

**FIRE DISTRICT NO. 3
OF THE TOWNSHIP OF JACKSON**

Financial Statements and Supplementary Information

For the year ended December 31, 2024

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners
Fire District No. 3 of the Township of Jackson
County of Ocean
Township of Jackson, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire District No. 3 of the Township of Jackson, County of Ocean, State of New Jersey, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Fire District No. 3 of the Township of Jackson's, basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 3 of the Township of Jackson, 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 Opinions

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 Standard*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Financial Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fire District No. 3 of the Township of Jackson, 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.

Emphasis of Matter

Prior Period Adjustment

We draw attention to Note 16 to the financial statements, which explains that net position for the year ended December 31, 2023, has been restated to correct compensated absences balances and expenses due to the implementation of GASB 101, *Compensated Absences*. As a result, net position has been restated to reflect the activity in accordance with generally accepted accounting principles. Our opinion is not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District No. 3 of the Township of Jackson's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit standards prescribed by the Local Finance Board and 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, *Government Auditing Standards* and audit standards prescribed by the Local Finance Board and 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 Fire District No. 3 of the Township of Jackson'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 Fire District No. 3 of the Township of Jackson'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

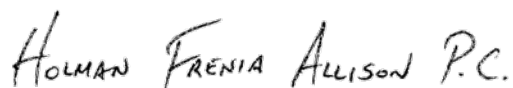
Accounting principles generally accepted in the United States of America require that the management's discussion analysis and budgetary comparison information and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such 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 Fire District No. 3 of the Township of Jackson's basic financial statements. The schedule of obligations under finance purchases payable and schedule of obligations under lease obligations are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of obligations under finance purchases payable and schedule of obligations under lease obligations 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 December 8, 2025 on our consideration of Fire District No. 3 of the Township of Jackson'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 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 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 Fire District No. 3 of the Township of Jackson's internal control over financial reporting and compliance.



HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

December 8, 2025
Lakewood, New Jersey

**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***

To the Board of Fire Commissioners
Fire District No. 3 of the Township of Jackson
County of Ocean
Township of Jackson, State of 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 Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 3 of the Township of Jackson as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Fire District No. 3 of the Township of Jackson's basic financial statements, and have issued our report thereon dated December 8, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fire District No. 3 of the Township of Jackson'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. 3 of the Township of Jackson's internal control. Accordingly, we do not express an opinion on the effectiveness of Fire District No. 3 of the Township of Jackson's internal control.

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

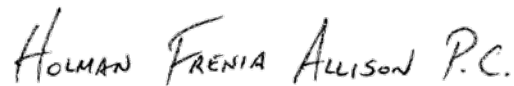
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire District No. 3 of the Township of Jackson's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of This Report

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

A handwritten signature in black ink that reads "Holman Frenia Allison P.C." in a cursive, slightly slanted script.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

December 8, 2025
Lakewood, New Jersey

**FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

As management of the Fire District No. 3 of the Township of Jackson (hereafter referred to as the District) offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended, December 31, 2024. The intent of this narrative is to look at the District's overall financial performance in terms easily understood by the layperson. Please read this in conjunction with the District's financial statements which begin on page 13. Notes to the financial statements will provide the reader with additional useful information and they begin on page 19.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at December 31, 2024, by approximately \$2,692,000. During 2023 the excess of liabilities and deferred inflows of resources over assets and deferred outflows of resources was approximately \$3,017,400. This is a decrease of approximately \$325,400.
- During 2024 the District operated at a surplus of approximately \$325,400. During 2023 the District operated at a deficit of approximately (\$519,500). This is an increase of approximately \$844,900.
- The District's liabilities and deferred inflows of resources decreased approximately \$75,100 in 2024 and their assets and deferred outflows of resources increased by approximately \$250,300.
- As described in Note 2 to the financial statements, the District has adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62* and GASB Statement No. 101, *Compensated Absences*, for the year ended December 31, 2024. Implementation of these statements resulted in prior period adjustment of \$620,467, see Note 16 of the notes to the financial statements for additional information. Prior year balances reflected in the MD&A have also been updated for comparison purposes.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The District'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 8. 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 district wide statement of net position presents information on all the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District. The difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources 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 district wide 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 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. The District has one basic function: activities that are supported by property taxes. The District provides firefighting services to the citizens of Jackson Township, State of New Jersey, within the jurisdiction of the District.

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, the District uses fund accounting to document compliance with finance-related legal matters. The District has one type of fund, which is the governmental fund.

Governmental Funds

The District'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.

The District maintains three separate governmental 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, the Capital Projects Fund and Debt Service Fund.

The relationship (or differences) between governmental activities (reported in the district wide statement of net position and the district wide 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*, the District 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

The District's net position is a useful indicator of the District's financial condition. At the end of 2024, the District's liabilities and deferred inflows exceeded its assets and deferred outflows of resources by approximately \$2,692,000. The largest portion of The District'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. The District'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.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON DISTRICT WIDE STATEMENT OF NET POSITION DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Current assets and				
deferred outflows of resources	\$ 6,973,777	\$ 6,469,779	\$ 503,998	7.79%
Capital assets	<u>2,235,435</u>	<u>2,489,125</u>	<u>(253,690)</u>	(10.19%)
Total assets and				
deferred outflows of resources	9,209,212	8,958,904	250,308	2.79%
Total liabilities and				
deferred inflows of resources	<u>(11,901,236)</u>	<u>(11,976,332)</u>	<u>(75,096)</u>	(0.63%)
Net position	<u><u>\$ (2,692,024)</u></u>	<u><u>\$ (3,017,428)</u></u>	<u><u>\$ 325,404</u></u>	10.78%

Analysis of net position

Investment in capital assets, net of related debt	\$ 1,312,551	\$ 1,307,661	\$ 4,890	0.37%
Restricted for:				
Capital projects	1,034,556	731,056	303,500	41.52%
Unrestricted	<u>(5,039,131)</u>	<u>(5,056,145)</u>	<u>17,014</u>	0.34%
Total net position	<u><u>\$ (2,692,024)</u></u>	<u><u>\$ (3,017,428)</u></u>	<u><u>\$ 325,404</u></u>	10.78%

The deficit net position of the District increased approximately \$325,400 as a result of the current year surplus. In 2024 the capital assets decreased by approximately \$253,700 after depreciation expense and amortization expense.

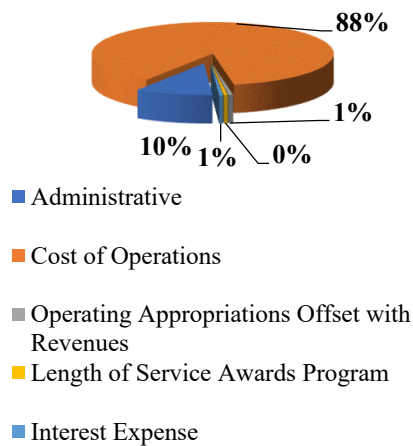
DISTRICT WIDE FINANCIAL ANALYSIS (continued)

The district wide 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:

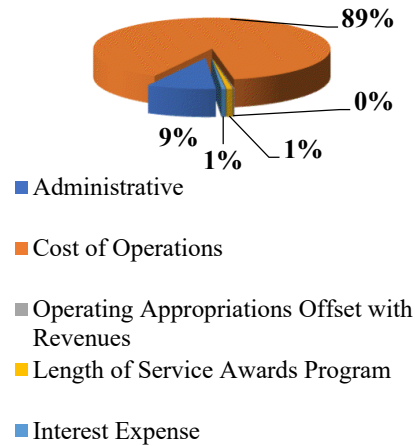
FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON DISTRICT WIDE STATEMENT OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>Restated 2023</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 472,146	\$ 443,307	\$ 28,839	6.51%
Cost of operations and maintenance	4,019,022	4,198,494	(179,472)	(4.27%)
Operating appropriations offset with revenues	28,965	8,629	20,336	235.67%
Length of Service Awards Program	22,627	37,500	(14,873)	(39.66%)
Interest expense	25,500	28,198	(2,698)	(9.57%)
Total program expenses	<u>4,568,260</u>	<u>4,716,128</u>	<u>(147,868)</u>	<u>(3.14%)</u>

