

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2024

Prepared by:
Gerard Stankiewicz, CPA, RMA
For the Firm of:
Samuel Klein and Company, LLP
Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

Board of Fire District Commissioners
Township of Freehold Fire District No. 1
County of Monmouth
State of New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Township of Freehold Fire District No. 1 (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 District'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 GAAS and *Government Auditing Standards* and auditing standards prescribed by the Division of Local Government Service, 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 GAAS and *Government Auditing Standards*, we

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 and budgetary comparison information 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 the District's basic financial statements. The identify accompanying supplementary information such as the combining and individual fund financial statements 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists; we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the *District's* 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 District's internal control over financial reporting and compliance.

Basis for Disclaimer of Opinion on Length of Service Award Program Fund ("LOSAP")

The financial statements of the Length of Service Award Program Fund ("LOSAP") have not been audited, and we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the District's financial statements.

Due to the fact that we were not required by the Division to audit nor were we engaged to audit the LOSAP financial statements as part of our audit of the District's financial statements, we do not express an opinion of the LOSAP financial statements.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
February 27, 2026

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS – STATUTORY BASIS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Fire District Commissioners
Township of Freehold Fire District No. 1
County of Monmouth
State of New Jersey

We have audited the financial statements of the Township of Freehold Fire District No. 1, County of Monmouth, State of New Jersey (the "District"), as of and for the year ended December 31, 2024, and have issued our report thereon dated February 27, 2026. 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.

Internal Control Over Financial Reporting

Management of the Fire District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS – STATUTORY BASIS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. 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* in the General Comments and Recommendations section of the audit that are immaterial matters are noted.

This report is intended solely for the information of the District and its management, and other federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
February 27, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Township of Freehold Fire District #1's (District) annual financial report, the management of the District provides narrative discussion and analysis of the financial activities of the District for the audit year ending December 31, 2024.

The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

Discussion of Financial Statements Included in Annual Audit

The District prepares and presents its financial statements on several different bases, because of accounting requirements and for internal use purposes.

The first set of statements which consist of the Statement of Net Position, the Statement of Activities and Change in Net Position is prepared on an accrual basis and is in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. These statements are the official financial statements of the Township of Freehold Fire District #1.

After the first set of statements and the "Notes to the Financial Statements" that follow is the second set of statements. These statements are considered "Supplemental Information".

The District has historically presented its financial statements on a "GAAP Basis" and continues to do so because it relates more fairly to the annual budget for the same period. The annual budget records all encumbrances as charges against the adopted appropriation even if the items or services have not been received.

Contained in the supplemental information are statements that report the Statement of Net Position, Statement of Revenues, Expenditures and Change in Net Position and Statement of Expenditures Compared to Budget. These statements compare the "Budget" revenues and expenses to "Actual" revenues and expenses. They include operating revenues and expenses, nonoperating revenues and nonoperating expenses. Principal and Interest are reported in this statement as Debt Service expense, and depreciation is not reported as an expense. On the "GAAP" based and "Modified GAAP" based, Depreciation Expense is included, and only the Interest Expense component of the Debt Service expense is reported.

The Budget to Actual statement is a very important statement to the District management, because it is how we measure our financial performance, particularly as it compares to the approved and adopted annual budget and how it relates to the operational performance.

Discussion of Financial Statements Included in Annual Audit

(Continued)

Other information or statements incorporated within the annual audit report are the Schedules of Cash and Cash Equivalents and Investments – Restricted and Unrestricted.

For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the official statements of the District, those prepared on an accrual basis and in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. This is the first set of statements included in the annual audit report.

Township of Freehold Fire District #1

Comparative Statement of Net Position

The Township of Freehold Fire District #1's total assets \$4,583,701, deferred outflow \$79,320 of total current liabilities of \$237,257, long-term liabilities of \$2,022,560, and deferred inflows \$841,115. Assets exceed liabilities and deferrals by \$1,562,088 compared to 2023 where the assets exceeded liabilities by \$1,717,070.

The Township of Freehold Fire District #1's Net Position of \$1,562,088 is comprised of the following:

1. Invested in Capital Assets is \$2,191,091.
2. Restricted Net Position of \$342,435. is reserved for offsetting future capital expenses.
3. Unrestricted and Unreserved Net Position/(Deficit) \$971,438 represents a deficit in the District's net position as a result of the required accrual of the defined benefit program obligation that the District has for its employees.

Comparative Statement of Net Position (Continued)

	<u>As of December 31,</u>	
	<u>2024</u>	<u>2023</u>
Total Current Assets	\$ 383,599	\$ 496,080
Total Restricted Assets	627,653	700,356
Capital Assets - Net	<u>3,572,449</u>	<u>4,224,012</u>
Total Assets	<u>\$ 4,583,701</u>	<u>\$ 5,420,448</u>
Deferred Outflows	<u>\$ 79,320</u>	<u>87,857</u>
Total Current Liabilities Payable from Current Assets:		
Unrestricted	\$ 92,010	\$ 21,439
Restricted	<u>145,247</u>	<u>194,401</u>
Total Current Liabilities	<u>237,257</u>	<u>215,840</u>
Noncurrent Liabilities		
Long term Debt	\$ 1,521,329	\$ 1,982,606
Net Defined Pension Liability	<u>501,231</u>	<u>947,910</u>
Total Noncurrent Liabilities	<u>2,022,560</u>	<u>2,930,516</u>
Total Liabilities	<u>\$ 2,259,818</u>	<u>\$ 3,146,356</u>
Deferred Inflows	<u>\$ 841,115</u>	<u>\$ 644,877</u>
Net Position		
Restricted:		
Invested in Capital Assets	\$ 2,191,091	\$ 2,483,269
Reserved	342,435	264,090
Unrestricted (Deficit)	<u>(971,438)</u>	<u>(1,030,289)</u>
Net Position	<u>\$ 1,562,088</u>	<u>\$ 1,717,070</u>

Comparative Statement of Revenues, Expenses and Change in Net Position

There was an anticipated decrease in Operating Revenues mostly from taxation of \$330,721 due to a lower capital project budget.

Operating Expenses exclusive of depreciation increased \$27,367 or 2.93% from the prior year.

Total Operating Revenues less Total Operating Expenses produced an deficit of \$162,154, which was anticipated by the Commissioners in preparation of the annual budget. The result of excessive repairs and equipment testing not anticipated

Nonoperating Revenue has decreased \$4,902.

Net Position as of December 31, 2024 decreased \$154,983 from \$1,717,071 to \$1,562,088.

