

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

**Financial Statements and Supplementary Information**

**For the year ended December 31, 2024**

**(With Independent Auditor's Report Thereon)**

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners of  
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, 2024, 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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 and analysis, 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 accompanying schedules of finance purchases payable and leases 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 accompanying schedules of finance purchases payable and leases are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025 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*

December 17, 2025  
Lakewood, New Jersey

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

To the Board of Fire Commissioners of  
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, 2024, 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 December 17, 2025.

**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.

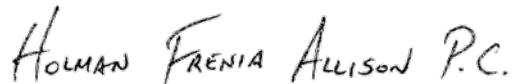
**Report on Compliance and Other Matters**

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.

A handwritten signature in black ink that reads "HOLMAN FRENIA ALLISON P.C." in a cursive, slightly stylized font.

**HOLMAN FRENIA ALLISON, P.C.**

*Certified Public Accountants*

December 17, 2025  
Lakewood, New Jersey

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

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, 2024. The intent of this narrative is to look at the District's overall financial performance in terms easily understood by the layperson. Please read this in conjunction with the District's financial statements which begin on page 13. Notes to the financial statements will provide the reader with additional useful information and they begin on page 19.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at December 31, 2024, by approximately \$1,992,400. During 2023, the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources was approximately \$1,976,000.
- During 2024, the District operated at a surplus of approximately \$16,400. During 2023, the District operated at a surplus of approximately \$491,600.
- The District's liabilities and deferred inflows of resources increased approximately \$2,128,200 in 2024 while assets increased by approximately \$2,144,600.
- As described in Note 2 to the financial statements, the District as adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62* and GASB Statement No. 101, *Compensated Absences*, for the year ended December 31, 2024. The adoption of these statements 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; governmental fund financial statements; and notes to the basic financial statements.

**Reporting on the District as a Whole**

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

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



The district wide financial statements report on the financial data by function. The District has one basic function: activities that are supported by property taxes. The District provides firefighting services to the citizens 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 funds financial statements provide a detailed short-term view of the District's general governmental operations and the basic services that it provides. Governmental funds 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:14:72.1*, the District adopts an annual budget which is approved on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

### **Notes to the 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 governmental funds financial statements. The notes to the financial statements are an integral part of the financial statements.

## DISTRICT WIDE FINANCIAL ANALYSIS

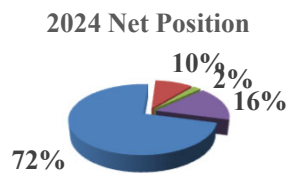
The District's net position is a useful indicator of the District's financial condition. At the end of 2024, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately \$1,992,400. The largest portion of The District's net position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. The District's investment in capital assets is reported net of related debt or lease liabilities incurred for their acquisition, construction, and/or improvement. Since the capital assets are not available to liquidate the outstanding obligations, other sources must be utilized for the repayment of those obligations.

### FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN DISTRICT WIDE STATEMENT OF NET POSITION DECEMBER 31, 2024 AND 2023

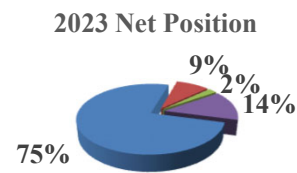
|  | <u>2024</u>         | <u>2023</u>         | <u>\$ Increase/<br/>(Decrease)</u> | <u>% Increase/<br/>(Decrease)</u> |
|--|---------------------|---------------------|------------------------------------|-----------------------------------|
| Current and non-current assets<br>and deferred outflows of resources     | \$ 6,476,618        | \$ 5,984,801        | \$ 491,817                         | 8.22%                             |
| Capital assets, net  | <u>5,287,422</u>    | <u>3,634,622</u>    | <u>1,652,800</u>                   | 45.47%                            |
| Total assets   | 11,764,040          | 9,619,423           | 2,144,617                          | 22.29%                            |
| Current and non-current liabilities<br>and deferred inflows of resources | <u>(9,771,592)</u>  | <u>(7,643,382)</u>  | <u>2,128,210</u>                   | 27.84%                            |
| Net position   | <u>\$ 1,992,448</u> | <u>\$ 1,976,041</u> | <u>\$ 16,407</u>                   | 0.83%                             |

#### Analysis of net position

|                                   |                     |                     |                  |        |
|-----------------------------------|---------------------|---------------------|------------------|--------|
| Investment in capital assets, net | \$ 2,112,376        | \$ 2,055,088        | 57,288           | 2.79%  |
| Restricted for:                   |                     |                     |                  |        |
| Capital projects                  | 289,657             | 237,307             | 52,350           | 22.06% |
| Debt service                      | 62,337              | 62,337              | -                | 0.00%  |
| Unrestricted                      | <u>(471,922)</u>    | <u>(378,691)</u>    | <u>(93,231)</u>  | 24.62% |
| Total net position                | <u>\$ 1,992,448</u> | <u>\$ 1,976,041</u> | <u>\$ 16,407</u> | 0.83%  |



- Investment in Capital Assets, Net
- Restricted for Capital
- Restricted for Debt Service
- Unrestricted



- Investment in Capital Assets, Net
- Restricted for Capital
- Restricted for Debt Service
- Unrestricted

The net position of the District increased approximately \$16,400 as a result of a current year surplus. In 2024, the capital assets increased by approximately \$1,652,800 after depreciation and amortization expense.

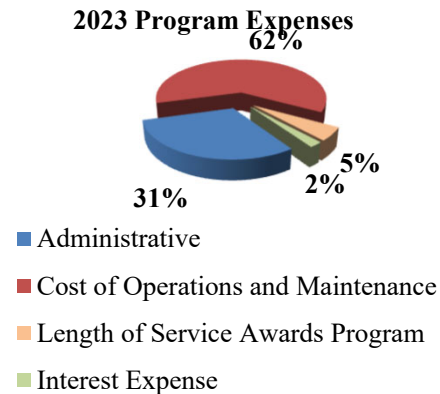
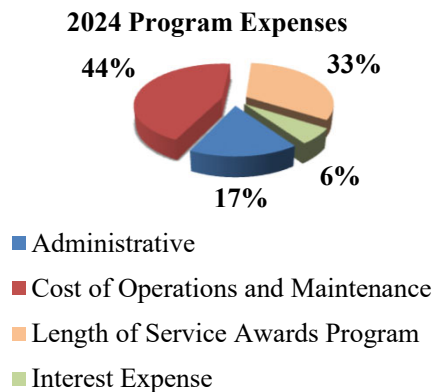
## DISTRICT WIDE FINANCIAL ANALYSIS (continued)

### Governmental Activities

The district wide statement of activities shows the cost of the governmental activities program services. A summary of these activities follows:

#### FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN DISTRICT WIDE STATEMENT OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

|  | <u>2024</u>      | <u>2023</u>      | <u>\$ Increase/<br/>(Decrease)</u> | <u>% Increase/<br/>(Decrease)</u> |
|--|------------------|------------------|------------------------------------|-----------------------------------|
| Expenses:                                |                  |                  |                                    |                                   |
| Program expenses:                        |                  |                  |                                    |                                   |
| Administrative expenses                  | \$ 392,479       | \$ 478,541       | \$ (86,062)                        | (17.98%)                          |
| Cost of operations and maintenance       | 1,028,950        | 978,021          | 50,929                             | 5.21%                             |
| Length of service awards program expense | 757,527          | 81,593           | 675,934                            | 828.42%                           |
| Interest expense                         | 145,048          | 33,418           | 111,630                            | 334.04%                           |
| Total program expenses                   | <u>2,324,004</u> | <u>1,571,573</u> | <u>752,431</u>                     | 47.88%                            |



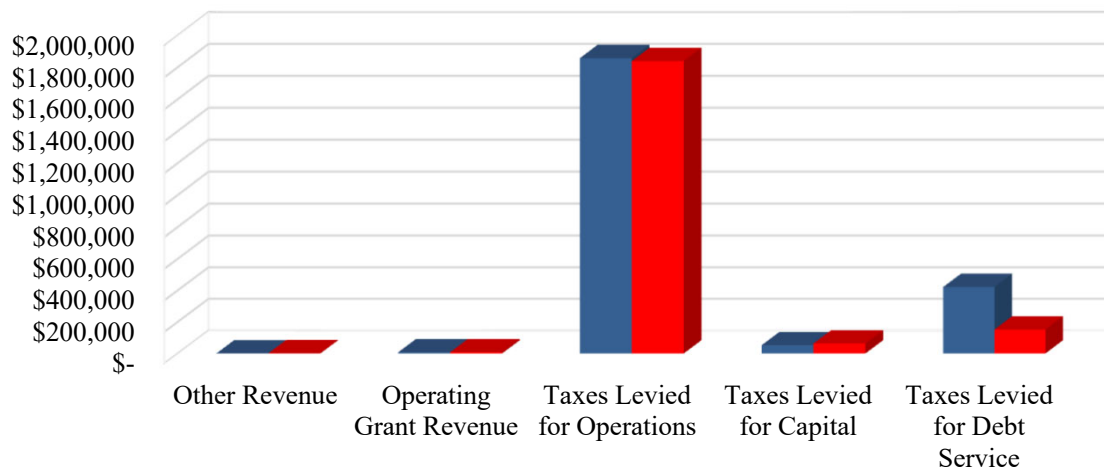
The cost of operations and maintenance comprised 44% and 62% of the District's total expenses in 2024 and 2023, respectively. Administration expenses comprised 17% and 31% of the total expenses in 2024 and 2023, respectively.