2024 Program Expenses



2023 Program Expenses

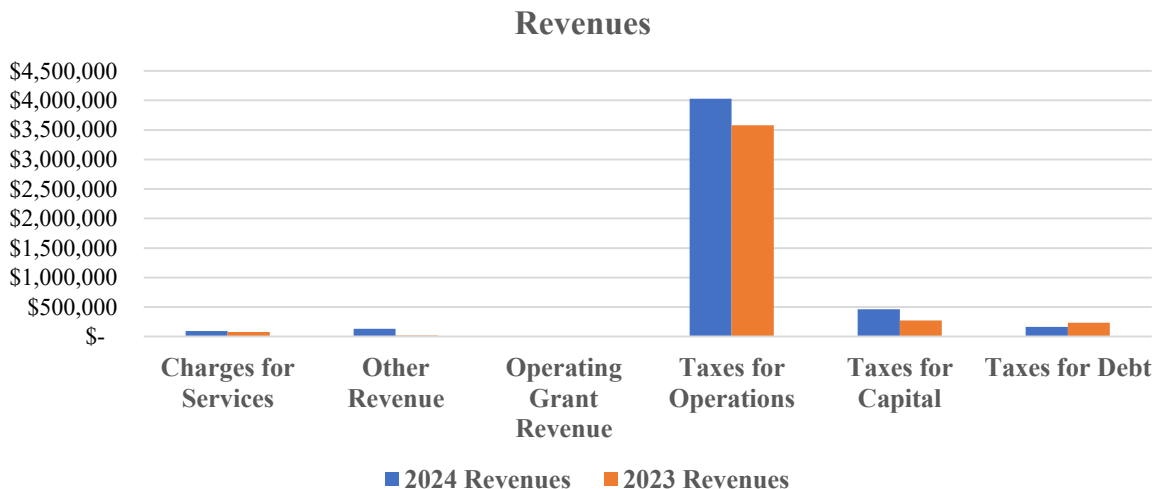


The Cost of Operations & Maintenance comprised 88% and 89% of the District's total expenses in 2024 and 2023, respectively. Administration expenses comprised 10% and 9% of the total expenses in 2024 and 2023, respectively.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

**FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	Restated 2023	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Program revenues:				
Charges for services	93,984	77,702	16,282	20.95%
Total program revenues	93,984	77,702	16,282	20.95%
Net program expenses	4,474,276	4,638,426	(164,150)	(3.54%)
General revenues:				
Property taxes levied for:				
General purposes	4,029,808	3,580,203	449,605	12.56%
Capital purchases	463,500	275,000	188,500	68.55%
Debt service	166,839	237,907	(71,068)	(29.87%)
Total property taxes levied	4,660,147	4,093,110	567,037	13.85%
Other revenue	135,191	21,438	113,753	530.61%
Operating grant revenue	4,342	4,342	-	0.00%
Total general revenues	4,799,680	4,118,890	680,790	16.53%
Increase in net position	325,404	(519,536)	844,940	-162.63%
Net position, January 1	(3,017,428)	(2,497,892)	(519,536)	(20.80%)
Net position, December 31	<u>\$ (2,692,024)</u>	<u>\$ (3,017,428)</u>	<u>\$ 325,404</u>	10.78%



Property tax revenue constituted 95% and 98% of the total governmental activities revenues received by the District in 2024 and 2023, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

The District uses fund accounting to document compliance with finance-related legal requirements.

Governmental Fund

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 fund cash balances of the District was approximately \$2,875,700. This balance is approximately \$677,900 higher than last year's combined governmental funds cash balance.

The combined fund balance of the governmental funds of the District was approximately \$3,287,200. Of that total, funds of approximately \$1,034,600 have been restricted for capital, \$604,100 have been restricted for length of service awards program, \$418,800 have been assigned for subsequent year's expenditures, and approximately \$1,229,700 is unassigned.

The general fund is the main operating fund of the District. At the end of 2024, the total fund balance of the general fund was approximately \$2,252,600. Of this balance, approximately \$1,229,700 of it was unassigned.

During 2024 the general fund fund balance of the District increased by approximately \$307,700. The primary reason for this increased are as follows:

- The District recognized revenues in excess of expenses of approximately \$307,700.

During 2024 the capital projects fund fund balance of the District increased by approximately \$303,500. The primary reason for this increased are as follows:

- The District recognized revenues in excess of expenses of approximately \$303,500.

General Fund Budgetary Highlights

The 2024 Budget had a deficit in revenues and the District required the utilization of unrestricted surplus accumulated from prior years. The unused surplus becomes available for future budget periods as undesignated surplus in the General Fund.

- The District recognized actual revenues in excess of budgeted revenues of approximately \$179,900 in 2024.
- Overall, the District's expenditures were approximately \$835,700 less than originally anticipated in the operating budget for 2024.

CAPITAL ASSETS

As of December 31, 2024 the District had invested in capital assets for government activities of approximately \$2,235,400 (net of accumulated depreciation and amortization). Capital assets consist of buildings and improvements, equipment, vehicles and apparatus, and right of use leased assets.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION DECEMBER 31, 2024 AND 2023

	2024	2023	\$ Increase (Decrease)
Capital assets:			
Non-depreciable:			
Land	\$ 129,300	\$ 129,300	\$ -
Other nondepreciable assets	9,909	9,909	-
Total non-depreciable assets	139,209	139,209	-
Depreciable:			
Buildings and improvements	1,842,254	1,842,254	-
Equipment	1,179,666	1,173,964	5,702
Vehicles and apparatus	3,201,897	3,378,163	(176,266)
Right to use leased assets	710,069	710,069	-
Total depreciable assets	6,933,886	7,104,450	(170,564)
Total capital assets	7,073,095	7,243,659	(170,564)
Less: accumulated depreciation and amortization	(4,837,660)	(4,754,534)	(83,126)
Total capital assets, net of accumulated depreciation	\$ 2,235,435	\$ 2,489,125	\$ (253,690)

Additional information on the District's capital assets can be found in Note 7 in the notes to the financial statements.

DEBT ADMINISTRATION

As of December 31, 2024 the District had debt obligations for government activities of approximately \$611,200 of which approximately \$148,900 is due within one year.

Additional information on the District's debt obligations can be found in Note 8 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District adopted their 2025 budget on January 13, 2025. The budget was subsequently approved in April 2025 by the Township Council. The 2025 adopted budget reflects an increase in the tax levy of \$739,068, in which the District expects an increase in the adopted tax rate.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Jackson Township Fire District No. 3'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 Dawn Hode, Jackson Township Fire District No. 3, 200 Kierych Memorial Drive, Jackson, New Jersey, 08527.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
District Wide Statement of Net Position
December 31, 2024

	Governmental Activities
ASSETS	
Current assets:	
Cash (Note 3)	\$ 2,875,698
Accounts receivable (Note 4)	<u>14,535</u>
Total current assets	<u>2,890,233</u>
Noncurrent assets:	
Investment in length of service awards program:	
at fair value (Note 5)	426,788
at contract value (Note 6)	<u>177,285</u>
Total investment in length of service awards program	<u>604,073</u>
Total noncurrent assets	<u>604,073</u>
Capital assets, net:	
Nondepreciable (Note 7)	139,209
Depreciable (Note 7)	1,812,197
Right to use leased assets (Note 7)	<u>284,029</u>
Total capital assets, net	<u>2,235,435</u>
Total assets	<u>5,729,741</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions (Note 9)	575,380
Deferred outflows of resources related to other post-employment benefits (Note 10)	<u>2,904,091</u>
Total deferred outflow of resources	<u>3,479,471</u>
Total assets and deferred outflow of resources	<u><u>\$ 9,209,212</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 93,762
Accrued expenses	528,218
Current portion of lease liability (Note 8)	150,936
Current portion of finance purchases payable (Note 8)	<u>148,861</u>
Total current liabilities	<u>921,777</u>
Noncurrent liabilities:	
Lease liability, net of current portion (Note 8)	160,738
Finance purchases payable, net of current portion (Note 8)	462,349
Compensated absences (Note 8)	1,236,784
Net pension liability (Note 9)	3,118,753
Net other post-employment benefits liability (Note 10)	3,580,194
Investment in length of service award program payable (Note 11)	<u>604,073</u>
Total noncurrent liabilities	<u>9,162,891</u>
Total liabilities	<u>10,084,668</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions (Note 9)	612,696
Deferred inflows of resources related to other post-employment benefits (Note 10)	<u>1,203,872</u>
Total deferred inflow of resources	<u>1,816,568</u>
Total liabilities and deferred inflow of resources	<u>11,901,236</u>
NET POSITION	
Investment in capital assets, net	1,312,551
Restricted net position:	
Capital	1,034,556
Unrestricted (Note 15)	<u>(5,039,131)</u>
Total net position	<u>(2,692,024)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 9,209,212</u></u>

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

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
District Wide Statement of Activities
For the year ended December 31, 2024

