FIRE DISTRICT NO. 1
OF THE TOWNSHIP OF LITTLE EGG HARBOR

Financial Statements and Supplementary Information

For the year ended December 31, 2024

(With Independent Auditor's Report Thereon)

FIRE DISTRICT NO. 1
OF THE TOWNSHIP OF LITTLE EGG HARBOR

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners
Fire District No. 1 of the Township of Little Egg Harbor
County of Ocean
Township of Little Egg Harbor, State of New jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire District No. 1 of the Township of Little Egg Harbor, County of Ocean, State of New Jersey, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Fire District No. 1 of the Township of Little Egg Harbor's, basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 1 of the Township of Little Egg Harbor, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District No. 1 of the Township of Little Egg Harbor's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fire District No. 1 of the Township of Little Egg Harbor's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fire District No. 1 of the Township of Little Egg Harbor's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Fire District No. 1 of the Township of Little Egg Harbor's basic financial statements. The schedule of obligations under finance purchase payable and the schedule of obligations under lease obligations are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of obligations under finance purchase payable and the schedule of obligations under lease obligations are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2025, on our consideration of Fire District No. 1 of the Township of Little Egg Harbor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fire District No. 1 of the Township of Little Egg Harbor's internal control over financial reporting and compliance.

Holman Frenia Allison, P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

March 3, 2025
Lakewood, New Jersey

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

To the Board of Fire Commissioners
Fire District No. 1 of the Township of Little Egg Harbor
County of Ocean
Township of Little Egg Harbor, State of New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire District No. 1 of the Township of Little Egg Harbor as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Fire District No. 1 of the Township of Little Egg Harbor's basic financial statements, and have issued our report thereon dated March 3, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire District No. 1 of the Township of Little Egg Harbor's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of This Report

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

Holman Frenia Allison, P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

March 3, 2025
Lakewood, New Jersey

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

As management of the Fire District No. 1 of the Township of Little Egg Harbor (hereafter referred to as the District) offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended, December 31, 2024. The intent of this narrative is to look at the District's overall financial performance in terms easily understood by the layperson. Please read this in conjunction with the District's financial statements which begin on page 13. Notes to the financial statements will provide the reader with additional useful information and they begin on page 19.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at December 31, 2024, by approximately $2,258,000. During 2023, the excess of assets over liabilities was approximately $2,191,700. This is an increase of approximately $66,300.
- During 2024, the District operated at a surplus of approximately $66,300. During 2023, the District operated at a surplus of approximately $102,200. This is a decrease of approximately $35,900.
- The District's liabilities decreased approximately $67,700 in 2024 while assets decreased by approximately $1,400.
- As described in Note 2 to the financial statements, the District as adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62* and GASB Statement No. 101*, Compensated Absences,* for the year ended December 31, 2024. The adoption of these statements did not have a material impact on the District's financial statements.
- During 2024, the District restructured the remaining obligations under finance purchases balance and secured additional debt of approximately $109,400, under the revised terms. The restructuring did not result in any change to the original interest rate or maturity date, but increased the total outstanding obligation. The revised terms include an increase in total outstanding obligations of approximately $109,500 and modified payment terms, requiring annual payments of approximately $79,700 beginning August 21, 2024.

USING THIS ANNUAL REPORT

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

Reporting on the District as a Whole

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

As required by *N.J.S.A. 40A:14:72.1* , the District adopts an annual budget which is approved on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

Notes to Financial Statements

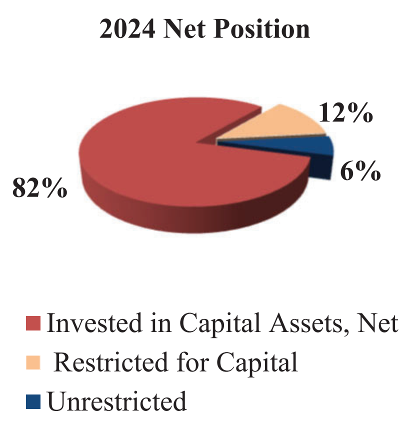
The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district wide and fund financial statements. The notes to the financial statements are an integral part of the financial statements.