# **DISTRICT WIDE FINANCIAL ANALYSIS (continued)**

## **FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN DISTRICT WIDE STATEMENT OF ACTIVITIES (continued) FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

|                             | <u>2024</u>         | <u>2023</u>         | <u>\$ Increase/<br/>(Decrease)</u> | <u>% Increase/<br/>(Decrease)</u> |
|-----------------------------|---------------------|---------------------|------------------------------------|-----------------------------------|
| General revenues:           |                     |                     |                                    |                                   |
| Property taxes levied for:  |                     |                     |                                    |                                   |
| General purposes            | 1,857,173           | 1,838,423           | 18,750                             | 1.02%                             |
| Capital purchases           | 52,350              | 63,415              | (11,065)                           | (17.45%)                          |
| Debt service                | 421,839             | 152,082             | 269,757                            | 177.38%                           |
| Total property taxes levied | <u>2,331,362</u>    | <u>2,053,920</u>    | <u>277,442</u>                     | <u>13.51%</u>                     |
| Other revenue               | 1,158               | 1,312               | (154)                              | (11.74%)                          |
| Operating grant revenue     | <u>7,891</u>        | <u>7,891</u>        | <u>-</u>                           | <u>0.00%</u>                      |
| Total general revenues      | <u>2,340,411</u>    | <u>2,063,123</u>    | <u>277,288</u>                     | <u>13.44%</u>                     |
| Increase in net position    | 16,407              | 491,550             | (475,143)                          | (96.66%)                          |
| Net position, January 1     | <u>1,976,041</u>    | <u>1,484,491</u>    | <u>491,550</u>                     | <u>33.11%</u>                     |
| Net position, December 31   | <u>\$ 1,992,448</u> | <u>\$ 1,976,041</u> | <u>\$ 16,407</u>                   | <u>0.83%</u>                      |

### **General Revenues**



Property tax revenue constituted 99% of the total governmental activities revenues received by the District in 2024 and 2023, respectively.

## **FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

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

### **Governmental Funds**

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

As of December 31, 2024, the combined balance of the governmental funds cash balances of the District was approximately \$1,710,500. This balance is approximately \$344,100 higher than last year's combined governmental funds cash balances.

The combined fund balance of the governmental fund of the District was approximately \$5,467,200. Of that total, funds of approximately \$213,600 has been restricted for capital, \$3,792,400 has been restricted for investment in length of service awards program, \$62,300 has been restricted for debt service, \$29,900 has been assigned for other purposes (encumbrances), \$76,083 has been assigned for subsequent purchases, and \$1,293,000 is unassigned.

The general fund is the main operating fund of the District. At the end of 2024, the total fund balance of the general fund was approximately \$5,115,200. Of this balance, \$1,293,000 was unassigned.

At the end of 2024, the general fund balance of the District increased by approximately \$574,100. The primary reason for this increased are as follows:

- The Board recognized revenues in excess of expenses of approximately \$574,100.

At the end of 2024, the capital projects fund of the District increased by approximately \$52,400. The primary reason for this increased are as follows:

- The Board recognized revenues in excess of expenses of approximately \$52,400.

### **Budgetary Highlights**

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

- The District recognized budgeted revenues in excess of actual revenues of approximately \$1,100 in 2024.
- Overall, the District's expenditures were approximately \$330,700 less than originally anticipated in the operating budget for 2024.

## CAPITAL ASSETS, NET

As of December 31, 2024, the District had invested in capital assets for government activities of approximately \$5,287,400 (net of accumulated depreciation and amortization). Capital assets consist of apparatus in progress, apparatus and vehicles, capital improvements, firematic and other equipment, and right to use leased assets.

### FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN CAPITAL ASSETS, NET NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION DECEMBER 31, 2024 AND 2023

|  | 2024         | 2023         | \$ Increase<br>(Decrease) |
|--|--------------|--------------|---------------------------|
| Capital assets not being depreciated and amortized:      |              |              |                           |
| Apparatus in progress                                    | \$ 2,031,374 | \$ -         | \$ 2,031,374              |
| Total capital assets not being depreciated and amortized | 2,031,374    | -            | 2,031,374                 |
| Capital assets being depreciated and amortized:          |              |              |                           |
| Apparatus and vehicles                                   | 4,175,669    | 4,168,681    | 6,988                     |
| Capital improvements                                     | 48,464       | 48,464       | -                         |
| Firematic and other equipment                            | 1,553,937    | 1,475,648    | 78,289                    |
| Right to use leased assets                               | 1,320,114    | 1,320,114    | -                         |
| Total capital assets being depreciated and amortized     | 7,098,184    | 7,012,907    | 85,277                    |
| Total capital assets at historical cost                  | 9,129,558    | 7,012,907    | 2,116,651                 |
| Less: accumulated depreciation and amortization          | (3,842,136)  | (3,378,285)  | (463,851)                 |
| Total capital assets, net                                | \$ 5,287,422 | \$ 3,634,622 | \$ 1,652,800              |

Additional information on the District's capital assets can be found in Note 5 in the notes to the financial statements.

## DEBT ADMINISTRATION

As of December 31, 2024, the District had obligations under finance purchases for governmental activities of approximately \$2,422,700 of which approximately \$295,100 is due within one year.

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

## ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District voted to approve the budget at the February election. The 2025 adopted budget reflects an increase in the tax levy of \$72,989, in which the Board anticipates an increase to the fire tax rate.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any question about this report or need any additional information, contact the District in writing, at P.O. Box 395, Manalapan, New Jersey or by telephone at (732) 536-2881.

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

| <b>ASSETS</b>  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| Current assets:  |                                    |
| Cash (Note 3)  | \$ 1,710,527                       |
| Accounts receivable  | 1,192                              |
| Prepaid assets   | <u>88,557</u>                      |
| Total current assets   | <u>1,800,276</u>                   |
| Non-current assets:  |                                    |
| Investment in length of service awards program (at contract value) (Note 4)          | <u>3,792,374</u>                   |
| Total non-current assets   | <u>3,792,374</u>                   |
| Capital assets, net:   |                                    |
| Non-depreciable (Note 5)   | 2,031,374                          |
| Depreciable (Note 5)   | 2,539,938                          |
| Right to use leased assets (Note 5)  | <u>716,110</u>                     |
| Total capital assets, net  | <u>5,287,422</u>                   |
| Total assets   | <u>10,880,072</u>                  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                                    |
| Deferred outflows of resources related to pension (Note 7)                           | 295                                |
| Deferred outflows of resources related to length of service awards programs (Note 8) | <u>883,673</u>                     |
| Total deferred outflows of resources   | <u>883,968</u>                     |
| Total assets and deferred outflows of resources                                      | <u><u>\$ 11,764,040</u></u>        |

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN**  
**District Wide Statement of Net Position (continued)**  
**December 31, 2024**

| <b>LIABILITIES</b>  | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| Current liabilities:  |                                    |
| Accounts and other payables   | \$ 19,708                          |
| Accrued expenses  | 22,605                             |
| Current portion of finance purchases payable (Note 6)                               | 295,077                            |
| Current portion of lease liability (Note 6)   | 178,026                            |
|   | <hr/>                              |
| Total current liabilities   | 515,416                            |
|   | <hr/>                              |
| Non-current liabilities:  |                                    |
| Finance purchases payable, net of current portion (Note 6)                          | 2,127,631                          |
| Lease liability, net of current portion (Note 6)                                    | 574,312                            |
| Net pension liability (Note 7)  | 13,900                             |
| Length of service awards program liability (Note 8)                                 | 5,117,311                          |
|   | <hr/>                              |
| Total non-current liabilities   | 7,833,154                          |
|   | <hr/>                              |
| Total liabilities   | 8,348,570                          |
|   | <hr/>                              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                                    |
| Deferred inflows of resources related to pension (Note 7)                           | 13,169                             |
| Deferred inflows of resources related to length of service awards programs (Note 8) | 1,409,853                          |
|   | <hr/>                              |
| Total deferred inflows of resources   | 1,423,022                          |
|   | <hr/>                              |
| Total liabilities and deferred inflows of resources                                 | 9,771,592                          |
|   | <hr/>                              |
| <b>NET POSITION</b>   |                                    |
| Net position:   |                                    |
| Investment in capital assets, net   | 2,112,376                          |
| Restricted net position:  |                                    |
| Capital   | 289,657                            |
| Debt service  | 62,337                             |
| Unrestricted (Note 14)  | (471,922)                          |
|   | <hr/>                              |
| Total net position  | 1,992,448                          |
|   | <hr/>                              |
| Total liabilities, deferred inflows of resources, and net position                  | \$ 11,764,040                      |
|   | <hr/> <hr/>                        |