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental activities:			
Operating appropriations:			
Administration	\$ 472,146	\$ -	\$ 472,146
Costs of operations and maintenance	4,019,022	-	4,019,022
Operating appropriations offset with revenues	28,965	93,984	(65,019)
Interest expense	22,627	-	22,627
Length of service awards program contribution	25,500	-	25,500
Total operating appropriations	<u>\$ 4,568,260</u>	<u>\$ 93,984</u>	4,474,276
General revenues:			
Miscellaneous revenues			135,191
Operating grant revenues			4,342
Amount raised by taxation			<u>4,660,147</u>
Total general revenues			<u>4,799,680</u>
Change in net position			325,404
Net position, January 1			<u>(2,396,961)</u>
Prior period adjustment (Note 16)			(620,467)
Net position, January 1, restated			<u>(3,017,428)</u>
Net position, December 31			<u>\$ (2,692,024)</u>

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

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Governmental Funds
Balance Sheet
December 31, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Current assets:				
Cash	\$ 2,875,698	\$ -	\$ -	\$ 2,875,698
Accounts receivable	14,535	-	-	14,535
Other receivables (interfund)	-	1,034,556	-	1,034,556
Total current assets	2,890,233	1,034,556	-	3,924,789
Noncurrent assets:				
Investment in length of service awards program:				
at fair value	426,788	-	-	426,788
at contract value	177,285	-	-	177,285
Total investment in length of service awards program	604,073	-	-	604,073
Total noncurrent assets	604,073	-	-	604,073
Total assets	<u>\$ 3,494,306</u>	<u>\$ 1,034,556</u>	<u>\$ -</u>	<u>\$ 4,528,862</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 93,762	\$ -	\$ -	\$ 93,762
Accrued expenses	113,390	-	-	113,390
Other payables (interfund)	1,034,556	-	-	1,034,556
Total liabilities	1,241,708	-	-	1,241,708
FUND BALANCE				
Restricted for:				
Capital	-	1,034,556	-	1,034,556
Investment in length of service awards program	604,073	-	-	604,073
Assigned for:				
Subsequent year's expenditures	418,792	-	-	418,792
Unassigned, reported in:				
General fund	1,229,733	-	-	1,229,733
Total fund balance	2,252,598	1,034,556	-	3,287,154
Total liabilities and fund balance	<u>\$ 3,494,306</u>	<u>\$ 1,034,556</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the district wide 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.				2,235,435
Accrued pension payable is not recorded in the fund financial statements due to the fact that payable is not due in the period.				(414,828)
Deferred outflows and inflows of resources related to pensions and other post-employment health benefits are applicable to future reporting periods and, therefore, are not reported in the funds.				1,662,903
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.				<u>(9,462,688)</u>
Total net position - Governmental Activities				<u>\$ (2,692,024)</u>

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

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
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	Total Governmental Funds
Revenues:				
Miscellaneous anticipated revenue:				
Interest on investments and deposits	\$ 17,259	\$ -	\$ -	\$ 17,259
Appreciation in the value of length of service awards program	78,249	-	-	78,249
Other revenues	117,932	-	-	117,932
Total miscellaneous revenues	213,440	-	-	213,440
Operating grant revenues:				
Supplemental fire service act	4,342	-	-	4,342
Total operating grant revenues	4,342	-	-	4,342
Uniform fire safety act:				
Annual registration fees	83,331	-	-	83,331
Penalties and fines	8,774	-	-	8,774
Other revenues	1,879	-	-	1,879
Total uniform fire safety act	93,984	-	-	93,984
Total revenues	311,766	-	-	311,766
Amount to be raised by taxation to support budget	4,029,808	463,500	166,839	4,660,147
Total anticipated revenues	4,341,574	463,500	166,839	4,971,913
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	83,658	-	-	83,658
Fringe benefits	218,399	-	-	218,399
Other expenditures:				
Advertising	3,205	-	-	3,205
Election expense	7,659	-	-	7,659
Insurance	45,535	-	-	45,535
Membership and dues	24,770	-	-	24,770
Office expense	8,200	-	-	8,200
Professional fees	80,720	-	-	80,720
Total administration	472,146	-	-	472,146
Cost of operations and maintenance:				
Salaries and wages	1,644,409	-	-	1,644,409
Fringe benefits	1,197,305	-	-	1,197,305
Other expenditures:				
Fuel	23,106	-	-	23,106
Uniforms and gear	67,024	-	-	67,024
Hydrant Rentals	85,120	-	-	85,120
Maintenance and repairs	205,952	-	-	205,952
Non-bondable assets	43,634	-	-	43,634
Supplies	8,231	-	-	8,231
Training and education	20,399	-	-	20,399
Utilities	32,949	-	-	32,949
Volunteer fire company	154,600	-	-	154,600
Total cost of operations and maintenance	3,482,729	-	-	3,482,729

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

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance (continued)
For the year ended December 31, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Operating appropriations offset with revenues:				
Other expenditures:				
Fire bureau expense	28,965	-	-	28,965
Total operating appropriations offset with revenues	28,965	-	-	28,965
Length of service awards program:				
Administrative fees	2,021	-	-	2,021
Participant withdrawals	47,990	-	-	47,990
Total length of service awards program	50,011	-	-	50,011
Capital appropriations	-	160,000	-	160,000
Debt service for capital appropriations:				
Principal payments on debt service	-	-	144,212	144,212
Interest payments on debt service	-	-	22,627	22,627
Total debt service for capital appropriations	-	-	166,839	166,839
Total operating appropriations	4,033,851	160,000	166,839	4,360,690
Excess of revenues over operating appropriations	307,723	303,500	-	611,223
Fund balance, January 1	1,944,875	731,056	-	2,675,931
Fund balance, December 31	<u>\$ 2,252,598</u>	<u>\$ 1,034,556</u>	<u>\$ -</u>	<u>\$ 3,287,154</u>

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

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balance
to the District Wide Statement of Activities
December 31, 2024

Total net changes in Fund Balance - Governmental Funds (B-2) \$ 611,223

Amounts reported for Governmental Activities in the district wide statement of activities (A-2) are different because:

Certain activity related to length of service awards program (LOSAP) is not reported in governmental funds, whereas such activity is a component of the investment in length of service awards program payable reported on the district wide statement of net position.

Length of service awards program contribution	(25,500)	
Appreciation in the value of length of service awards program	(78,249)	
Administrative fees	2,021	
Participant withdrawals	47,990	
		(53,738)

Certain activity related to the acquisition, construction, and/or lease of assets are reported in governmental funds as expenditures. However, in the district wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or over the life of the lease as amortization expense.

Capital outlay - General Fund	31,391	
Capital Outlay - Capital Projects Fund	160,000	
Depreciation expense	(303,069)	
Amortization expense	(142,012)	
		(253,690)

Repayment of lease liabilities is not reported as an expenditure in the governmental funds. However, the repayment reduces long-term liabilities in the district wide statement of net position and related interest expense is reported in the district wide statement of activities.

Repayment of lease liability	141,583	
		141,583

Repayment of debt service principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the district wide statement of net position and is not reported in the district wide statement of activities.

144,212

In the district wide 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.

(123,874)

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

Pension benefit (expense)	197,465	
		197,465

District other postemployment benefit contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the district wide statement of net position because the reported net other postemployment benefit liability is measured a year before the District's report date. Other postemployment benefit (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 district wide statement of activities.

Other postemployment benefit (expense)	(337,777)	
		(337,777)

Change in net position - Governmental Activities	\$ 325,404	

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements

NOTE 1: GENERAL INFORMATION

Description of Reporting Entity

Fire District No. 3 of the Township of Jackson (hereafter referred to as the District), is a political subdivision of the Township of Jackson, County of Ocean, State of New Jersey. A board of five fire commissioners oversees all of the operations of the District. The length of each commissioner's term is three years with the annual election held the third Saturday of February.

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 firefighting 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 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the District is legally separate (can sue or be sued in their own name);
- the District hold 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 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.

District Officials

The District is governed by a board of five commissioners. The following were in office at December 31, 2024:

Officials:	Term Expires
Frank Hruschka	2027
Ivon LaBoy	2027
Jack Siedler	2026
Dennis McGuire	2026
Wayne Keegan	2025

Accounting Records

The official accounting records of the District are maintained in the office of the District.

Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 1: GENERAL INFORMATION (continued)

Component Units

GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 80, Blending Requirements for Certain Component Units*. The District did not have a component unit as of and for the year ended December 31, 2024.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the 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*. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The basic financial statements report using the economic resources measurement focus and the accrual basis of accounting generally include 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: *Fire District Taxes*) 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.

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."

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Governmental Funds:

General Fund

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

Capital Projects Fund

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

Debt Service Fund

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

District Wide and Fund Financial Statements

District Wide Financial Statements

The district wide financial statements (A-1 and A-2) include the district wide statement of net position and the district wide 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 district wide statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees. The district wide 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.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

District Wide and Fund Financial Statements (continued)

Fund Financial Statements

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 financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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.

