

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
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
36 West Main Street, Suite 303
Freehold, New Jersey 07728

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2024

	<u>Page</u>
Independent Auditor's Report	1-4
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 <i>Government Auditing Standards</i>	5-6
Management's Discussion and Analysis	7-11
 <u>Financial Statements</u>	
Statement of Net Position – Governmental Fund	A-1
Statement of Activities – Governmental Fund	A-2
 <u>Required Supplementary Information- Part I</u>	
Combined Statement of Net Position – Governmental Funds	B-1
Combined Statement of Revenues, Expenditures and Change in Net Position – Governmental Funds	B-2
Reconciliation of Statement of Revenues, Expenditures and Change in Net Position – Governmental Funds	B-3
 <u>Notes to Financial Statements</u>	
Changes in the Net Pension Liability and Related Ratios	RSI-1
Schedule of Differences between Expected and Actual Experience	RSI-2
Schedule of Differences between Assumptions	RSI-3
 <u>Required Supplementary Information- Part II</u>	
Statement of Expenditures Compared to Budget – General Fund	C-1
Summary Statement of Project Expenditures and Restricted Net Position – Capital Projects Fund	D-1
 <u>Supplementary Information</u>	
Schedule of Receipts, Disbursements and Changes in Cash, Cash Equivalents and Investments – Governmental Funds	1
Statistical Information	38
Roster of Officials	39
	40
 <u>General Comments and Recommendations</u>	
	41-43

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

INDEPENDENT AUDITOR'S REPORT

Board of Fire District Commissioners
Township of Freehold Fire District No. 2
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. 2 (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.

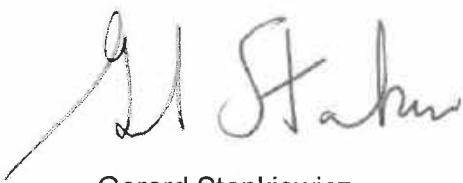
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 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
December 12, 2025

SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR
NEWARK, N.J. 07102-9969
PHONE (973) 624-6100
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303
FREEHOLD, N.J. 07728-2291
PHONE (732) 780-2600
FAX (732) 780-1030

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

Board of Fire Commissioners
Township of Freehold Fire District No. 2
County of Monmouth
State of New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements Township of Freehold Fire District No. 2 (herein referred to as "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, and have issued our report thereon dated December 12, 2025.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements 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.

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

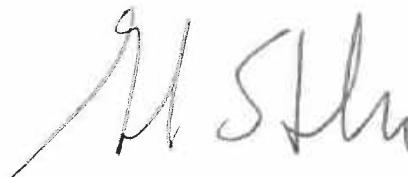
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, that are reported material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of 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 that are required to be reported under *Government Auditing Standards*. However, we noted no instances of non-compliance that we have reported to the management of the District in the "General Comments and Recommendations" section of this report.

Purpose of Report

This 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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY, LLP

Freehold, New Jersey
December 12, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Township of Freehold Fire District #2'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 #2.

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.

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 #2

Comparative Statement of Net Position

The Township of Freehold Fire District #2 has total assets \$3,425,290 and total liabilities of \$614,241. Assets exceed liabilities by \$2,104,105 compared to 2023 where the assets exceeded liabilities by \$1,736,362.

The Township of Freehold Fire District #2's Net Position of \$2,104,105 is comprised of the following:

1. Invested in Capital Assets is \$1,836,390.
2. Net Position of \$471,295 is reserved for offsetting future capital expenses.
3. Unrestricted Net Position represents a deficit of \$203,580 which was a result of accounting for the deferred benefit pension liability for active firefighters.

Net Position increased by \$367,743.

	As of December 31,	
	<u>2024</u>	<u>2023</u>
Total Current Assets	\$ 677,604	\$ 536,307
Total Restricted Assets	911,296	711,295
Capital Assets	<u>1,836,390</u>	<u>2,045,154</u>
 Total Assets	 <u>\$ 3,425,290</u>	 <u>\$ 3,292,756</u>
 Total Current Liabilities Payable from Current Assets	 \$ 174,241	 \$ 190,595
Total Current Liabilities Payable from Restricted Assets	440,000	440,000
Net Defined Pension Liability	<u>155,958</u>	<u>155,958</u>
 Total Liabilities	 <u>\$ 614,241</u>	 <u>\$ 786,553</u>
Deferred Inflows - Pension	\$ 706,944	\$ 769,841
 Net Position		
Restricted:		
Invested in Capital Assets	\$ 1,836,390	\$ 2,045,154
Capital	471,295	271,295
Unrestricted (Deficit)	<u>(203,580)</u>	<u>(580,087)</u>
 Net Position	 <u>\$ 2,104,105</u>	 <u>\$ 1,736,362</u>

Comparative Statement of Revenues, Expenses and Change in Net Position

There was an increase in Operating Revenues from taxation. The Revenue increased \$34,589 or 3.03% from the prior year primarily due to provision for certain capital improvements.

