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November 17, 2021

Mr. Alan Spector, Chairman
Board of Fire Commissioners
Manalapan Fire District No. 1
207 Freehold Road
Manalapan, NJ 07726

Dear Mr. Spector:

Enclosed please find three (3) bound copies of the Financial Statements and Supplementary Schedules for the year ended December 31, 2020 for Manalapan Fire District No. 1. One copy is to be distributed to each Commission Member; one copy is for the Solicitor and please retain one official copy.

All Fire District Annual Audit Reports that were previously submitted to the Division via paper documents are now required to be submitted via file upload to the internet-based FAST portal. We have emailed to you, your audit report, synopsis, audit questionnaire along with the group affidavit and resolution.

The provisions of N.J.S. 40A:14-89 requires you to publish at least twice in the official newspaper of the District a synopsis of all audits with recommendations. In order to assist you to comply with this requirement, the synopsis of our audit has been prepared together with our recommendations.

As part of our commitment to outstanding client service, we are asking you to take a moment to complete a confidential client engagement survey using the link provided in the email sent to you.

Should you have any questions, please do not hesitate to call.

Very truly yours,

HOLMAN FRENIA ALLISON, P.C.

Lauren M. Holman, CPA, PSA
Partner

LMH/lb
Encls.

November 17, 2021

To the Board of Fire Commissioners
Fire District No. 1 of the Township of Manalapan

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of Fire District No. 1 of the Township of Manalapan for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 18, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fire District No. 1 of the Township of Manalapan are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 17, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Fire Commissioners and management of Fire District No. 1 of the Township of Manalapan and is not intended to be, and should not be, used by anyone other than these specified parties.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

November 17, 2021
Toms River, New Jersey

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
COUNTY OF MONMOUTH**

As required by N.J.S.A. 40A:5A-15. the following is a synopsis of the audit of the financial statements and supplementary data for the year ended December 31, 2020.

**Statement of Net Position
December 31, 2020**

	December 31, <u>2020</u>
Assets:	
Current assets:	
Cash	\$ 1,123,823
Accounts receivable	22
Other receivable	<u>163,581</u>
Total assets	<u>1,287,426</u>
Noncurrent assets	
Investment in length of service awards program	<u>2,549,219</u>
Total noncurrent assets	<u>2,549,219</u>
Total assets	<u><u>3,836,645</u></u>
Liabilities, equity and other credits:	
Accounts payable	\$ 8,111
Accrued professional fees	9,500
Accrued pension	2,459
Other payable	<u>163,581</u>
Total liabilities	<u>183,651</u>
Fund balances	
Restricted for:	
Capital	101,244
Debt service	62,337
Investment in length of service awards program	2,549,219
Assigned for:	
Subsequent year's expenditures	15,867
Unassigned, reported in:	
General fund	<u>924,327</u>
Total fund balance	<u>3,652,994</u>
Total liabilities and fund balance	<u><u>3,836,645</u></u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended December 31, 2020

	December 31, 2020
Revenues:	
Miscellaneous anticipated revenue:	
Investment income - unrestricted cash and investments	\$ 132
Investment Income - length of service awards program	70,800
Other revenue	<u>69,587</u>
Total revenues	<u>140,519</u>
Amount raised by taxation to support district budget	<u>1,867,688</u>
Total anticipated revenues	<u>2,008,207</u>
Expenditures:	
Operating appropriations:	
Administration:	
Salaries and wages	58,249
Other expenditures	<u>343,219</u>
Total administration	<u>401,468</u>
Cost of operations and maintenance:	
Other expenditures	<u>759,063</u>
Total cost of operations and maintenance	<u>759,063</u>
Length of service awards program	
Other expenditures	<u>64,791</u>
Total length of service awards program	<u>64,791</u>
Capital appropriations	<u>149,907</u>
Debt service for capital appropriations:	
Capital leases	332,447
Interest on capital leases	<u>100,161</u>
Total debt service for capital appropriations	<u>432,608</u>
Total governmental expenditures	<u>1,657,930</u>
Excess (efficiency) of revenues over (under) expenditures	<u>200,370</u>
Fund balance, January 1	<u>3,452,624</u>
Fund balance, December 31	<u>\$ 3,652,994</u>

For the year ended December 31, 2020, there were no recommendations submitted.

The above synopsis was prepared from the report of the audit of the Fire District No. 1 of the Township of Manalapan as of December 31, 2020.

This report of audit, submitted by Holman Frenia Allison, P.C., Certified Public Accountants, is on file at the office of the Fire District No. 1 of the Township of Manalapan, 683 Tennent Road, Englishtown, New Jersey and may be inspected by any interested person.

5:31-7 Appendix B
LOCAL AUTHORITIES - ACCOUNTING AND AUDITING

AUDIT QUESTIONNAIRE FOR FIRE DISTRICT AUDITS

EACH QUESTION MUST BE ANSWERED.