	Year Ending December 31,	
	<u>2024</u>	<u>2023</u>
Total Operating Revenues	<u>\$ 1,461,567</u>	<u>\$ 1,792,288</u>
Operating Expenses	\$ 960,503	\$ 933,136
Depreciation	<u>663,218</u>	<u>700,037</u>
Total Operating Expenses	<u>\$ 1,623,721</u>	<u>\$ 1,633,173</u>
Operating Income/(Loss)	\$ (162,154)	\$ 159,115
Nonoperating Revenues / Expense	<u>\$ 7,171</u>	<u>\$ 12,073</u>
Change in Net Position - Increase	\$ (154,983)	\$ 171,188
Net Position, Beginning	<u>\$ 1,717,071</u>	<u>\$ 1,545,883</u>
Net Position, Ending	<u>\$ 1,562,088</u>	<u>\$ 1,717,071</u>

Core Competencies

The Freehold Township Fire District #1 governs an all-volunteer fire company serving mainly the eastern portion of Freehold Township in the County of Monmouth and also some of the surrounding townships and boros. The Board of Fire Commissioners is made up of 5 members who are charged with serving the community by raising money through the budget process and expanding those funds for the protection of the township's residents.

The Fire District supports 3 firehouses - a District owned main base, a District owned annex and a volunteer fire company house and 13 pieces of fire apparatus, the last of which was purchased in 2020. Other expenses are incurred in the maintaining the volunteers with the best equipment fires and maintaining the fire apparatus in top shape to provide a maximum amount of safety to the volunteers and residents.

The District's budget is voted on at the Annual Fire District Election which is by statute on the third Saturday of February. The budget process begins in October with preparing the details and is finalized and introduced in December and a public hearing is held in January. If the voters defeat the budget, then the Mayor and Township Committee have the right to set the budget. The budget is prepared on a calendar year basis.

The District has a contract with the fire company for use of their building. The Fire Company has approximately fifty-five (55) volunteer members. The District also participates on a mutual aid consortium for assistance to and from neighboring municipalities.

The main revenue of the District is property taxes which are subject to the annual fire district election. The other sources of revenue are surplus and miscellaneous revenue which accrues to the fund balance of the District.

The majority of the budget relates to insurance, Bay rentals and repair and maintenance of fire trucks.

Accountability

The Township of Freehold Fire District #1's mission statement is:

The Mission Statement:

Our mission for the Township of Freehold Fire District #1 is to provide the ultimate in fire protection services. Always responsive to the residents' needs and the growing community, in compliance with the applicable laws, rules and regulations, the District will continue to set and exceed the standards for the protection of the property, while operating the most efficient system and maintaining a cost effective budget.

As the mission reads, this is who and what the District is accountable to. The District's accountability, first and foremost, is to protect the property. The goal is to provide a cost effective and reliable service, and at the same time to protect the property. This means the District is accountable to the residents, the agencies and people served using the same principles: cost effective, efficient, reliable and protective.

As a district, the District is also guided by or accountable to state government and the applicable rules and regulations that govern the Township of Freehold Fire District #1. More specifically, the District is accountable to the Department of Community Affairs, Division of Local Government Services.

Management of the District

The Commissioners manage the daily operations of the District in conjunction with the Chief of Fire. The Treasurer of the District handles the bookkeeping operations.

Funding of Infrastructure and Debt Management

The District is required by statute to present its capital projects or capital assets acquisition to the voters of the District for approval. Once approved, the District can proceed to put the required financing in place; however, subject to the Local Finance Board's approval.

Auditors

The District Auditor is Gerard Stankiewicz, CPA of Samuel Klein and Company, LLP.

Audits can be obtained by contacting the Township of Freehold Fire District #1.

FINANCIAL STATEMENTS

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Balance December 31, <u>2024</u>
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 378,225.79
Prepaid Expense	<u>5,373.00</u>
Total Current Assets	<u>383,598.79</u>
Restricted Assets:	
Cash and Cash Equivalents	<u>627,653.22</u>
Noncurrent Assets:	
Nondepreciable	79,500.00
Depreciable	<u>3,492,949.19</u>
Total Noncurrent Assets	<u>3,572,449.19</u>
Total Assets	<u>\$ 4,583,701.20</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension	<u>\$ 79,319.78</u>
<u>LIABILITIES</u>	
Current Liabilities Payable from Current Assets:	
Accounts Payable	\$ <u>92,010.38</u>
Total Current Liabilities Payable from Current Assets	<u>92,010.38</u>
Current Liabilities Payable from Restricted Assets:	
Accounts Payable	\$ 120,832.04
Accrued Interest on Long-term Debt	<u>24,414.98</u>
Total Current Liabilities	<u>145,247.02</u>
Total Current Liabilities	<u>237,257.40</u>
Noncurrent Liabilities:	
Net Defined Benefit Liability	501,231.00
Due within one year	358,049.74
Due beyond one year	<u>1,163,279.52</u>
Total Noncurrent Liabilities	<u>2,022,560.26</u>
Total Liabilities	<u>\$ 2,259,817.66</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension	<u>\$ 841,115.00</u>
<u>NET POSITION</u>	
Restricted:	
Invested in Capital Assets	\$ 2,191,090.89
Unrestricted:	
Restricted	342,434.97
Unrestricted	<u>(971,437.81)</u>
Net Position	<u>\$ 1,562,088.05</u>

See Accompanying Notes to Financial Statements

FREEHOLD TOWNSHIP FIRE DISTRICT #1
COUNTY OF MONMOUTH
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

<u>Functions/Programs</u>		<u>Total Government Activities Net (Expense)/ Revenue and Change in Net Position</u>
Expenditures:		
Administrative	\$ 177,965.07	
Cost of Providing Services	1,023,742.44	
LOSAP Defined (Benefit)	(241,204.10)	
Unallocated Depreciation	<u>663,217.59</u>	
Total Government Activities		\$ <u>1,623,721.00</u>
<u>General Revenues</u>		
Property Tax Levy:		
General Fund	\$ 959,348.21	
Debt Service Fund	407,112.79	
Capital Projects	90,000.00	
Other Grants and Entitlements	<u>5,106.00</u>	<u>1,461,567.00</u>
Change in Net Position before Nonoperating Revenue		\$ (162,154.00)
Nonoperating Revenues (Expenses)		
Interest Expense	\$ (44,063.05)	
Interest Earned	510.78	
Miscellaneous Income	<u>50,723.41</u>	<u>7,171.14</u>
Change in Net Position		\$ (154,982.86)
Net Position - Beginning		<u>1,717,070.91</u>
Net Position - Ending		\$ <u><u>1,562,088.05</u></u>

See accompanying Notes to Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION – PART I