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

|  | <b>Operating<br/>Appropriations</b> | <b>Total<br/>Governmental<br/>Activities</b> |
|--|-------------------------------------|--|
| Governmental activities:                 |                                     |  |
| Operating appropriations:                |                                     |  |
| Administration                           | \$ 392,479                          | \$ 392,479                                   |
| Costs of operations and maintenance      | 1,028,950                           | 1,028,950                                    |
| Length of service awards program expense | 757,527                             | 757,527                                      |
| Interest expense                         | 145,048                             | 145,048                                      |
|  | <hr/>                               | <hr/>  |
| Total operating appropriations           | \$ 2,324,004                        | 2,324,004                                    |
|  | <hr/>                               |  |
| General revenues:                        |                                     |  |
| Miscellaneous revenues                   |                                     | 1,158  |
| Operating grant revenues                 |                                     | 7,891  |
| Amount raised by taxation                |                                     | 2,331,362                                    |
|  |                                     | <hr/>  |
| Total general revenues                   |                                     | 2,340,411                                    |
|  |                                     | <hr/>  |
| Change in net position                   |                                     | 16,407                                       |
| Net position, January 1                  |                                     | 1,976,041                                    |
|  |                                     | <hr/>  |
| Net position, December 31                |                                     | \$ 1,992,448                                 |
|  |                                     | <hr/>  |

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, 2024**

|  | <u>General Fund</u> | <u>Capital<br/>Projects Fund</u> | <u>Debt<br/>Service Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|----------------------------------|------------------------------|---|
| <b>ASSETS</b>  |                     |                                  |                              |   |
| Current assets:  |                     |                                  |                              |   |
| Cash   | \$ 1,710,527        | \$ -                             | \$ -                         | \$ 1,710,527                            |
| Accounts receivables   | 1,192               | -                                | -                            | 1,192                                   |
| Other receivables (interfund)                                      | -                   | 289,657                          | 62,337                       | 351,994                                 |
|  | <hr/>               | <hr/>                            | <hr/>                        | <hr/>                                   |
| Total current assets   | 1,711,719           | 289,657                          | 62,337                       | 2,063,713                               |
|  | <hr/>               | <hr/>                            | <hr/>                        | <hr/>                                   |
| Non-current assets:  |                     |                                  |                              |   |
| Investment in length of service awards program (at contract value) | 3,792,374           | -                                | -                            | 3,792,374                               |
|  | <hr/>               | <hr/>                            | <hr/>                        | <hr/>                                   |
| Total non-current assets   | 3,792,374           | -                                | -                            | 3,792,374                               |
|  | <hr/>               | <hr/>                            | <hr/>                        | <hr/>                                   |
| Total assets   | <u>\$ 5,504,093</u> | <u>\$ 289,657</u>                | <u>\$ 62,337</u>             | <u>\$ 5,856,087</u>                     |
| <b>LIABILITIES AND FUND BALANCE</b>                                |                     |                                  |                              |   |
| Liabilities:   |                     |                                  |                              |   |
| Accounts payable   | \$ 19,708           | \$ -                             | \$ -                         | \$ 19,708                               |
| Accrued expenses   | 17,176              | -                                | -                            | 17,176                                  |
| Other payables (interfund)   | 351,994             | -                                | -                            | 351,994                                 |
|  | <hr/>               | <hr/>                            | <hr/>                        | <hr/>                                   |
| Total liabilities  | 388,878             | -                                | -                            | 388,878                                 |
|  | <hr/>               | <hr/>                            | <hr/>                        | <hr/>                                   |
| Fund balance:  |                     |                                  |                              |   |
| Restricted for:  |                     |                                  |                              |   |
| Capital  | -                   | 213,574                          | -                            | 213,574                                 |
| Debt service   | -                   | -                                | 62,337                       | 62,337                                  |
| Length of service awards program                                   | 3,792,374           | -                                | -                            | 3,792,374                               |
| Assigned for:  |                     |                                  |                              |   |
| Subsequent year's expenditures                                     | -                   | 76,083                           | -                            | 76,083                                  |
| Other purposes (encumbrances)                                      | 29,884              | -                                | -                            | 29,884                                  |
| Unassigned, reported in:   |                     |                                  |                              |   |
| General fund   | 1,292,957           | -                                | -                            | 1,292,957                               |
|  | <hr/>               | <hr/>                            | <hr/>                        | <hr/>                                   |
| Total fund balance   | 5,115,215           | 289,657                          | 62,337                       | 5,467,209                               |
|  | <hr/>               | <hr/>                            | <hr/>                        | <hr/>                                   |
| Total liabilities and fund balance                                 | <u>\$ 5,504,093</u> | <u>\$ 289,657</u>                | <u>\$ 62,337</u>             | <u>\$ 5,856,087</u>                     |

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

|  |                     |
|--|---------------------|
| Prepaid assets are reported as expenditures in the governmental fund financial statements, but in the district wide statement of net position, they are reported as assets and amortized over time as the benefits are consumed. | 88,557              |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund financial statements.   | 5,287,422           |
| Accrued interest on long-term debt is not recorded in the governmental fund financial statements because the interest is not due and payable in the current period.  | (5,429)             |
| Deferred outflows and inflows of resources related to pensions and length of service awards program are applicable to future reporting periods and, therefore, are not reported in the governmental fund financial statements    | (539,054)           |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund financial statements.   | (8,306,257)         |
| Total net position - Governmental Activities:  | <u>\$ 1,992,448</u> |

**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, 2024**

|  | <b>General Fund</b> | <b>Capital<br/>Projects Fund</b> | <b>Debt<br/>Service Fund</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---------------------|----------------------------------|------------------------------|---|
| Revenues:  |                     |                                  |                              |   |
| Miscellaneous revenues:                                    |                     |                                  |                              |   |
| Miscellaneous income                                       | \$ 1,000            | \$ -                             | \$ -                         | \$ 1,000                                |
| Appreciation in the value length of service awards program | 103,805             | -                                | -                            | 103,805                                 |
| Interest on investments and deposits                       | 158                 | -                                | -                            | 158                                     |
| Total miscellaneous revenues                               | 104,963             | -                                | -                            | 104,963                                 |
| Operating grant revenues:                                  |                     |                                  |                              |   |
| Supplemental Fire Service Act                              | 7,891               | -                                | -                            | 7,891                                   |
| Total operating grant revenue                              | 7,891               | -                                | -                            | 7,891                                   |
| Amount to be raised by taxation to support the budget      | 1,857,173           | 52,350                           | 421,839                      | 2,331,362                               |
| Total revenues   | 1,970,027           | 52,350                           | 421,839                      | 2,444,216                               |
| Expenditures:  |                     |                                  |                              |   |
| Operating appropriations:                                  |                     |                                  |                              |   |
| Administration:  |                     |                                  |                              |   |
| Salaries and wages   | 50,549              | -                                | -                            | 50,549                                  |
| Fringe benefits  | 5,986               | -                                | -                            | 5,986                                   |
| Other expenditures:  |                     |                                  |                              |   |
| Building utilities and maintenance                         | 97,647              | -                                | -                            | 97,647                                  |
| Fire prevention and training                               | 31,867              | -                                | -                            | 31,867                                  |
| Insurance  | 154,270             | -                                | -                            | 154,270                                 |
| Office and other administrative expenses                   | 29,167              | -                                | -                            | 29,167                                  |
| Professional fees  | 39,973              | -                                | -                            | 39,973                                  |
| Total administration                                       | 409,459             | -                                | -                            | 409,459                                 |
| Cost of operations and maintenance:                        |                     |                                  |                              |   |
| Fire house rentals   | 236,400             | -                                | -                            | 236,400                                 |
| Fire hydrant rentals                                       | 308,740             | -                                | -                            | 308,740                                 |
| Medical fees   | 14,573              | -                                | -                            | 14,573                                  |
| Non-bondable assets  | 166,203             | -                                | -                            | 166,203                                 |
| Truck operations   | 93,454              | -                                | -                            | 93,454                                  |
| Total cost of operations and maintenance                   | 819,370             | -                                | -                            | 819,370                                 |

