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

INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2025

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1
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TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1
ROSTER OF OFFICIALS
For the Year Ended December 31, 2025

BOARD OF FIRE COMMISSIONERS

Leslie Parleman, Chairman 1/1/2025 through 12/31/2025

Joseph C. Schroeck, Treasurer 1/1/2025 through 12/31/2025

Donald Malloy, Commissioner 1/1/2025 through 12/31/2025

Francis Wood, Vice Chairman 1/1/2025 through 12/31/2025

Michael Storcks, Clerk 1/1/2025 through 12/1/2025

Peter Kozielski, Commissioner/Clerk 12/2/2025 through 12/31/2025

FINANCIAL SECTION

FALLON & COMPANY LLP

Certified Public Accountants

1390 Route 36, Suite 102
Hazlet, New Jersey 07730-1716
Telephone: (732) 888-2070
FAX: (732) 888-6245

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Township of Hazlet Fire District No. 1
812 Poole Ave. Suite A
Hazlet, New Jersey 07730

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Board of Fire Commissioners of the Township of Hazlet Fire District No. 1, ("District"), in the County of Monmouth, State of New Jersey, as of and for the year ended December 31, 2025, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, Capital Projects Fund, the Debt Service Fund, the Dedicated Penalty Fund and each of the aggregate remaining fund information of the District as of December 31, 2025, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"). The financial statements of the Length of Service Awards Program ("LOSAP") were not audited and we were not required by the Division to audit the LOSAP Fund financial statements in accordance with auditing standards generally accepted in the United States, *Government Auditing Standards* and the audit requirements prescribed by the Division. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. Except for the matter described in the "Basis for Disclaimer of Opinion on the Fiduciary Fund" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Fiduciary Fund" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the fiduciary fund of the District. Accordingly, we do not express an opinion on these financial statements.

Basis for Disclaimer of Opinion on the Fiduciary Fund

The financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited and we were not required by the Division to audit the LOSAP Fund financial statements. The LOSAP Fund financial activities are included in the District's Fiduciary Fund and represents 100% of the assets, net position, and revenues of the District's Fiduciary Fund.

Responsibilities for Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for the twelve months beyond the financial statement date, including 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 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,* ("GAAS") and *Government Auditing Standards* ("GAS") will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Fire District's proportionate share of the net pension liability, and schedule of the Fire District's contributions be presented to supplement the basic financial statements. Such information, 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 inquires, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 15, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Fallon & Company LLP

Fallon & Company LLP
Certified Public Accountants

Hazlet, New Jersey
September 15, 2026

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

Board of Fire Commissioners
Township of Hazlet Fire District No. 1
812 Poole Ave, Suite A
Hazlet, NJ 07730

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America; and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of the Board of Fire Commissioners of the Township of Hazlet Fire District No. 1, ("District"), of the State of New Jersey, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 15, 2026. Our report disclaims an opinion on the Fiduciary Fund financial statements because the financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited and we were not required by the Division to audit the LOSAP Fund financial statements. The LOSAP Fund financial activities are included in the District's Fiduciary Fund and represents 100% of the assets, net position, and revenues of the District's Fiduciary Fund.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements in 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a

material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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*.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fallon & Company LLP

Fallon & Company LLP
Certified Public Accountants

Hazlet, New Jersey
September 15, 2026

REQUIRED SUPPLEMENTARY INFORMATION - PART I

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

Our discussion and analysis of the Township of Hazlet Fire District No. 1's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2025. Please read this analysis in conjunction with the District's financial statements.

Financial Highlights

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $6,362,634.37 (net position) as of December 31, 2025. This compares to December 31, 2024 when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $5,512,198.23.

- In total, net position increased $850,436.14 or 15.43%.

- The District had $1,765,292.99 in expenses. $186,962.10 of this was offset by charges for services and grants. General revenues (primarily taxes) were adequate to provide for these programs.

- Total net position is comprised of the following:

  (1) Net investment in capital assets, of $3,033,384.60 consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

  (2) Restricted net position of $921,488.72 is restricted by constraints placed on the use either by (a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.

  (3) Unrestricted net position of $2,407,761.05 represents the portion available to maintain the District's continuing obligation to citizens and creditors.

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

Overview of the Financial Statements

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

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

District-wide financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Net Position (Exhibit A-1) and Statement of Activities (Statement A-2). The Statement of Net Position reports all assets and liabilities, both financial and capital, and short-term and long-term of the District. The Statement of Activities reports all revenue and expenses during the year, regardless of when cash is received or paid.

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

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

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

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

Capital Projects Fund - This Fund is used to separate funds for capital equipment and projects. All capital expenditures are taken from this Fund. Funds in this account come from revenue transferred from the General Fund to be used for capital improvements and the sale of existing assets.

Overview of the Financial Statements (continued)

Debt Service Fund - This Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Fiduciary Fund - This Fund is used to account for LOSAP program administered by the District.

Dedicated Penalty Fund – This fund is used to account for fees collected for penalties that are restricted for use by New Jersey Statutes.

Notes to the Financial Statements

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

Other Information

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

Financial Analysis of the District

One of the most important questions asked about the District's finances is "Is the District as a whole better able to fulfill its mission as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District's activities in a way that will help answer this question. These two statements report net position of the District and the changes in net position. The reader can think of the District's net position - the difference between assets and liabilities - as one way to measure financial health. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider the non-financial factors such as changes in economic conditions, population growth, development, and new or changed government regulation.

