

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

Financial Statements and Supplementary Information

For the year ended December 31, 2023

(With Independent Auditor's Report Thereon)

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
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 <i>Government Auditing Standards</i>	4
Required Supplementary Information, Part I:	
Management's Discussion and Analysis	6
Basic Financial Statements:	
District Wide Statement of Net Position	13
District Wide Statement of Activities	14
Governmental Funds Balance Sheet	15
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the District Wide Statement of Activities	17
Notes to Financial Statements	18
Required Supplementary Information, Part II:	
Budgetary Comparison Schedule	40
Notes to the Required Supplementary Information Budget to Governmental Funds Reconciliation	41
Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	42
Schedule of District Contributions – PERS	43
Changes in the Net Pension Liability and Related Ratios – Length of Service Awards Program	44
Notes to the Required Supplementary Information	45
Supplementary Information:	
Schedule of Long-Term Finance Purchases	46
Schedule of Long-Term Lease Obligations	47
General Comments and Recommendations	48



1985 Cedar Bridge Ave., Suite 3 • Lakewood, NJ 08701 • 732.797.1333

194 East Bergen Place • Red Bank, NJ 07701 • 732.747.0010

Certified Public Accountants + Advisors

www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners
Fire District No. 1 of the Township of Manalapan
County of Monmouth
Manalapan, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire District No. 1 of the Township of Manalapan, County of Monmouth, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Fire District No. 1 of the Township of Manalapan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 1 of the Township of Manalapan, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fire District No. 1 of the Township of Manalapan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District No. 1 of the Township of Manalapan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fire District No. 1 of the Township of Manalapan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fire District No. 1 of the Township of Manalapan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fire District No. 1 of the Township of Manalapan's basic financial statements. The schedules of long-term finance purchases and lease obligations are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the long-term schedules of finance purchases and lease obligations is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2024 on our consideration of Fire District No. 1 of the Township of Manalapan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fire District No. 1 of the Township of Manalapan's internal control over financial reporting and compliance.



HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

July 11, 2024
Lakewood, New Jersey



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

To the Board of Fire Commissioners
Fire District No. 1 of the Township of Manalapan
County of Monmouth
Manalapan, State of New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 1 of the Township of Manalapan as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Fire District No. 1 of the Township of Manalapan's basic financial statements, and have issued our report thereon July 11, 2024.

Report on Internal Control over Financial Reporting

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

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

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

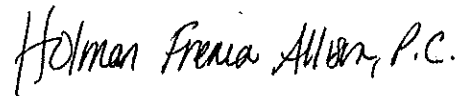
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire District No. 1 of the Township of Manalapan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of This Report

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



HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

July 11, 2024
Lakewood, New Jersey

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023**

As management of the Fire District No. 1 of the Township of Manalapan (hereafter referred to as the District) offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended, December 31, 2023. The intent of this narrative is to look at the District's overall financial performance in terms easily understood by the layperson. Please read this in conjunction with the District's financial statements which begin on page 13. Notes to the financial statements will provide the reader with additional useful information and they begin on page 18.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at December 31, 2023, by approximately \$1,976,000. During 2022, the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources was approximately \$1,484,500. This is an increase of approximately \$491,600.
- During 2023, the District operated at a surplus of approximately \$491,600. During 2022, the District operated at a surplus of approximately \$166,600. This is an increase of approximately \$325,000.
- The District's liabilities and deferred inflows of resources increased approximately \$309,600 in 2023 while assets and deferred outflows of resources increased by approximately \$801,200.
- As described in Note 2 to the financial statements the District has adopted the provisions of GASB Statement to No. 96, *Subscription Based Information Technology Arrangements (SBITAs)*, for the year ended December 31, 2023. Adoption of this statement did not have a material impact on the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The District's basic financial statements are comprised of three components: district wide financial statements; fund financial statements; and notes to the basic financial statements.

Reporting on the District as a Whole

Our analysis of the District as a whole begins on page 8. District wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The district wide statement of net position presents information on all the assets and liabilities of the District. The difference between the assets and liabilities is reported as the District's net position. Significant increases or decreases in the District's net position can be an indication of the financial health of the District. The district wide statement of activities presents financial information about activities that result in the District's net position increasing or decreasing during the year. Financial activities are recorded when the transactions occur rather than when the cash is received or disbursed. As a result, there could be activities that result in cash flow in a future period.

The district wide financial statements report on the financial data by function. The District has one basic function: activities that are supported by property taxes. The District provides firefighting services to the citizens of Manalapan, New Jersey, within the jurisdiction of the District.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the District uses fund accounting to document compliance with finance-related legal matters. The District has one type of fund, which is the governmental fund.

Governmental Funds

The District's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

The District maintains three separate governmental funds, the General Fund, Capital Projects Fund and Debt Service Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund and Debt Service Fund.

The relationship (or differences) between governmental activities (reported in the district wide statement of net position and the district wide statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by *N.J.S.A. 40A:14:78-3*, the District adopts an annual budget which is voted on by the legal voters of the district on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

Notes to Financial Statements

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

DISTRICT WIDE FINANCIAL ANALYSIS

The District's net position is a useful indicator of the District's financial condition. At the end of 2023, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$1,976,000. The largest portion of District's net position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. The District's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt.

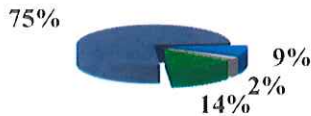
**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
DISTRICT WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Current and noncurrent assets and deferred outflows of resources	\$ 6,891,874	\$ 6,309,490	\$ 582,384	9.23%
Capital assets	<u>2,727,549</u>	<u>2,508,759</u>	218,790	8.72%
Total assets and deferred outflows of resources	9,619,423	8,818,249	801,174	9.09%
Total liabilities and deferred inflows of resources	<u>(7,643,382)</u>	<u>(7,333,758)</u>	309,624	4.22%
Net position	<u>\$ 1,976,041</u>	<u>\$ 1,484,491</u>	<u>\$ 491,550</u>	33.11%

Analysis of net position

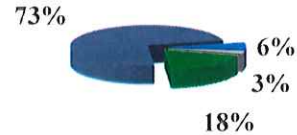
Invested in capital assets, net of related debt	\$ 2,055,088	\$ 1,717,830	\$ 337,258	19.63%
Restricted for:				
Capital projects	237,307	138,672	98,635	71.13%
Debt Service	62,337	62,337	-	0.00%
Unrestricted	<u>(378,691)</u>	<u>(434,348)</u>	55,657	12.81%
Total net position	<u>\$ 1,976,041</u>	<u>\$ 1,484,491</u>	<u>\$ 491,550</u>	33.11%