Total Operating Expenses exclusive of depreciation and pension increased \$24,309 or 3.10% from the prior year. Total Operating Revenues less Total Operating Expenses produced income of \$314,146. The reduction was primarily related to the pension liability net adjustment to present value accounting.

Net Position as of December 31, 2024 increased from \$1,736,362 to \$2,104,105 most of which was caused by increase in capital asset acquisitions.

	As of December 31,	
	<u>2024</u>	<u>2023</u>
Total Operating Revenues	\$ <u>1,177,631</u>	\$ <u>1,143,042</u>
Operating Expenses	\$ <u>809,015</u>	\$ <u>784,706</u>
Pension (Benefit)	(154,293)	(50,460)
Depreciation	<u>208,763</u>	<u>226,000</u>
Total Operating Expenses	\$ <u>863,485</u>	\$ <u>960,246</u>
Operating Income	\$ <u>314,146</u>	\$ <u>182,796</u>
Nonoperating Revenues - Net	<u>53,597</u>	<u>42,103</u>
Change in Net Position	\$ <u>367,743</u>	\$ <u>224,899</u>
Net Position - Beginning	<u>1,736,362</u>	<u>1,511,463</u>
Net Position - Ending	<u>\$ 2,104,105</u>	<u>\$ 1,736,362</u>

Core Competencies

The Freehold Township Fire District #2 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 boroughs. 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 main base and 2 annexes and 12 pieces of fire apparatus, the last of which was purchased in 2020; however, an additional truck was authorized in 2023. Other expenses are incurred in maintaining the volunteers with the best equipment to fight 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 November and a public hearing is held in December. If the voters defeat the budget, then the 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 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 #2's mission statement is:

The Mission Statement:

Our mission for the Township of Freehold Fire District #2 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 #2. 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 it's 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 #2.

FINANCIAL STATEMENTS

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
COUNTY OF MONMOUTH
STATEMENT OF NET POSITION
DECEMBER 31, 2024

Balance
December 31,
2024

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 310,908.77
Due From Pension Plan	261,106.00
Prepaid Insurance	<u>105,590.00</u>

Total Current Assets

677,604.77

Restricted Assets:

Cash	83,178.07
Investments	<u>828,117.09</u>

Total Restricted Assets

911,295.16

Noncurrent Assets:

Non-Depreciable	1,015,000.00
Depreciable	<u>821,390.33</u>

Total Noncurrent Assets

1,836,390.33

Total Assets

\$ 3,425,290.26

LIABILITIES

Current Liabilities Payable from Current Assets:

Accounts Payable	\$ 21,240.99
Accrued Liability	<u>153,000.00</u>

Total Current Liabilities Payable from Current Assets

174,240.99

Current Liabilities from Restricted Assets:

Accounts Payable	\$ 440,000.00
Total Liabilities	<u>\$ 614,240.99</u>

DEFERRED INFLOWS

Deferred Inflows:

Pension	<u>\$ 706,944.00</u>
---------	----------------------

NET POSITION

Restricted:

Invested in Capital Assets	\$ 1,836,390.33
----------------------------	-----------------

Unrestricted:

Reserved	471,295.16
Unreserved Deficit	<u>(203,580.22)</u>

Net Position

\$ 2,104,105.27

See Accompanying Notes to Financial Statements.