Net Position

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

The District's net position at fiscal year-end is $6,362,634.37. This is a $850,436.14 increase over last year's net position of $5,512,198.23. A summary of the District's statement of net position is presented in the following table:

Condensed Statement of Net Position

	FY 2025	FY 2024	Dollar Change	Percent Change
Current and non-current assets	$ 5,989,140.28	$ 4,128,987.29	$ 1,860,152.99	45.05%
Capital assets, net	4,143,808.41	1,789,847.52	2,353,960.89	131.52%
Total assets	10,132,948.69	5,918,834.81	4,214,113.88	71.20%
Deferred Outflows of Resources	21,265.00	27,795.00	(6,530.00)	-23.49%
Long-term liabilities	1,232,899.81	308,257.10	924,642.71	299.96%
Other liabilities	2,545,855.51	117,917.48	2,427,938.03	2059.01%
Total liabilities	3,778,755.32	426,174.58	3,352,580.74	786.67%
Deferred Inflows of Resources	12,824.00	8,257.00	4,567.00	55.31%
Net investment in capital assets	3,033,384.60	1,618,277.42	1,415,107.18	87.45%
Restricted	921,488.72	1,287,287.39	(365,798.67)	-28.42%
Unrestricted	2,407,761.05	2,606,633.42	(198,872.37)	-7.63%
Total Net Position	$ 6,362,634.37	$ 5,512,198.23	$ 850,436.14	15.43%

While the Statement of Net Position shows the change in financial position, the Statement of Activities provides answers as to the nature and source of these changes. As can be seen in the following table, net position increased by $850,436.14.

Governmental Activities

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

Expenses	2025	2024	Increase (Decrease)
Administration	$ 281,929.08	$ 199,984.28	$ 81,944.80
Cost of providing services	1,292,971.45	1,462,807.70	(169,836.25)
Operating appropriations offset with revenues	186,962.10	163,541.62	23,420.48
Debt service	3,430.36	5,635.30	(2,204.94)
Total program expenses	1,765,292.99	1,831,968.90	(66,675.91)
Program Revenues			
Charges for services	187,962.10	163,541.62	24,420.48
Operating grants and contributions	8,601.00	8,601.00	
Net program expenses	1,568,729.89	1,659,826.28	(91,096.39)
General Revenues			
Property taxes	2,363,332.00	2,306,757.00	56,575.00
Miscellaneous income	95,448.03	102,863.41	(7,415.38)
Total general revenues	2,458,780.03	2,409,620.41	49,159.62
Transfers:			
LOSAP	(39,614.00)	(43,210.81)	3,596.81
Increase/(decrease) in net positon	850,436.14	706,583.32	143,852.82
Net position, January 1	5,512,198.23	4,805,614.91	706,583.32
Net position, December 31	$ 6,362,634.37	$ 5,512,198.23	$ 850,436.14

Property taxes constituted 89.00% and 89.35% of revenues for government activities for the Fire District for the years 2025 and 2024, respectively. Cost of operations and maintenance including operating appropriation offset with revenues comprised 83.84% and 88.78% of fire district expenses, with administration comprising 15.97% and 10.92%, in 2025 and 2024, respectively.

Budgetary Highlights

The State of New Jersey requires local authorities to prepare and adopt annual budgets in accordance with the Local Authorities Fiscal Control Law and regulations adopted by the Local Finance Board pursuant to this statute N.J.S.A. 40A:78-3. The statutory budget was designed to demonstrate to the Bureau of Authority Regulation of the Division of Local Government Services that the cash flows of the District for the coming year will be sufficient to cover operating expenses.

The following table provides a 2025 budget to actual comparison:

	Budget as Modified	Actual	Variance - Favorable (Unfavorable)
Fund Balance Utilitzed:			
Unrestricted	$ 889,487.00	$ 889,487.00	$ -
Revenues:			
Property taxes	2,123,007.00	2,123,007.00	-
Other revenues	192,701.00	291,011.13	98,310.13
Total revenues and fund balance utilized	3,205,195.00	3,303,505.13	98,310.13
General Fund Appropriations:			
Administration	257,158.00	249,531.60	7,626.40
Cost of providing services	1,881,936.00	1,092,412.86	789,523.14
Operating appropriations offset with revenues	137,000.00	186,962.10	(49,962.10)
Total general fund appropriations	2,276,094.00	1,528,906.56	747,187.44
Excess of revenues over appropriations	929,101.00	1,774,598.57	845,497.57
Fund balance, January 1	764,032.56	2,018,418.42	1,254,385.86
	1,693,133.56	3,793,016.99	2,099,883.43
Transfer to Capital Fund	(889,487.00)	(889,487.00)	-
Transfer to fiduciary fund (LOSAP)	(39,614.00)	(39,614.00)	-
Less: Fund balance utilized	889,487.00	889,487.00	-
Fund balance, December 31	$ (125,454.44)	$ 1,974,428.99	$ 2,099,883.43

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the District's net property, plant and equipment was $4,143,808.41. This is a $2,353,960.89 increase from last year's net property, plant and equipment of $1,789,847.52. The increase is due to depreciation expense of $153,565.97 while additions were $2,507,526.63. A summary of the District's capital assets is presented in the following table:

	2024	Additions	Retirements	2025
Buildings	$ 150,000.00			$ 150,000.00
Equipment	292,345.07	$ 23,600.23		315,945.30
Vehicles	4,944,413.66	2,483,926.63	$ -	7,428,340.29
	5,386,758.73	2,507,526.86	-	7,894,285.59
Less: accumulated depreciation	(3,596,911.21)	(153,565.97)	-	(3,750,477.18)
Capital Assets, Net	$ 1,789,847.52	$ 2,353,960.89	$ -	$ 4,143,808.41

Debt Administration

The District has two (2) outstanding capital leases as of December 31, 2025. Principal has been increased by $820,693.46. The increase represents lease principal paid of $84,306.54 and the addition of a new lease in the amount of $905,000. The principal balance as of December 31, 2025 was $992,263.56.