2023 Net Position



- Invested in Capital Assets, Net of Related Debt
- Restricted for Capital
- Restricted for Debt Service

2022 Net Position



- Invested in Capital Assets, Net of Related Debt
- Restricted for Capital
- Restricted for Debt Service

The net position of the District increased approximately \$491,600 as a result of the current year surplus. In 2023 the capital assets increased by approximately \$218,800 after depreciation expense.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

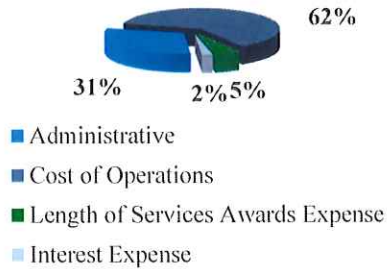
Governmental Activities

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

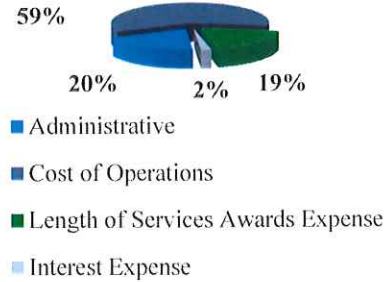
**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
DISTRICT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>
Expenses:				
Program expenses:				
Administrative expenses	\$ 478,541	\$ 353,225	\$ 125,316	35.48%
Cost of operations and maintenace	978,021	1,050,234	(72,213)	(6.88%)
Operating appropriations offset with revenues	81,593	341,551	(259,958)	(76.11%)
Interest expense	33,418	38,153	(4,735)	(12.41%)
Total program expenses	<u>\$ 1,571,573</u>	<u>\$ 1,783,163</u>	<u>\$ (211,590)</u>	(11.87%)

2023 Program Expenses



2022 Program Expenses

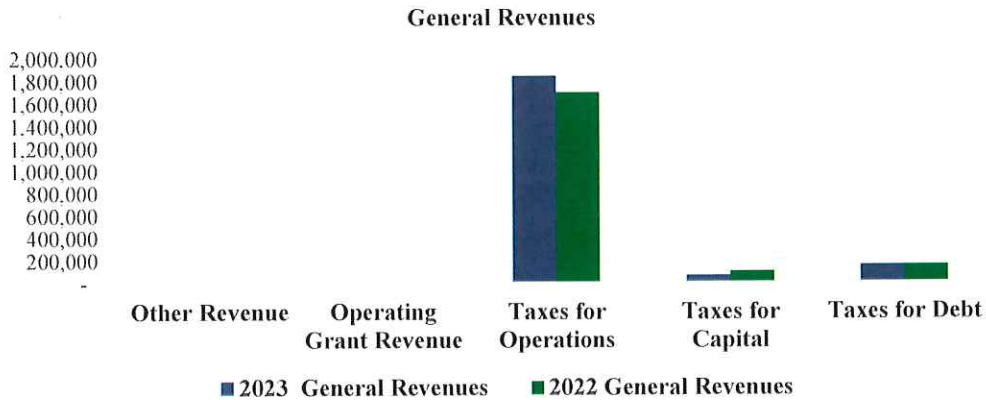


The Cost of Operations & Maintenance comprised 62% and 59% of the District's total expenses in 2023 and 2022, respectively. Administration expenses comprised 30% of the total expenses in 2023 and 2022, respectively.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
 DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)
 YEAR ENDED DECEMBER 31, 2023 AND 2022

	2023	2022	\$ Increase/ (Decrease)	% Increase/ (Decrease)
General revenues:				
Property taxes levied for:				
General purposes	\$ 1,838,423	\$ 1,689,577	\$ 148,846	8.81%
Capital purchases	63,415	99,950	(36,535)	(36.55%)
Debt service	152,082	152,082	-	0.00%
Total property taxes levied	<u>2,053,920</u>	<u>1,941,609</u>	<u>112,311</u>	<u>5.78%</u>
Other revenue	1,312	291	1,021	350.86%
Operating grant revenue	<u>7,891</u>	<u>7,891</u>	<u>-</u>	<u>0.00%</u>
Total general revenues	<u>2,063,123</u>	<u>1,949,791</u>	<u>113,332</u>	<u>5.81%</u>
Increase in net position	491,550	166,628	324,922	195.00%
Net position, January 1	<u>1,484,491</u>	<u>1,317,863</u>	<u>166,628</u>	<u>12.64%</u>
Net position, December 31	<u>\$ 1,976,041</u>	<u>\$ 1,484,491</u>	<u>\$ 491,550</u>	<u>33.11%</u>



Property tax revenue constituted approximately 100% of the total governmental activities revenues received by the District in 2023 and 2022, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

Governmental Fund

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

As of December 31, 2023, the combined balance of the governmental cash funds of the District was approximately \$1,366,400. This balance is approximately \$138,600 lower than last year's combined governmental funds cash balance.

The combined fund balance of the governmental fund of the District was approximately \$4,840,700. Of that total, funds of approximately \$3,490,700 have been restricted for length of service awards program, \$237,300 have been restricted for capital, \$62,300 have been restricted for debt service, \$6,900 have been assigned for other purposes (encumbrances), and \$1,043,500 is unassigned.

The general fund is the main operating fund of the District. At the end of 2023, the total fund balance of the general fund was approximately \$4,541,100. Of this balance, approximately \$1,043,500 of it was unassigned.

During 2023, the general fund, fund balance of the District increased by approximately \$46,100. The primary reason for this increased are as follows:

- The Board recognized revenues in excess of expenses of approximately \$46,100.

During 2023, the capital projects fund, fund balance of the District increased by approximately \$98,600. The primary reason for this increased are as follows:

- The Board recognized revenues in excess of expenses of approximately \$98,600.

General Fund Budgetary Highlights

- The District recognized actual revenues in excess of budgeted revenues of approximately \$1,200 in 2023.
- Overall, the District's expenditures were approximately \$349,600 less than originally anticipated in the operating budget for 2023.

CAPITAL ASSETS

As of December 31, 2023, the District had invested in capital assets for government activities of approximately \$2,727,500 (net of accumulated depreciation). Capital assets consist of apparatus and vehicles, capital improvements, and equipment.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
CAPITAL ASSETS
NET OF ACCUMULATED DEPRECIATION
DECEMBER 31, 2023 AND 2022**

	2023	2022	\$ Increase (Decrease)
Capital Assets:			
Depreciable:			
Apparatus and vehicles	\$ 4,168,681	\$ 4,168,681	\$ -
Capital improvements	48,464	44,964	3,500
Equipment	1,475,648	970,877	504,771
Total capital assets	5,692,793	5,184,522	508,271
Accumulated depreciation	(2,965,244)	(2,675,763)	(289,481)
Total capital assets, net of accumulated depreciation	\$ 2,727,549	\$ 2,508,759	\$ 218,790

Additional information on the District's capital assets can be found in Note 6 in the notes to the financial statements.