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

|   | <u>General Fund</u> | <u>Capital<br/>Projects Fund</u> | <u>Debt<br/>Service Fund</u> | <u>Totals<br/>Governmental<br/>Funds</u> |
|---|---------------------|----------------------------------|------------------------------|--|
| Length of service awards program:   |                     |                                  |                              |  |
| Participant withdrawals   | 167,067             | -                                | -                            | 167,067                                  |
| Total length of service awards program  | 167,067             | -                                | -                            | 167,067                                  |
| Debt service for capital appropriations:  |                     |                                  |                              |  |
| Principal payment on debt service   | -                   | -                                | 281,127                      | 281,127                                  |
| Interest payment on debt service  | -                   | -                                | 140,712                      | 140,712                                  |
| Total debt service for capital appropriations   | -                   | -                                | 421,839                      | 421,839                                  |
| Total operating appropriations  | 1,395,896           | -                                | 421,839                      | 1,817,735                                |
| Excess (deficiency) of revenues over (under) operating<br>appropriations before other financing sources (uses)                  | 574,131             | 52,350                           | -                            | 626,481                                  |
| Other financing sources (uses):   |                     |                                  |                              |  |
| Proceeds from the issuance of debt service  | -                   | 2,031,374                        | -                            | 2,031,374                                |
| Capital appropriations acquired through debt service  | -                   | (2,031,374)                      | -                            | (2,031,374)                              |
| Total other financing sources (uses)  | -                   | -                                | -                            | -  |
| Excess (deficiency) of revenues and other financing sources over<br>(under) operating appropriations and other financing (uses) | 574,131             | 52,350                           | -                            | 626,481                                  |
| Fund balance, January 1   | 4,541,084           | 237,307                          | 62,337                       | 4,840,728                                |
| Fund balance, December 31   | <u>\$ 5,115,215</u> | <u>\$ 289,657</u>                | <u>\$ 62,337</u>             | <u>\$ 5,467,209</u>                      |

**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, 2024**

Total net changes in Fund Balance - Governmental Funds (Exhibit B-2) \$ 626,481

Amounts reported for governmental activities in the statement of activities  
(Exhibit A-2) 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 are expensed.

|              |          |        |
|--------------|----------|--------|
| Prior year   | (71,577) |        |
| Current year | 88,557   | 16,980 |

Certain activity related to the length of service awards program is reported in the  
governmental fund financial statements; however, this activity is reflected as part  
of the length of service awards program liability, in the district wide statement of  
net position.

|  |           |           |
|--|-----------|-----------|
| Length of service awards program contribution              | (364,902) |           |
| Appreciation in the value length of service awards program | (103,805) |           |
| Length of service awards program benefit (or expense)      | (392,625) |           |
| Participant withdrawals                                    | 167,067   | (694,265) |

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

|  |           |           |
|--|-----------|-----------|
| Capital Outlay - General Fund          | 85,277    |           |
| Capital Outlay - Capital Projects Fund | 2,031,374 |           |
| Depreciation expense                   | (272,888) |           |
| Amortization expense                   | (190,963) | 1,652,800 |

Proceeds from the issuance of debt service are reported as other financing  
sources in the governmental fund financial statements. However, in the district  
wide statement of net position, the proceeds are reported as long-term liabilities  
and are not reported in the district wide statement of activities. (2,031,374)

**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 (continued)**  
**December 31, 2024**

Accrued interest on long-term debt is not reported as an expenditure in the governmental fund financial statements. However, the adjustment for accrued interest is recognized as an expense in the district wide statement of activities.

|              |                |         |
|--------------|----------------|---------|
| Prior year   | 1,093          |         |
| Current year | <u>(5,429)</u> | (4,336) |

Repayment of debt service principal is reported as an expenditure in the governmental fund financial statements. However, in the district wide statement of net position, the repayment reduces long-term liabilities and is not reported as an expense in the district wide statement of activities.

|                |         |
|----------------|---------|
| <u>281,127</u> | 281,127 |
|----------------|---------|

Repayment of lease liabilities is reported as an expenditure in the governmental fund financial statements to the extent it is due and payable in the current period. In the district wide statement of net position, the repayment reduces the long-term lease liability, and the related interest portion is reported as an expense in the district wide statement of activities.

|                |         |
|----------------|---------|
| <u>163,665</u> | 163,665 |
|----------------|---------|

District contributions to pension plans are reported as expenditures in the governmental fund financial statements when made. However, these contributions are reported as deferred outflows of resources in the district wide statement of net position because the net pension liability is measured as of a date one year prior to the District's reporting date. Pension expense (or benefit), which represents the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the district wide statement of activities.

|                              |              |              |
|------------------------------|--------------|--------------|
| Pension benefit (or expense) | <u>5,329</u> | <u>5,329</u> |
|------------------------------|--------------|--------------|

|  |                  |
|--|------------------|
| Change in total net position - Governmental Activities | <u>\$ 16,407</u> |
|--|------------------|

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN**  
**Notes to the 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 District. The length of each commissioner's term is three years with the annual election held on the third Saturday of every February.

The District is governed by the *N.J.S.A. 40A: 14-70* et al. and is a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location.

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

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

According to the criteria described above, there were no additional entities required to be included in the reporting entity, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**District Officials**

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

| <b>Officials</b> | <b>Term Expires:<br/>March</b> |
|------------------|--------------------------------|
| Michael Alongi   | 2027                           |
| Daniel LaRocca   | 2025                           |
| George Schmatz   | 2026                           |
| Alan Spector     | 2025                           |
| Michael Wilson   | 2027                           |

**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 the Financial Statements (continued)**

**NOTE 1: GENERAL INFORMATION (continued)**

**Component Units**

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

**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." As of December 31, 2024, the District only had activities in the governmental fund category.



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

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

**Fund Accounting (continued)**

**Governmental Funds:**

*General Fund*

The General Fund is the general operating fund of the District and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as 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**

*District Wide Financial Statements*

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

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN**  
**Notes to the 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. The fund financial statements provide detail of the governmental funds.

**Basis of Accounting**

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

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

**Budgets and Budgetary Accounting**

The District must adopt an annual budget in accordance with State of New Jersey Admin Code § 5:31-2.4.

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.

The District has 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 District’s general-purpose financial statements.

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

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

**Encumbrances**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. Encumbrances at December 31, 2024 totaled \$29,884.

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

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

**Accounts Receivable**

Accounts receivable represents amounts due from registration fees associated with the District's fire prevention bureau and intergovernmental grants and revenues. The District evaluates its receivables to determine if any portion is uncollectable. Management has determined all receivables to be collectible for the year ended December 31, 2024.

**Prepaid Assets**

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

**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. The Board determines the valuation policies utilizing information provided by the investment advisers, custodians, and insurance companies. Note 4: *Investments Held at Contract Value* for discussion contract value measurements.

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

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

**Capital Assets, Net**

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

| <u>Description:</u>           | <u>Useful Lives</u> |
|-------------------------------|---------------------|
| Apparatus and vehicles        | 8 – 20 Years        |
| Capital improvements          | 15 Years            |
| Firematic and other equipment | 5 – 25 Years        |

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

**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.

**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 NO. 1 OF THE TOWNSHIP OF MANALAPAN**  
**Notes to the Financial Statements (continued)**

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

**Fire District Taxes**

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

**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.

**Net Pension Liability and Length of Service Awards Program Liability**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* requires participating employers, including the District, in the State of New Jersey Public Employee's Retirement System (PERS) plan and the State of New Jersey Police and Fireman's Retirement System (PFRS) plan to recognize their proportionate share of the collective total pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense based on the ratio of plan members of an individual employer to the total members of the plan. See Note 7: *Pension Obligations* for more information about the plan.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, requires employers to recognize their total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for pension benefits provided through arrangements that are not administered through a trust meeting the criteria of GASB 68. Under GASB 73, the employer measures its total pension liability as of the reporting date and recognizes all related amounts directly in its financial statements. See Note 8: *Length of Service Awards Program* for more information about the plan.

**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.

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

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

**Fund Equity (continued)**

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

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

**Net Position**

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

- Investment in Capital Assets, Net – Represent capital assets, including right to use leased assets, net of accumulated depreciation and amortization, and reduced by any related outstanding debt or lease liabilities incurred for their 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**

*Accounting Pronouncements Adopted in Current Year*

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

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

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

**Impact of Recently Issued Accounting Pronouncements (continued)**

*Accounting Pronouncements Adopted in Current Year (continued)*

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

Management has determined that the implementation of these statements did not have a significant impact on the District's financial statements.