Economic Factors, Future Years' Budgets and Rates

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

Contacting the District

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the Township of Hazlet Fire District No.1, PO Box 5050, Hazlet, New Jersey 07730.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1

COUNTY OF MONMOUTH

STATEMENT OF NET POSITION

As of December 31, 2025

	Governmental Activities	Total
Assets:		
Cash	$ 5,035,655.30	$ 5,035,655.30
Prepaid Expenses	29,318.12	29,318.12
Restricted Cash	924,166.86	924,166.86
Capital Assets, Net	4,143,808.41	4,143,808.41
Total Assets	10,132,948.69	10,132,948.69
Deferred Outflows of Resources:		
Related to Pensions	21,265.00	21,265.00
Liabilities:		
Accounts Payable:		
Other	2,543,177.37	2,543,177.37
Accrued Liabilities:		
Accrued Interest Payable	2,678.14	2,678.14
Noncurrent Liabilities:		
Due Within One Year:		
Capital Lease Payable	157,263.56	157,263.56
Due in More Than One Year:		
Net Pension Liability	122,476.00	122,476.00
Capital Lease Payable, Net of Unamortized Premium of $118,160.25	953,160.25	953,160.25
Total Liabilities	3,778,755.32	3,778,755.32
Deferred Inflows of Resources:		
Related to Pensions	12,824.00	12,824.00
Net Position:		
Net Investment in Capital Assets	3,033,384.60	3,033,384.60
Restricted:		
NJAC 570 2-12 Expenditures	6,000.00	6,000.00
Capital Projects	918,166.86	918,166.86
Debt Service (Deficit)	(2,678.14)	(2,678.14)
Unrestricted	2,407,761.05	2,407,761.05
Total Net Position	$ 6,362,634.37	$ 6,362,634.37

The accompanying notes are an integral part of this statement.

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1

COUNTY OF MONMOUTH

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

Function/Programs	Expenses	Indirect Expense Allocation	Total	Operating Grants and Contributions	Net (Expenses) Revenue and Program Revenues: Governmental Activities	Net (Expenses) Revenue and Program Revenues: Total
GOVERNMENTAL ACTIVITIES						
Operating Appropriations:						
Administration	$ 281,929.08		$ 281,929.08		$ (281,929.08)	$ (281,929.08)
Cost of Providing Services	1,139,405.48	$ 153,565.97	1,292,971.45	$ 8,601.00	(1,284,370.45)	(1,284,370.45)
Operating Appropriations Offset With Revenues	186,962.10		186,962.10		(186,962.10)	(186,962.10)
Debt Service:						
Interest Expense	3,430.36		3,430.36		(3,430.36)	(3,430.36)
Total Government Activities	1,611,727.02	153,565.97	1,765,292.99	8,601.00	(1,756,691.99)	(1,756,691.99)
Total Primary Government	$ 1,611,727.02	$ 153,565.97	$ 1,765,292.99	$ 8,601.00	(1,756,691.99)	(1,756,691.99)
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes					1,898,007.00	1,898,007.00
Capital Expenditures					375,000.00	375,000.00
Debt Service					90,325.00	90,325.00
Fees and Penalties					187,962.10	187,962.10
Miscellaneous Revenues					457.83	457.83
Investment Income					94,990.20	94,990.20
Total revenues					2,646,742.13	2,646,742.13
Transfers:						
LOSAP					(39,614.00)	(39,614.00)
Total general revenues and transfers					2,607,128.13	2,607,128.13
Change in Net Position					850,436.14	850,436.14
Net Position - Beginning					5,512,198.23	5,512,198.23
Net Position - Ending					$ 6,362,634.37	$ 6,362,634.37

The accompanying notes are an integral part of this statement.

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

BALANCE SHEET
GOVERNMENTAL FUNDS

As of December 31, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	NJAC 570 2-12 Dedicated Penalty	Total Governmental Funds
Assets:					
Cash	$ 5,035,655.30	$ 918,166.86		$ 6,000.00	$ 5,959,822.16
Interfunds Receivable	2.04				2.04
Total Assets	5,035,657.34	918,166.86	$ -	6,000.00	5,959,824.20
Liabilities and Fund Balance:					
Accounts Payable	$2,543,177.37				$ 2,543,177.37
Interfunds Payable			$ 2.04		2.04
Total Liabilities	2,543,177.37	$ -	2.04	$ -	2,543,179.41
Fund Balances:					
Restricted For:					
NJAC 570 2-12 Expenditures				6,000.00	6,000.00
Capital Projects Fund		918,166.86			918,166.86
Debt Service Fund			(2.04)		(2.04)
Unassigned	2,492,479.97				2,492,479.97
Total Fund Balances/(Deficits)	2,492,479.97	918,166.86	(2.04)	6,000.00	3,416,644.79
Total Liabilities and Fund Balance	$ 5,035,657.34	$ 918,166.86	$ -	$ 6,000.00	$ 5,959,824.20