DEBT ADMINISTRATION

As of December 31, 2023, the District had obligations under finance purchases for government activities of approximately \$672,500 of which approximately \$123,500 is due within one year.

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

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District introduced their 2024 budget on December 18, 2023. The voters subsequently voted to approve the budget at the February election. The 2024 adopted budget reflects an increase in the tax levy of \$277,442, in which the Board anticipates an increase of \$0.004 to the fire tax rate.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Board of Fire Commissioners, Manalapan Township Fire District No. 1, P.O. Box 395 Manalapan, New Jersey, 07726.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
District Wide Statement of Net Position
December 31, 2023

	<u>Governmental Activities</u>
Assets:	
Current assets:	
Cash (Note 3)	\$ 1,366,432
Prepaid assets	71,577
Total current assets	<u>1,438,009</u>
Noncurrent assets:	
Investment in length of service awards program (Note 4)	3,490,734
Total noncurrent assets	<u>3,490,734</u>
Right to use leased assets, net of accumulated amortization (Note 5)	<u>907,073</u>
Capital assets, net:	
Depreciable (Note 6)	2,727,549
Total capital assets	<u>2,727,549</u>
Total assets	<u>8,563,365</u>
Deferred outflows of resources:	
Deferred outflows related to pension (Note 8)	253
Deferred outflows related to length of service awards programs (Note 9)	1,055,805
Total deferred outflows of resources	<u>1,056,058</u>
Total assets and deferred outflows of resources	<u>\$ 9,619,423</u>
Liabilities:	
Current liabilities:	
Accounts payable	\$ 5,507
Accrued expenses	12,024
Current portion of finance purchases payable (Note 7)	123,502
Current portion of right to use lease liability (Note 7)	163,665
Total current liabilities	<u>304,698</u>
Noncurrent liabilities:	
Finance purchase payable, net of current portion (Note 7)	548,959
Right to use lease liability, net of current portion (Note 7)	752,338
Net pension liability (Note 8)	15,508
Net investment in length of service awards program liability (Note 9)	4,234,885
Total noncurrent liabilities	<u>5,551,690</u>
Total liabilities	<u>5,856,388</u>
Deferred inflows of resources:	
Deferred inflows related to pension (Note 8)	16,849
Deferred inflows related to length of service awards programs (Note 9)	1,770,145
Total deferred inflows of resources	<u>1,786,994</u>
Total liabilities and deferred inflows of resources	<u>7,643,382</u>
Net position:	
Net investment in capital assets	2,055,088
Restricted for:	
Capital	237,307
Debt service	62,337
Unrestricted (Note 15)	<u>(378,691)</u>
Total net position	<u>1,976,041</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 9,619,423</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
District Wide Statement of Activities
For the year ended December 31, 2023

	Expenses	Total Governmental Activities
Operating appropriations:		
Administration	\$ 478,541	\$ 478,541
Costs of operations and maintenance	978,021	978,021
Length of service awards expense	81,593	81,593
Interest expense	33,418	33,418
Total operating appropriations	\$ 1,571,573	1,571,573
General revenues:		
Miscellaneous revenues		1,312
Operating grant revenues		7,891
Amount raised by taxation		2,053,920
Total general revenues		2,063,123
Change in net position		491,550
Net position, January 1		1,484,491
Net position, December 31		\$ 1,976,041

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Governmental Funds
Balance Sheet
December 31, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Current assets:				
Cash	\$ 1,366,432	\$ -	\$ -	\$ 1,366,432
Other receivables	-	237,307	62,337	299,644
Total assets	<u>1,366,432</u>	<u>237,307</u>	<u>62,337</u>	<u>1,666,076</u>
Noncurrent assets:				
Investment in length of service awards program	3,490,734	-	-	3,490,734
Total noncurrent assets	<u>3,490,734</u>	<u>-</u>	<u>-</u>	<u>3,490,734</u>
Total assets	<u>\$ 4,857,166</u>	<u>\$ 237,307</u>	<u>\$ 62,337</u>	<u>\$ 5,156,810</u>
Liabilities, equity and other credits:				
Accounts payable	\$ 5,507	\$ -	\$ -	\$ 5,507
Accrued expenses	10,931	-	-	10,931
Other payables	299,644	-	-	299,644
Total liabilities	<u>316,082</u>	<u>-</u>	<u>-</u>	<u>316,082</u>
Fund balances				
Restricted for:				
Capital	-	237,307	-	237,307
Debt service	-	-	62,337	62,337
Investment in length of service awards program	3,490,734	-	-	3,490,734
Assigned for:				
Other purposes	6,889	-	-	6,889
Unassigned, reported in:				
General fund	1,043,461	-	-	1,043,461
Total fund balance	<u>4,541,084</u>	<u>237,307</u>	<u>62,337</u>	<u>4,840,728</u>
Total liabilities and fund balance	<u>\$ 4,857,166</u>	<u>\$ 237,307</u>	<u>\$ 62,337</u>	

Amounts reported for governmental activities in the district wide statement of net position (A-1) are different because:

Prepaid assets are reported in governmental funds as expenditures. However, in the district wide statement of net position, the cost of those assets is expensed.	71,577
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,727,549
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	907,073
Accrued interest payable is not recorded in the fund financial statements due to the fact that the payable is not due in the period.	(1,093)
Deferred outflows and inflows of resources are applicable to future reporting periods and, therefore, are not reported in the funds.	(730,936)
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.	(5,838,857)
Total net position - Governmental Activities	<u>\$ 1,976,041</u>