PLEASE CIRCLE YES OR NO.

IF ANY ARE NOT APPLICABLE, INSERT N/A AS YOUR ANSWER.

FIRE DISTRICT Fire District No. 1 of the Township of Manalapan

YEAR UNDER AUDIT 12/31/2020

AUDITOR SIGNATURE _____

AUDITOR FIRM Holman Frenia Allison, P.C.

AUDITOR ADDRESS 1985 Cedar Bridge Ave, Suite 3

Lakewood, NJ 08701

AUDITOR PHONE # 732-797-1333

"NO" ANSWERS MUST BE EXPLAINED IN DETAIL. ATTACH ADDITIONAL SHEETS IF MORE SPACE IS REQUIRED. ANSWERS TO QUESTIONS WHICH INDICATE CORRECTIONS OR IMPROVEMENTS ARE REQUIRED MUST BE COVERED BY COMMENT AND RECOMMENDATION IN THE AUDIT REPORT. IF NOT COVERED, EXPLAIN IN DETAIL.

AUDIT QUESTIONNAIRE

FIRE DISTRICT

Fire District No. 1 of the Township of Manalapan

General

1. Is a general ledger maintained by the district? YES NO
2. Are key employees bonded in amounts required by organization policy YES NO
3. Is insurance coverage in force for at least the following:
 - Loss or damage to assets from fire and other hazards? YES NO
 - Public liability and property damage? YES NO
 - Robbery, burglary, theft and disappearance? YES NO
 - Worker's compensation? YES NO
4. Are loans to employees prohibited? YES NO
5. Has the Bureau of Authority Regulation been notified of deficiencies in the accounting system or records? YES NO
6. Has a corrective action plan been filed for the previous year audit report? YES NO

Cash and Investments

1. Has the district adopted a cash management plan? YES NO
2. Are all depositories and accounts authorized by resolution of the governing body? YES NO
3. Are receipts deposited within 48 hours? YES NO
4. Are the duties of personnel who receive and deposit cash separate from investments, cash disbursing, and bookkeeping? YES NO
5. Are cash receipts adequately safeguarded before deposit? YES NO
6. Is responsibility for the petty cash fund vested in only one person? YES NO
7. Are petty cash disbursements supported by signed receipts which are attached to reimbursement vouchers? YES NO
8. Are check signers designated by resolution? YES NO
9. If a mechanical check signer is used, is the signature plate under adequate control?
 - A. Are there procedures to control and record the check numbers and amount of checks signed? YES NO
10. Is there adequate security over blank checks? YES NO
11. Are the duties of personnel who disburse cash separate from the function of approving vouchers? YES NO
12. Are bank statements reconciled monthly?
 - A. Is the sequence of check numbers accounted for? YES NO
 - B. Are check endorsements scrutinized? YES NO
13. Are outstanding checks older than 6 months investigated? YES NO

- | | | |
|--|--------------------------------------|----|
| 14. Are investments under the control of a responsible official who does not receive or disburse cash? | <input checked="" type="radio"/> YES | NO |
| 15. Are all investments issued in the name of the district? | <input checked="" type="radio"/> YES | NO |
| 16. Are all investment transactions approved by the governing body? | <input checked="" type="radio"/> YES | NO |
| 17. Are all investments permitted by law or bond agreement? | <input checked="" type="radio"/> YES | NO |
| 18. Are perpetual records of investments reflecting all pertinent information maintained? | <input checked="" type="radio"/> YES | NO |
| 19. Is interest income verified? | <input checked="" type="radio"/> YES | NO |
| A. Is it promptly recorded in the accounting records? | <input checked="" type="radio"/> YES | NO |
| 20. Are investments examined periodically and verified with the detail record and control account? | <input checked="" type="radio"/> YES | NO |
| 21. Are investments protected against loss or theft? | <input checked="" type="radio"/> YES | NO |

Accounts Receivable and Income (District Taxes, User Charges and Miscellaneous)

- | | | |
|--|--------------------------------------|----|
| 1. Has the district tax levy been verified with the Abstract of Ratables | <input checked="" type="radio"/> YES | NO |
| 2. Does the district tax revenue agree to the tax levy? | <input checked="" type="radio"/> YES | NO |
| 3. Are billings to users independently verified? | <input checked="" type="radio"/> YES | NO |
| 4. Is there segregation of duties between accounts receivable, record maintenance, billing, and receipt of cash? | <input checked="" type="radio"/> YES | NO |
| 5. Are total accounts receivable balances verified with the accounts receivable control periodically? | <input checked="" type="radio"/> YES | NO |
| 6. Are delinquent accounts receivable reviewed and collection procedures initiated by a responsible official? | <input checked="" type="radio"/> YES | NO |
| 7. Are accounts receivable records promptly posted? | <input checked="" type="radio"/> YES | NO |
| A. Billings to users? | <input checked="" type="radio"/> YES | NO |
| B. Cash receipts? | <input checked="" type="radio"/> YES | NO |
| 8. Are adjustments to accounts receivable approved by a responsible official? | <input checked="" type="radio"/> YES | NO |