Budgets and Budgetary Accounting

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

The Board 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 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 District budget in accordance with *N.J.S.A 40A: 14-78.3*. The budget may be amended subsequent to its final adoption and approval for additional items of revenue with offsetting appropriations in accordance with *N.J.S.A 40A: 14-78.5*. Subsequent to the adoption of the District budget, the amount of money to be raised by taxation in support of the 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 Districts general-purpose financial statements.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. There were no encumbrances at December 31, 2024.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks. 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 they 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 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.

Accounts Receivable

Accounts receivables represent amounts due from Local Enforcement Agency rebates and intergovernmental grant awards. Accounts receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible (see Note 4: *Accounts Receivables*).

Measurement of Investments

Investments are reported at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value). Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Board determines the valuation policies utilizing information provided by the investment advisers, custodians, and insurance company. See Note 5: *Investments Held at Fair Value* and Note 6: *Investments Held at Contract Value* for discussion of fair value and contract value measurements, respectively.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include, buildings and improvement, equipment and truck and vehicles are reported in the district 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 depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

<u>Description:</u>	<u>Useful Lives:</u>
Building and improvements	7 – 40 Years
Equipment	5 – 15 Years
Vehicles and apparatus	5 – 20 Years

The District follows GASB Statement No. 87: *Leases*, for recognizing right to use leased assets. Right to use leased assets represent the District's right to use an underlying asset for the lease term and are recorded at the present value for future lease payments at the commencement of the lease. Right to use leased assets are amortized over the shorter of the lease term or the estimated useful life of the asset. Short term leases (12 months or less) are expensed as incurred.

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.

Other Receivables and Payables

Other receivables and payables are interfund receivables and payables that arise from transactions between funds that are due within one year are recorded by all funds affected by such transactions in the periods in which the transaction is executed.

Lease Liabilities

Lease liabilities represent the District's obligation to make lease payments arising from an right to use leased assets. Lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

Debt Limitation

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

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Compensated absences represent leave time earned by employees that is expected to be paid out upon separation or use in future periods. In accordance with GASB Statement No. 101, *Compensated Absences*, the District recognizes a liability for compensated absences when earned, rather than when paid. The liability for compensated absences is reported in the governmental activities on the district wide financial statements. The entire liability is classified as non-current, as the portion expected to be paid within one year is not considered material in relation to total fund liabilities and, therefore, is not presented separately from the long-term portion.

Pension and Other Post-employment Benefits

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* requires participating employers, including the District, in the State of New Jersey Public Employees Retirement System (PERS) and Police and Firemen's Retirement System (PFRS) plan to recognize their proportionate share of the collective total pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense based on the ratio of plan members of an individual employer to the total members of the plan. See Note 9: *Pension Obligations* for more information about the plan.

GASB Statement No. 75, *Accounting and Financial Reporting for the Post-employment Benefits Other Than Pensions* requires participating employers in the New Jersey State Health Benefit Local Government Retired Employees (OPEB Plan) plan to recognize their proportionate share of the collective total OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense based on the ratio of plan members of an individual employer to the total members of the plan. See Note 10: *Other post-employment Benefits Other Than Pension* for more information about the plan.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the district wide statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the district wide statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Revenues and Expenditures – Governmental Funds

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.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fire District Taxes

Upon proper certification to the assessor of the municipality in which the District is located, the assessor shall assess the amount of taxes to be realized in support of the 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 District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all monies assessed; on or before July 1, an amount equaling 22.5% of all monies assessed, on or before October 1, an amount equaling 25% of all monies assessed and on or before December 31 an amount equal to the difference between the total of all monies assessed and the total of monies previously paid over.

Fund Equity

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District 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 Board of Commissioners.
- Unassigned – includes balance within the General Fund which has not been classified within the aforementioned 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.

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:

- Investment in Capital Assets, Net of Related Debt – 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.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Impact of Recently Issued Accounting Pronouncements

Accounting Pronouncements Adopted in Current Year

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

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement 62*.
- Statement No. 101, *Compensated Absences*.

Management has determined that the implementation of these statements did not have a significant impact on the District's financial statements. As a result, a prior period restatement was required to properly reflect the changes in accounting and financial reporting in accordance with the applicable standards, see Note 16: *Prior Period Adjustment* for additional information.

Accounting Pronouncements Effective in Future Reporting Periods

The following accounting pronouncements will become effective in future reporting periods:

- Statement No. 102, *Certain Risk Disclosures*. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.
- Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.
- Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

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

Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2024 through the date of December 8, 2025, which is the date the financial statements were available to be issued. See note 17 for further information.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 3: CASH

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

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 2,875,698
Total deposits	<u>\$ 2,875,698</u>
Reconciliation to the Governmental Funds:	
Current assets:	
Cash	\$ 2,875,698
Total	<u>\$ 2,875,698</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2024, the District's bank balance of \$2,881,131 was insured or collateralized as follows:

Insured	\$ 306,758
Collateralized not in the District's name (New Jersey Cash Management Fund)	70,697
Collateralized in the District's name under GUDPA	<u>2,503,670</u>
Total	<u>\$ 2,881,131</u>

NOTE 4: ACCOUNTS RECEIVABLE

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

State of New Jersey, Division of Fire Safety	
Local Enforcement Agency (LEA) Rebate	\$ 5,893
Bureau of Fire Protection – local fees	<u>8,642</u>
Total	<u>\$ 14,535</u>

NOTE 5: INVESTMENTS HELD AT FAIR VALUE

Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the 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 District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. All of the District's investments are held in the name of the District.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 5: INVESTMENTS HELD AT FAIR VALUE (continued)

Investment Interest Rate Risk (continued)

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The 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.

The 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 District or bonds or other obligations of the local unit or units within which the 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 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.

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). the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

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

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 5: INVESTMENTS HELD AT FAIR VALUE (continued)

Fair Value Measurement (continued)

Subsequent to initial recognition, the District may remeasure 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:

Registered Investment Companies – Investments in registered investment companies consist of shares of mutual funds that are valued at quoted market prices which represent the NAV of shares held by the LOSAP Plan at year-end.

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

	Level I	Level II	Level III	Total
<i>Registered investment companies</i>	\$ 426,788	\$ -	\$ -	\$ 426,788
Total investments held at fair value	\$ 426,788	\$ -	\$ -	\$ 426,788

NOTE 6: INVESTMENTS HELD AT CONTRACT VALUE

The District held a fully benefit-responsive investment contract with Lincoln Financial (Lincoln) totaling \$177,285 as of December 31, 2024. Lincoln maintains the contributions in the group fixed annuity contract (fixed account). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contract held by the District is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP plan. The District's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer's ability to meet its financial obligations.

The fixed account continues in-force until they are terminated by Lincoln or the LOSAP plan. For this reason, such contracts are referred to as "evergreen" contracts and do not define a maturity date. No events are probable of occurring might limit the ability of the LOSAP plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value (see Note 2: *Investments*).

NOTE 7: CAPITAL ASSETS

The District's capital assets, including equipment, vehicles and apparatus, and right to use leased assets, are reported in accordance with New Jersey Statutes Annotated (N.J.S.A.) 40A:14-84 through 40A:14-87 and GASB Statement No. 87: *Leases*.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 7: CAPITAL ASSETS (continued)

Capital Assets

Pursuant to N.J.S.A. 40A:14-84, non-lease related capital purchases, including fire apparatus and equipment, require voter approval unless funded through available budget appropriations. In accordance with N.J.S.A. 40A:14-85, fire districts may finance capital acquisitions through bond issuance, lease-purchase agreements, or other long-term obligations, subject to voter approval or governing body resolution. Pursuant to N.J.S.A. 40A:14-87, proceeds from the sale of capital assets must be restricted for future capital acquisitions unless otherwise authorized. The District reviews capital assets annually for impairment, disposal, or transfer, with significant changes reflected in the financial statements.

Right to Use Leased Assets

In compliance with GASB Statement No. 87: Leases the District recognizes right to use leased assets for all lease agreements exceeding 12 months.