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Miscellaneous anticipated revenues:				
Investment income - unrestricted cash and investments	\$ 1,170	\$ -	\$ -	\$ 1,170
Appreciation in the value of length of service awards program	97,852	-	-	97,852
Other revenue	142	-	-	142
Total miscellaneous revenues	99,164	-	-	99,164
Operating grant revenues:				
Supplemental fire service grant	7,891	-	-	7,891
Total operating grant revenues	7,891	-	-	7,891
Total revenues	107,055	-	-	107,055
Amount raised by taxation to support district budget	1,838,423	63,415	152,082	2,053,920
Total anticipated revenues	1,945,478	63,415	152,082	2,160,975
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages and fringe benefits	57,886	-	-	57,886
Other expenditures:				
Professional fees	33,301	-	-	33,301
Fire prevention and training	25,104	-	-	25,104
Insurance	154,997	-	-	154,997
Building utilities and maintenance	153,144	-	-	153,144
Office and other administrative expenses	37,663	-	-	37,663
Total administration	462,095	-	-	462,095
Cost of operations and maintenance:				
Truck operations	91,557	-	-	91,557
Fire house rentals	236,392	-	-	236,392
Fire hydrant rentals	302,573	-	-	302,573
Non-bondable assets	148,626	-	-	148,626
Medical fees	17,706	-	-	17,706
Total cost of operations and maintenance	796,854	-	-	796,854
Length of service awards program:				
Participant withdrawals	190,434	-	-	190,434
Total length of service awards program	190,434	-	-	190,434
Capital appropriations	-	414,780	-	414,780
Debt service for capital appropriations:				
Principal payment on debt service	-	-	118,468	118,468
Interest payment on debt service	-	-	33,614	33,614
Total debt service for capital appropriations	-	-	152,082	152,082
Total governmental expenditures	1,449,383	414,780	152,082	2,016,245
Excess (efficiency) of revenues over (under) expenditures before other financing sources (uses)	496,095	(351,365)	-	144,730
Other financing sources (uses):				
Transfer from General Fund to Capital Projects Fund	(450,000)	450,000	-	-
Total other financing sources (uses)	(450,000)	450,000	-	-
Excess (efficiency) of revenues over (under) expenditures and other financing sources (uses)	46,095	98,635	-	144,730
Fund balance, January 1	4,494,989	138,672	62,337	4,695,998
Fund balance, December 31	\$ 4,541,084	\$ 237,307	\$ 62,337	\$ 4,840,728

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balance to
the District Wide Statement of Activities
December 31, 2023

Total net changes in Fund Balance - Governmental Funds (B-2)	\$	144,730
<p>Amounts reported for governmental activities in the district wide statement of activities (A-2) are different because:</p>		
<p>Prepaid assets are reported in governmental funds as expenditures. However, in the district wide statement of net position, the cost of those assets are expensed.</p>		
	Prior year	(88,023)
	Current year	<u>71,577</u>
		(16,446)
<p>Certain activity related to length of service awards program (LOSAP) is not reported in governmental funds, whereas such activity is a component of the investment in length of service awards program payable reported on the district wide statement of net position.</p>		
	Length of service awards program contribution	(364,904)
	Length of service awards program benefit	283,311
	Appreciation in the value of length of service awards program	(97,852)
	Participant withdrawals	<u>190,434</u>
		10,989
<p>Capital Outlays are reported in governmental funds as expenditures. However, in the district wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
	Capital outlay - General Fund	93,491
	Capital outlay - Capital Projects Fund	414,780
	Depreciation expense	<u>(289,481)</u>
		218,790
<p>Certain activity related to right to use assets and liabilities is not reported in governmental funds, whereas such activity is reported on the district wide statement of net position.</p>		
	Amortization of right to use leased assets	(204,297)
	Repayment of right to use leased liability	<u>213,259</u>
		8,962
<p>Accrual of interest on finance purchases is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the district wide statement of activities.</p>		
	Prior year	1,289
	Current year	<u>(1,093)</u>
		196
<p>Repayment of debt service is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the district wide statement of net position and is not reported in the district wide statement of activities.</p>		
		118,468
<p>District pension benefit (expense) are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the district wide statement of net position because the reported net pension liability is measured a year before the district's report date. Pension benefit (expense), which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the district wide statement of activities.</p>		
		<u>5,861</u>
Change in net position - Governmental Activities	\$	<u><u>491,550</u></u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements

NOTE 1: GENERAL INFORMATION

Description of Reporting Entity

Fire District No. 1 of the Township of Manalapan (hereafter referred to as the District), is a political subdivision of the Township of Manalapan, County of Monmouth, State of New Jersey. A board of five commissioners oversees all of the operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

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

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

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

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

District Officials

The District is governed by a board of five commissioners. The following were in office at December 31, 2023:

<u>Officials</u>	<u>Term Expires:</u> <u>March</u>
Robert DiTota	2024
Daniel LaRocca	2025
Andrew Macchio	2024
George Schmatz	2026
Alan Spector	2025

Accounting Records

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

Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 1: GENERAL INFORMATION (continued)

Component Units

GASB Statement No. 14 *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34 and GASB Statement No. 80, Blending Requirements for Certain Component Units*. The District did not have a component unit as of and for the year ended December 31, 2023.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

Fund Accounting

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types."

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Governmental Funds:

General Fund

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

Capital Projects Fund

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

Debt Service Fund

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

District Wide and Fund Financial Statements

The district wide financial statements (A-1 and A-2) include the district wide statement of net position and the district wide statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity, excluding the fiduciary funds, has been eliminated in the district wide statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees. The district wide statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

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

Fund Financial Statements

The fund financial statements provide detail of the governmental funds.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

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

Basis of Accounting

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

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

In its accounting and financial reporting, the District follows the pronouncements of the GASB.

Budgets and Budgetary Accounting

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

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

Amendments may be made to the District budget in accordance with *N.J.S.A 40A: 14-78.3*. The budget may be amended subsequent to its final adoption and approval for additional items of revenue with offsetting appropriations in accordance with *N.J.S.A 40A: 14-78.5*. Subsequent to the adoption of the District budget, the amount of money to be raised by taxation in support of the District budget must appear on the ballot for the annual election for approval of the legal voters. Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the Districts general-purpose financial statements.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. Encumbrances at December 31, 2023 totaled \$6,889.

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds and cash in banks. Fire Districts are required by *N.J.S.A. 40A: 5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. *N.J.S.A. 40A: 5-15.1* provides a list of cash equivalents that may be purchased by fire districts. *N.J.S.A. 17:9-42* requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey.

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

Prepaid Assets

Prepaid assets, which benefit future periods, are recorded as an expenditure during the year of purchase.

Debt Limitation

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

Capital Assets

Capital assets, which include, buildings and improvement, land improvements and trucks and equipment reported in the district wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of \$2,000. Depreciation is recorded on the straight-line method (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

<u>Description:</u>	<u>Useful Lives</u>
Apparatus and vehicles	8 – 20 Years
Capital improvements	15 Years
Equipment	5 – 25 Years

Right to use Assets and Liabilities

Right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

Inventory, Materials and Supplies

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

Other Receivables and Payables

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

Revenues and Expenditures – Governmental Funds

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

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

Fire District Taxes

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows and Deferred Inflows of Resources

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

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

Pension and length of service awards program

For purposes of measuring the net pension, and length of service awards program, deferred outflows of resources and deferred inflows of resources related to pensions and length of service awards program and pension and length of service awards program expenses, information about the fiduciary net position of the Public Employees' Retirement System (PERS), and Length of Service Awards Program (LOSAP) and additions to/deductions from the PERS and LOSAP's fiduciary net positions have been determined on the same basis as they are reported by the plan. For these purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

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

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

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

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Use of Estimates

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

Impact of Recently Issued Accounting Pronouncements

Adopted Accounting Pronouncements

GASB has issued the following statements which became effective December 31, 2023, as shown below:

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of this statement did not have a material impact on the District's financial statements and related disclosures.