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

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

BALANCE SHEET
GOVERNMENTAL FUNDS

As of December 31, 2025

Total Fund Balances (B-1)	$ 3,416,644.79
Amounts reported for Governmental Activities in the Statement of Net Position (A-1) are different because:	
Prepaid expenses are reported in the governmental funds as expenditures. However, in the statement of net position, the cost is expensed in the period benefited.	29,318.12
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $7,894,285.59 and the accumulated depreciation is $3,750,477.18.	4,143,808.41
Deferred outflows and deferred inflows related to the refunding of debt and pensions represent the consumption and acquisition, respectively, of resources that relates to future periods; therfore, such amounts are not reported in the fund financial statements.	
Deferred Outflows	21,265.00
Deferred Inflows	(12,824.00)
Accounts payable and accrued expenses related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements.	
Accrued interest on long-term liabilities are not reported as liabilities in the funds.	(2,678.14)
Long-term liabilities, including bonds payable, capital leases, compensated absences, and pension are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Net Pension Liability	(122,476.00)
Capital Lease Payable	(1,110,423.81)
Net Position of Governmental Activities	$ 6,362,634.37

The accompanying notes are an integral part of this statement.

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1

COUNTY OF MONMOUTH, NEW JERSEY

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

For the Year Ended December 31, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	N.J.A.C. 570 2-12 Dedicated Penalty	Total Governmental Funds
Operating Revenues:					
Miscellaneous Revenues Anticipated:					
Supplemental Fire Services Grant	$ 8,601.00				$ 8,601.00
Miscellaneous Revenues Offset with Appropriations	186,962.10				186,962.10
Dedicated Revenue				$ 1,000.00	1,000.00
Miscellaneous Revenue	457.83				457.83
Amount to be Raised by Taxation	2,123,007.00	$ 150,000.00	$ 90,325.00		2,363,332.00
Investment Income	94,990.20				94,990.20
Total Revenues	2,414,018.13	150,000.00	90,325.00	1,000.00	2,655,343.13
Expenditures:					
Operating Appropriations:					
Administration	285,043.08				285,043.08
Cost of Providing Services	1,108,168.89				1,108,168.89
Operating Appropriations Offset with Revenues	186,962.10				186,962.10
Debt Service:					
Principal on Lease			84,306.54		84,306.54
Interest			6,017.75		6,017.75
Investment in Fixed Assets		2,507,526.86			2,507,526.86
Total Expenditures	1,580,174.07	2,507,526.86	90,324.29	-	4,178,025.22
Excess or (Deficiency) of Revenues over Expenditures	833,844.06	(2,357,526.86)	0.71	1,000.00	(1,522,682.09)
Other Financing Sources and (Uses)					
For Capital Projects		997,850.76			997,850.76
Transfers:					
Capital Contribution	(225,000.00)	225,000.00			
New Ladder	(664,487.00)	664,487.00			
Length of Service Awards Program	(39,614.00)				(39,614.00)
Total Other Financing Sources and (Uses)	(929,101.00)	1,887,337.76	-	-	958,236.76
Net Change in fund Balance	(95,256.94)	(470,189.10)	0.71	1,000.00	(564,445.33)
Fund Balance - January 1	2,587,736.91	1,388,355.96	(2.75)	5,000.00	3,981,090.12
Fund Balance - December 31	$ 2,492,479.97	$ 918,166.86	$ (2.04)	$ 6,000.00	$ 3,416,644.79

The accompanying notes are an integral part of this statement.

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1

COUNTY OF MONMOUTH, NEW JERSEY

RECONCILIATION OF THE GOVERNMENT FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

Total Net Change in Fund Balances - Governmental Funds (B-2)	$	(564,445.33)
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Prepaid expenditures are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost is expensed in the period benefited. Change in prepaid expenditures.		(5,927.10)
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.		
Current Year Depreciation Expense		(153,565.97)
Fixed Asset Purchases		2,507,526.86
In the statement of activities, certain operating expenses (e.g. compensated absences, interest on debt, and pension), are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).		
Interest on Long Term Debt		2,587.39
Pension Expense		3,114.00
Bond proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.		
Additional Bond Proceeds		(905,000.00)
Unamortized Bond Premium		(118,160.25)
Capital Lease Payment		84,306.54
Change in Net Position of Governmental Activities	$	850,436.14

The accompanying notes are an integral part of this statement.

FIDUCIARY FUNDS

Exhibit B-4

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

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

As of December 31, 2025

	(Unaudited) Length of Service Award Plan
Assets:	
Investments	$ 435,479.73
Total Assets	$ 435,479.73
Liabilities and Net Position:	
Net Position:	
Available for Benefits	$ 435,479.73
Total Net Position	$ 435,479.73

The accompanying notes are an integral part of this statement.

Exhibit B-5

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1

COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

As of December 31, 2025

	(Unaudited) Length of Service Award Plan
Additions:	
Appreciation on Investments	$ 43,530.66
Total Additions	43,530.66
Deductions:	
Adjustments	1,366.00
Administrative Expenses	1,200.00
Total Deductions	2,566.00
Transfers:	
LOSAP Contribution	39,614.00
Total Transfers	39,614.00
Change in Net Position	80,578.66
Net Position - Beginning of Year	354,901.07
Net Position - End of Year	$ 435,479.73

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

NOTE 1 DESCRIPTION OF REPORTING ENTITY

Fire District No. 1 of the Township of Hazlet ("District") is a political subdivision of the Township of Hazlet, County of Monmouth, New Jersey.