Capital assets for governmental activities for the year ended December 31, 2024, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets that are not being depreciated:				
Land	\$ 129,300	\$ -	\$ -	\$ 129,300
Other non-depreciable assets	9,909	-	-	9,909
Total capital assets that are not being depreciated	<u>139,209</u>	<u>-</u>	<u>-</u>	<u>139,209</u>
Capital assets being depreciated and amortized:				
Right to use leased assets	710,069			710,069
Buildings and improvements	1,842,254	-	-	1,842,254
Equipment	1,173,964	31,391	(25,688)	1,179,667
Vehicles and apparatus	3,378,163	160,000	(336,266)	3,201,897
Total capital assets being depreciated and amortized	<u>7,104,450</u>	<u>191,391</u>	<u>(361,954)</u>	<u>6,933,887</u>
Less: accumulated depreciation and amortization:				
Buildings and improvements	(1,616,463)	(15,989)	-	(1,632,452)
Equipment	(816,746)	(90,936)	25,688	(881,994)
Vehicles and apparatus	(2,037,298)	(196,144)	336,266	(1,897,176)
Right to use leased assets	(284,027)	(142,012)		(426,039)
Total accumulated depreciation and amortization	<u>(4,754,534)</u>	<u>(445,081)</u>	<u>361,954</u>	<u>(4,837,661)</u>
Total capital assets being depreciated net of accumulated depreciation and amortization	<u>2,349,916</u>	<u>(253,690)</u>	<u>-</u>	<u>2,096,226</u>
Total capital assets	<u><u>\$ 2,489,125</u></u>	<u><u>\$ (253,690)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,235,435</u></u>

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 8: LONG-TERM OBLIGATIONS

During the fiscal year ended December 31, 2024 the following changes occurred in liabilities reported in long-term debt:

	<i>Restated*</i> Beginning Balance	Accrued/ increases	(Retired)/ (decreases)	Ending Balance	Due within One Year
Finance purchases payable	\$ 755,422	\$ -	\$ (144,212)	\$ 611,210	\$ 148,861
Lease liability	453,257	-	(141,583)	311,674	150,936
Compensated absences*	1,112,910	123,874	-	1,236,784	-
Net pension liability	3,794,199	-	(675,446)	3,118,753	-
Net other postemployment benefit liability	2,796,619	783,575	-	3,580,194	-
Investment in length of service awards program payable	550,335	53,738	-	604,073	-
Total	<u>\$ 9,462,742</u>	<u>\$ 961,187</u>	<u>\$ (961,241)</u>	<u>\$ 9,462,688</u>	<u>\$ 299,797</u>

Finance Purchases Payable

The District is financing radios totaling \$499,823 under a finance agreement. The agreement is for a term of seven years. The District is also leasing a financing totaling \$730,000 under capital leases. The capital lease is for a term of ten years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31,:

For the year ended

December 31,	Principal	Interest	Total
2025	\$ 148,861	\$ 17,978	\$ 166,839
2026	71,748	13,177	84,925
2027	73,792	11,132	84,924
2028	75,896	9,029	84,925
2029	78,059	6,866	84,925
2030 - 2031	162,854	7,004	169,858
Total	<u>\$ 611,210</u>	<u>\$ 65,186</u>	<u>\$ 676,396</u>

Lease Liability

The District has entered into agreements to lease a District firehouse. This lease agreement qualifies as other than a short-term lease under GASB Statement No. 87: *Leases* and, therefore, has been recorded at the present value of the future minimum lease payments as the date of its inception. The required quarterly payments range from \$36,431 to \$41,004. The lease liability is measured at a discount rate of 3.25%. The following is a schedule of the remaining future minimum lease payments under these lease obligations and the present value of the net minimum lease payments at December 31:

	Principal	Interest	Total
2025	\$ 150,936	\$ 8,302	\$ 159,238
2026	160,738	3,278	164,016
Total	<u>\$ 311,674</u>	<u>\$ 11,580</u>	<u>\$ 323,254</u>

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 8: LONG-TERM OBLIGATIONS (continued)

Compensated Absences

The District previously followed GASB Statement No. 16, Accounting for Compensated Absences, which was originally adopted in 1995. As of December 31, 2024, the District has implemented the provisions of GASB Statement 101, Compensated Absences. Under this standard, a liability is recognized for compensated absences when the leave is earned by employees and is attributable to services already rendered, regardless of whether the leave vests or accumulates. This includes all leave expected to be used and compensated in the future.

The liability is measured using current pay rates in effect as of the financial statement date, or the pay rates expected to be applied at the time of leave usage, if applicable. Additionally, the liability includes salary-related payments directly associated with the leave, such as the employer's share of Social Security and Medicare contributions. As of December 31, 2024, the District recognized \$1,236,784 of non-current obligations reported in the governmental activities, district wide financial statements.

Length of Service Awards Program

For details on the length of service awards program liability, refer to Note 11: *Length of Service Awards Program*. The District's annual required contribution to the length of service awards program is budgeted and paid from the general fund on an annual basis.

Net Pension Liability

For details on the net pension liability, see Note 9: *Pension Obligations*. The District's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Other Postemployment Benefits Liability

For details on the other postemployment benefits liability, see Note 10: *Other Post-employment Benefits*. The District's contribution into the other post-employment benefits plan is budgeted and paid on an annual basis.

NOTE 9: PENSION OBLIGATIONS

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's annual financial statements, which can be found at <http://www.nj.gov/treasury/pensions/financial-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.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Plan Description (continued)

The following represents the membership tiers for PERS:

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

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

Basis of Presentation

The schedules of employer 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 more than the actuarial determined amount.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Contributions (continued)

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the District's contractually required contribution to PERS plan was \$8,668.

Components of Net Pension Liability

At December 31, 2024, the District's proportionate share of the PERS net pension liability was \$86,558. 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, 2021. The District's proportion measured as of June 30, 2024, was 0.00064% which was a decrease of 0.00003% from its proportion measured as of June 30, 2023.

Components of Net Pension Liability (continued)

	Balance December 31,	
	2024	2023
	June 30, 2024	June 30, 2023
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 2,205	\$ 2,995
Deferred Inflows of Resources	9,942	7,595
Net Pension Liability	86,558	96,669
District's portion of the plan's total Net Pension Liability	0.00064%	0.00067%

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Pension Expense (Benefit) and Deferred Outflows/Inflows of Resources

At December 31, 2024, the District's proportionate share of the PERS expense (benefit), calculated by the plan as of the June 30, 2024 measurement date is \$1,696. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,734	\$ 230
Changes of assumptions	108	985
Net difference between projected and actual earnings on pension plan investments	-	4,013
Changes in proportion and differences between the District's contributions and proportion share of contributions	363	4,714
	<u>\$ 2,205</u>	<u>\$ 9,942</u>

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 December 31,	<u>Amount</u>
2025	\$ (4,545)
2026	1,974
2027	(2,506)
2028	(1,814)
2029	(846)
Total	<u>\$ (7,737)</u>

Actuarial Assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with updated 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%
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FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions (continued)

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

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

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%	8.68%
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%

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Discount Rate

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

Sensitivity of the District's proportionate share of the 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	\$ 115,982	\$ 86,558	\$ 62,867

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 annual financial statements which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>. The vesting and benefit provisions are set by *N.J.S.A. 43:16A*. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

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

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

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

Plan Description (continued)

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 2023, the State contributed an amount more than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the District's contractually required contributions to PFRS plan was \$406,160.

Net Pension Liability and Pension Expense/(Benefit)

At December 31, 2024 the District's proportionate share of the PFRS net pension liability was \$3,032,195. 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.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

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

Net Pension Liability and Pension Expense/(Benefit) (continued)

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 December 31, 2024. The District's proportion measured as of June 30, 2024, was 0.02936%, which was an decrease of 0.00410% from its proportion measured as of June 30, 2023.

	Balance December 31,	
	2024	2023
	June 30, 2024	June 30, 2023
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 573,175	\$ 857,400
Deferred Inflows of Resources	602,754	426,011
Net Pension Liability	3,032,195	3,697,530
District's portion of the plan's total Net Pension Liability	0.02936%	0.03347%

Pension Expense (Benefit) and Deferred Outflows/Inflows of Resources

At December 31, 2024, the District's proportionate share of the PFRS expense (benefit), calculated by the plan as of the June 30, 2024 measurement date was \$201,850. At December 31, 2024, the District had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 191,026	\$ 103,805
Changes of assumptions	4,793	89,051
Net difference between projected and actual earnings on pension plan investments	-	23,732
Changes in proportion and differences between the District's contributions and proportion share of contributions	377,359	386,166
	<u>\$ 573,175</u>	<u>\$ 602,754</u>

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

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

Pension Expense (Benefit) and Deferred Outflows/Inflows of Resources (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 December 31,	Amount
2025	\$ (148,635)
2026	167,470
2027	(44,327)
2028	(21,486)
2029	15,785
Thereafter	1,524
Total	<u>\$ (29,579)</u>

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, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation.

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the District is \$597,791 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 0.02936%, which was an increase of 0.00410% from its proportion measured as of June 30, 2023, which is the same proportion as the District's.

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

District's proportional share of net pension liability	\$ 3,032,195
State of New Jersey's proportionate share of net pension liability associated with the District	<u>597,791</u>
	<u>\$ 3,629,986</u>

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

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

Special Funding Situation (continued)

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 \$68,771.