Accounting Pronouncements Effective in Future Reporting Periods

GASB has issued the following statements which are effective after December 31, 2023, as shown below:

Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. The effective date is for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has yet to determine the potential impact of this pronouncement on the District's financial statements.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are reported at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value). Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Board determines the valuation policies utilizing information provided by the investment advisers, custodians, and insurance company. See Note 4: *Investments Held at Contract Value* for discussion of contract value measurements.

Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2023 through the date of July 11, 2024, which is the date the financial statements were available to be issued.

NOTE 3: CASH

The District is governed by the deposit and investment limitations of New Jersey state law. The deposits held at December 31, 2023, and reported at fair value are as follows:

Type:	Carrying Value
Deposits:	
Demand deposits	\$ 1,366,432
Total deposits	\$ 1,366,432
 Reconciliation to the Governmental Funds:	
Governmental Funds	\$ 1,366,432
Total	\$ 1,366,432

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2023, the District's bank balance of \$1,434,908 was insured or collateralized as follows:

Insured	\$ 250,000
Collateralized in the District's name under GUDPA	1,184,908
Total	\$ 1,434,908

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 4: INVESTMENTS HELD AT CONTRACT VALUE

The District invests in the Empower general investment fund, which totaled \$3,490,734 as of December 31, 2023. Empower maintains the contributions in the general investment fund (GIA). The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rate that is guaranteed to the LOSAP plan. The District's ability to receive amounts due in accordance with the fully benefit-responsive investment contract is dependent on the contract issuer's ability to meet its financial obligations. The fixed account continues in-force until they are terminated by Empower or the LOSAP plan. For this reason, such contracts are referred to as "evergreen" contracts and do not define a maturity date. No events are probable of occurring might limit the ability of the LOSAP plan to transact at contract value with the contract issuer and also limit the ability of the LOSAP plan to transact at contract value with participants. This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value (See Note 2: *Investments*).

NOTE 5: RIGHT TO USE LEASED ASSETS

The District has recorded a right to use leased asset for property (firehouse). The related lease is discussed in the lease liability subsection of Note 8: *Long-Term Obligations*. The right to use leased asset is amortized on a straight-line basis over the terms of the related lease. Right to use asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments /Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Right to use leased assets:				
Property and equipment	\$ 365,300	\$ 954,813	\$ (365,300)	\$ 954,813
Total right to use leased assets	365,300	954,813	(365,300)	954,813
Less: accumulated amortization:				
Property and equipment	(208,743)	(204,297)	365,300	(47,740)
Total accumulated amortization	(208,743)	(204,297)	365,300	(47,740)
Total right-of-use leased assets net of accumulated amortization	<u>\$ 156,557</u>	<u>\$ 750,516</u>	<u>\$ -</u>	<u>\$ 907,073</u>

NOTE 6: CAPITAL ASSETS

N.J.S.A. 40A: 14-84 governs the procedures for the acquisition of property and equipment for fire districts, and the *N.J.S.A. 40A: 14-85-87* governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase firefighting apparatus, equipment, land, and buildings to house such property in an amount not exceeding five mills on the dollar of the least assessed valuation of property within the District upon the approval of the legal voters. Debt may be issued up to \$60,000 or two percent of the assessed valuation of property, whichever is larger. Capital assets consisted of the following at December 31, 2023:

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 6: CAPITAL ASSETS (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments / Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets being depreciated:				
Apparatus and vehicles	\$ 4,168,681	\$ -	\$ -	\$ 4,168,681
Capital improvements	44,964	3,500	-	48,464
Equipment	970,877	504,771	-	1,475,648
Total capital assets being depreciated	<u>5,184,522</u>	<u>508,271</u>	<u>-</u>	<u>5,692,793</u>
Less: accumulated depreciation:				
Apparatus and vehicles	(2,171,065)	(171,253)	-	(2,342,318)
Capital improvements	(2,997)	(3,114)	-	(6,111)
Equipment	(501,701)	(115,114)	-	(616,815)
Total accumulated depreciation	<u>(2,675,763)</u>	<u>(289,481)</u>	<u>-</u>	<u>(2,965,244)</u>
Total capital assets net of accumulated depreciation	<u>\$ 2,508,759</u>	<u>\$ 218,790</u>	<u>\$ -</u>	<u>\$ 2,727,549</u>

NOTE 7: LONG-TERM OBLIGATIONS

During the fiscal year ended December 31, 2023 the following changes occurred in liabilities reported in long-term obligations:

	<u>Beginning Balance</u>	<u>Accrued/ Increases</u>	<u>(Retired)/ (Decreases)</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Finance purchases payable	\$ 790,929	\$ -	\$ (118,468)	\$ 672,461	\$ 123,502
Right to use lease liability	174,449	954,813	(213,259)	916,003	163,665
Net pension liability	33,317	-	(17,809)	15,508	-
Net length of service awards program	4,326,459	267,948	(359,522)	4,234,885	-
Total	<u>\$ 5,325,154</u>	<u>\$ 1,222,761</u>	<u>\$ (709,058)</u>	<u>\$ 5,838,857</u>	<u>\$ 287,167</u>

Finance Purchases Payable

On January 17, 2019 the District entered into a finance purchase agreement for a fire apparatus totaling \$1,222,545. The total financing term is ten years, expiring December 17, 2028. Interest is paid annually at a rate of 4.24%. The following is the future minimum payments under the agreement:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 123,502	\$ 28,580	\$ 152,082
2025	128,751	23,331	152,082
2026	134,223	17,859	152,082
2027	139,928	12,154	152,082
2028	146,057	6,207	152,264
Total	<u>\$ 672,461</u>	<u>\$ 88,131</u>	<u>\$ 760,592</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 7: LONG-TERM OBLIGATIONS (continued)

Right to Use Lease Liability

The District has entered into agreement to lease property (firehouse). The lease agreement qualifies as an other than short-term lease under GASB Statement No. 87: *Leases* and, therefore, have been recorded at the present value of the future minimum lease payments as the date of its inception. The required quarterly payments is \$59,100. The lease liability is measured at a discount rate of 8.50%. As a result of these leases, the District has recorded a lease liability with the net book value of \$954,813. The right-to-use asset is described in more detail at Note 5: *Right to use Asset*. The following is a schedule of the remaining future minimum lease payments under the lease obligation and the present value of the net minimum lease payments at December 31, 2023:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 163,665	\$ 72,735	\$ 236,400
2025	178,026	58,374	236,400
2026	193,648	42,752	236,400
2027	210,640	25,760	236,400
2028	170,024	7,277	177,301
Total	<u>\$ 916,003</u>	<u>\$ 206,898</u>	<u>\$ 1,122,901</u>

Net Pension Liability

For details on the net pension liability, see Note 8: *Pension Obligations*. The District’s annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis.