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 2
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net Revenue/ (Expenses) and Change in Net Position</u>	
	<u>Operating</u>		<u>Grants and Contributions</u>		
	<u>Expenses</u>	<u>Total</u>			
Governmental Activities:					
Administration	\$ 151,788.17			\$ (151,788.17)	
Cost of Operations and Maintenance	661,372.98	\$ 4,146.00		(657,226.98)	
Depreciation	208,763.20			(208,763.20)	
LOSAP (Benefit)	(154,293.34)			154,293.34	
Total Governmental Activities	\$ 867,631.01	\$ 4,146.00		\$ (863,485.01)	
Total Primary Government	\$ 867,631.01	\$ 4,146.00		\$ (863,485.01)	
General Revenues:					
Property Taxes, Levied for General Fund		\$ 977,631.00			
Property Taxes Levied for Capital Projects Fund		200,000.00		1,177,631.00	
Excess of Revenues				\$ 314,145.99	
Other Financing Sources/(Uses)					
Miscellaneous Income		\$ 33,567.37			
Interest Earned		20,029.72		53,597.09	
Change in Net Position				\$ 367,743.08	
Net Position - Beginning				1,736,362.19	
Net Position - Ending				\$ 2,104,105.27	

See Accompanying Notes to Financial Statements.

REQUIRED SUPPLEMENTARY INFORMATION – PART I

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
COUNTY OF MONMOUTH
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF NET POSITION
DECEMBER 31, 2024

	General Fund	Capital Projects Fund	Total
Current Assets:			
Unrestricted Assets:			
Cash and Cash Equivalents	\$ 310,908.77		\$ 310,908.77
Prepaid Insurance	<u>105,590.00</u>		<u>105,590.00</u>
	<u>416,498.77</u>		<u>416,498.77</u>
Restricted Assets:			
Cash and Cash Equivalents		\$ 83,178.07	\$ 83,178.07
Investments		<u>828,117.09</u>	<u>828,117.09</u>
	<u>416,498.77</u>	<u>911,295.16</u>	<u>1,327,793.93</u>
Current Liabilities Payable from:			
Accounts Payable - Unrestricted/Restricted	\$ 21,240.99	\$ 440,000.00	\$ 461,240.99
Accrued Liability for Remediation	<u>153,000.00</u>		<u>153,000.00</u>
	<u>174,240.99</u>	<u>440,000.00</u>	<u>614,240.99</u>
Net Position:			
Restricted	\$ 166,496.00	\$ 471,295.16	\$ 637,791.16
Unrestricted	<u>75,761.78</u>		<u>75,761.78</u>
	<u>242,257.78</u>	<u>471,295.16</u>	<u>713,552.94</u>
Net Position above:			\$ 713,552.94
Amounts reported for <i>governmental activities</i> 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 \$6,732,400.84 and the accumulated depreciation is \$4,896,010.51 (see Note 4).			1,836,390.33
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred outflows of resources or deferred inflows of resources on the statement of net position and deferred over future years.			
Due from Pension	\$ 261,106.00		
Deferred Inflows of Resources	<u>(706,944.00)</u>		
			<u>(445,838.00)</u>
Net Position of governmental activities (A-1)			\$ 2,104,105.27

See Accompanying Notes to Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
COUNTY OF MONMOUTH
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN NET POSITION
DECEMBER 31, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
REVENUES				
Amount to be Raised by Taxation	\$ 977,631.00		\$ 200,000.00	\$ 1,177,631.00
Total Revenues from Taxation	977,631.00	-	200,000.00	1,177,631.00
EXPENDITURES				
Operating LOSAP	\$ 813,161.79 221,521.00	\$ 10,383.92		\$ 823,545.71 221,521.00
Total Expenditures	\$ 1,034,682.79	\$ 10,383.92	-	\$ 1,045,066.71
Excess of Revenues over Expenditures	\$ (57,051.79)	\$ (10,383.92)	\$ 200,000.00	\$ 132,564.29
OTHER FINANCING SOURCES				
Miscellaneous Revenues Interest on Investments	\$ 20,029.72 33,567.37	\$ 10,383.92		\$ 30,413.64 33,567.37
Total Other Financing Sources	\$ 53,597.09	\$ 10,383.92		\$ 63,981.01
Change in Net Position	(3,454.70)		200,000.00	196,545.30
Net Position, beginning	\$ 245,712.48		\$ 271,295.16	\$ 517,007.64
Net Position, ending	\$ 242,257.78	-	\$ 471,295.16	\$ 713,552.94

The Notes to Financial Statements were omitted

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
COUNTY OF MONMOUTH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN NET POSITION OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

Total Net Change in Net Position - Governmental Funds (From B-2)	\$ 196,545.30
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.	
Depreciation Expense	(208,763.20)
Net pension obligation related to LOSAP which is attributable to December 31, 2024 (June 30, 2024 the <i>measurement date</i>) not reported in governmental funds; however, it is reported in the statement	<u>379,960.98</u>
Change in Net Position of Governmental Activities (from A-2)	<u>\$ 367,743.08</u>

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
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 #2 (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 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.