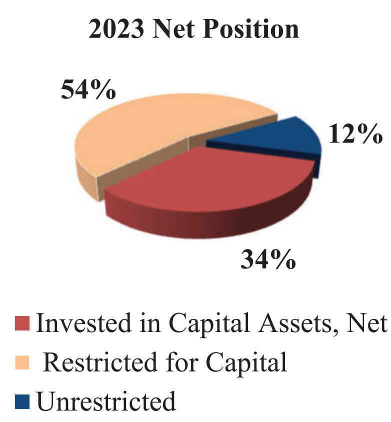
DISTRICT WIDE FINANCIAL ANALYSIS

The District's net position is a useful indicator of the District's financial condition. At the end of 2024, the District's assets exceeded its liabilities by approximately $2,258,000. The largest portion of The District's net position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. The District's investment in capital assets is reported net of related debt or lease liabilities incurred for their acquisition, construction, or improvement. Since the capital assets are not available to liquidate the outstanding obligations, other sources must be utilized for the repayment of those obligations.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
DISTRICT WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023	$ Increase/ (Decrease)	% Increase/ (Decrease)
Current and noncurrent assets	$ 436,759	$ 1,554,109	$ (1,117,350)	(71.90%)
Capital assets, net	2,948,489	1,832,571	1,115,918	60.89%
Total assets	3,385,248	3,386,680	(1,432)	(0.04%)
Total liabilities	(1,127,295)	(1,195,017)	(67,722)	(5.67%)
Net position	$ 2,257,953	$ 2,191,663	$ 66,290	3.02%
Analysis of net position				
Investment in capital assets, net	$ 1,851,091	$ 735,601	$ 1,115,490	151.64%
Restricted for:				
Capital projects	275,770	1,181,928	(906,158)	(76.67%)
Unrestricted	131,092	274,134	(143,042)	(52.18%)
Total net position	$ 2,257,953	$ 2,191,663	$ 66,290	3.02%





The net position of the District increased approximately $66,300 as a result of a current year surplus. In 2024, the capital assets increased by approximately $1,115,900 after depreciation and amortization expense.

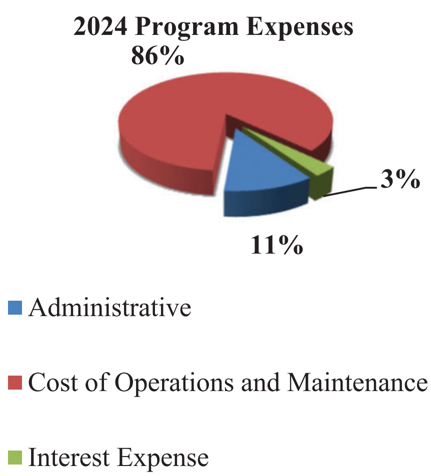
DISTRICT WIDE FINANCIAL ANALYSIS (continued)

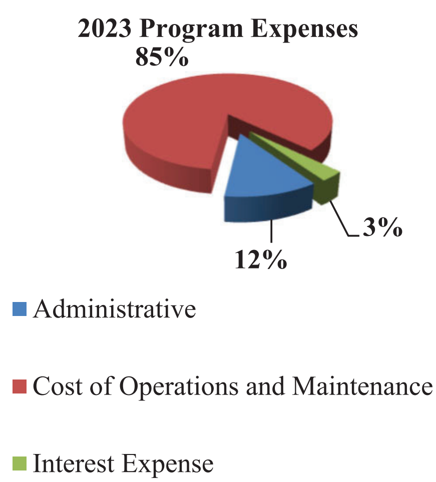
Governmental Activities

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
DISTRICT WIDE STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023	$ Increase/ (Decrease)	% Increase/ (Decrease)
Expenses:				
Program expenses:				
Administrative expenses	$ 77,732	$ 73,443	$ 4,289	5.84%
Cost of operations and maintenance	591,382	530,597	60,785	11.46%
Interest expense	21,830	19,734	2,096	10.62%
Total program expenses	690,944	623,774	67,170	10.77%