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF NET POSITION
DECEMBER 31, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 378,225.79	\$ 562,563.25	\$ 355,089.97	\$ 1,295,879.01
Prepaid Expenses	<u>5,373.00</u>			<u>5,373.00</u>
Total Assets	<u>\$ 383,598.79</u>	<u>\$ 562,563.25</u>	<u>\$ 355,089.97</u>	<u>\$ 1,301,252.01</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 92,010.38	\$ 272,563.25	\$ 12,655.00	\$ 377,228.63
Bond Anticipation Note		<u>290,000.00</u>		<u>290,000.00</u>
Total Liabilities	<u>\$ 92,010.38</u>	<u>\$ 562,563.25</u>	<u>\$ 12,655.00</u>	<u>\$ 667,228.63</u>
<u>NET POSITION</u>				
Restricted			\$ 342,434.97	\$ 342,434.97
Unrestricted	<u>\$ 291,588.41</u>			<u>291,588.41</u>
Net Position	<u>\$ 291,588.41</u>		<u>\$ 342,434.97</u>	<u>\$ 634,023.38</u>
Net Position above:				\$ 634,023.38

Amounts reported for *governmental activities* in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$10,186,939.78 and the accumulated depreciation is \$6,613,990.59. (Refer to Note 4)	\$ 3,572,449.19
Noncurrent liabilities, including loans payable, lease purchase and bond anticipation notes are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent Debt (Refer to Note 9)	
Non Current Debt	\$ (1,521,329.26)
Less Amounts Held to Pay Lease	<u>139,970.96</u>
	\$ (1,381,358.30)
Net Defined Pension Liability (Refer to Note 5)	(501,231.00)
Deferred Resources - Pension (Refer to Note 5)	
Outflows	\$ 79,319.78
Inflows	<u>(841,115.00)</u>
	<u>(761,795.22)</u>
Net Position of Governmental Activities (A-1)	<u>\$ 1,562,088.05</u>

See Accompanying Notes to Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>REVENUES</u>					
Other Grants and Entitlements		\$ 5,106.00			\$ 5,106.00
Amount to be Raised by Taxation	\$ 959,348.21		\$ 407,112.79	\$ 90,000.00	1,456,461.00
Total Revenues	\$ 959,348.21	\$ 5,106.00	\$ 407,112.79	\$ 90,000.00	\$ 1,461,567.00
<u>EXPENDITURES</u>					
Operating	\$ 1,018,635.44	\$ 5,106.00			\$ 1,023,741.44
LOSAP	175,000.00				175,000.00
Capital Expenditures				\$ 12,655.00	12,655.00
Debt Service:					
Principal			\$ 363,049.74		363,049.74
Interest			44,063.05		44,063.05
Total Expenditures	\$ 1,193,635.44	\$ 5,106.00	\$ 407,112.79	\$ 12,655.00	\$ 1,618,509.23
Excess of Revenues over Expenditures	\$ (234,287.23)	-	-	\$ 77,345.00	\$ (156,942.23)
<u>OTHER FINANCING SOURCES</u>					
Miscellaneous	\$ 50,723.41			\$ 1,000.00	\$ 51,723.41
Interest Income	510.78				510.78
	51,234.19	-	-	1,000.00	52,234.19
Net Change	\$ (183,053.04)	-	-	\$ 78,345.00	\$ (104,708.04)
Net Position, beginning	474,641.45			264,089.97	738,731.42
Net Position, ending	\$ 291,588.41	-	-	\$ 342,434.97	\$ 634,023.38

See Accompanying Notes to Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN NET POSITION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

Total Net Change in Net Position - Governmental Funds (From B-2) \$ (104,708.04)

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital Assets Added, Net	\$ 11,655.00	
Depreciation Expense	<u>(663,217.59)</u>	(651,562.59)

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		105,000.00
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Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Budgeted Paydown	\$ 247,794.57	
Adjust to Total	<u>7,289.10</u>	255,083.67

Net pension obligation related to PERS which is attributable to June 30, 2024 (<i>the measurement date</i>) not reported in governmental funds; however, it is reported in the statement of activities.		<u>241,204.10</u>
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Change in Net Position of Governmental Activities (from A-2) \$ (154,982.86)

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 1. REPORTING ENTITY

This report includes the financial statements of the Township of Freehold Fire District #1 (the "District"), within the County of Monmouth, in the State of New Jersey and reflects the activities for the District that are under the control of the Board of Fire Commissioners. The geographic area is locally known as "West Freehold".

The District was established in accordance with the provisions of N.J.S.A. 40A:14-70.

The District is not a component unit of any other financial reporting entity nor does the District have any component units to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61.

The Freehold Township Fire District #1 is a political subdivision of the Township of Freehold, Monmouth County, New Jersey. The District functions independently through a Board of Fire Commissioners. The Board is comprised of five members elected to three-year terms. The annual Fire District election is held the third Saturday of February.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the 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

Based on the aforementioned criteria, the District has no component units.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The government-wide financial statements (i.e., the statement of net position and the statement of change in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to residents or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Basis of Accounting

The accrual basis of accounting is followed. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

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

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources, such as state or federal government grants and appropriations that are legally restricted to expenditures for specified purposes.

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 fire houses 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 that must be authorized by the voters as a separate question on 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 noncurrent liabilities.

Capital Assets – Property, plant and equipment purchased by the general fund and the capital projects fund are recorded as expenditures at the time of purchase. The historical cost, or if such cost is not practically determinable, the estimated historical cost, of such fixed assets is reflected in the Capital Assets account.

Noncurrent Obligations

Noncurrent debt is recognized as a liability of the Fire District when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other noncurrent obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for Fire Districts, and *N.J.S.A. 40A:14-85 to 87* governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase firefighting apparatus and equipment and 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 \$60,000.00 or 2 percent of the assessed valuation of property, whichever is larger.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Fire District Taxes

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

Net Position

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Restricted net position represents plans for future use of financial resources.