Actuarial Assumptions

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

Inflation:

Price	2.75%
Wage	3.25%

Salary Increases:

Through:	All Future Years
	3.25% - 16.25%
	Based on Years of Service

Investment Rate of Return	7.00%
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Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

Long-Term 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.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

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

Long-Term Expected Rate of Return (continued)

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. Equity	24.00%	6.90%
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%

Discount Rate

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

Sensitivity of the District's proportionate share of the 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:

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 9: PENSION OBLIGATIONS (continued)

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

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate (continued)

	1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 4,332,332	\$ 3,032,195	\$ 1,949,466
State's proportionate share of the Net Pension Liability Associated with the District	854,110	597,791	384,333
	<u>\$ 5,186,442</u>	<u>\$ 3,629,986</u>	<u>\$ 2,333,799</u>

Related Party Investments

The Division of Pensions and Benefits does not invest in securities issued by the District.

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS

General Information about the Other Post-employment Benefits 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 financial statements, 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.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (continued)

General Information about the Other Post-employment Benefits Plan (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 expense (benefit). The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities.

For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2024 were \$4,833,833,875 and \$12,914,432,673, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Liability

The components of the collective net OPEB liability of the plan as of June 30, 2024 is as follows:

Total OPEB liability	\$ 17,748,257,548
Plan fiduciary net position	<u>(157,187,957)</u>
Net OPEB liability	<u>\$ 17,905,445,505</u>

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

Salary Increases*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55%

Police and Firemen's Retirement System (PFRS)

Rate for all future periods 3.25% to 16.25%

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

Pre-retirement healthy mortality

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

Post-retirement healthy mortality

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

Disabled retiree mortality

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

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Liability (continued)

Disabled retiree mortality (continued)

Disabled retiree mortality rates for Chapter 330 current retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for other current retirees were based on the PUB-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

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

OPEB Obligation and OPEB (Benefit) Expense

The District's proportionate share of the total Other Post-Employment Benefits Obligations was \$3,580,194. The OPEB Obligation was measured as of June 30, 2023, 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 entities, actuarially determined. At June 30, 2024, the State proportionate share of the OPEB Obligation attributable to the District was 0.019995%, which was an increase of 0.001359% 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 \$4,206 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.5% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend rate 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% decreasing to a 4.5% 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.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (continued)

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:

	<u>1 % Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
State's proportionate share of the Net OPEB Liability associated with the District	\$ 3,028,113	\$ 3,580,194	\$ 4,209,014
State's Total Nonemployer OPEB Liability	<u>\$ 15,144,352,142</u>	<u>\$ 17,905,445,505</u>	<u>\$ 21,455,435,620</u>

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	<u>1 % Decrease (2.93%)</u>	<u>Current Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
State's proportionate share of the Net OPEB Liability associated with the District	\$ 4,170,540	\$ 3,580,194	\$ 3,107,379
State's Total Nonemployer OPEB Liability	<u>\$ 20,857,914,273</u>	<u>\$ 17,905,445,505</u>	<u>\$ 15,540,780,410</u>

Additional Information

The following is a summary of the deferred outflows of resources, deferred inflows of resources, and net OPEB liability balances as of June 30, 2024:

	<u>Balance December 31,</u>	
	<u>2024</u>	<u>2023</u>
Actuarial valuation date (including roll forward)	June 30, 2024	June 30, 2023
Deferred Outflows of Resources	\$ 2,904,091	\$ 2,840,093
Deferred Inflows of Resources	1,203,872	1,585,672
Net OPEB Liability	3,580,194	2,796,619
District's portion of the plan's total Net OPEB Liability	0.02000%	0.01864%

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (continued)

OPEB Deferred Outflows/Inflows of Resources

At December 31, 2024, the District's proportionate share of the OPEB outflows and inflows, calculated by the plan as of the June 30, 2024 measurement date is \$2,904,091 and \$1,203,872, respectively. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 181,312	\$ 606,608
Changes of assumptions	598,541	594,290
Net difference between projected and actual earnings on pension plan investments	-	1,621
Changes in proportion	2,124,238	1,353
	<u>\$ 2,904,091</u>	<u>\$ 1,203,872</u>

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

Year Ending December 31,	<u>Amount</u>
2025	\$ 78,530
2026	206,512
2027	286,642
2028	214,624
2029	246,794
Thereafter	667,117
Total	<u>\$ 1,700,219</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.89, 7.89, 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At July 1, 2023, the Program membership consisted of the following:

Active plan members	60,691
Retirees currently receiving benefits	28,889
Total plan members	<u>89,590</u>

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS (continued)

Changes in the Total OPEB Liability

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

Service cost	\$ 545,086,159
Interest on Total OPEB Liability	554,448,470
Changes in benefit terms	107,670,542
Differences in expected and actual experience	408,491,660
Changes in assumptions	1,735,990,164
Contributions from the employer	(399,436,504)
Contributions from non-employer contributing entities	(62,827,411)
Net investment income	(1,636,336)
Administrative expenses	11,119,284
Net changes	<u>2,898,906,028</u>
 Total OPEB Liability (Beginning)	 <u>15,006,539,477</u>
 Total OPEB Liability (Ending)	 <u><u>\$ 17,905,445,505</u></u>

NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM

The District's length of service awards program (LOSAP), which is reported in the District's general fund, was created by a resolution adopted on February 21, 2008 pursuant to Section 457 (e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The District approved the adoption of the LOSAP at the on May 19, 2008, and was the first year of eligibility for entrance into the LOSAP by qualified volunteers. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

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

Contributions

If an active member meets the year of active service requirement, a LOSAP Plan must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,500 per initial plan year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (*N.J.S.A. 40A:14-185(f)*). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The District elected to contribute \$1,500 for the year ended December 31, 2024, per eligible volunteer, into the LOSAP Plan. During the year ended December 31, 2024, the District contributed a total of \$25,500 to the LOSAP Plan. Participants direct the investment of the contributions into various investment options offered by the LOSAP Plan. The District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the LOSAP Plan. The types of investment options, and the administering of such investments, rests solely with the LOSAP Plan administrator.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM (continued)

Participant Accounts

Each participant's account is credited with the District's contribution and LOSAP Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The District has placed the amounts deferred, including earnings, in a trust maintained by Lincoln Financial Group (Plan Administrator), as an approved LOSAP provide a third-party administrator for the exclusive benefit of the LOSAP Plan participants and their beneficiaries. Such funds, although subject to the claims of the District's creditors until distributed as benefit payments, are not available for funding the operations of the District. The funds may also be used to pay the administrative fees charged by the LOSAP Plan Administrator. The District's practical involvement in administering the LOSAP Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the LOSAP Plan Administrator.

Vesting

Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits

Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the Plan Administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2024, \$47,990 were made to vested participants.

Investments

The investments of the LOSAP reported on the statement of fiduciary net position are recorded at fair value and contract value as described in Note 2: *Investments*.

Plan Information

Additional information about the District's LOSAP can be obtained by contacting the LOSAP Plan Administrator.

NOTE 12: FUNDING

The activities of the District are primarily funded by the striking of the fire tax on the property owners of the District, as provided for by the state statute. For the year ended December 31, 2024, the fire tax rate on the District was approximately \$.185 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 approximately \$4,342.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 13: OTHER RECEIVABLES AND PAYABLES

Other receivable and payables are interfunds whose purpose is for short-term borrowing. As of December 31, 2024, the following interfund balances remained on the balance sheet:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General	\$ -	\$ 1,034,556
Capital Projects	1,034,556	-
Total	<u>\$ 1,034,556</u>	<u>\$ 1,034,556</u>

Other receivables and 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 district wide statement of net position.

NOTE 14: FUND BALANCE

General Fund – Of the \$2,252,598 General Fund, fund balance at December 31, 2024, \$604,073 is restricted for length of service award program, \$418,792 is assigned for subsequent year's expenditures, and \$1,229,733 is unassigned.

Capital Projects Fund – Of the \$1,034,556 Capital Projects Fund, fund balance at December 31, 2024, the entire balance is restricted for Capital.

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

NOTE 15: DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, district wide statement of net position, a deficit in unrestricted net position of \$(5,039,131) 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 and long-term liability of other postretirement benefits obligations. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, district wide 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), pension liabilities, and net other post employment benefits 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. Additionally, the District implemented GASB 101: *Compensated Absences* which require an additional liability related to future employee benefits. If this was not required, the unrestricted net position before the net pension liability, net other postemployment benefit liability obligations, GASB 101: *Compensated Absences*, and deferred outflows and inflows related to pensions and other postemployment benefits would be \$707 as of December 31, 2024. This deficit in unrestricted net position does not indicate that the District is facing financial difficulties.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Financial Statements (continued)

NOTE 16: PRIOR PERIOD ADJUSTMENT

Effective for the fiscal year ended December 31, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*. This standard establishes updated recognition and measurement criteria for compensated absences, requiring governments to recognize a liability for leave that is attributable to services already rendered and expected to be used, regardless of whether the leave vests or accumulates.