Reporting Entity

The Freehold Township Fire District #2 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 staggered 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 #2
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.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, Net – 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.

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.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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 100. Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- Effective Date: The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. Earlier application is encouraged.
- *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.

- *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.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
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 (Continued)

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 December 12, 2025, 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 Authority that would require disclosure.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
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 District's cash and cash equivalents at December 31, 2024 consists of a checking account of \$73,499.40 and passbook savings of \$395,631.65.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
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. The District has an investment in a Certificate of Deposit of \$828117.09 purchased on June 10, 2024 maturing June 10, 2025 at 4.401%. Additionally, accruing \$29,677.26 through December 31, 2024 totaling \$828,117.09.

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 #2
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	Current Year's		Balance	
	Dec 31, 2023	Activity Increase	Decreased By	Dec 31, 2024	Useful Life
Non-Depreciable:					
Land	\$ 25,000.00			\$ 25,000.00	
Construction in Progress	\$ 990,000.00	\$ _____		\$ 990,000.00	
Total Non-Depreciable	\$ 1,015,000.00	\$ _____		\$ 1,015,000.00	
Depreciable:					
Buildings	\$ 639,947.00			\$ 639,947.00	20-40 Years
Trucks	4,342,097.00			4,342,097.00	10 Years
Equipment	282,103.00			282,103.00	10 Years
Vehicles	453,253.84			453,253.84	5 Years
Total Depreciable	\$ 5,717,400.84	\$ _____		\$ 5,717,400.84	
Total Capital Assets	\$ 6,732,400.84	\$ _____		\$ 6,732,400.84	
Less:					
Accumulated Depreciation	\$ 4,687,247.29	\$ 208,763.22		\$ 4,896,010.51	
	\$ 2,045,153.55	\$ (208,763.22)		\$ 1,836,390.33	

Depreciation expense for the years ended December 31, 2024 and 2023 were \$1,208,763.22 and \$226,199.92, respectively.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 5. DEFINED CONTRIBUTION BENEFIT PLAN (LOSAP)

Effective July 1, 1990 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. The plan calls for the accrual of benefits based on length of service with a ten (10) year vesting schedule. The plan is designated for participants between the ages of 19 and 59 with ancillary benefits for participants over 60. There are approximately 36 participants as of December 31, 2023. Contributions in respect of 2023 were \$0 and were consistent with actuarial determinations for minimum funding.

Plan Data

Initial effective date	July 1, 1990
Plan year begins	July 1, 2022
Plan year ends	June 30, 2023
Valuation (measurement) date	July 1, 2021

Eligibility Requirements

Waiting period (months)	12
Minimum age	19

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

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 5. DEFINED CONTRIBUTION BENEFIT PLAN (LOSAP) (CONTINUED)

Net Pension Liability

The components of the net pension liability at June 30, 2024 [*measurement date*] were as follows:

Total pension liability	\$ 2,792,475
Plan fiduciary net position	<u>2,893,581</u>
Net pension liability (excess)	<u><u>\$ (101,106)</u></u>

Plan fiduciary net position as a percentage of the total pension liability	100.00%
---	---------

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2023 rolled forward to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	0%
Salary increases	Not applicable
Investment rate of return	3.97%, 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 July 1, 2023 actuarial valuation report.

Sensitivity of the net pension liability to changes in the discount rate

	1% Decrease	Current	1% Increase
	2.97%	3.97%	4.97%
Net pension liability	\$ 3,250,686	\$ 2,792,475	\$ 2,423,180

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 5. DEFINED CONTRIBUTION BENEFIT PLAN (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 7/1/2023	\$ 2,814,130	\$ -	\$ 2,814,130
Changes for the year:			
Service cost	74,192		\$ 74,192
Interest	110,725		110,725
Differences between expected and actual experience	(107,466)		(107,466)
Changes of assumptions	(46,586)		(46,586)
Benefit payments and expenses	(52,520)		(52,520)
Net Changes	<u>\$ (21,655)</u>	<u>\$ -</u>	<u>\$ (21,655)</u>
Balances at 6/30/2024	<u>\$ 2,792,475</u>	<u>\$ -</u>	<u>\$ 2,792,475</u>

Components of the Pension Expense for the Year Ended June 30, 2024

Note	Description	Amount
A	Service cost	\$ 74,192
B	Interest on the total pension liability	110,725
C	Differences between expected and actual experience	(34,326)
D	Changes of assumptions	<u>(182,623)</u>
	Total Pension Expense	<u>\$ (32,032)</u>

A Provided in the Changes in Net Pension Liability exhibit.