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement on Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the stated net position. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the fall of each preceding year for the general, special revenue, and debt service funds. The budgets are submitted to the State, Department of Community Affairs, Division of Local Government Services, Bureau of Authority Regulation for approval and are voted upon by the registered voters of the Township at the annual fire district election on the third Saturday in February. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts. Transfers of appropriations may be made by District resolution at any time during the last two months of the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Other Accounting Standards

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement 101*. Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Accounting Standards (Continued)

- *GASB Statement No. 102. Certain Risk Disclosures.* State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement No. 103. Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues – Management's Discussion and Analysis, Unusual or Infrequent Items, Presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position, Major Component Unit Information, and Budgetary Comparison Information.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

- *GASB Statement No. 104. Disclosure of Certain Capital Assets.* The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Subsequent Events

Management has reviewed and evaluated all events and transactions from December 31, 2024 through February 27, 2026, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, fire districts are allowed to deposit funds in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or,

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The amount on deposit of the District's cash and cash equivalents at December 31, 2024 is as follows:

Checking Account	\$	62,038.21
Money Market		1,436,502.78
		1,498,540.99
	\$	1,498,540.99

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. Investments

New Jersey statutes permit the District to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk Analysis

All bank deposits, as of the net position date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 4. **CAPITAL ASSETS**

All reported capital assets except for land are depreciated. At December 31, 2024, capital assets and the useful lives used for determination of annual depreciation were as follows:

	Balance <u>December 31, 2023</u>	<u>Current Year's Activity</u>		Balance <u>December 31, 2024</u>	<u>Useful Life</u>
		<u>Increase</u>	<u>Decrease</u>		
Non-Depreciable:					
Land	\$ 79,500.00			\$ 79,500.00	N/A
Depreciable:					
Buildings & Improv.	2,310,854.56			2,310,854.56	20-40 Years
Machinery & Equip.	6,272,932.41	11,655.00		6,284,587.41	5-10 Years
Office Furn. & Equip.	1,511,497.81		-	1,511,497.81	5-10 Years
Total Depreciable:	<u>10,095,284.78</u>	<u>11,655.00</u>		<u>10,106,939.78</u>	
Total Capital Assets	<u>10,174,784.78</u>	<u>11,655.00</u>		<u>10,186,439.78</u>	
Less: Accumulated Depreciation					
Buildings & Improv.	868,368.10	53,492.31		921,860.41	
Office Furn. & Equip.	1,490,293.27	7,064.81		1,497,358.08	
Machinery & Equip.	3,592,111.63	602,660.47		4,194,772.10	
Total Accumulated Dep	<u>5,950,773.00</u>	<u>663,217.59</u>		<u>6,613,990.59</u>	
	<u>\$ 4,224,011.78</u>	<u>\$ (651,562.59)</u>		<u>\$ 3,572,449.19</u>	

Depreciation expense for the years ended December 31, 2024 and 2023 were \$663,217.89 and \$700,036.96, respectively.

Note 5. **DEFINED BENEFIT PROGRAM**

Effective April 15, 1989 The Board of Fire Commissioners established a defined benefit length of service awards program to provide retirement income and life insurance for volunteers in recognition of their service. Contributions related to 2024 were \$175,000 and were consistent with actuarial determinations for minimum funding.

Plan Data

Initial effective date	April 15, 1989
Plan year begins	April 15, 2020
Plan year ends	April 14, 2021
Valuation (measurement) date	April 15, 2020

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 5. DEFINED BENEFIT PROGRAM (CONTINUED)

Eligibility Requirements

Waiting period (months)	0
Minimum age	18

Normal Entitlement Age

Minimum age	65
Minimum years of service	0
Minimum years of participation	1
Retirement date	1 st of month following

Benefits

Pension formula:	Benefit formula
Unit type:	Dollar
Unit based on:	Accrual
First tier:	\$25.00
Second tier:	None
Third tier:	None
Maximum credit:	
Past years	30
Total years	30

Vesting 5 Year Cliff

Actuarial Assumptions

	Pre-retirement	Post-retirement
Interest:	4.50%	4.25%
Mortality and Setbacks:		
Male	RP2000 M > 2030-00	
Female	RP2000 F > 2030-00	

Funding Method: Entry age normal frozen initial liability

Length of Service Awards Program (LOSAP)

Number of Months to Roll Forward	12		
		+1%	-1%
Discount Rate	4.32%	5.32%	3.32%
Total Pension Liability BOY	\$ 2,467,268	\$ 2,131,785	\$ 2,884,261
BOY NC	59,856	46,186	78,552
Actual Benefit Payments	52,200	52,200	52,200
Total Pension Liability EOY	2,582,968	2,240,251	3,008,112
Market Assets EOY	0	0	0
Net Pension Liability	2,582,968	2,240,251	3,008,112

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 5. DEFINED BENEFIT PROGRAM (CONTINUED)

Length of Service Awards Program (LOSAP) (Continued)

Net Pension Liability:

The components of the net pension liability at April 14, 2024 were as follows:

Total pension liability	\$	2,582,968
Plan fiduciary net position		<u>2,081,737</u>
Net pension liability	\$	<u><u>501,231</u></u>
Plan fiduciary net position as a percentage of the total pension liability		80.59%

Actual assumptions – the total pension liability was determined by an actuarial valuation as of April 15, 2023 rolled forward to April 14, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0.0%
Salary increases	Not applicable
Investment rate of return	4.32% 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 April 15, 2023 actuarial valuation report.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

	1% Decrease		Current Discount Rate		1% Increase
	<u>3.32%</u>		<u>4.32%</u>		<u>5.32%</u>
Net Pension Liability	\$ 3,008,112	\$	2,582,968	\$	2,240,251

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 5. DEFINED BENEFIT PROGRAM (CONTINUED)

Length of Service Awards Program (LOSAP) (Continued)

Changes in the Net Pension Liability:

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 4/15/23	\$ 2,862,237	-	\$ 2,862,237
Changes for the year:		-	
Service cost	64,632	-	64,632
Interest	122,521	-	122,521
Differences between expected and actual experience	(162,700)	-	(162,700)
Changes of assumptions	(249,332)	-	(249,332)
Benefit payments and expenses	(54,390)	-	(54,390)
Net Changes	(279,269)	-	(279,269)
Balance at 4/14/24	\$ 2,582,968	-	\$ 2,582,968

Components of the Pension Expense for the Fiscal Year Ended April 14, 2024

Note	Description	Amount
A	Service cost	\$64,632
B	Interest on the total pension liability	122,521
A	Changes of benefit terms	
C	Differences between expected & actual experience	(9,545)
C	Changes of assumptions	(188,677)
	Total Pension Expense	\$(11,069)

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 5. DEFINED BENEFIT PROGRAM (CONTINUED)

Length of Service Awards Program (LOSAP) (Continued)

Notes:

- A. Provided in the Changes in Net Pension Liability exhibits.
- B. Based on the following calculation:

	Amount for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a) x (b) x (c)
Beginning total pension liability	\$ 2,862,237	100%	4.32%	\$ 123,649
Service cost (end of year)	64,632	0%	4.32%	-
Benefit payments	(52,200)	50%	4.32%	(1,128)
Total interest on the total pension liability				\$ 122,521

- C. Provided in the Schedules of Deferrals

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At April 14, 2024 the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 70,285	\$ 135,583
Changes of assumptions		705,532
Total	\$ 70,285	\$ 841,115

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 5. DEFINED BENEFIT PROGRAM (CONTINUED)

Length of Service Awards Program (LOSAP) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended April 14	<u>Amount</u>
2025	\$ (198,222)
2026	(198,222)
2027	(198,222)
2028	(107,490)
2029	(68,672)
Thereafter	-

Changes in the Net Pension Liability and Related Ratios:

	<u>2024 *</u>
Total pension liability	
Service cost	\$ 65
Interest	123
Differences between expected and actual experience	(163)
Changes of assumptions	(249)
Payments for benefits & admin expenses	<u>(54)</u>
Net change in total pension liability	(278)
Total pension liability - beginning	2862
Total pension liability - ending (a)	<u>\$ 2,584</u>
 Net pension liability	 <u>\$ 2,584</u>
 Plan fiduciary net position as a percentage of the total pension liability	 0.00%
Covered-employee payroll	N/A
Net pension liability as a percentage of covered-employee payroll	N/A
Expected average remaining service years of all participants	6

* A ten (10) year history is required, however only one (1) year of data is available. Eventually a full ten (10) year will be presented.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 6. NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt to the extent expended consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. 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.