As a result of implementing this standard, the District identified differences in the measurement of compensated absences compared to the previously applied guidance under GASB Statement No. 16. Specifically, GASB 101 requires recognition of certain types of leave that were previously excluded and a revised method of measurement based on expected usage and applicable pay rates.

To reflect the implementation of GASB 101, the District recorded a prior period adjustment to beginning net position as of January 1, 2024. The adjustment resulted in a decrease of \$620,467 to beginning net position in the district wide financial statements, representing the cumulative effect of the change in accounting principle.

The restated beginning net position as of January 1, 2024, is as follows:

Description:	Governmental Activities:
Previously reported net position	\$ (2,396,961)
Adjustment for GASB 101	(620,467)
Restated net position, January 1, 2024	<u>\$ (3,017,428)</u>

This adjustment had no impact on fund-level financial statements, as compensated absences are reported only in the government-wide statements.

NOTE 17: SUBSEQUENT EVENT

Subsequent to year-end, Jackson Fire District No. 3 and Jackson Fire District No. 2 began the process of consolidation in accordance with applicable state and local regulations. The consolidation is intended to combine the operations, governance, and resources of both districts into a single fire district to enhance service efficiency and administrative oversight.

As of the date the financial statements were available to be issued, the consolidation process was ongoing, and the financial impact on the District's future operations and financial position, if any, cannot be reasonably determined at this time.

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Budgetary Comparison Schedule
For the year ended December 31, 2024

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Revenues:				
Miscellaneous revenues:				
Interest on investments and deposits	\$ 500	\$ 500	\$ 17,259	\$ 16,759
Other revenues	-	-	117,932	117,932
Total miscellaneous revenues	500	500	135,191	134,691
Operating grant revenues:				
Supplemental fire service act	3,257	3,257	4,342	1,085
Total operating grant revenues	3,257	3,257	4,342	1,085
Uniform fire safety act:				
Annual registration fees	44,899	44,899	83,331	38,432
Penalties and fines	2,000	2,000	8,774	6,774
Other revenues	3,000	3,000	1,879	(1,121)
Total uniform fire safety act	49,899	49,899	93,984	44,085
Total revenues	53,656	53,656	233,517	179,861
Amount to be raised by taxation to support budget	4,660,147	4,660,147	4,660,147	-
Total anticipated revenues	4,713,803	4,713,803	4,893,664	179,861
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	82,087	83,787	83,658	129
Fringe benefits	210,314	210,314	218,399	(8,085)
Other expenditures:				
Advertising	5,500	5,500	3,205	2,295
Contingent expenses	5,000	-	-	-
Election expense	10,000	10,000	7,659	2,341
Insurance	80,000	80,000	45,535	34,465
Membership and dues	33,000	37,500	24,770	12,730
Office expense	10,250	10,250	8,200	2,050
Professional fees	134,250	134,250	80,720	53,530
Total administration	570,401	571,601	472,146	99,455
Cost of operations and maintenance:				
Salaries and wages	1,680,547	1,680,547	1,644,409	36,138
Fringe benefits	1,244,301	1,244,301	1,197,305	46,996
Other expenditures:				
Basic entitlement grant	3,257	3,257	-	3,257
Fuel	50,000	50,000	23,106	26,894
Uniforms and gear	107,750	107,750	67,024	40,726
Hydrant rentals	90,000	90,000	85,120	4,880
Maintenance and repairs	319,750	319,750	205,952	113,798
Contingent expenses	10,000	4,300	-	4,300
Non-bondable assets	125,500	125,500	43,634	81,866
Supplies	8,000	8,300	8,231	69
Training and education	51,500	51,700	20,399	31,301
Utilities	30,000	33,000	32,949	51
Volunteer fire company	154,600	154,600	154,600	-
Total cost of operations and maintenance	3,875,205	3,873,005	3,482,729	390,276

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Budgetary Comparison Schedule (continued)
For the year ended December 31, 2024

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Operating appropriations offset with revenues:				
Salaries and wages	21,889	21,889	-	21,889
Other expenditures:				
Fire bureau expense	28,000	29,000	28,965	35
Total operating appropriations offset with revenues	49,889	50,889	28,965	21,924
Length of service awards program	46,000	46,000	25,500	20,500
Capital appropriations	463,500	463,500	160,000	303,500
Debt service for capital appropriations:				
Principal payments on debt service	144,212	144,212	144,212	-
Interest payments on debt service	22,627	22,627	22,627	-
Total debt service for capital appropriations	166,839	166,839	166,839	-
Total operating appropriations	5,171,834	5,171,834	4,336,179	835,655
Excess (efficiency) of revenues over (under) operating appropriations	(458,031)	(458,031)	557,485	1,015,516
Fund balance, January 1	2,125,596	2,125,596	2,125,596	-
Fund balance, December 31	\$ 1,667,565	\$ 1,667,565	\$ 2,683,081	\$ 1,015,516

RECAPITULATION OF FUND BALANCE:

Fund balance:		
Restricted for:		
Capital	\$ 1,034,556	
Assigned for:		
Subsequent year's expenditures	418,792	
Unassigned fund balance	1,229,733	
Total fund balance - Budgetary Basis	2,683,081	
Reconciliation to Governmental Fund statements:		
Length of service awards program investment balance not recognized on the budgetary basis	604,073	
Total fund balance - Governmental Funds	\$ 3,287,154	

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Required Supplementary Information
Budget to Governmental Funds Reconciliation
For the year ended December 31, 2024

	Total Governmental Funds
Sources / Inflows of resources:	
Actual amounts (budgetary basis) revenues from the budgetary comparison schedule (C-1):	\$ 4,893,664
Difference from budgetary basis to the Governmental Funds:	
Budgetary basis differs from GAAP in that the District does not budget for appreciation in the value of length of service awards program. GASB 73 requires the appreciation in the value of length of service awards program to be shown in financial statements using the current financial resources measurement focus and modified accrual basis of accounting:	
Appreciation in the value of investments	78,249
Total revenues as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (B-2)	<u>\$ 4,971,913</u>
Uses / outflows of Resources:	
Actual amounts (Budgetary Basis) operating appropriations from the Budgetary Comparison Schedule (C-1)	\$ 4,336,179
Difference from budgetary basis to the Governmental Funds:	
Budgetary basis differs 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 LOSAP Plan.	
Length of service awards program contribution	(25,500)
Administrative fees	2,021
Participant withdrawals	47,990
Total operating appropriations as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (B-2)	<u>\$ 4,360,690</u>

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
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	0.00064%	0.00067%	0.00068%	0.00067%	0.00067%	0.00067%	0.00058%	0.00059%	0.00058%	0.00050%
District's proportionate share of the net pension liability	\$ 86,558	\$ 96,669	\$ 102,213	\$ 79,690	\$ 109,730	\$ 121,036	\$ 114,414	\$ 137,123	\$ 172,255	\$ 111,674
District's covered-employee payroll	\$ 55,088	\$ 50,664	\$ 53,111	\$ 49,296	\$ 48,692	\$ 47,736	\$ 43,804	\$ 41,456	\$ 38,580	\$ 34,060
District's proportionate share of the net pension liability covered-employee payroll	157%	191%	192%	162%	225%	254%	261%	331%	446%	328%
Plan fiduciary net position as a percentage of the total pension liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
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
Contractually required contribution	\$ 8,668	\$ 8,920	\$ 8,541	\$ 7,878	\$ 7,361	\$ 6,534	\$ 5,780	\$ 5,457	\$ 5,166	\$ 4,277
Contributions in relation to the contractually required contribution	(8,668)	(8,920)	(8,541)	(7,878)	(7,361)	(6,534)	(5,780)	(5,457)	(5,166)	(4,277)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 55,088	\$ 50,664	\$ 50,664	\$ 53,111	\$ 49,296	\$ 48,692	\$ 47,736	\$ 43,804	\$ 41,456	\$ 38,580
Contributions as a percentage of covered-employee payroll	15.73%	17.61%	16.86%	14.83%	14.93%	13.42%	12.11%	12.46%	12.46%	11.09%