B Based on the following calculation:

	Account for Period (a)	Portion of Period (b)	Projected Rate of Return (c)	Projected Earnings (a)x(b)x(c)
Beginning total pension liability	\$ 2,814,130	100%	3.97%	\$ 111,721
Service cost (End of Year)	74,192	0%	3.97%	-
Benefit payments	(50,170)	50%	3.97%	<u>(996)</u>
Total interest on the total pension liability				<u>\$ 110,725</u>

C Provided in the Schedules of Deferrals

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 5. DEFINED CONTRIBUTION BENEFIT PLAN (LOSAP) (CONTINUED)

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

At June 30, 2024, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 137,304
Change of assumptions	- <hr/>	569,640 <hr/>
Total	\$ - <hr/>	\$ 706,944 <hr/>

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 June 30:	
2025	\$ (216,949)
2026	(216,949)
2027	(216,949)
2028	(56,097)
Thereafter	-

The activity in the bank account maintained by plan during the year 2024 is as follows:

	<u>June 30, 2024</u>
Beginning Balance (June 30, 2023)	\$ 2,700,287.76
Increased by:	
Contributions	61,121.00
Earnings	<hr/> 81,942.26
	<hr/> \$ 2,843,351.02
Decreased by:	
Payments	<hr/> 50,170.08
Ending Balance (June 30, 2024)	<hr/> \$ 2,793,180.94

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 5. DEFINED CONTRIBUTION BENEFIT PLAN (LOSAP) (CONTINUED)

Due from Pension Plan

There is a Due from Pension Plan for \$261,106.00 which was charged to the District but not factored into the Net Pension Liability as of June 30, 2024 calculated as follows:

Contribution from 7/1/24 to 12/31/24 [post measurement date]	\$ 100,000.00
Excess Funding from 6/30/24 [measurement date]	<u>161,106.00</u>
	<u><u>\$ 261,106.00</u></u>

Note 6. ACCRUED LIABILITIES – REMEDIATION

This Accrual was created many years ago in anticipation of excessive expenditures. In 2020, the reserve was reduced by a formal vote of the Commissioners to \$153,000.00.

Note 7. LONG TERM DEBT

There is presently no long term debt outstanding of the District.

Note 8. PENSION – POST-EMPLOYMENT

There are presently no employees who are eligible to receive pension benefits or post-retirement benefits.

Note 9. COMMITMENTS PAYABLE

On February 20, 2021 the voters of the District approved the acquisition of a new fire pumper in the amount of \$850,000.00. On February 19, 2022 the voters approved a supplement in the amount of \$140,000.00 for a total of \$990,000.00. The new pumper was ordered in 2023 in the amount of \$840,000.00 with a down-payment of \$400,000.00 and remaining commitment of \$440,000.00. The delivery of the truck is expected in 2026.

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 10. **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 11. **FUND BALANCE APPROPRIATED**

General Fund

Of the \$257,757.78 General Fund balance at December 31, 2024, \$166,496.00 has been appropriated and included as anticipated revenue for the year ended December 31, 2024.

Capital Projects Fund

The Capital Projects Fund balance of \$471,295.16 of which all is reserved for future capital purposes.

Note 12. **BAY RENTAL**

The District leases space from the volunteer fire company to house some of its trucks and serve as headquarters for the District operation. The lease for 2024 required payments of \$62,500.00 and is renewed annually.

Note 13. **COMMITMENTS AND CONTINGENCIES**

Litigation – The District's attorney representation has revealed no material contingent liability for the District.

Note 14. **SERVICE CONTRACT**

The District has a service contract with the volunteer fire company for fire protection that covers the area. The annual contract is for \$62,500.00.

Freehold Township BOFC District #2 Length of Service Awards Program
Actuarial Information to Include in the Financial Statements for the June 30, 2024 Measurement Date

Changes in the Net Pension Liability and Related Ratios
 Last 10 Fiscal Years
 (Dollar amounts in thousands)

	2024	2023	2022
Total pension liability			
Service cost	\$ 74	\$ 90	\$ 91
Interest	111	108	133
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(107)	(77)	(965)
Changes of assumptions	(47)	(75)	(59)
Payments for benefits and admin. Expenses	(53)	(55)	(59)
Net change in total pension liability	(22)	(9)	(800)
Total pension liability - beginning	2,814	2,823	3,623
Total pension liability - ending (a)	<u>\$ 2,792</u>	<u>\$ 2,814</u>	<u>\$ 2,823</u>
Net pension liability	\$ 2,792	\$ 2,814	\$ 2,823
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	5	6	6

Notes to Schedule

Benefit changes: None

Changes of assumptions: None, other than discount rate.