Note 7. PENSION PLAN

The District does not participate in the State of New Jersey Public Employee Retirement System (PERS) and therefore, is not required to provide accounting in accordance with GASB #68 – Accounting for Pension Liability.

Note 8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The District does not provide health benefits to any employees current or upon retirement and therefore, the OPEB obligation in accordance with GASB #75 is not required.

Note 9. NONCURRENT DEBT

A. Noncurrent Debt

2018

At the annual fire election held on February 17, 2018 the voters of the District approved a referendum in the amount of \$1,300,000.00 to acquire a new fire tanker truck. The Local Finance Board approved the lease purchase transaction on January 9, 2019. The District entered into a lease purchase arrangement for \$1,100,082.89 at 3.23%. The repayments are to be raised in the annual budget and are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next four (4) budget years			
2025	\$ 114,901.44	\$ 15,580.13	\$ 130,481.57
2026	118,612.76	11,868.81	130,481.57
2027	122,443.95	8,037.62	130,481.57
2028	<u>126,398.84</u>	<u>4,082.73</u>	<u>130,481.57</u>
	<u>\$ 482,356.99</u>	<u>\$ 39,569.29</u>	<u>\$ 521,926.28</u>

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 9. NONCURRENT DEBT (CONTINUED)

A. Noncurrent Debt (Continued)

2019

At the annual Fire Election held on February 16, 2019, the voters of the District approved a referendum in the amount of \$1,600,000.00 to acquire a new fire truck. The Local Finance Board approved the lease purchase on January 21, 2020. The District entered into a lease purchase agreement for \$1,418,440.89 at 2.27%. The repayments are to be raised in the annual budget and are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) budget years			
2025	\$ 143,148.30	\$ 17,001.90	\$ 160,150.20
2026	146,397.77	13,752.43	160,150.20
2027	149,721.00	10,429.20	160,150.20
2028	153,119.66	7,030.54	160,150.20
2029	156,585.54	3,554.66	160,140.20
	<u>\$ 748,972.27</u>	<u>\$ 51,768.73</u>	<u>\$ 800,741.00</u>

<u>2018 and 2019 Combined</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) budget years			
2025	\$ 258,049.74	\$ 32,582.03	\$ 290,631.77
2026	265,010.53	25,621.24	290,631.77
2027	272,164.95	18,466.82	290,631.77
2028	279,518.50	11,113.27	290,631.77
2029	156,585.54	3,554.66	160,140.20
	<u>\$ 1,231,329.26</u>	<u>\$ 91,338.02</u>	<u>\$ 1,322,667.28</u>

The maturity schedules (above) are prescribed on a cash basis; however, the funds are provided for in the (prior year) budget (*on the accrual basis*).

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 9. **NONCURRENT DEBT (CONTINUED)**

B. Loan Payable

On December 31, 2024 the District through the Monmouth County Improvement Authority entered into a loan of \$290,000. The repayment plan at an interest rate of 5% is as follows:

		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2025	\$	100,000.00	\$	13,775.00	\$	113,775.00
2026		100,000.00		9,500.00		109,500.00
2027		90,000.00		4,500.00		94,500.00
	\$	<u>290,000.00</u>	\$	<u>27,775.00</u>	\$	<u>317,775.00</u>

C. Summary of Debt

During the fiscal year ended December 31, 2024 the following changes occurred in noncurrent liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance (*)</u>	<u>Amounts Due within One Year</u>
Capital					
Leases	\$ 1,482,606.47		\$ 251,277.21	\$ 1,231,329.26	\$ 258,049.74
BAN *	500,000.00	\$ 790,000.00	1,290,000.00		
Loans		<u>290,000.00</u>		<u>290,000.00</u>	<u>100,000.00</u>
	<u>\$ 1,982,606.47</u>	<u>\$ 1,080,000.00</u>	<u>\$ 1,541,277.21</u>	<u>\$ 1,521,329.26</u>	<u>\$ 358,049.74</u>

* Bond Anticipation Notes

The District entered into a loan agreement to permanently finance the remaining balance of the BANS. The BANS and the related cash have been removed from the Financial Statement since the funds are effectively escrowed.

Funds are provided for in the year prior to the maturity date which accounts for the difference.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 10. NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets as part of the Governmental Activities net position is calculated as follows:

		<u>Amount</u>
Cash held for repayment of debt	\$	139,970.96
Capital assets, net of depreciation		3,572,449.19
Capital lease *		(1,231,329.26)
Loan		<u>(290,000.00)</u>
	\$	<u>2,191,090.89</u>

* Used to build or acquire capital assets

Note 11. FUND BALANCE APPROPRIATED – BASIC FINANCIAL STATEMENTS

General Fund – Of the balance \$291,588.41 at December 31, 2024, of which none has been appropriated as anticipate revenue for the year ended December 31, 2025 and none has been appropriated in 2024.

Capital Projects Fund – Of the balance \$342,434.97, \$77,345.00 was earmarked for voter approved signage projects approved on November 28, 2023 and \$33,478.41 has been appropriated for a voter approved equipment and the balance of \$231,611.56 was reserved for future capital outlay.

Note 12. COMMITMENTS AND CONTINGENCIES

Litigation – The District’s attorney representation has revealed no material contingent liabilities for the District.

Note 13. SUBSEQUENT EVENT

Acquisition of Self-Contained Breathing Apparatus (SCBA)

On February 21, 2026, at the Annual General Election the voters of the District approved the acquisition of Self-Contained Breathing Apparatus. The amount approved for Financing is \$700,000, which is expected to be repaid in five years as an average annual debt service of \$153,726.00.

REQUIRED SUPPLEMENTARY DATA

FREEHOLD TOWNSHIP FIRE DISTRICT #1
SCHEDULE OF DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE

In conformity with paragraph 33a of Statement 73, the effects of differences between projected and actual experience are recognized in pension expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees), determined as of the beginning of the measurement period. The following table illustrates the application of this requirement.