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

Fire Districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide fire-fighting services to the residents within its territorial location. Fire District No. 1 of the Township of Hazlet has three fire companies within its jurisdiction: Hazlet Fire Company No. 1, North Centerville Fire Company No. 1, and West Keansburg Fire Company No. 1.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Financial Statements:

District-Wide Financial Statements

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

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

Separate financial statements are provided for the District's governmental funds.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Financial Statements (continued):

District-wide Financial Statements (continued)

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

Governmental Fund Financial Statements

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

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

The Governmental Funds are as follows:

General Fund - The General Fund is the General Operating fund of the District. All tax revenues are placed in the General Fund and regular operating expenses are charged here.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Financial Statements (continued):

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

N.J.A.C. 570 2-12 Dedicated Penalty Fund - The Dedicated Penalty Fund is used to aggregate penalty fees charged that must be used only for firefighter training and/or new firefighting equipment.

Fiduciary Fund Financial Statements

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organization, other governments and/or other funds. One hundred percent of the fiduciary fund is comprised of the LOSAP fund.

B. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Cash and Cash Equivalents (continued):

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

C. Assessment and Collection of Property Tax

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

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

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assessment and Collection of Property Tax (continued)

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

D. Capital Assets - Capital Assets, which include vehicles and equipment, 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 at $5,000.00.

Depreciation is recorded on the straight-line method (with one half year applied to the first year of acquisition) over the useful lives of the assets as follows:

Equipment	5-10 years
Vehicles	10 years

E. Inventory Materials and Supplies - Purchase of materials and supplies are recorded as expenditures when they are acquired, regardless of when used.

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

G. Budgets/Budgetary Control

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

H. Deferred Outflows and Deferred Inflows of Resources

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deferred Outflows and Deferred Inflows of Resources (continued)

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

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

I. Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in excess of accounts payable in governmental funds, other than the special reserve fund, are reported as reservation of fund balance at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

J. Long-Term Obligations - Long-term debt is recorded in the district-wide financial statements when incurred. Long-term debt is recognized in the governmental funds when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for fire districts and N.J.S.A. 40A:14-85 to 87 governs procedures for the issuance of debt related to such purchases.

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

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Unrealized Gains and Losses - GASB has established GASB No. 31 which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of December 31, 2025, the District has no unrealized gains or losses.

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

N. Program Revenues - Appropriations received from the Township of Hazlet that offset the cost of providing services are recorded as program revenues in the Statement of Activities.

O. Indirect Expense Allocation - Depreciation expense is allocated to the cost of providing services in the Statement of Activities.

P. Fund Balance - the District classifies governmental fund balances as follows:

- Nonspendable - Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e. items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- Restricted - Fund balances are 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.

- Committed - Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the District Commissioners through the adoption of a resolution. Only the District Commissioners may modify or rescind the commitment.

- Assigned - Fund balances are reported as assigned when amounts are constrained by the District's intent to be used for specific purposes. But are neither restricted nor committed.

- Unassigned - Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all other funds.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Fund Balance (continued)

Fund Balance Flow Assumptions:

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order: committed, assigned, then unassigned.

Net Position:

Equity for district-wide financial statements is classified as net position and displayed in three components:

1. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net position - Consists of net position with constraints placed on the use either by (a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above.

3. Unrestricted net position - All other assets that do not meet the definition of "restricted" or "net investment in capital assets."

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

NOTE 3 CASH

At December 31, 2025, the District's deposits had a carrying amount of $5,959,822.16.

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Although the District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("Act"). Under the Act, the first $250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the district in excess of FDIC insured amounts are protected by the Act. However, the Act does not protect intermingled agency funds such as salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2025, the District's bank balances of $5,959,119.01 were exposed to custodial credit risk as follows:

FDIC Insured	$ 250,000.00
GUDPA	5,709,119.01
Total	$ 5,959,119.01

NOTE 4 INVESTMENTS

As of December 31, 2025, the District had the following investments:

Investment Type	Fair Value	Book Value
Fiduciary Fund:		
Fixed Account	$ 105,388.89	$ 105,388.89
Mutual Funds	330,090.84	330,090.84
Totals	$ 435,479.73	$ 435,479.73

Interest Rate Risk

One hundred percent of the Fiduciary Fund is comprised of the LOSAP Fund.

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

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

Net Investment Appreciation (Depreciation)

During 2025, investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $43,530.66 as follows:

Fixed Account	$ 1,973.46
Mutual Funds	41,557.20
Total	$ 43,530.66

NOTE 4 INVESTMENTS (continued)

Fair Value Measurements

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

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Program has the ability to access.
Level 2	Inputs to the valuation methodology include: - quoted prices for similar assets or liabilities in active markets; - quoted prices for identical or similar assets in inactive markets; - inputs other than quoted prices that are observable for the asset or liability - inputs that are derived principally from or corroborated by observable market data by correlation or other means If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs or minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025.

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

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

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

NOTE 4 INVESTMENTS (continued)

Fair Value Measurements (continued)

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

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2025:

	December 31, 2025	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)
Investments by fair value level			
Fixed Account	$ 105,388.89	$ -	$ 105,388.89
Total investments by fair value level	105,388.89	-	105,388.89
Investments measured at the net asset value (NAV)			
Mutual Funds:			
American Funds Global Growth	4,369.39		
American Funds Growth	7,049.97		
LVIP Macquarie US REIT Fund	16,470.60		
Macquarie Small CAP Value	28,445.61		
LVIP Macquarie SMID CAP Core Series	1,007.42		
Fidelity VIP Growth	47,113.54		
LVIP Mondrian International Value	7,284.02		
LVIP SSGA S&P 500 Index	171,186.82		
LVIP T. Rowe Price Mid CAP Growth	42,556.22		
MFS Utilities	4,607.25		
Total investments measured at the NAV	330,090.84		
Total investments measured at fair value	$ 435,479.73		

NOTE 4 INVESTMENTS (continued)

Fair Value Measurements (continued)

Level 2 Gains and Losses

The following table sets forth a summary of changes in the fair value of the District's level 2 assets for the year ended December 31, 2025.