Length of Service Awards Program

For details on the length of service awards program liability, refer to Note 9: *Length of Service Awards Program*. The District’s annual required contribution to the length of service awards program is budgeted and paid from the general fund on an annual basis.

NOTE 8: PENSION OBLIGATIONS

Public Employees’ Retirement System (PERS)

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

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Plan Description (continued) – The following represents the membership tiers for PERS:

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

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

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

Contributions – The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2023, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments 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, 2023, the District's contractually required contribution to PERS plan was \$1,431.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Components of Net Pension Liability – At December 31, 2023, the District's proportionate share of the PERS net pension liability was \$15,508. The net pension liability was measured as of June 30, 2023. 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, 2022, which was rolled forward to June 30, 2023. 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, 2023. The District's proportion measured as of June 30, 2023, was .0001070685% which was a decrease of .0001137003% from its proportion measured as of June 30, 2022.

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/30/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 253	\$ 1,722
Deferred Inflows of Resources	16,849	6,370
Net Pension Liability	15,508	33,317
District's portion of the Plan's total Net Pension Liability	0.00011%	0.00022%

Pension Expense/(Benefit) and Deferred Outflows/Inflows of Resources – At December 31, 2023, the District's proportionate share of the PERS expense/(Benefit), calculated by the plan as of the June 30, 2023 measurement date is \$(4,430). At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 148	\$ 63
Changes of Assumptions	34	940
Net Difference between Projected and Actual Earnings on Pension Plan Investments	71	-
Changes in Proportion and Differences between the District's Contribution and Proportionate Share of Contributions	-	15,846
	<u>\$ 253</u>	<u>\$ 16,849</u>

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Pension Expense/(Benefit) and Deferred Outflows/Inflows of Resources (continued) – The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ (3,988)
2025	(3,626)
2026	(2,530)
2027	(3,283)
2028	(3,169)
	<u>\$ (16,596)</u>

Special Funding Situation – Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State, are Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Additionally, the State has no proportionate share of the PERS net pension liability attributable to the District as of December 31, 2023. At December 31, 2023, the State's proportionate share of the PERS expense, associated with the District, calculated by the plan as of the June 30, 2023 measurement date was \$48.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

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

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.75 - 6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rate Table	Pub-2010 General Below-Median Income Employee mortality table
PERS	with fully generational mortality improvement projections from the central year using Scale MP-2021

Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) 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.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (continued)

Public Employees' Retirement System (PERS) (continued)

Long-Term Expected Rate of Return (continued) – 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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 8: PENSION OBLIGATIONS (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	\$ 20,359	\$ 15,508	\$ 11,622

NOTE 9: LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

The District's Length of Service Awards Program (LOSAP) provides tax deferred income benefits to active volunteer firefighters. The plan is intended to comply with Section 457(e)(11)(A)(ii) of the Internal Service Code of 1986, as amended. The assets of the plan are invested in a fixed-income Group Annuity Contract with Empower Retirement (Empower) which Empower funds invested for various Length of Service Awards Program customers along with funds in Empower's general account. The District has a contractual obligation to pay the LOSAP benefits to eligible members. Assets that are designated to pay the LOSAP benefits are available to the unsecured creditors of the District. As such, the assets and liabilities of the LOSAP are included in the financial statements of the District. For the year ended December 31, 2023 the District's contractually required contribution to the plan was \$364,904.

Basis of Presentation

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

Components of Net Pension Liability

At December 31, 2023, the District's net pension liability relating to the length of service awards program was \$4,234,885. The net pension liability was measured as of September 14, 2023. The net pension liability was determined using update procedures to roll forward the total net pension liability from an actuarial valuation as of September 14, 2023, which was rolled forward to September 14, 2022. The components of the net pension liability at December 31, 2023, were as follows:

	Collective Balances December 31,	
	2023	2022
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 1,055,805	\$ 1,339,792
Deferred Inflows of Resources	1,770,145	1,973,547
Net Pension Liability	4,234,885	4,326,459

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 9: LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) (continued)

Components of Net Pension Liability (continued)

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

	Increase (Decrease)		
	Total Pension liability (a)	Plan Fiduciary net position (b)	Net Pension liability (a) - (b)
Balance at December 31, 2022	\$ 4,326,459	\$ -	\$ 4,326,459
Changes for the year:			
Service costs	87,923	-	87,923
Interest	180,025	-	180,025
Changes in benefit terms	(19,305)	-	(19,305)
Differences in expected and actual experience	(82,844)	-	(82,844)
Changes in assumptions	(74,046)	-	(74,046)
Benefit payments and expenses	(183,327)	-	(183,327)
Net changes	(91,574)	-	(91,574)
Balance at December 31, 2023	<u>\$ 4,234,885</u>	<u>\$ -</u>	<u>\$ 4,234,885</u>

Pension Expense

The pension expense, calculated by the plan as of the December 31, 2023 measurement date is \$172,338 as follows:

Note:	Description:	Amount
A	Service costs	\$ 87,923
B	Interest on the total pension liability	180,025
A	Changes of benefit terms	(19,305)
C	Differences between expected and actual experience	(65,447)
C	Changes in assumptions	(10,858)
	Total pension expense related to length of service awards program	<u>\$ 172,338</u>

Notes:

- A Provided in the changes in net pension liability exhibit
- B Based on the following calculation:

	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) x (b) x (c)
Beginning total pension liability	\$ 4,326,459	100%	4.25%	\$ 183,875
Service cost (year end)	87,923	0%	4.25%	-
Benefit payments	(181,187)	50%	4.25%	(3,850)
Total interest on the total pension liability				<u>\$ 180,025</u>

- C Provided in the schedules of deferrals

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 9: LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to LOSAP

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to LOSAP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 140,281	\$ 472,606
Changes of assumptions	915,524	1,297,539
	\$ 1,055,805	\$ 1,770,145

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

Year Ending September 14,	Amount
2024	\$ (76,305)
2025	(76,309)
2026	(69,815)
2027	(225,515)
2028	(266,396)
Total	\$ (714,340)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 14, 2023 rolled forward to September 14, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.0%
Salary increases	Not applicable
Investment rate of return	4.25% percent, net of pension plan investment expense, including inflation
Mortality	No pre-retirement mortality; post retirement RP2000 projected to 2030
Retirement	First eligible
Turnover	T5
Disability	None

The above is a summary of key actuarial assumptions. Full descriptions of the actuarial assumptions are available in the September 14, 2023, actuarial valuation report.