<u>Year</u>	Difference between Expected and Actual <u>Experience</u>	Recongnition Period (Years)	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>Thereafter</u>
2023	\$ 105,429	6	\$ 17,572	\$ 17,572	\$ 17,572	\$ 17,572	\$ 17,572	\$ 17,569	\$ -	\$ -
2024	\$ (162,700)	6	\$ (27,117)	\$ (27,117)	\$ (27,117)	\$ (27,117)	\$ (27,117)	\$ (27,117)	\$ (27,115)	\$ -
Net increase/(decrease) in pension expense			\$ 17,572	\$ (9,545)	\$ (9,545)	\$ (9,545)	\$ (9,545)	\$ (9,548)	\$ (27,115)	\$ -

A ten (10) year history is required, however only seven (7) years of data is available. Eventually a full ten (10) year will be presented.

FREEHOLD TOWNSHIP FIRE DISTRICT #1
SCHEDULE OF DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING
FROM DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE

	Experience Losses (a)	Experience Gains (b)	Accounts Recognized in Pension Expense Through 4/14/24 (c)	Balances at 4/14/2024	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2023	\$ 105,429			\$ 70,285	\$ -
2024		\$ 162,700	\$ 35,144.00 27,117		\$ 135,583
				\$ 70,285	\$ 135,583

A ten (10) year history is required, however only two (2) year of data is available. Eventually a full ten (10) year will be presented.

FREEHOLD TOWNSHIP FIRE DISTRICT #1
SCHEDULE OF DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE

In conformity with paragraph 33a of Statement 73, the effects of differences between assumptions are recognized in pension expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the remaining service lives of all employees that are provided with pensions through the pension plan (active and inactive employees), determined as of the beginning of the measurement period. The following table illustrates the application of this requirement.

Year	Difference between Expected and Actual Experience	Recongnition Period (Years)	2022	2023	2024	2025	2026	2027	2028	2029	Thereafter
2022	\$ (544,412)	6	\$ (90,735)	\$ (90,735)	\$ (90,735)	\$ (90,735)	\$ (90,735)	\$ (90,737)	\$ -	\$ -	\$ -
2023	(338,322)	6	(56,387)	(56,387)	(56,387)	(56,387)	(56,387)	(56,387)	(56,387)	-	-
2024	(249,332)	6	(41,555)	(41,555)	(41,555)	(41,555)	(41,555)	(41,555)	(41,555)	(41,557)	-
Net increase/(decrease) in pension expense			\$ (90,735)	\$ (147,122)	\$ (188,677)	\$ (188,677)	\$ (188,677)	\$ (188,679)	\$ (97,942)	\$ (41,557)	\$ -

A ten (10) year history is required, however only eight (8) years of data is available. Eventually a full ten (10) year will be presented.

FREEHOLD TOWNSHIP FIRE DISTRICT #1
SCHEDULE OF DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES ARISING
FROM DIFFERENCES BETWEEN ASSUMPTIONS

	Experience Losses (a)	Experience Gains (b)	Accounts Recognized in Pension Expense Through 4/14/24 (c)	Balances at 4/14/2024	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2022	\$ -	\$ 544,412	\$ 272,205	-	\$ 272,207
2023	-	338,322	112,774	-	225,548
2024	-	249,332	41,555	-	207,777
				\$ -	\$ 705,532

A ten (10) year history is required, however only three (3) years of data is available. Eventually a full ten (10) year will be presented.

**FREEHOLD TOWNSHIP FIRE DISTRICT #1
CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

	Fiscal Year		
	2024	2023	2022
Total pension liability			
Service cost	\$ 65	\$ 71	\$ 75
Interest	123	110	102
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(163)	105	-
Changes of assumptions	(249)	(338)	(544)
Payments for benefits and admin. Expenses	(54)	(58)	(45)
Net change in total pension liability	\$ (279)	\$ (110)	\$ (412)
Total pension liability - beginning	2,862	2,972	3,384
Total pension liability - ending (a)	\$ 2,583	\$ 2,862	\$ 2,972
Net pension liability	\$ 2,583	\$ 2,862	\$ 2,972
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%
Covered-employee payroll	N/A	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A
Expected average remaining service years of all participants	6	6	6
Notes to Schedule:			
Benefit changes:		None	
Changes of assumptions		None, other than discount rate	

A ten (10) year history is required, however only three (3) years of data is available. Eventually a full ten (10) year will be presented.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
GENERAL FUND
STATEMENT OF EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2024

	<u>Budget as Adopted</u>	<u>Budget as Modified</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>General Fund</u>				
Operating Appropriations:				
Administrative:				
Salaries	\$ 53,000.00	\$ 53,000.00	\$ 52,999.92	\$ 0.08
Fringe Benefits	6,567.00	6,567.00	5,576.15	990.85
Professional Services	55,000.00	55,000.00	79,129.67	(24,129.67)
Elections	5,500.00	5,500.00	7,321.58	(1,821.58)
IT Maintenance	16,000.00	16,000.00	32,937.75	(16,937.75)
	<u>136,067.00</u>	<u>136,067.00</u>	<u>177,965.07</u>	<u>(41,898.07)</u>
Maintenance and Repairs:				
Insurance	\$ 155,000.00	\$ 155,000.00	\$ 164,359.17	\$ (9,359.17)
Contracted Services	129,010.00	129,010.00	130,609.56	(1,599.56)
Utilities	40,000.00	40,000.00	50,681.78	(10,681.78)
Cell	5,000.00	5,000.00	1,659.57	3,340.43
Truck Repairs and Maintenance	95,000.00	95,000.00	154,759.44	(59,759.44)
Operating Expenses(office supplies)	185,000.00	185,000.00	137,748.93	47,251.07
Motor Fuel	20,000.00	20,000.00	19,371.70	628.30
Equipment Testing	25,000.00	25,000.00	75,533.82	(50,533.82)
Fire Prevention Education	1,000.00	1,000.00	1,000.00	1,000.00
Education and Training	25,000.00	25,000.00	35,542.72	(10,542.72)
Building Maintenance	50,000.00	50,000.00	70,403.68	(20,403.68)
	<u>730,010.00</u>	<u>730,010.00</u>	<u>840,670.37</u>	<u>(110,660.37)</u>
Total Operating	<u>\$ 866,077.00</u>	<u>\$ 866,077.00</u>	<u>\$ 1,018,635.44</u>	<u>\$ (152,558.44)</u>
LOSAP	<u>\$ 175,000.00</u>	<u>\$ 175,000.00</u>	<u>\$ 175,000.00</u>	<u>\$</u>
Total Appropriation	<u>\$ 1,041,077.00</u>	<u>\$ 1,041,077.00</u>	<u>\$ 1,193,635.44</u>	<u>\$ (152,558.44)</u>
 <u>Analysis of Actual:</u>				
Cash Disbursed			\$ 1,060,635.06	
Accounts Payable			92,010.38	
Prepaid Expenses			<u>40,990.00</u>	
			<u>\$ 1,193,635.44</u>	