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
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	0.02936%	0.03347%	0.03017%	0.02961%	0.02848%	0.02807%	0.02767%	0.02819%	0.03058%	0.02762%
District's proportionate share of the net pension liability	\$ 3,032,195	\$ 3,697,530	\$ 3,453,665	\$ 2,163,883	\$ 3,679,815	\$ 3,434,852	\$ 3,744,470	\$ 4,352,519	\$ 5,842,061	\$ 4,599,988
State's proportionate share of the net pension liability associated with the District	597,791	681,313	614,651	608,592	571,091	542,370	508,624	487,519	490,587	403,404
Total	<u>\$ 3,629,986</u>	<u>\$ 4,378,843</u>	<u>\$ 4,068,316</u>	<u>\$ 2,772,475</u>	<u>\$ 4,250,906</u>	<u>\$ 3,977,222</u>	<u>\$ 4,253,094</u>	<u>\$ 4,840,038</u>	<u>\$ 6,332,648</u>	<u>\$ 5,003,392</u>
District's covered-employee payroll	<u>\$ 1,433,708</u>	<u>\$ 1,136,608</u>	<u>\$ 1,219,184</u>	<u>\$ 1,090,706</u>	<u>\$ 1,037,808</u>	<u>\$ 1,026,189</u>	<u>\$ 1,054,927</u>	<u>\$ 1,043,735</u>	<u>\$ 1,042,823</u>	<u>\$ 1,174,082</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	211.49%	325.31%	283.28%	198.39%	354.58%	334.72%	354.95%	417.01%	560.22%	391.79%
Plan fiduciary net position as a percentage of the total pension liability	72.66%	70.16%	68.33%	77.26%	63.52%	65.00%	62.48%	58.60%	52.01%	56.31%

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
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
Contractually required contribution	\$ 406,160	\$ 445,493	\$ 392,411	\$ 345,037	\$ 318,155	\$ 283,513	\$ 270,534	\$ 249,517	\$ 249,352	\$ 224,483
Contributions in relation to the contractually required contribution	(406,160)	(445,493)	(392,411)	(345,037)	(318,155)	(283,513)	(270,534)	(249,517)	(249,352)	(224,483)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,433,708	\$ 1,136,608	\$ 1,219,184	\$ 1,090,706	\$ 1,037,808	\$ 1,026,189	\$ 1,054,927	\$ 1,043,735	\$ 1,042,823	\$ 1,174,082
Contributions as a percentage of covered-employee payroll	28.33%	39.19%	32.19%	31.63%	30.66%	27.63%	25.64%	23.91%	23.91%	19.12%

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability
Local Government Retired Employees Plan
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										
	0.019995%	0.018636%	0.015999%	0.014211%	0.003839%	0.003580%	0.002900%	0.001910%	0.003160%	
District's Proportionate Share of the Net Other Postemployment Benefit Liability	\$ 3,580,194	\$ 2,796,619	\$ 2,538,774	\$ 2,557,949	\$ 688,970	\$ 484,543	\$ 453,862	\$ 389,125	\$ 686,272	
District's Covered-employee Payroll	\$ 1,488,796	\$ 1,187,272	\$ 1,269,848	\$ 1,143,817	\$ 1,087,104	\$ 1,074,881	\$ 1,102,663	\$ 1,087,539	\$ 1,084,279	
District's Proportionate Share of the Net Other Postemployment Benefit Liability as a Percentage of its Covered-employee payroll	240.48%	235.55%	199.93%	223.63%	63.38%	45.08%	41.16%	35.78%	63.29%	
Plan Fiduciary Net Position (Deficit) 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. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Required Supplementary Information
December 31, 2024

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None noted.

Changes of Assumptions

The discount rate used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	7.00%	2019	6.28%
2023	7.00%	2018	5.66%
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%
2020	7.00%	2015	4.90%

The long-term expected rate of return used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	7.00%	2019	7.00%
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%

The mortality assumption was updated upon the direction from the Division of Pensions and Benefits.

Police and Firemen's Retirement System (PFRS)

Changes of Benefit Terms

None noted.

Changes of Assumptions

The discount rate used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	7.00%	2019	6.85%
2023	7.00%	2018	6.51%
2022	7.00%	2017	6.14 %
2021	7.00%	2016	5.55%
2020	7.00%	2015	5.79%

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Notes to the Required Supplementary Information
December 31, 2024

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

The long-term expected rate of return used as of June 30, measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	7.00%	2019	7.00%
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%

The mortality assumption was updated upon the direction from the Division of Pensions and Benefits.

Other Post-Employment Benefits (OPEB)

Changes in Benefits

The change in benefit terms from June 30, 2023, to June 30, 2024 was a result of employers adopting and or changing Chapter 48 provisions.

Differences Between Expected and Actual Experiences

The differences between expected and actual experiences from June 30, 2023 to June 30, 2024 was a result of an update in census information, and premiums and claims experience

Changes of Assumptions

The increase in changes in assumptions from June 30, 2023 to June 30, 2024 is a result of a change in the discount rate, trend update, and an experience study update.

The discount rate used as of June 30, measurement date for the last eight fiscal years is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2024	3.93%	2019	3.50%
2023	3.65%	2018	3.87%
2022	3.54%	2017	3.58%
2021	2.16%		
2020	2.21%		

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Schedule of Obligations Under Finance Purchases
For the year ended December 31, 2024

Description	Date of Financing	Term of Financing	Amount of Original Financing		Annual Maturities		Interest Rate Payable	Amount Outstanding December 31, 2023		Amount Outstanding December 31, 2024	
			Principal	Interest	Date	Amount		Issued	Retired		
Radio equipment	December 14, 2018	Seven years	\$ 499,823	\$ 73,585	December 14, 2025	79,102	3.56%	\$ -	\$ (76,386)	\$ -	\$ 79,102
Ferrara firetruck	December 15, 2021	Ten years	730,000	119,244	December 15, 2025	69,759	2.85%	-	(67,826)		532,108
					December 15, 2026	71,748	2.85%				
					December 15, 2027	73,792	2.85%				
					December 15, 2028	75,896	2.85%				
					December 15, 2029	78,059	2.85%				
					December 15, 2030	80,283	2.85%				
					December 15, 2031	82,571	2.85%				
Total								\$ -	\$ (144,212)	\$ -	\$ 611,210

FIRE DISTRICT NO. 3 OF THE TOWNSHIP OF JACKSON
Schedule of Obligations Under Lease Obligations
For the year ended December 31, 2024

Issue	Date of Lease	Term of Lease	Amount of Lease		Interest	Annual Maturities		Interest Rate Payable	Amount Outstanding December 31, 2023	Issued	Retired	Amount Outstanding December 31, 2024
			Principal	Interest		Date	Amount					
Property Lease	December 15, 2021	Six years	\$ 710,069	\$	63,608	December 31, 2025	150,936	3.25%	\$ 453,257	\$ -	\$ (141,583)	\$ 311,674
						December 31, 2026	160,738	3.25%				
						Total			\$ 453,257	\$ -	\$ (141,583)	\$ 311,674

Board of Fire Commissioners
Fire District No. 3 of the Township of Jackson
County of Ocean
Jackson, New Jersey

We have audited the basic financial statements of the Fire District No. 3 of the Township of Jackson (hereafter referred to as the District), County of Ocean, State of New Jersey, for the year ended December 31, 2024. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised by *N.J.S.A.40A:11-4*

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement.

The District does not have a qualified purchasing agent on staff and therefore may award contracts up to \$17,500 without competitive bids.

Review of the minutes and financial transactions did not identify any bids requested by public advertising.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. The results of our examination did not disclose any discrepancies.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures revealed individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of *N.J.S.A. 40A:11-6.1*.

The supporting documentation indicated that quotes were requested for all items that required them.

Examination of Cash Receipts

A test check of cash receipts was performed. The results of the test did not disclose any discrepancies.

Examination of Bills

A test check of paid bills was performed and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

Examination of Payroll

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of the District employees and we ascertained that the accumulated withholdings were disbursed to the proper agencies.

Capital Assets

The Capital Asset subledger was maintained properly and a reconciliation between the physical and perpetual inventory records was performed at year-end.

Budget Adoption

The State of New Jersey requires that the District's operating and capital budgets be approved and adopted for each fiscal year. The District approved its operating budget on November 20, 2023 and adopted its operating budget on January 15, 2024.

Current Year Finding

There were no current year findings.

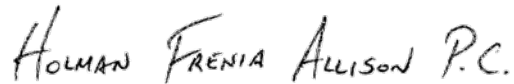
Follow-up on Prior Year's Findings

In accordance with *Government Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. There were no prior year findings.

Acknowledgment

We received the complete cooperation of all the staff of the District and we greatly appreciate the courtesies extended to the members of the audit team. During our audit, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please contact us.

A handwritten signature in black ink that reads "Holman Frenia Allison P.C." in a cursive, slightly slanted script.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

December 8, 2025
Lakewood, New Jersey