	Level 2 Assets Year Ended December 31, 2025 Fixed Account
Balance, December 31, 2024	$ 90,130.76
Unrealized gains/(losses) relating to instruments still held at the reporting date	1,973.46
Purchases, sales, issuances, and settlements (net)	13,284.67
Balance, December 31, 2025	$ 105,388.89

NOTE 5 CAPITAL ASSETS

Capital Asset activity for the fiscal year ended December 31, 2025, was as follows:

	Balance December 31, 2024	Additions	Retirements	Balance December 31, 2025
Capital Assets Being Depreciated:				
Buildings	$ 150,000.00			$ 150,000.00
Equipment	292,345.07	$ 23,600.23		315,945.30
Vehicles	4,944,413.66	2,483,926.63		7,428,340.29
Total	5,386,758.73	2,507,526.86	$ -	7,894,285.59
Less: Accumulated Depreciation	(3,596,911.21)	(153,565.97)		(3,750,477.18)
Governement Activity Capital Assets, Net	$ 1,789,847.52	$ 2,353,960.89	$ -	$ 4,143,808.41

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

NOTE 6 LONG-TERM LIABILITIES

During the year ended December 31, 2025, the following changes occurred in long term liabilities for governmental activities:

At December 31, 2025, the Fire District had capital lease agreements in effect for the following:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025	Due Within One Year
MCIA Lease		$ 905,000.00		$ 905,000.00	$ 70,000.00
US Bancorp	$ 171,570.10		$ 84,306.54	87,263.56	87,263.56
	$ 171,570.10	$ 905,000.00	$ 84,306.54	$ 992,263.56	$ 157,263.56

The Fire District entered into a Capital Lease during 2019 to purchase a vehicle. The term of the lease requires the principal payment of $547,500.00 to be repaid in seven (7) annual installments beginning February 26, 2020 at an interest rate of 3.507%. The District entered into a new lease during 2025 to purchase a vehicle. The term of the lease requires principal payments of $905,000 to be repaid in ten (10) annual installments beginning December 1, 2026 at an interest rate of 5%. The following schedule details the remaining required lease payments:

Capital Leases

Schedule of Annual Debt Service for Principal and Interest for the Next Five (5) Years

Year	Principal	Interest	Total
2026	$ 157,263.56	$ 45,419.76	$ 202,683.32
2027	75,000.00	41,750.00	116,750.00
2028	80,000.00	38,000.00	118,000.00
2029	85,000.00	34,000.00	119,000.00
2030	90,000.00	29,750.00	119,750.00
2031-2035	505,000.00	77,750.00	582,750.00
	$ 992,263.56	$ 266,669.76	$ 1,258,933.32

Reconciliation to Statement of Net Position

Capital Lease Payable	$ 992,263.56
Less Current Portion	(157,263.56)
Long Term Portion of Capital Leases	$ 835,000.00

NOTE 7 PENSIONS AND RETIREMENT PLANS

Public Employees' Retirement System (PERS)

General Information About the Plan

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 Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Vesting and Benefit Provisions -The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 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.

NOTE 7 PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

General information about the Plan (continued)

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of the 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 the PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the 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 2025, the State's pension contribution was more than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due 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, 2025, the District's contributions to the PERS was $13,689.

NOTE 7 PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

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

Net Pension Liability - At December 31, 2025, the District reported a liability of $122,476 as the District's proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2025. 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, 2024, which was rolled forward to June 30, 2025. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The District's proportion measured as of June 30, 2025, was 0.0009958488% which was a decrease of .0000100889% from its proportion measured as of June 30, 2024.

Pension Expense - At December 31, 2025, the District's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2025 measurement date is $3,114.

NOTE 7 PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

Deferred Outflows and Deferred Inflows of Resources, and Pension Expense - At December 31, 2025 the State reported deferred outflows of resources and deferred inflows from resources attributable to the District from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 3,492	$ 131
Changes in Assumptions	19	1,411
Net Difference between Projected and Actual Earnings on Pension Plan Investments		10,213
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	17,754	1,069
	$ 21,265	$ 12,824

The District will amortize the above sources of deferred outflows and inflows related to the PERS over the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan with the exception of net differences between projected and actual earnings on pension plan investments which will be amortized over 5 years. The average of the expected remaining service lives of all employees are 5.48, 5.63, 5.21, 6.15, 5.13, 5.04, 5.08, 5.08 and 5.15 for the years 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024 and 2025 respectively.

NOTE 7 PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

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

Deferred Outflows and Deferred Inflows of Resources, and Pension Expense (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions that will be recognized in future periods, is as follows.