Freehold Township BOFC District #2 Length of Service Awards Program
Actuarial Information to Include in the Financial Statements for the June 30, 2024 Measurement Date

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.

Year	Differences between Expected and Actual Experience	Recognition Period (Years)	Increased/(Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Experience			
			2023	2024	2025	2026
Prior	-	-				
2019	-	1				
2020	-	1				
2021	-	1				
2022	-	6				
2023	<u>(76,997)</u> (107,466)	6 5	\$ (12,833) <u>(21,493)</u>	\$ (12,833) <u>(21,493)</u>	\$ (12,833) <u>(21,493)</u>	\$ (12,833) <u>(21,493)</u>
2024						
			\$ <u>(12,833)</u>	\$ <u>(34,326)</u>	\$ <u>(34,326)</u>	\$ <u>(34,326)</u>
			Net increase/(decrease) in pension expense			

Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Differences between Expected and Actual Experience

Year	Experience Losses (a)	Experience Gains (b)	Pension Expense Through June 30, 2024 (c)	Balances at June 30, 2024	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
Prior	\$ -	\$ -	\$ -	\$ -	\$ -
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	76,997 107,466	-	25,666 21,493	-	51,331 85,973
2024					\$ <u>137,304</u>

Freehold Township BOFC District #2 Length of Service Awards Program
Actuarial Information to Include in the Financial Statements for the June 30, 2024 Measurement Date

Schedule of Differences between Assumptions

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	Differences between Expected and Actual Experience		Recognition Period (Years)	Increase/(Decrease) in Pension Expense Arising from the Recognition of Differences between Assumptions			
	2023	2024		2025	2026	2027	2028
Prior	-	-	-	-	-	-	-
2019	-	1	1	-	-	-	-
2020	-	1	1	-	-	-	-
2021	-	1	1	-	-	-	-
2022	(965,106)	6	(160,851)	\$ (160,851)	\$ (160,851)	\$ (160,851)	\$ (160,851)
2023	(74,728)	6	\$ -	\$ (12,455)	\$ (12,455)	\$ (12,455)	\$ (12,453)
2024	(46,586)	5	-	-	\$ (9,317)	\$ (9,317)	\$ (9,318)
Net increase/(decrease) in pension expense				\$ (173,306)	\$ (182,623)	\$ (182,623)	\$ (21,771)

Deferred Outflows of Resources and Deferred Inflows of Resources Arising from Differences between Assumptions

Year	Amounts Recognized in Pension Expense Through June 30, 2024			Balances at June 30, 2024		
	Experience Losses	Experience Gains	(b)	Deferred Outflows of Resources	(a) - (c)	(b) - (c)
Prior	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	965,106	-	-	-	-	-
2023	74,728	24,910	-	-	-	-
2024	46,586	9,317	-	-	-	-

REQUIRED SUPPLEMENTARY INFORMATION – PART II

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
COUNTY OF MONMOUTH
GENERAL FUND
STATEMENT OF EXPENDITURES COMPARED TO BUDGET
DECEMBER 31, 2024

<u>General Fund</u>	<u>Budget as Adopted</u>	<u>Budget as Modified</u>	<u>Actual</u>	<u>Various Favorable (Unfavorable)</u>
Operating Appropriations:				
Administrative:				
Salaries	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	
Secretary	<u>2,600.00</u>	<u>2,600.00</u>	<u>2,392.10</u>	<u>\$ 207.90</u>
	<u>44,600.00</u>	<u>44,600.00</u>	<u>44,392.10</u>	<u>207.90</u>
Others:				
Office Supplies	13,000.00	13,000.00	3,657.82	9,342.18
Membership Dues	500.00	500.00		500.00
Professional Services	31,500.00	31,500.00	35,614.86	(4,114.86)
Auditing	10,000.00	10,000.00	9,400.00	600.00
Physicals	20,000.00	20,000.00	17,252.00	2,748.00
Training	15,000.00	15,000.00	16,098.12	(1,098.12)
Elections	5,000.00	5,000.00	10,086.85	(5,086.85)
Welfare	200.00	200.00		200.00
Special Purchase	4,000.00	4,000.00	1,286.00	2,714.00
Cell Phone	7,500.00	7,500.00	5,752.27	1,747.73
Telephone	3,000.00	3,000.00		3,000.00
Uniforms	7,200.00	7,200.00	2,732.93	4,467.07
Convention	1,000.00	1,000.00		1,000.00
Special Meeting	1,000.00	1,000.00		1,000.00
Computer Consultant	<u>1,500.00</u>	<u>1,500.00</u>	<u>5,515.76</u>	<u>(4,015.76)</u>
	<u>120,400.00</u>	<u>120,400.00</u>	<u>107,396.61</u>	<u>13,003.39</u>
Subtotal - Administrative	<u>\$ 165,000.00</u>	<u>\$ 165,000.00</u>	<u>\$ 151,788.71</u>	<u>\$ 13,211.29</u>