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
GOVERNMENTAL FUNDS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Excess/ (Deficit)</u>
Revenue:			
Supplemental Fire Services Program	\$ <u>5,106.00</u>	\$ <u>5,106.00</u>	\$ <u>0.00</u>
Total Revenue	\$ <u><u>5,106.00</u></u>	\$ <u><u>5,106.00</u></u>	\$ <u><u>0.00</u></u>
Appropriation:			
Expenditures	\$ <u>5,106.00</u>	\$ <u>5,106.00</u>	\$ <u>0.00</u>
Total Appropriations	\$ <u><u>5,106.00</u></u>	\$ <u><u>5,106.00</u></u>	\$ <u><u>0.00</u></u>
 <u>Reconciliation of Budget:</u>			
Budgeted Revenue	\$ 5,106.00		
Budgeted Appropriations	<u>5,106.00</u>		
Excess: Net Position Utilized	\$ <u><u>None</u></u>		
 <u>Analysis of Actual:</u>			
Cash Disbursed		\$ <u><u>5,106.00</u></u>	

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Balance December 31, 2023</u>	<u>Increased</u>	<u>Expenditures For Current year</u>	<u>Balance December 31, 2024</u>
LED Signs at Firehouse	11/28/23	\$ 90,000.00		\$ 90,000.00	\$ 12,655.00	\$ 77,345.00
Generator For Georgia Road	11/9/22	150,000.00	\$ 24,000.00		(1,000.00)	25,000.00
Rescue Airbags	11/9/22	17,000.00	165.05			165.05
Rescue Hydro-Ram	11/9/22	15,000.00	142.00			142.00
Building Security	11/9/22	80,000.00	2,574.44			2,574.44
Battery Operated Extraction Tool	12/14/21	90,000.00	5,596.92			5,596.92
Reserve for Future Capital Outlay			<u>231,611.56</u>			<u>231,611.56</u>
		<u>\$ 942,000.00</u>	<u>\$ 264,089.97</u>	<u>\$ 90,000.00</u>	<u>\$ 11,655.00</u>	<u>\$ 342,434.97</u>

Details:

Cash Disbursed	\$ None
Accounts Payable	<u>(1,000.00)</u>
	<u>\$ (1,000.00)</u>

Detail of PY Accounts Payable-CD

Generator-Warhouser	\$ 62,500.00
Building Security-Advantage Security	77,425.56
Rescue Airbag-Continental Fire & Safety	<u>16,834.95</u>
	<u>\$ 156,760.51</u>

Detail of Accounts Payable

LED Signs	<u>\$ 12,655.00</u>
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TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
GOVERNMENTAL FUNDS - DEBT SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
YEAR ENDED DECEMBER 31, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Excess/ (Deficit)</u>
<u>Revenue:</u>			
Amount to be Raised by Taxation	\$ 415,384.00	\$ 407,112.79	\$ (8,271.21)
Total Revenue	<u>\$ 415,384.00</u>	<u>\$ 407,112.79</u>	<u>\$ (8,271.21)</u>
<u>Appropriation:</u>			
Principal on Capital Leases	\$ 251,278.00	\$ 258,049.74	\$ (6,771.74)
Interest on Capital Leases	39,356.00	26,936.78	12,419.22
Principal on BAN's	105,000.00	105,000.00	
Interest on BAN's	<u>19,750.00</u>	<u>17,126.27</u>	<u>2,623.73</u>
Total Appropriations	<u>\$ 415,384.00</u>	<u>\$ 407,112.79</u>	<u>\$ 8,271.21</u>
<u>Reconciliation of Budget:</u>			
Budgeted Revenue	\$ 415,384.00		
Budgeted Appropriations	<u>415,384.00</u>		
Excess: Net Position Utilized	<u>\$ None</u>		
<u>Analysis of Actual:</u>			
<u>Details of Accounts Payable:</u>			
2019 Lease		\$ 154,504.95	
2024 BAN		105,000.00	
<u>Accrued Interest:</u>			
Loan		11,850.00	
BAN		<u>1,208.33</u>	
		<u>\$ 272,563.28</u>	

SUPPLEMENTARY INFORMATION

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
GOVERNMENTAL FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH, CASH EQUIVALENTS AND INVESTMENTS
YEAR ENDED DECEMBER 31, 2024

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Receipts:					
District Taxes	\$ 959,348.21				
Bond Anticipation Note		\$ 407,112.79		\$ 90,000.00	\$ 1,456,461.00
MCA Loan		790,000.00			790,000.00
Interest Earned	510.78		290,000.00		290,000.00
Other Grants or Entitlements		\$ 5,106.00			510.78
Miscellaneous	50,723.41				5,106.00
	<u>\$ 1,010,582.40</u>	<u>\$ 5,106.00</u>	<u>\$ 1,487,112.79</u>	<u>\$ 90,000.00</u>	<u>\$ 2,592,801.19</u>
Disbursements:					
Accounts Payable	\$ 21,438.87				
Operating Appropriations	1,060,635.06	\$ 5,106.00	\$ 278,504.95	156,760.51	\$ 456,704.33
Principal			112,877.25		1,065,741.06
Interest					112,877.25
Prepaid Expense	5,373.00		21,672.29		21,672.29
Bond Anticipation Notes			790,000.00		5,373.00
	<u>\$ 1,087,446.93</u>	<u>\$ 5,106.00</u>	<u>\$ 1,203,054.49</u>	<u>\$ 156,760.51</u>	<u>\$ 2,452,367.93</u>
Decrease/increase in Cash and Cash Equivalents				(66,760.51)	140,433.26
Balance, December 31, 2023	(76,864.53)		284,058.30		
	<u>455,090.32</u>		<u>278,504.95</u>	<u>421,850.48</u>	<u>1,155,445.75</u>
Balance, December 31, 2024	<u>\$ 378,225.79</u>	<u>\$</u>	<u>\$ 562,563.25</u>	<u>\$ 355,089.97</u>	<u>\$ 1,295,879.01</u>
Analysis of Cash and Cash Equivalents:					
Cash - Checking					\$ 62,038.21
Money Market					<u>1,436,502.78</u>
Less: Outstanding Checks					1,498,540.99
Total					<u>202,661.98</u>
					<u>\$ 1,295,879.01</u>

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE
YEAR ENDED DECEMBER 31, 2024