Year Ending December 31,	PERS
2026	$ 7,423
2027	1,467
2028	1,514
2029	(1,920)
2030	(43)
	$ 8,441

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	3.25% - 7.75% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2016 General Below-Median Income Employee mortality table
Period of Actuarial Experience Study upon which Acturial Assumptions were Based	July 1, 2021 - June 30, 2024

NOTE 7 PENSION PLANS (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 a 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 Below-Median Income Health Retiree mortality table with a 93.3% adjustments for males and 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability rates were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

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, 2025) 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, 2025 are summarized in the following table:

NOTE 7 PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

Long-term Expected Rate of Return (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	7.26%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Investment Grade Credit	7.00%	5.47%
High Yield	4.50%	6.63%
Private Credit	8.00%	9.00%
Real Assets	3.00%	7.90%
Real Estate	8.00%	10.78%
US Equity	28.00%	8.55%
Non-U.S. Developed Markets Equity	12.75%	8.77%
International Small Cap Equity	1.25%	8.77%
Emerging Markets Equity	5.50%	10.30%
Private Equity	13.00%	12.00%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through all periods. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through all periods and the municipal bond rate was applied to all projected benefit payments after that date in determining the total pension liability.

NOTE 7 PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	$ 181,623	$ 136,687	$ 98,446

Required Supplementary Pension Information – In accordance with GASB 68, the following information is also presented for the PERS Pension Plan. These schedules are presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

NOTE 7 PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

Required Supplementary Pension Information - In accordance with GASB 68, the following information is also presented for the PERS Pension Plan. These schedules are presented to illustrate the requirement to show information for 10 years.

Schedule of the District's Proportionate Share of the Net Pension Liability (Last 10 Plan Fiscal Years)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability	0.001846%	0.000603%	0.000613%	0.000774%	0.000782%	0.000796%	0.000823%	0.000831%	0.100594%	0.000996%
District's proportionate share of the net pension liability	$ 546,812	$ 140,415	$ 120,689	$ 139,468	$ 127,678	$ 94,318	$ 124,269	$ 120,413	$ 136,687	$ 122,476
District's covered-employee payroll	$ 41,792	$ 43,048	$ 55,000	$ 57,076	$ 58,350	$ 60,684	$ 63,173	$ 68,732	$ 69,624	$ 76,469
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1308.41%	326.18%	219.43%	244.35%	218.81%	155.42%	196.71%	175.19%	196.32%	160.16%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	48.09%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%	71.84%

NOTE 7 PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

Schedule of the District's contributions (Last 10 Plan Fiscal Years)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	$ 16,402	$ 5,588	$ 6,097	$ 7,529	$ 8,565	$ 9,324	$ 10,384	$ 11,111	$ 13,689	$ 13,610
Contributions in relation to the contractually required contribution	16,402	5,588	6,097	7,529	8,565	9,324	10,384	11,111	13,689	13,610
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 41,792	$ 43,048	$ 55,000	$ 57,076	$ 58,350	$ 60,684	$ 63,173	$ 68,732	$ 69,624	$ 76,469
Contribution as a percentage of covered-employee payroll	39.25%	12.98%	11.09%	13.19%	14.68%	15.36%	16.44%	16.17%	19.66%	17.80%

NOTE 7 PENSION PLANS (continued)

Public Employees' Retirement System (PERS) (continued)

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2025, dated June 15, 2026. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

Changes in assumptions:

For 2025, demographic assumptions were updated to reflect the most recent experience study for the period July 1, 2021 to June 30, 2024.

NOTE 8 LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)

A. General

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

B. Description of Program

On February 20, 2017, the District created the Program which is offered to all qualified Fire Department members. The Program was created in accordance with Chapter 388 of the Laws of 1997 (N.J.S.A. 40A:14-183, et seq.) and N.J.A.C. 5:30-14.1 et seq., to reward members of the Hazlet Township Fire District, all of whom are volunteer members, for their loyal, diligent and devoted services to the residents of the Township of Hazlet. If an active member meets the year-of-active-service requirements, the District must provide a benefit between the minimum contribution of $100 and a maximum contribution of $1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the Consumer Price Index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum annually.

Annually by January 31 of the current year, the Fire Departments submit a listing of qualified volunteers for the previous year, which are approved by the governing body. After approval, the listing is posted for 30 days at the fire houses for review by members.

NOTE 8 LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)

B. Description of Program (continued)

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

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

C. Investments

Upon enrollment, the Program participants enter into a Program plan annuity contract with the local Plan Administrator using enrollment forms provided by the Contractor which include various investment options.

Lincoln Financial reports the Program pro rata share of the investment income, consisting of gains and losses on transactions, appreciation or depreciation of the market value of the account investment and interest and dividends, recorded by the investment account maintained by Lincoln Financial.

NOTE 8 LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED) (continued)

D. Terms of Participation

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

E. Vesting

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

F. Termination of Service

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

G. Related Party Transactions

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

H. Program Termination

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

NOTE 8 LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED) (continued)

I. Tax Status

The Internal Revenue Service has determined and informed the District by letter that the Program is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Program has been amended since receiving the determination letter, the Program administrator and the Program's tax counsel believe that the Program is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Program is qualified and the related trust is tax exempt. Accounting principles generally accepted in the United States of America require Program management to evaluate tax positions taken by the Program and recognize a tax liability (or asset) if the Program has taken an uncertain position that more likely than not would not be sustained upon examination. The Program administrator has analyzed the tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Program is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

J. Risks and Uncertainties

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

K. Contributions

During the year ended December 31, 2025, $39,614 was charged to the General Fund budget to fund the LOSAP. Participants do not contribute to the plan.

NOTE 9 RISK MANAGEMENT

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability and surety bonds. There were no significant reductions in coverage from the prior year and no settlements in excess of insurance coverage in 2025, 2024 and 2023.