*Accounting Pronouncements Effective in Future Reporting Periods*

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

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

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

**Subsequent Events**

The District has evaluated subsequent events occurring after December 31, 2024 through the date of December 17, 2025, 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. Deposits held at December 31, 2024, and reported at fair value are as follows:

| <u>Type:</u>   | <u>Carrying<br/>Value</u> |
|--|---------------------------|
| <b>Deposits:</b>                                     |                           |
| Demand deposits                                      | \$ 1,710,527              |
| Total deposits                                       | <u>\$ 1,710,527</u>       |
| <br><b>Reconciliation to the Governmental Funds:</b> |                           |
| General Fund:  |                           |
| Current assets:                                      |                           |
| Cash   | \$ 1,710,527              |
| Total  | <u>\$ 1,710,527</u>       |

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

**NOTE 3: CASH (continued)**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2024, the District's bank balance of \$1,750,561 was insured or collateralized as follows:

|   |                     |
|---|---------------------|
| Insured   | \$ 250,000          |
| Collateralized in the District's name under GUDPA | 1,500,561           |
| Total   | <u>\$ 1,750,561</u> |

**NOTE 4: INVESTMENTS HELD AT CONTRACT VALUE**

The District invests in the Empower Retirement Services (Empower) general investment fund, which totaled \$3,792,374 as of December 31, 2024. 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: CAPITAL ASSETS, NET**

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

*Capital Assets*

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

*Right to Use Leased Assets*

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



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

**NOTE 5: CAPITAL ASSETS, NET (continued)**

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

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Retire ments</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|
| Governmental activities:                                 |                              |                     |                     |                           |
| Capital assets not being depreciated and amortized:      |                              |                     |                     |                           |
| Apparatus in progress                                    | \$ -                         | \$ 2,031,374        | \$ -                | \$ 2,031,374              |
| Total capital assets not being depreciated and amortized | -                            | 2,031,374           | -                   | 2,031,374                 |
| Capital assets being depreciated and amortized:          |                              |                     |                     |                           |
| Apparatus and vehicles                                   | 4,168,681                    | 6,988               | -                   | 4,175,669                 |
| Capital improvements                                     | 48,464                       | -                   | -                   | 48,464                    |
| Firematic and other equipment                            | 1,475,648                    | 78,289              | -                   | 1,553,937                 |
| Right to use leased assets                               | 1,320,114                    | -                   | -                   | 1,320,114                 |
| Total capital assets being depreciated and amortized     | 7,012,907                    | 85,277              | -                   | 7,098,184                 |
| Less: accumulated depreciation and amortization:         |                              |                     |                     |                           |
| Apparatus and vehicles                                   | 2,342,316                    | 150,066             | -                   | 2,492,382                 |
| Capital improvements                                     | 6,112                        | 3,114               | -                   | 9,226                     |
| Firematic and other equipment                            | 616,816                      | 119,708             | -                   | 736,524                   |
| Right to use leased assets                               | 413,041                      | 190,963             | -                   | 604,004                   |
| Total accumulated depreciation and amortization          | 3,378,285                    | 463,851             | -                   | 3,842,136                 |
| Total capital assets, net                                | <u>\$ 3,634,622</u>          | <u>\$ 1,652,800</u> | <u>\$ -</u>         | <u>\$ 5,287,422</u>       |

**NOTE 6: LONG-TERM OBLIGATIONS (NON-CURRENT LIABILITIES)**

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

|   | <u>Beginning<br/>Balance</u> | <u>Accrued/<br/>Increases</u> | <u>(Retired)/<br/>(Decreases)</u> | <u>Ending<br/>Balance</u> | <u>Due within<br/>One Year</u> |
|---|------------------------------|-------------------------------|-----------------------------------|---------------------------|--------------------------------|
| Governmental activities:                          |                              |                               |                                   |                           |                                |
| Finance purchases payable                         | \$ 672,461                   | \$ 2,031,374                  | \$ (281,127)                      | \$ 2,422,708              | \$ 295,076                     |
| Right to use lease liability                      | 916,003                      | -                             | (163,665)                         | 752,338                   | 178,026                        |
| Net pension liability                             | 15,508                       | -                             | (1,608)                           | 13,900                    | -                              |
| Net length of service awards<br>program liability | 4,234,885                    | 882,426                       | -                                 | 5,117,311                 | -                              |
| Total   | <u>\$ 5,838,857</u>          | <u>\$ 2,913,800</u>           | <u>\$ (446,400)</u>               | <u>\$ 8,306,257</u>       | <u>\$ 473,102</u>              |

**Finance Purchases Payable**

On October 24, 2021, the District, entered into a finance purchase agreement for \$1,222,545 to acquire fire apparatus. The agreement required annual payments over the term of ten years and carries an interest rate of 4.24%. On December 15, 2024, the District, entered into a finance purchase agreement for \$2,031,374 to acquire fire apparatus. The agreement required annual payments over the term of ten years and carries an interest rate of 5.52%. The following schedule presents the future minimum finance payments under these finance purchase arrangements, as of December 31:

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

**NOTE 6: LONG-TERM OBLIGATIONS (NON-CURRENT LIABILITIES) (continued)**

**Finance Purchases Payable (continued)**

| <b>Year Ending<br/>December 31,</b> | <b>Principal</b>    | <b>Interest</b>   | <b>Total</b>        |
|-------------------------------------|---------------------|-------------------|---------------------|
| 2025                                | \$ 295,077          | \$ 126,762        | \$ 421,838          |
| 2026                                | 309,730             | 112,109           | 421,839             |
| 2027                                | 325,123             | 96,715            | 421,838             |
| 2028                                | 341,474             | 80,546            | 422,020             |
| 2029                                | 206,204             | 63,552            | 269,756             |
| 2030                                | 217,587             | 52,169            | 269,756             |
| 2031                                | 229,598             | 40,158            | 269,756             |
| 2032                                | 242,271             | 27,485            | 269,756             |
| 2033                                | 255,644             | 14,114            | 269,759             |
| Total                               | <u>\$ 2,422,708</u> | <u>\$ 613,610</u> | <u>\$ 3,036,318</u> |

**Right to Use Lease Liability**

The District has entered into an agreement to lease property (firehouse). This lease agreements qualifies as other than short-term leases under GASB Statement No. 87: *Leases* and, therefore, has been recorded at the present value of the future minimum lease payments as the date of its inception. The District is required to make quarterly payments of \$59,100. The lease liability is measured at a discount rate of 8.50%. The right to use leased asset is described in more detail at Note 6: *Capital Assets*. The following is a schedule of the remaining future minimum lease payments under these lease liabilities and the present value of the net minimum lease payments at December 31, 2024:

| <b>Year Ending<br/>December 31,</b> | <b>Principal</b>  | <b>Interest</b>   | <b>Total</b>      |
|-------------------------------------|-------------------|-------------------|-------------------|
| 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>\$ 752,338</u> | <u>\$ 134,163</u> | <u>\$ 886,501</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.

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

**NOTE 7: PENSION OBLIGATIONS**

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

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. The following represents the membership tiers for PERS:

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

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

**Basis of Presentation**

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

**Contributions**

The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2024, the State's pension contribution was more than the actuarial determined amount. 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.

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

**NOTE 7: PENSION OBLIGATIONS (continued)**

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

**Contributions (continued)**

Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2024, the District's contractually required contribution to PERS plan was \$1,392.

**Components of Net Pension Liability**

At December 31, 2024, the District's proportionate share of the PERS net pension liability was \$13,900. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The District's proportion measured as of June 30, 2024, was 0.00010% which was a decrease of 0.000005% from its proportion measured as of June 30, 2023.

|  | <b>Balance December 31,</b> |               |
|--|-----------------------------|---------------|
|  | <b>2024</b>                 | <b>2023</b>   |
|  | June 30, 2024               | June 30, 2023 |
| Actuarial valuation date (including roll forward)            |                             |               |
| Deferred Outflows of Resources                               | \$ 295                      | \$ 253        |
| Deferred Inflows of Resources                                | 13,169                      | 16,849        |
| Net Pension Liability  | 13,900                      | 15,508        |
| District's portion of the plan's total Net Pension Liability | 0.00010%                    | 0.00011%      |

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

At December 31, 2024, the District's proportionate share of the PERS (benefit) expense, calculated by the plan as of the June 30, 2024 measurement date is \$(3,939). At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

|  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|--|---|--|
| Differences between expected<br>and actual experience  | \$ 278                                    | \$ 37                                    |
| Changes of assumptions   | 17  | 158                                      |
| Net difference between projected and actual<br>on pension plan investments   | -   | 645                                      |
| Changes in proportion and differences<br>between the District's contributions<br>and proportion share of contributions | -   | 12,329                                   |
|  | <u>\$ 295</u>                             | <u>\$ 13,169</u>                         |

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

**NOTE 7: 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:

| <b>Year Ending<br/>December 31,</b> | <b>Amount</b>      |
|-------------------------------------|--------------------|
| 2025                                | \$ (3,056)         |
| 2026                                | (2,009)            |
| 2027                                | (2,729)            |
| 2028                                | (2,618)            |
| 2029                                | (2,462)            |
| Total                               | <u>\$ (12,874)</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, 2024. At December 31, 2024, the State's proportionate share of the PERS expense, associated with the District, calculated by the plan as of the June 30, 2024 measurement date was \$45.

**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:

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

**NOTE 7: PENSION OBLIGATIONS (continued)**

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

**Actuarial Assumptions (continued)**

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

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

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

**Long-Term Expected Rate of Return**

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

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

**NOTE 7: PENSION OBLIGATIONS (continued)**

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

**Long-Term Expected Rate of Return (continued)**

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

**Discount Rate**

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

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

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

|  | <u>1 % Decrease<br/>(6.00%)</u> | <u>Current<br/>Discount Rate<br/>(7.00%)</u> | <u>1% Increase<br/>(8.00%)</u> |
|--|---------------------------------|--|--------------------------------|
| District's proportionate share<br>of the Net Pension Liability | <u>\$ 18,626</u>                | <u>\$ 13,900</u>                             | <u>\$ 10,096</u>               |

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

**NOTE 8: LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)**

The District's 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 which Empower funds invested for various LOSAP 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, 2024 the District's contractually required contribution to the plan was \$364,903.