Inventory

- | | | |
|--|--------------------------------------|----|
| 1. Is the storage area properly safeguarded to prevent damage to materials and unauthorized removal? | <input checked="" type="radio"/> YES | NO |
| 2. Do quantities appear reasonable for normal consumption? | <input checked="" type="radio"/> YES | NO |
| 3. Are physical inventories taken annually? | <input checked="" type="radio"/> YES | NO |

Accounts Payable and Purchasing

- | | |
|---|--------------------------------------|
| 1. Are the following requirements of the Local Public Contracts Law (40A:11) being followed and documented: | |
| A. Competitive bidding and contract award? | <input checked="" type="radio"/> YES |
| | NO |

B. Informal quotations on purchases not requiring public bidding (40A:11-6.1)?	YES	NO
C. Certificate of availability of funds prior to award of contracts (Reg. 5:30-14.5)?	YES	NO
D. Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)?	YES	NO
E. Emergency purchases and contracts (40A:11-6)?	YES	NO
2. Are prenumbered purchase orders issued for all purchases, except petty cash purchases?	YES	NO
3. Is there a record of all purchase orders issued?	YES	NO
4. Are quantities and descriptions of materials and supplies received:	YES	NO
A. Compared to purchase orders?	YES	NO
B. Compared to vendors' invoices?	YES	NO
C. Verified with packing or delivery slips?	YES	NO
5. Are open purchase orders reviewed periodically?	YES	NO
6. Do vouchers approved for payment contain:	YES	NO
A. Signature of person who verified quantities and description of materials received or services rendered?	YES	NO
B. Copies of purchase order, delivery slips, etc.	YES	NO
7. Were all vouchers approved by the governing body?	YES	NO
8. Is there segregation of duties between the purchasing, receiving and cash disbursement functions?	YES	NO
9. Are total accounts payable balances verified with the accounts payable control periodically?	YES	NO

Payroll

1. Are the functions of payroll preparation and distribution separated?	YES	NO
2. Are names added to and deleted from payroll and rates of pay changed only upon written authorization?	YES	NO
3. Are new employees, employee promotions and rates of pay approved by the governing body?	YES	NO
4. Are payroll deductions promptly paid to the proper agencies?	YES	NO
5. Are records maintained to control and verify vacation time, sick leave, etc. taken and accumulated?	YES	NO
6. Are all employees paid by check?	YES	NO
7. Is there a separate bank account for payroll disbursements?	YES	NO
A. Are deposits in exact amount of payroll?	YES	NO
B. Is the payroll bank balance reconciled monthly by someone independent of payroll preparation?	YES	NO
C. Are payroll procedures established by resolution of the governing body?	YES	NO

Property, Plant and Equipment

- | | | |
|--|--------------------------------------|----|
| 1. Are detailed fixed asset records maintained? | <input checked="" type="radio"/> YES | NO |
| A. Are fixed assets properly identified with the fixed asset records? | <input checked="" type="radio"/> YES | NO |
| B. Are additions and deletions properly authorized and promptly recorded? | <input checked="" type="radio"/> YES | NO |
| 2. Is the documentation substantiating the cost of fixed assets permanently filed? | <input checked="" type="radio"/> YES | NO |
| 3. Is there a written policy defining items to be capitalized and those to be expensed? | <input checked="" type="radio"/> YES | NO |
| 4. Does the capitalization of interest and other indirect costs conform to accounting principles? | <input checked="" type="radio"/> YES | NO |
| 5. Do fixed asset additions conform to the adopted or amended capital budget? | <input checked="" type="radio"/> YES | NO |
| 6. Are fixed assets carried on the accounting records at cost or, if acquired by gift, at fair market value at date of gift? | <input checked="" type="radio"/> YES | NO |
| 7. Is a physical inventory of fixed assets taken periodically and verified to fixed asset records? | <input checked="" type="radio"/> YES | NO |
| 8. Are dispositions of fixed assets properly recorded and sales proceeds promptly accounted for in the accounting records? | <input checked="" type="radio"/> YES | NO |
| 9. Are fixed assets properly safeguarded against loss by fire, unauthorized use or theft? | <input checked="" type="radio"/> YES | NO |