NOTE 10 INTERFUND BALANCES

The composition of interfund balances as of December 31, 2025 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	$ 2.04

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 11 CONTINGENT LIABILITIES

Litigation

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

NOTE 12 SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after December 31, 2025 through the date of September 15, 2026 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY SCHEDULES

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1

COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Year Ended December 31, 2025

	Adopted Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Final To Actual
Fund Balance Utilized:				
Unrestricted Fund Balance Utilized	$ 889,487.00	$ 889,487.00	$ 889,487.00	
Total Fund Balance Utilized	889,487.00	889,487.00	889,487.00	
Revenues:				
Supplemental Fire Services Grant	8,601.00	8,601.00	8,601.00	
Uniform Fire Safety Act:				
Annual Registration Fees	100,000.00	100,000.00	131,596.70	$ 31,596.70
Penalties and Fines	12,500.00	12,500.00	14,120.00	1,620.00
Other Revenues	24,500.00	24,500.00	41,245.40	16,745.40
Amount to be Raised by Taxation	2,123,007.00	2,123,007.00	2,123,007.00	
Miscellaneous	17,100.00	17,100.00	457.83	(16,642.17)
Interest Income	30,000.00	30,000.00	94,990.20	64,990.20
Total Operating Revenues	2,315,708.00	2,315,708.00	2,414,018.13	98,310.13
Total Revenues	3,205,195.00	3,205,195.00	3,303,505.13	98,310.13
Expenditures:				
Administration:				
Salaries and wages	79,508.00	79,508.00	87,113.34	(7,605.34)
Fringe benefits	32,850.00	32,850.00	32,160.61	689.39
Election and Advertising	6,000.00	6,000.00	931.60	5,068.40
Office Expenses	56,800.00	56,800.00	48,904.19	7,895.81
Professional Services	81,000.00	81,000.00	80,421.86	578.14
Contingent Expenses	1,000.00	1,000.00		1,000.00
Total Administration	257,158.00	257,158.00	249,531.60	7,626.40

See Independent Auditor's Report.

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Year Ended December 31, 2025

	Adopted Budget	Final Budget	Actual Amounts Budgetary Basis	Variance Final To Actual
Cost of Providing Services:				
Insurance	$ 350,000.00	$ 350,000.00	$ 145,014.48	$ 204,985.52
Hydrants	525,000.00	525,000.00	375,816.87	149,183.13
Maintenance & Repairs (Including Fuel)	437,300.00	437,300.00	209,571.34	227,728.66
Training	18,000.00	18,000.00	7,947.74	10,052.26
Dispatch Services	30,000.00	30,000.00	21,572.30	8,427.70
USFA Expenses	8,750.00	8,750.00	6,385.63	2,364.37
Aid to Fire Companies	295,800.00	295,800.00	248,416.66	47,383.34
Ambulatory Services	30,000.00	30,000.00	30,000.00	
Equipment	170,985.00	170,985.00	31,086.84	139,898.16
Supplemental Fire Services Grant	8,601.00	8,601.00	8,601.00	
Contingent Expenses	7,500.00	7,500.00	8,000.00	(500.00)
Total Cost of Providing Services	1,881,936.00	1,881,936.00	1,092,412.86	789,523.14
Operating Appropriations Offset with Revenues:				
Salaries and Wages	92,900.00	92,900.00	80,540.46	12,359.54
Fringe Benefits	9,100.00	9,100.00	2,067.39	7,032.61
Other Expenses	35,000.00	35,000.00	104,354.25	(69,354.25)
Total Operating Appropriations Offset with Revenues	137,000.00	137,000.00	186,962.10	(49,962.10)
Total Expenditures	2,276,094.00	2,276,094.00	1,528,906.56	747,187.44
Excess of Revenues Over Expenditures	929,101.00	929,101.00	1,774,598.57	845,497.57
Other Financing Uses				
Ladder	(664,487.00)	(664,487.00)	(664,487.00)	
Capital Contribution	(225,000.00)	(225,000.00)	(225,000.00)	
Length of Service Award Program:				
LOSAP Contribution	(39,614.00)	(39,614.00)	(39,614.00)	
Net Change in Fund Balance			845,497.57	845,497.57
Fund Balance, January 1	764,032.56	764,032.56	2,018,418.42	1,254,385.86
	764,032.56	764,032.56	2,863,915.99	2,099,883.43
Less:				
Fund Balance Utilized	889,487.00	889,487.00	889,487.00	
Fund Balance, December 31	$ (125,454.44)	$ (125,454.44)	$ 1,974,428.99	$ 2,099,883.43

See Independent Auditor's Report.

Exhibit C-2

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1

COUNTY OF MONMOUTH, NEW JERSEY

BUDGET - to - GAAP RECONCILIATION

For the Year Ended December 31, 2025

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

	General Fund
Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "total operating revenue" from the budgetary comparison schedule (C-1)	$ 2,414,018.13
Total revenues as reported on the statement of revenues, expenditures and changes in general fund balances - governmental funds (B-2)	$ 2,414,018.13
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule (C-1)	$ 1,528,906.56
Encumbrances that are expenditures on the budgetary basis but are not included in the governmental fund statements	(12,060.52)
Prior year encumbrances that are not expenditures on the budgetary basis but are included in the governmental fund statements	63,328.03
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)	$ 1,580,174.07

See Independent Auditor's Report.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended December 31, 2025

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

None.

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND RECOMMENDATIONS AS PREPARED BY MANAGEMENT
Year Ended December 31, 2025

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

There were no prior year findings.