**Basis of Presentation**

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

**Components of Net Pension Liability**

At December 31, 2024, the District's net pension liability relating to the length of service awards program was \$5,117,311. The net pension liability was measured as of September 14, 2024. 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, 2024, which was rolled forward to September 14, 2023. The components of the net pension liability at December 31, 2024, were as follows:

|   | <b>Collective Balances December 31,</b> |              |
|---|---|--------------|
|   | <b>2024</b>                             | <b>2023</b>  |
| Actuarial valuation date (including roll forward) |   |              |
| Deferred Outflows of Resources                    | \$ 883,673                              | \$ 1,055,805 |
| Deferred Inflows of Resources                     | 1,409,853                               | 1,770,145    |
| Net Pension Liability                             | 5,117,311                               | 4,234,885    |

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

|   | <b>Increase (Decrease)</b>         |  |  |
|---|------------------------------------|--|--|
|   | <b>Total Pension liability (a)</b> | <b>Plan Fiduciary net position (b)</b> | <b>Net Pension liability (a) - (b)</b> |
| Balance at December 31, 2023                  | \$ 4,234,885                       | \$ -                                   | \$ 4,234,885                           |
| Changes for the year:                         |                                    |  |  |
| Service costs                                 | 122,511                            | -                                      | 122,511                                |
| Interest                                      | 169,632                            | -                                      | 169,632                                |
| Changes in benefit terms                      | 612,618                            | -                                      | 612,618                                |
| Differences in expected and actual experience | 10,744                             | -                                      | 10,744                                 |
| Changes in assumptions                        | 123,482                            | -                                      | 123,482                                |
| Benefit payments and expenses                 | (156,561)                          | -                                      | (156,561)                              |
| Net changes                                   | 882,426                            | -                                      | 882,426                                |
| Balance at December 31, 2024                  | <u>\$ 5,117,311</u>                | <u>-</u>                               | <u>\$ 5,117,311</u>                    |



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

**NOTE 8: LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) (continued)**

**Pension Expense**

The pension expense, calculated by the plan as of the December 31, 2024 measurement date is \$850,827 as follows:

| <b>Note:</b> | <b>Description:</b>   | <b>Amount</b>     |
|--------------|---|-------------------|
| A            | Service costs   | \$ 122,511        |
| B            | Interest on the total pension liability                           | 169,632           |
| A            | Changes of benefit terms  | 612,618           |
| C            | Differences between expected and actual experience                | (63,656)          |
| C            | Changes in assumptions  | 9,722             |
|              | Total pension expense related to length of service awards program | <u>\$ 850,827</u> |

**Notes:**

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

|  | <b>Amount for<br/>Period (a)</b> | <b>Portion of<br/>Period (b)</b> | <b>Projected<br/>Rate of<br/>Return (c)</b> | <b>Projected<br/>Earnings<br/>(a) x (b) x (c)</b> |
|--|----------------------------------|----------------------------------|---|---|
| Beginning total<br>pension liability             | \$ 4,234,885                     | 100%                             | 4.08%                                       | \$ 172,783  |
| Service cost (year end)                          | 122,511                          | 0%                               | 4.08%                                       | -   |
| Benefit payments                                 | (154,471)                        | 50%                              | 4.08%                                       | <u>(3,151)</u>                                    |
| Total interest on the<br>total pension liability |                                  |                                  |   | <u>\$ 169,632</u>                                 |

- C Provided in the schedules of deferrals

**Deferred Outflows of Resources and Deferred Inflows of Resources**

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

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected<br>and actual experience | \$ 117,785                                | \$ 375,710                               |
| Changes of assumptions                                | 765,888                                   | 1,034,143                                |
|   | <u>\$ 883,673</u>                         | <u>\$ 1,409,853</u>                      |

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:

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

**NOTE 8: LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) (continued)**

**Components of Net Pension Liability (continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

| <b>Year Ending<br/>September 14,</b> | <b>Amount</b>       |
|--------------------------------------|---------------------|
| 2025                                 | \$ (53,938)         |
| 2026                                 | (47,444)            |
| 2027                                 | (203,144)           |
| 2028                                 | (244,025)           |
| 2029                                 | 22,371              |
| Total                                | <u>\$ (526,180)</u> |

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of September 14, 2024 rolled forward to September 14, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 0.0%   |
| Salary increases          | Not applicable   |
| Investment rate of return | 4.08% 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, 2024, actuarial valuation report.

**Discount Rate**

The discount rate used to measure the total pension liability was 4.08% which is based on the 20-year AA general obligation bond rate as of September 14, 2024.

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

The following presents the District's net pension liability calculated using the discount rate as disclosed above, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

|                       | <b>1 % Decrease<br/>(3.08%)</b> | <b>Current<br/>Discount Rate<br/>(4.08%)</b> | <b>1% Increase<br/>(5.08%)</b> |
|-----------------------|---------------------------------|--|--------------------------------|
| Net pension liability | <u>\$ 5,924,923</u>             | <u>\$ 5,117,311</u>                          | <u>\$ 4,463,632</u>            |

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

**NOTE 9: 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 10: 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 11: OTHER RECEIVABLES AND PAYABLES AND TRANSFERS**

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

| <u>Fund</u>      | <u>Interfund<br/>receivable</u> | <u>Interfund<br/>payable</u> |
|------------------|---------------------------------|------------------------------|
| General          | \$ -                            | \$ 351,994                   |
| Capital Projects | 287,657                         | -                            |
| Debt Service     | 62,337                          | -                            |
| Total            | <u>\$ 351,994</u>               | <u>\$ 351,994</u>            |

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

**NOTE 12: FUNDING**

The activities of the District are primarily funded by the striking of the fire tax on the property owners of the District, as provided for by the state statute. For the year ended December 31, 2024, the fire tax rate on the District was approximately \$.040 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.

**NOTE 13: FUND BALANCE**

**Restricted**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the District's fund balance are summarized as follows:

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

**NOTE 13: FUND BALANCE (continued)**

*General Fund*

**Length of Service Awards Program (LOSAP)** - Pursuant to *N.J.S.A. 40A:14-187*, all accumulated proceeds shall remain restricted for the volunteer members. As a result, there exists at December 31, 2024 a restricted fund balance in the amount of \$3,792,374 for future benefit payments of volunteers

*Capital Projects Fund*

**Capital Projects (Future Capital Outlays)** – These funds are restricted for future capital expenditures to be made in future years. When the District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation. As of December 31, 2024, the balance is \$213,574.

*Debt Service*

**Debt Service** – These funds are restricted for the accumulation of resources to pay principal, interest, and related costs on the District's outstanding debt obligations. Resources in the Debt Service Fund may be used only for scheduled debt service payment. As of December 31, 2024, the balance is \$62,337.

**Assigned**

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the District's fund balance are summarized as follows:

*General Fund*

**For Subsequent Year's Expenditures** – The District has appropriated and included as anticipated revenue for the year ending December 31, 2024, \$76,083 of general fund balance at December 31, 2024.

**Other Purposes** – The District has outstanding encumbrances of \$29,884 as of December 31, 2024.

**Unassigned**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The District's unassigned fund balance is summarized as follows:

**General Fund** – As of December 31, 2024, \$1,292,957 of general fund balance was unassigned.

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

**NOTE 14: DEFICIT UNRESTRICTED NET POSITION**

At December 31, 2024, the District had a deficit net position of \$471,922. The deficit results primarily from the recognition of long-term liabilities in accordance with GASB requirements, including the net pension liability and length of service awards program liability, which are not funded on a current-year budgetary basis. These items are required to be reported in the district wide financial statements, which are prepared on the accrual basis of accounting. The District continues to meet its current operating obligations through the annual property tax levy and other budgeted revenues. The deficit net position does not indicate a lack of ability to meet current financial commitments but reflects the statutory and accounting differences between the District's budgetary practices (which focus on current financial resources) and the full accrual reporting required under GAAP and GASB.