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
COUNTY OF MONMOUTH
GENERAL FUND
STATEMENT OF EXPENDITURES COMPARED TO BUDGET
DECEMBER 31, 2024

	Budget as <u>Adopted</u>	Budget as <u>Modified</u>	Actual	Various Favorable (Unfavorable)
Cost of Providing Services:				
Insurance	\$ 243,135.00	\$ 243,135.00	\$ 146,826.46	\$ 96,308.54
Maintenance and Repair	210,600.00	210,600.00	194,972.00	15,628.00
Radio Maintenance	10,000.00	10,000.00	10,000.00	
Environmental Remediation	5,000.00	5,000.00	1,086.23	3,913.77
Purchase of non-bondable assets	39,107.00	39,107.00	33,476.46	5,630.54
Rental Charge	62,500.00	62,500.00	62,500.00	
Fire Protection	62,500.00	62,500.00	62,500.00	
Supplies	75,000.00	75,000.00	72,998.72	2,001.28
Building Utilities and Maintenance:				
Dutch Lane Road	31,789.00	31,789.00	20,475.56	11,313.44
Pond Road	33,000.00	33,000.00	28,226.81	4,773.19
Daniels Way	30,000.00	30,000.00	28,310.74	1,689.26
Subtotal - Cost of Providing Services:	\$ 802,631.00	\$ 802,631.00	\$ 661,372.98	\$ 141,258.02
Total Operating	\$ 967,631.00	\$ 967,631.00	\$ 813,161.69	\$ 154,469.31
LOSAP	159,000.00	159,000.00	221,521.00	(62,521.00)
Total Appropriation	\$ 1,126,631.00	\$ 1,126,631.00	\$ 1,034,682.69	\$ 91,948.31

Analysis of Actual:

Cash Disbursed:	
Operating	\$ 716,974.54
LOSAP	221,521.00
Accounts Payable	21,240.99
Prepaid Insurance Applied	74,946.16
	\$ 1,034,682.69

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
COUNTY OF MONMOUTH
SUMMARY STATEMENT OF PROJECT EXPENDITURES AND RESTRICTED NET POSITION
CAPITAL PROJECTS FUND
DECEMBER 31, 2024

<u>Issue/Project Title</u>	<u>Date Authorized</u>	<u>Appropriation</u>	<u>Balance December 31, 2023</u>	<u>Increased By</u>	<u>Balance December 31, 2024</u>
Capital Projects to be Determined in Future Years	N/A	N/A	\$ 271,295.16	\$ 200,000.00	\$ 471,295.16
		\$ -	\$ 271,295.16	\$ 200,000.00	\$ 471,295.16