Long and Short Term Debt

- | | | |
|--|--------------------------------------|----|
| 1. Is a detailed record such as a bond or note register maintained of debt issued and outstanding? | <input checked="" type="radio"/> YES | NO |
| A. Are principal and interest due dates and amounts reflected and date of payment recorded? | <input checked="" type="radio"/> YES | NO |
| 2. Are debt issues properly authorized by the governing body? | <input checked="" type="radio"/> YES | NO |
| 3. Does the expenditure of borrowed funds conform to the purposes authorized? | <input checked="" type="radio"/> YES | NO |
| 4. Are paid bonds and notes properly cancelled and accounted for? | <input checked="" type="radio"/> YES | NO |
| 5. Are required sinking fund deposits promptly made? | <input checked="" type="radio"/> YES | NO |

Capital Leases

- | | | |
|---|--------------------------------------|----|
| 1. Have all capital leases been approved by the voters? | <input checked="" type="radio"/> YES | NO |
| 2. Has the project financing for capital leases been approved by the Local Finance Board? | <input checked="" type="radio"/> YES | NO |

Budget System

1. Were the adopted operating budget and amendments thereto approved by the Director of Local Government Services?	YES	NO
2. Were the adopted budgets and amendments recorded in the minutes?	YES	NO
3. Are there sufficient controls to monitor expenses and revenues against budgeted amounts?	YES	NO
4. Is a budget status report periodically furnished to the governing body?	YES	NO
5. Are appropriations encumbered when purchase orders are issued?	YES	NO
6. Are fixed assets acquired through budget appropriations properly capitalized?	YES	NO

Grant Management – N/A

1. Is a permanent file of each grant maintained?	YES	NO
2. Does the accounting system provide details of eligible expenditures to be reimbursed from each grant?	YES	NO
3. Is each expenditure reviewed for compliance with the terms of the applicable grant?	YES	NO
4. Are all required reports promptly filed with the grantor agency?	YES	NO
5. Were grant reimbursement requests filed promptly?	YES	NO
6. Are assets acquired from grant funds properly identified?	YES	NO
7. If indirect costs are chargeable to grants, has the method of allocation been approved?	YES	NO

Electronic Data Processing

1. Does the district utilize electronic data processing for accounting or financial functions? (If "no," disregard items 2 through 10).	YES	NO
2. If "yes," was the system approved by the Division of Local Government Services?	YES	NO
3. Are there sufficient audit trails to identify documents being processed and identify output?	YES	NO
4. Are master files updated periodically and on schedule to prevent loss of data in transaction files?	YES	NO
5. Are there periodic printouts of updated files by E.D.P. transactions?	YES	NO
6. Are authorized users validated by user codes and passwords?	YES	NO
7. Are terminals located in a secure area, to prevent access by unauthorized personnel?	YES	NO
8. Are there copies of all critical materials such as programs, master files, transaction files, etc.?	YES	NO
9. Are these copies stored in a safe location (offsite or in a fireproof vault onsite)?	YES	NO

10. Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.?

YES NO

THE FOREGOING QUESTIONNAIRE MUST BE SEPARATELY FILED WITH THE DIVISION OF LOCAL GOVERNMENT SERVICES FOR EACH REPORT OF AUDIT. IT IS NOT TO BE BOUND IN THE REPORT.

RESOLUTION

WHEREAS, N.J.S.A. 40A:5A-5 requires the governing body of each Fire District to cause an annual audit of its accounts to be made, and

WHEREAS, the annual audit report for the fiscal year ended _____ has been completed and filed with the _____ pursuant to N.J.S.A. 40A:5A-15, and

WHEREAS, N.J.S.A. 40A:5A-17, requires the governing body of each District to, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member there of has personally reviewed the annual audit report, and specifically the sections of the audit report entitled "General Comments" and "Recommendations," in accordance with N.J.S.A.40A:5A-17.

NOW, THEREFORE BE IT RESOLVED, that the governing body of the _____ hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended _____, and specifically has reviewed the sections of the audit report entitled "General Comments" and "Recommendations," and has evidenced same by group affidavit in the form prescribed by the Local Finance Board.

BE IT FURTHER RESOLVED that the secretary of the authority is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this resolution.

IT IS HEREBY CERTIFIED THAT THIS IS A TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING HELD ON _____

Secretary

Date

FIRE DISTRICTS GROUP AFFIDAVIT FORM

PRESCRIBED BY THE NEW JERSEY LOCAL FINANCE BOARD

AUDIT REVIEW CERTIFICATE

We, the members of the governing body of the _____, being of full age and being duly sworn according to law, upon our oath depose and say:

1. We are duly appointed/elected (cross out one) members of the _____
2. We certify, pursuant to N.J.S.A. 40A:5A-17, that we have each reviewed the annual audit report for the fiscal year ended _____, and specifically the sections of the audit report entitled "General Comments" and "Recommendations."

(PRINT NAME)

(SIGNATURE)

Sworn to and subscribed before me this _____ day of _____, 20____

Notary Public of New Jersey