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

|   | <b>Original<br/>Budget</b> | <b>Modified<br/>Budget</b> | <b>Actual<br/>Budgetary<br/>Basis</b> | <b>Variance</b> |
|---|----------------------------|----------------------------|---------------------------------------|-----------------|
| Revenues:   |                            |                            |                                       |                 |
| Miscellaneous revenues:                           |                            |                            |                                       |                 |
| Miscellaneous income                              | \$ -                       | \$ -                       | \$ 1,000                              | \$ 1,000        |
| Interest on investments and deposits              | 100                        | 100                        | 158                                   | 58              |
| Total miscellaneous revenues                      | 100                        | 100                        | 1,158                                 | 1,058           |
| Operating grant revenues:                         |                            |                            |                                       |                 |
| Supplemental Fire Service Act                     | 7,891                      | 7,891                      | 7,891                                 | -               |
| Total operating grant revenue                     | 7,891                      | 7,891                      | 7,891                                 | -               |
| Amount to be raised by taxation to support budget | 2,331,362                  | 2,331,362                  | 2,331,362                             | -               |
| Total anticipated revenues                        | 2,339,353                  | 2,339,353                  | 2,340,411                             | 1,058           |
| Expenditures:                                     |                            |                            |                                       |                 |
| Operating appropriations:                         |                            |                            |                                       |                 |
| Administration:                                   |                            |                            |                                       |                 |
| Salaries and wages                                | 51,980                     | 51,980                     | 50,549                                | 1,431           |
| Fringe benefits                                   | 8,470                      | 8,470                      | 5,986                                 | 2,484           |
| Other expenditures:                               |                            |                            |                                       |                 |
| Building utilities and maintenance                | 253,965                    | 233,965                    | 97,647                                | 136,318         |
| Fire prevention and training                      | 32,500                     | 32,500                     | 31,867                                | 633             |
| Insurance   | 165,000                    | 165,000                    | 154,270                               | 10,730          |
| Office and other administrative expenses          | 52,000                     | 43,000                     | 29,167                                | 13,833          |
| Professional fees                                 | 32,850                     | 41,850                     | 39,973                                | 1,877           |
| Total administration                              | 596,765                    | 576,765                    | 409,459                               | 167,306         |
| Cost of operations and maintenance:               |                            |                            |                                       |                 |
| Contingencies                                     | 10,000                     | 10,000                     | -                                     | 10,000          |
| Fire house rentals                                | 241,488                    | 241,488                    | 236,400                               | 5,088           |
| Fire hydrant rentals                              | 343,800                    | 343,800                    | 308,740                               | 35,060          |
| Medical fees                                      | 16,500                     | 16,500                     | 14,573                                | 1,927           |
| Non-bondable assets                               | 185,250                    | 192,139                    | 166,203                               | 25,936          |
| Truck operations                                  | 123,300                    | 123,300                    | 93,454                                | 29,846          |
| Total cost of operations and maintenance          | 920,338                    | 927,227                    | 819,370                               | 107,857         |

**SCHEDULE I  
(continued)**

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

|  | <u>Original<br/>Budget</u> | <u>Modified<br/>Budget</u> | <u>Actual<br/>Budgetary<br/>Basis</u> | <u>Variance</u>     |
|--|----------------------------|----------------------------|---------------------------------------|---------------------|
| Length of service awards program                                       | 348,061                    | 368,061                    | 364,902                               | 3,159               |
| Capital appropriations:  |                            |                            |                                       |                     |
| Reserve for future capital outlay                                      | 52,350                     | 52,350                     | -                                     | 52,350              |
| Total capital appropriations   | 52,350                     | 52,350                     | -                                     | 52,350              |
| Debt service for capital appropriations:                               |                            |                            |                                       |                     |
| Principal payment on debt service                                      | 281,127                    | 281,127                    | 281,127                               | -                   |
| Interest payment on debt service                                       | 140,712                    | 140,712                    | 140,712                               | -                   |
| Total debt service for capital appropriations                          | 421,839                    | 421,839                    | 421,839                               | -                   |
| Total operating appropriations   | 2,339,353                  | 2,346,242                  | 2,015,570                             | 330,672             |
| Excess (deficiency) of revenues over (under) operating appropriations  | -                          | (6,889)                    | 324,841                               | 331,730             |
| Fund balance, January 1  | 1,349,994                  | 1,349,994                  | 1,349,994                             | -                   |
| Fund balance, December 31  | <u>\$ 1,349,994</u>        | <u>\$ 1,343,105</u>        | 1,674,835                             | <u>\$ (331,730)</u> |
| <b>RECAPITULATION OF FUND BALANCE:</b>                                 |                            |                            |                                       |                     |
| Restricted fund balance:   |                            |                            |                                       |                     |
| Restricted:  |                            |                            |                                       |                     |
| Capital  |                            |                            | 213,574                               |                     |
| Debt service   |                            |                            | 62,337                                |                     |
| Assigned fund balance:   |                            |                            |                                       |                     |
| Other purposes (encumbrances)  |                            |                            | 29,884                                |                     |
| Unassigned fund balance  |                            |                            | <u>1,292,957</u>                      |                     |
| Total fund balance - Budgetary Basis                                   |                            |                            | 1,674,835                             |                     |
| Reconciliation to the Governmental Funds:                              |                            |                            |                                       |                     |
| Length of service awards program not recognized on the budgetary basis |                            |                            | <u>3,792,374</u>                      |                     |
| Total fund balance - Governmental Funds                                |                            |                            | <u>\$ 5,467,209</u>                   |                     |

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN**  
**Notes to the Required Supplementary Information**  
**Budgetary Basis to the Governmental Funds Reconciliation**  
**For the year ended December 31, 2024**

|  | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---|
| Sources / inflows of resources:  |   |
| Actual amounts (budgetary basis) revenues<br>from the budgetary comparison schedule (Schedule I)   | \$ 2,340,411                            |
| Difference from budgetary basis to the Governmental Funds Financial Statements:  |   |
| <p>The budgetary basis differs in that the District does not budget for investment income related to the Length of Service Awards Program (LOSAP). GASB Statement No. 73 requires that investment appreciation in the LOSAP be reported in the financial statements using the current financial resources measurement focus and the modified accrual basis of accounting as follows:</p> |   |
| Appreciation in the value length of service awards program   | <u>103,805</u>                          |
| Total revenues as reported on the Governmental Funds Statement<br>of Revenues, Expenditures, and Changes in Fund Balance (Exhibit B-2)   | <u>\$ 2,444,216</u>                     |
| Use / outflows of resources:   |   |
| Actual amounts (budgetary basis) operating appropriations<br>from the budgetary comparison schedule (Schedule I)   | \$ 2,015,570                            |
| Difference from budgetary basis to the Governmental Funds Financial Statements:  |   |
| <p>The budgetary basis differs in that the District is required to budget for contributions to the Length of Service Awards Program (LOSAP). However, GASB Statement No. 73 requires that expenditures paid in accordance with the LOSAP be reported using the current financial resources measurement focus and the modified accrual basis of accounting as follows:</p>                |   |
| Length of service awards program contribution  | (364,902)                               |
| Participant withdrawals  | <u>167,067</u>                          |
| Total operating appropriations as reported on the Governmental Funds Statement<br>of Revenues, Expenditures, and Changes in Fund Balances (Exhibit B-2)  | <u>\$ 1,817,735</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, |           |           |           |           |           |           |           |           |           |
|---|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | 2024                                | 2023      | 2022      | 2021      | 2020      | 2019      | 2018      | 2017      | 2016      | 2015      |
| District's proportion of the net pension liability  | 0.00010%                            | 0.00011%  | 0.00022%  | 0.00023%  | 0.00023%  | 0.00023%  | 0.00023%  | 0.00023%  | 0.00024%  | 0.00024%  |
| District's proportionate share of the net pension liability   | \$ 13,900                           | \$ 15,508 | \$ 33,317 | \$ 26,300 | \$ 36,656 | \$ 41,235 | \$ 45,607 | \$ 54,653 | \$ 70,043 | \$ 52,926 |
| District's covered-employee payroll   | \$ 27,590                           | \$ 29,889 | \$ 32,599 | \$ 38,697 | \$ 35,724 | \$ 35,724 | \$ 35,724 | \$ 35,440 | \$ 34,588 | \$ 27,839 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 50.38%                              | 51.89%    | 102.20%   | 67.96%    | 102.61%   | 115.43%   | 127.66%   | 154.21%   | 202.51%   | 190.11%   |
| Plan fiduciary net position as a percentage of the total net pension liability                              | 68.22%                              | 65.23%    | 62.91%    | 70.33%    | 58.32%    | 56.27%    | 53.60%    | 48.10%    | 40.14%    | 47.93%    |

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

|   | Year Ended December 31, |           |           |           |           |           |           |           |           |           |
|---|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | 2024                    | 2023      | 2022      | 2021      | 2020      | 2019      | 2018      | 2017      | 2016      | 2015      |
| Contractually required contribution                                 | \$ 1,392                | \$ 1,431  | \$ 2,784  | \$ 2,600  | \$ 2,459  | \$ 2,226  | \$ 2,304  | \$ 2,175  | \$ 2,101  | \$ 2,027  |
| Contributions in relation to the contractually required contributor | (1,392)                 | (1,431)   | (2,784)   | (2,600)   | (2,459)   | (2,226)   | (2,304)   | (2,175)   | (2,101)   | (2,027)   |
| Contribution deficiency (excess)                                    | \$ -                    | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| District's covered-employee payroll                                 | \$ 29,889               | \$ 27,590 | \$ 29,889 | \$ 32,599 | \$ 38,697 | \$ 35,724 | \$ 35,724 | \$ 35,724 | \$ 35,440 | \$ 34,588 |
| Contributions as a percentage of covered-employee payroll           | 4.66%                   | 5.19%     | 9.31%     | 7.98%     | 6.35%     | 6.23%     | 6.45%     | 6.09%     | 5.93%     | 5.86%     |