SUPPLEMENTARY INFORMATION

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
COUNTY OF MONMOUTH
GOVERNMENTAL FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH, CASH EQUIVALENTS AND INVESTMENTS
DECEMBER 31, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Receipts:				
District Taxes	\$ 977,631.00		\$ 200,000.00	\$ 1,177,631.00
Interest on Investments	33,567.37			33,567.37
Miscellaneous	<u>20,029.72</u>	\$ 4,146.00		24,175.72
	<u><u>\$ 1,031,228.09</u></u>	<u><u>\$ 4,146.00</u></u>	<u><u>\$ 200,000.00</u></u>	<u><u>\$ 1,235,374.09</u></u>
Disbursements:				
Accounts Payable	\$ 31,306.81			\$ 31,306.81
Operating Appropriations	716,974.64	\$ 10,383.72		727,358.36
LOSAP	221,521.00			221,521.00
Prepaid Insurance	<u>105,590.00</u>			<u>105,590.00</u>
	<u><u>\$ 1,075,392.45</u></u>	<u><u>\$ 10,383.72</u></u>	<u><u>\$</u></u>	<u><u>\$ 1,085,776.17</u></u>
Increase in Cash and Cash Equivalents	\$ (44,164.36)	\$ (6,237.72)	\$ 200,000.00	\$ 149,597.92
Cash and Cash Equivalents, January 1, 2024	<u>355,073.13</u>	<u>6,237.72</u>	<u>711,295.16</u>	<u>1,072,606.01</u>
Cash and Cash Equivalents, December 31, 2024	<u><u>\$ 310,908.77</u></u>	<u><u>\$</u></u>	<u><u>911,295.16</u></u>	<u><u>\$ 1,222,203.93</u></u>
Analysis of Cash and Cash Equivalents:				
Cash - Checking	\$ (1,605.80)			\$ (1,605.80)
Savings	<u>312,514.57</u>		<u>\$ 83,178.07</u>	<u>395,692.64</u>
Sub Total	310,908.77		83,178.07	394,086.84
Investments - Certificate of Deposit			\$ 828,117.09	\$ 828,117.09
	<u><u>\$ 310,908.77</u></u>	<u><u>\$</u></u>	<u><u>911,295.16</u></u>	<u><u>\$ 1,222,203.93</u></u>

TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
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 Rates</u>
2024	\$ 4,190,874,525.00	\$ 1,177,631.00	0.029
2023	3,856,721,600.00	1,143,042.00	0.030
2022	3,387,199,000.00	1,128,781.00	0.034
2021	3,085,713,200.00	1,052,338.00	0.035
2020	3,010,014,900.00	1,042,308.00	0.035

Unrestricted Net Position

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Year Budget</u>
December 31, 2024	\$ 242,257.78	\$ 166,496.00
December 31, 2023	245,712.48	155,000.00
December 31, 2022	235,108.32	154,557.00
December 31, 2021	614,175.85	503,000.00
December 31, 2020	319,352.74	205,397.00

Restricted Net Position (for Future Capital Outlay)

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Year Budget</u>	<u>Designated</u>
December 31, 2024	\$ 471,295.16	\$ None	\$ None
December 31, 2023	271,295.16	None	None
December 31, 2022	1,061,295.16	140,000.00	850,000.00
December 31, 2021	497,985.01	497,000.00	497,000.00
December 31, 2020	577,587.01	None	426,102.00

BOARD OF FIRE COMMISSIONERS
TOWNSHIP OF FREEHOLD FIRE DISTRICT #2
ROSTER OF OFFICIALS
DECEMBER 31, 2024

Board of Commissioners

Position

Patrick Coburn	Chairman
Ryan Bailey	Vice Chairman
Michael Crawford	Secretary *
Dennis Polo	Treasurer
Anthony Panzarino	Clerk

Other Officials

Charles Parker, Esq.	Board Attorney
<i>Columbia Bank [formerly Freehold Savings Bank]</i>	Official Depository

* Surety Company

Selective Insurance Company of America

Bond #VFIS TR 2065763 - 02/000

All officials covered with a limit of liability of \$600,000

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS
DECEMBER 31, 2024

Scope of Examination and Conditions of Records

Our examination covered the funds of the Board of Fire Commissioners, Fire District #2, 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 and a certificate of deposit.

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, audit, 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. There were a few minor exceptions.

It is suggested that for all expenditures greater than \$2,625.00 (Local Public Contracts Law quote threshold) documentation as to quotes or reason for lack of quotes be allotted to the paid bills. A preprinted form would enhance the process.

There were also four (4) line items over expended which may have contributed to the condition. Expenditures in total should be curtailed to funds available in the budget. The District must consider converting to a compliance financial accounting package.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2024

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

The minutes indicate there were no bids requested by public advertising for the year.

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

Firefighter Equipments

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.

Financial Procedures

It is suggested that for all financial processes within each function that a review, updating and documentation of all procedures be done in order to be in compliance with recent accounting and auditing requirements related to internal control.

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.

GENERAL COMMENTS (CONTINUED)
DECEMBER 31, 2024

Miscellaneous

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

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

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. However, the items referred to in the Comments and Recommendations need to be addressed by the Board.

Respectfully submitted,


Gerard Stankiewicz, CPA, RMA
For The Firm
SAMUEL KLEIN AND COMPANY, LLP