Discount Rate

The discount rate used to measure the total pension liability was 4.25% which is based on the 20-year AA general obligation bond rate as of September 14, 2023.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 9: LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) (continued)

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

The following presents the District's net pension liability calculated using the discount rate as disclosed above, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25%) or 1-percentage-point higher (5.25%) than the current rate:

	1 % Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Net pension liability	\$ 4,897,391	\$ 4,234,885	\$ 3,696,946

NOTE 10: RISK MANAGEMENT

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

NOTE 11: CONCENTRATIONS

A significant source of revenue for the District comes from its ability to levy property taxes (see Note 2: *Fire District Taxes* for detail on property taxes). The ability to levy property taxes, and the limits to which property taxes can be levied, are promulgated by State statute. As a result of this dependency, the District's operations are significantly reliant and impacted by State laws and regulations regarding property taxes.

NOTE 12: OTHER RECEIVABLES AND PAYABLES AND TRANSFERS

Other receivable and payables are interfunds whose purpose is for short-term borrowing. As of December 31, 2023, the following interfund balances remained on the balance sheet:

Fund	Interfund receivable	Interfund payable
General	\$ -	\$ 299,644
Capital Projects	237,307	-
Debt Service	62,337	-
Total	\$ 299,644	\$ 299,644

Other receivables and payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental columns of the district wide statement of net position.

NOTE 13: FUNDING

The activities of the District are primarily funded by the striking of the fire tax on the property owners of the District, as provided for by the state statute. For the year ended December 31, 2023, the fire tax rate on the District was approximately \$.037 per \$100 of assessed valuation. The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of approximately \$7,891.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to Financial Statements (continued)

NOTE 14: FUND BALANCE

General Fund – Of the \$4,541,084 General Fund, fund balance at December 31, 2023, \$3,490,734 is restricted for investment in length of service awards program, \$6,889 is assigned for other purposes, and \$1,043,461 is unassigned.

Capital Projects Fund – Of the \$237,307 Capital Projects Fund, fund balance at December 31, 2023, \$237,307 is restricted for capital.

Debt Service Fund – Of the \$62,337 Debt Service Fund, fund balance at December 31, 2023, \$62,337 is restricted for debt service.

NOTE 15: DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, district wide statement of net position, a deficit in unrestricted net position of \$(378,691) existed as of December 31, 2023 for governmental activities. The primary cause of this deficit is the recording of the long-term liability for net pension, and long-term liability for the LOSAP obligation. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, district wide statement of net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. If this was not required, the unrestricted net position before the net pension liability, long-term liability for LOSAP obligation and deferred outflows and inflows related to pensions, and long-term liability for LOSAP obligation would be \$4,602,638 as of December 31, 2023. This deficit in unrestricted net position does not indicate that the District is facing financial difficulties.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Budgetary Comparison Schedule
For the year ended December 31, 2023

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Revenues:				
Miscellaneous anticipated revenues:				
Miscellaneous income	\$ -	\$ -	\$ 142	142
Investment income	100	100	1,170	1,070
Total miscellaneous revenues	100	100	1,312	1,212
Operating grant revenues:				
Supplemental fire service grant	7,891	7,891	7,891	-
Total operating grant revenues	7,891	7,891	7,891	-
Total revenues	7,991	7,991	9,203	1,212
Amount raised by taxation to support district budget	2,053,920	2,053,920	2,053,920	-
Total anticipated revenues	2,061,911	2,061,911	2,063,123	1,212
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages and fringe benefits	60,450	60,450	57,886	2,564
Other expenditures:				
Professional fees	32,850	33,350	33,301	49
Fire prevention and training	32,500	32,500	25,104	7,396
Insurance	165,000	174,700	154,997	19,703
Building utilities and maintenance	253,965	254,265	153,144	101,121
Office and other administrative expenses	52,000	41,800	37,663	4,137
Total administration	596,765	597,065	462,095	134,970
Cost of operations and maintenance:				
Truck operations	123,300	109,000	91,557	17,443
Fire house rentals	241,488	241,488	236,392	5,096
Fire hydrant rentals	343,800	343,800	302,573	41,227
Contingencies	10,000	-	-	-
Non-bondable assets	185,250	194,586	148,626	45,960
Medical fees	16,500	17,800	17,706	94
Total cost of operations and maintenance	920,338	906,674	796,854	109,820
Capital appropriations	513,415	513,415	414,780	98,635
Length of service award program	348,061	371,061	364,904	6,157
Debt service for capital appropriations:				
Principal payments on debt service	118,468	118,468	118,468	-
Interest payments on debt service	33,614	33,614	33,614	-
Total debt service for capital appropriations	152,082	152,082	152,082	-
Total governmental expenditures	2,530,661	2,540,297	2,190,715	349,582
Excess (deficiency) of revenues under (over) expenditures	(468,750)	(478,386)	(127,592)	350,794
Fund balance, January 1	1,477,586	1,477,586	1,477,586	-
Fund balance, December 31	\$ 1,008,836	\$ 999,200	\$ 1,349,994	\$ 350,794
RECAPITULATION OF FUND BALANCE				
Restricted fund balance:				
Capital reserve			\$ 237,307	
Debt service			62,337	
Assigned fund balance:				
Other purposes			6,889	
Unassigned fund balance			1,043,461	
Total - budgetary basis			1,349,994	
Reconciliation to governmental fund statements:				
Length of service award program investment balance not recognized on the budgetary basis			3,490,734	
Total fund balance per governmental funds			\$ 4,840,728	

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to the Required Supplementary Information
Budget to Governmental Funds Reconciliation
For the year ended December 31, 2023

	<u>Total Governmental Funds</u>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-1)	\$ 2,063,123
Difference from Budget to Governmental Funds:	
Budgetary basis differs in that the District does not budget for length of service awards program investment income. GASB 73 requires the investment appreciation in the length of service awards program to be shown in financial statements using the current financial resources measurement focus and modified accrual basis of accounting.	
Appreciation in value of investments	<u>97,852</u>
Total Revenues as Reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (B-2)	<u>\$ 2,160,975</u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) Operating Appropriations	
From the Budgetary Comparison Schedule (C-1)	\$ 2,190,715
Budgetary basis differs in that the District is required to budget for contributions to the length of service awards program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the LOSAP Plan.	
Length of service awards program contribution	(364,904)
Participant withdrawals	<u>190,434</u>
Total Expenditures as Reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (B-2)	<u>\$ 2,016,245</u>

