of December 31, 2024.

*This page intentionally left blank.*

**EXHIBIT F-1**

# FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON
## Capital Projects Fund
## Statement of Project Expenditures
## For the year ended December 31, 2024

| Project Title/Issue | Original Date | Appropriations | Expenditures to Date: Prior Years | Expenditures to Date: Current Year | Unexpended Balance December 31, 2024 |
|---|---|---|---|---|---|
| Renovations to the Huffville Substation, install a training facility at a location to be determined, renovate a heavy rescue truck, extend the parking lot at the Fire Station on Fries Mill Road, acquire computer equipment and related software for fire apparatus, install additional security devices at the East Holly Station, and undertake roof repairs at the East Holly Station. | 02/18/06 | $ 2,500,000 | $ 2,488,024 | $ - | $ 11,976 |
| Purchase of a fire apparatus. | 09/13/13 | 920,000 | 912,897 | - | 7,103 |
| Demolition of existing fire station, construction of new fire station on Johnson Road, repairs to East Holly Avenue, renovations to Hurffville-Grenlock Road, repairs to various fire stations and acquisition and installation of exhaust systems at all stations. | 08/18/20 | 9,970,000 | 9,882,238 | 51,660 | 36,102 |
| | Total | $ 13,390,000 | $ 13,283,159 | $ 51,660 | $ 55,181 |

EXHIBIT I-1

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON**
**Long-Term Debt**
**Schedule of Serial Bonds Payable**
**For the year ended December 31, 2024**

| Issue | Date of Issue | Amount of Issue | Annual Maturities Date | Annual Maturities Amount | Interest Rate | Balance January 1, 2024 | Issued | Retired | Balance December 31, 2024 |
|---|---|---|---|---|---|---|---|---|---|
| General Obligation Bonds, 2020 | 8/18/2020 | 9,970,000 | 5/1/25 | 425,000 | 1.000% | $ 8,865,000 | $ - | $ 415,000 | $ 8,450,000 |
| | | | 5/1/26 | 440,000 | 1.000% | | | | |
| | | | 5/1/27 | 450,000 | 1.250% | | | | |
| | | | 5/1/28 | 465,000 | 1.250% | | | | |
| | | | 5/1/29 | 475,000 | 1.375% | | | | |
| | | | 5/1/30 | 490,000 | 1.375% | | | | |
| | | | 5/1/31 | 505,000 | 1.375% | | | | |
| | | | 5/1/32 | 520,000 | 1.400% | | | | |
| | | | 5/1/33 | 535,000 | 1.450% | | | | |
| | | | 5/1/34 | 555,000 | 1.500% | | | | |
| | | | 5/1/35 | 570,000 | 1.550% | | | | |
| | | | 5/1/36 | 585,000 | 1.650% | | | | |
| | | | 5/1/37 | 605,000 | 1.750% | | | | |
| | | | 5/1/38 | 610,000 | 1.800% | | | | |
| | | | 5/1/39 | 610,000 | 1.900% | | | | |
| | | | 5/1/40 | 610,000 | 2.000% | | | | |
| | | | | | Total | $ 8,865,000 | $ - | $ 415,000 | $ 8,450,000 |

**EXHIBIT I-2**

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON**
**Long-Term Debt**
**Schedule of Obligations Under Financed Purchases**
**For the year ended December 31, 2024**

| Description | Date of Agreement | Term of Agreement | Amount of Original Issue Principal | Amount of Original Issue Interest | Interest Rate Payable | Amount Outstanding January 1, 2024 | Issued | Retired | Amount Outstanding December 31, 2024 |
|---|---|---|---|---|---|---|---|---|---|
| Fire Truck 1026 - Lease 2017 | 1/24/2017 | 7 years | 916,952 | 74,427 | 1.99% | $ 138,862 | $ - | $ 138,862 | $ - |
| Fire Truck 1038 - Lease 2017 | 12/14/2017 | 10 years | 779,833 | 114,004 | 2.55% | 414,665 | - | 78,810 | 335,855 |
| Fire Truck 1022 - Lease 2019 | 04/08/2019 | 5 years | 590,000 | 53,411 | 2.96% | 124,983 | - | 124,983 | - |
| Fire Truck 1012 - Lease 2022 | 06/05/2022 | 5 years | 790,000 | 62,429 | 2.59% | 639,975 | - | 153,910 | 486,065 |
| 3 Chevy Tahoe Pursuit Vehicles | 10/12/23 | 3 years | 204,000 | 23,263 | 1.02% | - | 204,000 | 64,330 | 139,670 |
| | | | | | Total | $ 1,318,485 | $ 204,000 | $ 560,895 | $ 961,590 |

*This page intentionally left blank.*

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON**
**Schedule of Financial Statement Findings**
**For the Year Ended December 31, 2024**

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

**None.**

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF WASHINGTON**
**Summary Schedule of Prior Year Audit Findings**
**And Recommendations as Prepared by Management**
**For the Year Ended December 31, 2024**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

## Financial Statement Findings

No financial statement findings in prior year.

## Federal Awards

N/A – No Federal Single Audit in prior year

## State Financial Assistance

N/A – No State Single Audit in prior year

HMA
HOLT MCNALLY & ASSOCIATES

**Acknowledgment**

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

Holt Mc Nally & Associates, Inc.

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

Medford, New Jersey
October 16, 2025

105 Atsion Road, Suite I, Medford, NJ 08055
**P:** 609.953.0612 • **F:** 609.257.0008
www.hmacpainc.com