Series	Interest Rate	Date	Maturity	Amount of Original Issue	Balance December 31, 2023	Expenditures	Balance December 31, 2024
Fire Tank	3.23%	1/17/26	\$ 114,901.44	\$ 1,100,082.99	\$ 593,663.24	\$ 111,306.25	\$ 482,356.99
		1/17/27	118,612.76				
		1/17/28	122,443.95				
		1/17/29	126,398.84				
Fire Pumper	2.27%	2/26/26	143,148.30	1,418,440.89	888,943.96	139,970.96	748,973.00
		2/26/27	146,397.77				
		2/26/28	149,721.00				
		2/26/29	153,119.66				
		2/26/30	156,585.54				
					<u>\$ 1,482,607.20</u>	<u>\$ 251,277.21</u>	<u>\$ 1,231,329.99</u>
Detail of Expenditures:							
Accounts Payable					\$ 111,306.25		
Cash Disbursed					<u>139,970.96</u>		
Total					<u>\$ 251,277.21</u>		

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
COUNTY OF MONMOUTH
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2024

Series	Interest Rate	Date	Maturity	Amount of Original Issue	Increased by	Balance December 31, 2024
Firehouse Improvements:						
Stillwells	5.00%	12/1/25	\$ 100,000.00	\$ 290,000.00	\$ 290,000.00	\$ 290,000.00
		12/1/26	100,000.00			
		12/1/27	90,000.00			
				\$ 290,000.00	\$ 290,000.00	\$ 290,000.00

TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
STATISTICAL INFORMATION
DECEMBER 31, 2024

Property Tax Levies

Following is a tabulation of the District's assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years:

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Property Tax Rate</u>
2024	\$ 5,022,454,100.00	\$ 1,456,461.00	0.029
2023	4,647,624,500.00	1,787,182.00	0.039
2022	4,095,331,500.00	1,353,833.00	0.034
2021	3,782,406,400.00	1,295,333.00	0.035
2020	3,707,417,000.00	1,462,933.00	0.040

Unrestricted Net Position

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Year Budget</u>
December 31, 2024	\$ 291,588.41	\$ None
December 31, 2023	474,641.45	None
December 31, 2022	306,611.56	None
December 31, 2021	402,644.37	None
December 31, 2020	283,606.44	None

BOARD OF FIRE COMMISSIONERS
TOWNSHIP OF FREEHOLD FIRE DISTRICT #1
ROSTER OF OFFICIALS
DECEMBER 31, 2024

Board of Commissioners

	<u>Position</u>
John Toutouchi	Chairman
A.J. Story	Vice Chairman
Phil Engel	Secretary
Michael Fogarty	Treasurer
Stephen Lengyel	Clerk

Other Officials

Richard Braslow, Esq.	Board Attorney
Ocean First	Official Depository

* Surety Company

VFIS - TR - 2068025 - 00/00

Bond #B6020709

All officials covered with a limit of liability of \$250,000

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS AND RECOMMENDATIONS
DECEMBER 31, 2024

Scope of Examination and Conditions of Records

Our examination covered the funds of the Board of Fire Commissioners, Fire District #1, Township of Freehold handled by the Treasurer.

The financial records were maintained in good condition.

Minutes of Board meetings were properly maintained by the Recording Secretary.

Cash and Cash Equivalents and Investments

The balances in banks at December 31, 2024 were verified with the bank and reconciliations and/or statements issued by the depositories.

Our examination revealed that the Fire District maintains its investable funds in a money market fund.

Examination of Claims

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Claims paid during the period under audit were examined on a test basis to determine that they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, allocation to the proper accounts and charged to the proper fiscal period, and in agreement with bill lists set forth in the approved minutes of the Board.

The Statement of Expenditures Compared to Budget (Exhibit C-1) as presented reflected eleven (11) internal budget line items as overexpended. The Exhibit reflects the District's total internal budget line items with related operating expenditures. The internal line items are combined to reflect the District's approved budget which rolls forward to the legal line items which were overexpended. The District overexpended the total General Fund Budget due to unanticipated repairs, legal fees, and training. More care should be exercised in fiscal year.

Fire Protection Agreement

The District has a contract for Fire Protection Services with the local volunteer fire company. The contract has a provision for the company to provide the District an annual accounting of all public monies received and expended. As of the date of this audit, the report for the years ended December 31, 2022 through December 31, 2024 were not on file. We have been advised that the required accounting for the years 2023-2024 is in process at this time.

GENERAL COMMENTS AND RECOMMENDATIONS (CONTINUED)
DECEMBER 31, 2024

Payroll

The payroll examination revealed that salaries were paid in accordance with the annual salary resolution approved by the Board and within the guidelines set up in the annual budget.

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

N.J.S. 40A:11-4 (as amended) states, "Every contract or agreement, for the performance of any work or the 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 after public act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding \$17,500.00 since the District does not employ a Qualified Purchasing Agent ("QPA") except by contract or agreement."

The members of the Township of Freehold Fire District #1 have the responsibility of determining whether any contract or agreement might result in violation of the statute and, when necessary, the Board Attorney's opinion should be sought before a commitment is made.

The minutes indicate that there were bids requested by public advertising for the year as follows:

Generator
Improvements to Stillwells Corner Firehouse

In addition, the following items were purchased under state contract:

Computer Equipment
Fire Equipment and Apparel

Inasmuch as the system of records did not provide for any 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 indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21.

The District utilizes several vendors to perform various repair services on District owned equipment. When the trend over several years of expenditures in a particular category exceeds the bid threshold, then consideration should be given to preparing for specifications for the purpose of bidding in accordance with the Local Public Contracts Law. In addition, the system should be adjusted to distinguish between preventative maintenance versus actual unforeseen emergent condition repairs. The District in prior year however did obtain quotes on hourly rates for the services.

GENERAL COMMENTS AND RECOMMENDATIONS (CONTINUED)
DECEMBER 31, 2024

General Ledger

The District does not maintain a general ledger as required by the General Accounting Office (GAO). It should be noted that an adequate trail exists for the cash receipts, cash disbursements records and the bank reconciliation process.

Miscellaneous

An exit conference was held in accordance with Auditing Standards Generally Accepted in the United States of America for governmental entities.

Follow-up on Prior Year Recommendation

A corrective plan of action for the year ended December 31, 2023 was not required; nor is one required for December 31, 2024.

Acknowledgment

During the course of the audit, we received the cooperation of the officials of the Fire District and we appreciate the courtesies extended to us.

RECOMMENDATIONS
DECEMBER 31, 2024

None.

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to contact me.

Respectfully submitted,



Gerard Stankiewicz, CPA, RMA
for the Firm
SAMUEL KLEIN AND COMPANY, LLP