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

	Measurement Date Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.00011%	0.00022%	0.00023%	0.00023%	0.00023%	0.00023%	0.00023%	0.00024%	0.00024%	0.00050%
District's Proportionate Share of the Net Pension Liability	\$ 15,508	\$ 33,317	\$ 26,300	\$ 36,656	\$ 41,235	\$ 45,607	\$ 54,653	\$ 70,043	\$ 52,926	\$ 93,638
District's Covered-Employee Payroll	\$ 29,889	\$ 32,599	\$ 38,697	\$ 35,724	\$ 35,724	\$ 35,724	\$ 35,440	\$ 34,588	\$ 27,839	\$ 30,622
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	51.89%	102.20%	102.61%	102.61%	115.43%	127.66%	154.21%	202.51%	153.02%	2.7072
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
 Schedule of District Contributions
 Public Employees' Retirement System
 Last Ten Fiscal Years

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2014	2013
District's Contractually Required Contribution	\$ 1,431	\$ 2,784	\$ 2,600	\$ 2,459	\$ 2,226	\$ 2,304	\$ 2,175	\$ 2,101	\$ 2,027	\$ 4,123
District's Contribution in Relation to the Contractually Required Contribution	(1,431)	(2,784)	(2,600)	(2,459)	(2,226)	(2,304)	(2,175)	(2,101)	(2,027)	(4,123)
District's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 27,390	\$ 29,889	\$ 32,599	\$ 38,697	\$ 35,724	\$ 35,724	\$ 35,724	\$ 35,440	\$ 34,588	\$ 34,588
District's Contributions as a Percentage of it's Covered-Employee Payroll	5.19%	9.31%	7.98%	6.35%	6.23%	6.45%	6.09%	5.93%	5.86%	11.62%

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

	2023	2022	2021	2020	2019	2018
Total pension liability						
Service cost	\$ 87,923	\$ 107,630	\$ 202,307	\$ 184,507	\$ 178,427	\$ 142,706
Interest	180,025	251,090	104,909	113,692	109,453	115,128
Changes in benefit terms	(19,305)	102,131	-	-	20,619	-
Differences between expected and actual experience	(82,841)	(498,492)	183,699	(95,007)	40,535	39,766
Changes in assumptions	(74,046)	(1712,016)	420,386	422,087	675,474	564,930
Payments for benefits and admin expenses	(183,327)	(93,953)	(78,023)	(81,014)	(80,036)	(74,225)
Net change in total pension liability	(91,574)	(1,843,610)	\$33,478	544,265	944,492	779,305
Total pension liability - beginning	4,326,459	6,170,069	5,336,591	4,792,326	3,847,834	3,068,529
Total pension liability - ending	\$ 4,234,885	\$ 4,326,459	\$ 6,170,069	\$ 5,336,591	\$ 4,792,326	\$ 3,847,834
Net pension liability - LOSAP	\$ 4,234,885	\$ 4,326,459	\$ 6,170,069	\$ 5,336,591	\$ 4,792,326	\$ 3,847,834
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's covered payroll	N/A	N/A	N/A	N/A	N/A	-
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	#DIV/0!
Expected average remaining service years for all participants	6	7	8	8	9	0

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
Notes to the Required Supplementary Information

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2018	5.66%
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%
2020	7.00%	2015	4.90%
2019	6.28%	2014	5.39%

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	7.00%	2018	7.00%
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%

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

Length of Service Awards Program (LOSAP)

Changes of Benefit Terms

Costs of benefits changed from \$38.44 to \$38.81

Changes of Assumptions

The discount rate used as of December 31, is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2023	4.25%	2019	2.87%
2022	4.10%	2018	3.79%
2021	1.98%	2017	3.44%
2020	2.39%		

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
 Schedule of Long-Term Finance Purchases
 For the year ended December 31, 2023

Description	Date of Financing	Term of Financing	Amount of Original:		Annual Maturity Date	Interest Payable	Interest Rate	Balance		Retired	Balance
			Principal	Interest				December 31, 2022	December 31, 2023		
Apparatus	January 17, 2019	10 years	\$ 1,222,545	\$ 298,986	December 17, 2024	4.24%	\$ 123,502	\$ 790,929	\$ -	\$ (118,468)	\$ 672,461
					December 17, 2025	4.24%	128,751				
					December 17, 2026	4.24%	134,223				
					December 17, 2027	4.24%	139,928				
					December 17, 2028	4.24%	146,057				
					Total		\$ 790,929	\$ 790,929	\$ -	\$ (118,468)	\$ 672,461

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN
 Schedule of Long-Term Lease Obligations
 For the year ended December 31, 2023

Description	Date of Lease	Term of Lease	Amount of Original:		Annual Maturity Date	Interest Rate	Balance January 1, 2023	Issued	Retired	Balance December 31, 2023	
			Principal	Interest							
Property (Firehouse)	December 5, 2023	Five Years	\$ 954,813	\$ 227,187	December 31, 2024	8.50%	\$ -	\$ 954,813	\$ (38,810)	\$ 916,003	
			\$ 163,665		December 31, 2025	8.50%					
			\$ 178,026		December 31, 2026	8.50%					
			\$ 193,648		December 31, 2027	8.50%					
Property (Firehouse)	December 5, 2018	Five Years	1,043,716	92,779	December 31, 2023	3.25%	174,449	-	(174,449)	-	
					\$ 174,449	\$ 954,813	\$ (213,259)	\$ 916,003			
Total							\$ 954,813	\$ (213,259)	\$ 916,003		



Board of Fire Commissioners
Fire District No. 1 of the Township of Manalapan
County of Monmouth
Manalapan, New Jersey 07726

We have audited the basic financial statements of the Fire District No. 1 of the Township of Manalapan, (hereafter referred to as the District), County of Monmouth, State of New Jersey for the year ended December 31, 2023. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMENDATIONS

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

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

It is pointed out that the Commissioners of the District have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

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

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

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

Contracts and Agreements Requiring Solicitation of Quotations

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

Examination of Cash Receipts

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

Capital Assets

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

Examination of Bills

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

Budget Adoption

The State of New Jersey requires that the District's operating and capital budgets be approved and adopted for each fiscal year. The District approved its operating budget on December 7, 2022 and adopted its operating budget on January 4, 2023.

Current Year Findings

There were no current year findings.

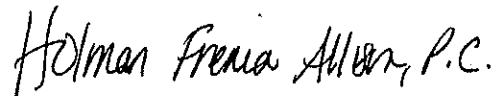
Follow-up on Prior Year's Findings

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

Acknowledgment

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

Should you have any questions, please contact us.


HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

July 11, 2024
Lakewood, New Jersey