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN**  
**Schedule of the Changes in the Net Pension Liability and Related Ratios**  
**Length of Service Awards Program Liability**  
**Last Seven Fiscal Years \*\***

|  | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total pension liability:   |              |              |              |              |              |              |              |
| Service cost   | \$ 122,511   | \$ 87,923    | \$ 107,630   | \$ 202,307   | \$ 184,507   | \$ 178,427   | \$ 142,706   |
| Interest   | 169,632      | 180,025      | 251,090      | 104,909      | 113,692      | 109,453      | 115,128      |
| Changes in benefit terms   | 612,618      | (19,305)     | 102,131      | -            | -            | 20,619       | -            |
| Differences between expected and actual experience                         | 10,744       | (82,844)     | (498,492)    | 183,699      | (95,007)     | 40,555       | 30,766       |
| Changes in assumptions   | 123,482      | (74,046)     | (1,712,016)  | 420,586      | 422,087      | 675,474      | 564,930      |
| Payments for benefits and admin expenses                                   | (156,561)    | (183,327)    | (93,953)     | (78,023)     | (81,014)     | (80,036)     | (74,225)     |
| Net change in total pension liability                                      | 882,426      | (91,574)     | (1,843,610)  | 833,478      | 544,265      | 944,492      | 779,305      |
| Total pension liability - beginning  | 4,234,885    | 4,326,459    | 6,170,069    | 5,336,591    | 4,792,326    | 3,847,834    | 3,068,529    |
| Total pension liability - ending   | \$ 5,117,311 | \$ 4,234,885 | \$ 4,326,459 | \$ 6,170,069 | \$ 5,336,591 | \$ 4,792,326 | \$ 3,847,834 |
| Net pension liability  | \$ 5,117,311 | \$ 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%        | 0.00%        |
| Covered-employee payroll   | N/A          | N/A          | N/A          | N/A          | N/A          | N/A          | N/A          |
| Net pension liability as a percentage of covered-employee payroll          | N/A          | N/A          | N/A          | N/A          | N/A          | N/A          | N/A          |
| Expected average remaining service years for all participants              | 6            | 6            | 7            | 8            | 8            | 9            | 10           |

\*\*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 in Benefit Terms***

None.

***Changes in Assumptions***

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

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

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

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

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

**Length of Service Awards Program (LOSAP)*****Changes in Benefit Terms***

Monthly Benefit increased from \$38.81 to \$51.00 for all active members.

***Changes in Assumptions***

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

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2024        | 4.08%       | 2020        | 2.39%       |
| 2023        | 4.25%       | 2019        | 2.87%       |
| 2022        | 4.10%       | 2018        | 3.79%       |
| 2021        | 1.98%       | 2017        | 3.44%       |

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN  
Schedule of Finance Purchases Payable  
December 31, 2024

| Description    | Date of Financing | Term of Financing | Amount of Original Financing |           | Annual Maturities |                   | Interest Rate Payable | Balance December 31, 2023 | Issued | Retired   | Balance December 31, 2024 |           |           |           |         |
|----------------|-------------------|-------------------|------------------------------|-----------|-------------------|-------------------|-----------------------|---------------------------|--------|-----------|---------------------------|-----------|-----------|-----------|---------|
|                |                   |                   | Principal                    | Interest  | Date              | Amount            |                       |                           |        |           |                           |           |           |           |         |
| Fire apparatus | January 17, 2019  | Ten Years         | \$                           | 1,222,545 | \$                | 298,986           |                       |                           |        |           |                           |           |           |           |         |
|                |                   |                   |                              |           |                   | December 17, 2025 | \$                    | 128,751                   | 4.24%  | \$        | -                         | \$        | (123,502) | \$        | 548,959 |
|                |                   |                   |                              |           |                   | December 17, 2026 |                       | 134,223                   | 4.24%  |           |                           |           |           |           |         |
|                |                   |                   |                              |           |                   | December 17, 2027 |                       | 139,928                   | 4.24%  |           |                           |           |           |           |         |
|                |                   | December 17, 2028 |                              |           | 146,057           | 4.24%             |                       |                           |        |           |                           |           |           |           |         |
| Fire apparatus | December 15, 2023 | Ten Years         |                              | 2,031,374 | 666,190           |                   |                       |                           |        |           |                           |           |           |           |         |
|                |                   |                   |                              |           |                   | December 15, 2025 |                       | 166,325                   | 5.52%  | -         | 2,031,374                 | (157,625) | 1,873,749 |           |         |
|                |                   |                   |                              |           |                   | December 15, 2026 |                       | 175,507                   | 5.52%  |           |                           |           |           |           |         |
|                |                   |                   |                              |           |                   | December 15, 2027 |                       | 185,195                   | 5.52%  |           |                           |           |           |           |         |
|                |                   |                   |                              |           |                   | December 15, 2028 |                       | 195,417                   | 5.52%  |           |                           |           |           |           |         |
|                |                   |                   |                              |           |                   | December 15, 2029 |                       | 206,204                   | 5.52%  |           |                           |           |           |           |         |
|                |                   |                   |                              |           |                   | December 15, 2030 |                       | 217,587                   | 5.52%  |           |                           |           |           |           |         |
|                |                   |                   |                              |           |                   | December 15, 2031 |                       | 229,598                   | 5.52%  |           |                           |           |           |           |         |
|                |                   |                   |                              |           |                   | December 15, 2032 |                       | 242,271                   | 5.52%  |           |                           |           |           |           |         |
|                |                   |                   |                              |           |                   | December 15, 2033 |                       | 255,645                   | 5.52%  |           |                           |           |           |           |         |
| Total          |                   |                   |                              |           |                   |                   | \$                    | 672,461                   | \$     | 2,031,374 | \$                        | (281,127) | \$        | 2,422,708 |         |

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MANALAPAN  
Schedule of Leases  
December 31, 2024

| Description                | Date of Lease    | Term of Lease | Amount of Original Lease |            | Annual Maturities |            | Interest Rate Payable | Balance December 31, 2023 | Issued | Retired      | Balance December 31, 2024 |
|----------------------------|------------------|---------------|--------------------------|------------|-------------------|------------|-----------------------|---------------------------|--------|--------------|---------------------------|
|                            |                  |               | Principal                | Interest   | Date              | Amount     |                       |                           |        |              |                           |
| Property Lease - Firehouse | December 5, 2023 | Five Years    | \$ 954,813               | \$ 227,187 | December 31, 2025 | \$ 178,026 | 8.50%                 | \$ 916,003                | \$ -   | \$ (163,665) | 752,338                   |
|                            |                  |               |                          |            | December 31, 2026 | 193,648    | 8.50%                 |                           |        |              |                           |
|                            |                  |               |                          |            | December 31, 2027 | 210,640    | 8.50%                 |                           |        |              |                           |
|                            |                  |               |                          |            | December 31, 2028 | 170,024    | 8.50%                 |                           |        |              |                           |
|                            |                  |               |                          | Total      |                   |            | Total                 | \$ 916,003                | \$ -   | \$ (163,665) | 752,338                   |

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

We have audited the basic financial statements of the Fire District No. 1 of the Township of Manalapan, County of Monmouth, State of New Jersey for the year ended December 31, 2024. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

### **GENERAL COMMENTS AND 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 Board of Commissioners of the Fire District No. 1 of the Township of Manalapan 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 partial payment or estimate. The results of the examination did not disclose any discrepancies with respect to signatures, certification or supporting documentation.

### **Payroll Examination**

The examination of the payroll account included the detailed computation of various deductions or other credits from the payroll of Fire District No. 1 of the Township of Manalapan's employees and we ascertained that the accumulated withholdings were disbursed to the proper agencies.

### **Budget Adoption**

The State of New Jersey requires that the Fire District No. 1 of the Township of Manalapan operating and capital budgets be approved and adopted for each fiscal year. The Fire District No. 1 of the Township of Manalapan approved its operating budget on December 18, 2023 and adopted its operating budget on January 17, 2024.

### **Current Year's Findings**

There were no current year's findings.

### **Follow-up on Prior Year's Findings**

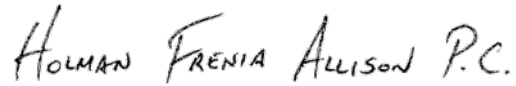
In accordance with *Government Auditing Standards* and audit requirements prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, our procedures included a review of all prior year findings. There were no prior year's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



## **Acknowledgment**

We received the complete cooperation of all the staff of the Fire District No. 1 of the Township of Manalapan 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.

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

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

December 17, 2025  
Lakewood, New Jersey