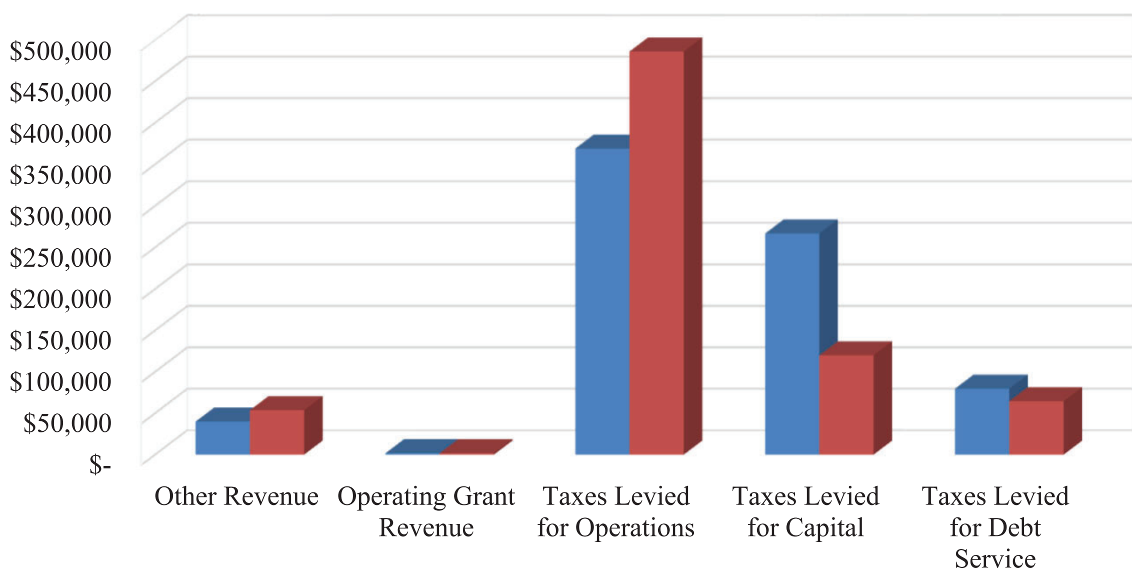
The cost of operations and maintenance comprised 86% and 85% of the District's total expenses in 2024 and 2023, respectively. Administration expenses comprised 11% and 12% of the total expenses in 2024 and 2023, respectively.

DISTRICT WIDE FINANCIAL ANALYSIS (continued)

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
DISTRICT WIDE STATEMENT OF ACTIVITIES (continued)
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023	$ Increase/ (Decrease)	% Increase/ (Decrease)
General revenues:				
Property taxes levied for:				
General purposes	368,966	485,801	(116,835)	(24.05%)
Capital purchases	266,803	120,000	146,803	122.34%
Debt service	79,701	64,669	15,032	23.24%
Total property taxes levied	715,470	670,470	45,000	6.71%
Other revenue	40,019	53,751	(13,732)	(25.55%)
Operating grant revenue	1,745	1,745	-	0.00%
Total general revenues	757,234	725,966	31,268	4.31%
Increase in net position	66,290	102,192	(35,902)	(35.13%)
Net position, January 1	2,191,663	2,089,471	102,192	4.89%
Net position, December 31	$ 2,257,953	$ 2,191,663	$ 66,290	3.02%

General Revenues



Property tax revenue constituted 94% and 92% of the total governmental activities revenues received by the District in 2024 and 2023, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

Governmental Fund

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

As of December 31, 2024, the combined balance of the governmental funds cash balances of the District was approximately $389,800. This balance is approximately $956,800 lower than last year's combined governmental funds cash balances.

The combined fund balance of the governmental fund of the District was approximately $367,100. Of that total, funds of approximately $275,800 have been restricted for capital, and $91,300 is unassigned.

The general fund is the main operating fund of the District. At the end of 2024, the total fund balance of the general fund was approximately $91,300. Of this balance, the entire balance was unassigned.

At the end of 2024, the general fund balance of the District decreased by approximately $170,000. The primary reason for this decreased are as follows:

- The Board recognized expenses in excess of revenues of approximately $170,000.

At the end of 2024, the District had a capital projects fund balance of approximately $275,800. This is a decrease of $906,200. The primary reason for this decrease are as follows:

- The Board recognized expenses in excess of revenues of approximately $906,200.

General Fund Budgetary Highlights

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

- The District recognized budgeted revenues in excess of actual revenues of approximately $39,600 in 2024.
- Overall, the District's expenditures were approximately $103,100 less than originally anticipated in the operating budget for 2024.

CAPITAL ASSETS

As of December 31, 2024, the District had invested in capital assets for government activities of approximately $2,948,500 (net of accumulated depreciation and amortization). Capital assets consist of firematic equipment, office equipment, vehicles and apparatus and right to use leased assets.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
CAPITAL ASSETS
NET OF ACCUMULATED DEPRECATION AND AMORTIZATION
DECEMBER 31, 2024 AND 2023

	2024	2023	$ Increase (Decrease)
Capital assets being depreciated and amortized:			
Firematic equipment	$ 991,877	$ 962,226	$ 29,651
Office equipment	19,314	19,314	-
Vehicles and apparatus	4,128,170	2,730,208	1,397,962
Right to use leased assets	765,757	765,757	-
Total capital assets being depreciated and amortized	5,905,118	4,477,505	1,427,613
Less: accumulated depreciation and amortization:	(2,956,629)	(2,644,934)	(311,695)
Total capital assets, net	$ 2,948,489	$ 1,832,571	$ 1,115,918

Additional information on the District's capital assets can be found in Note 4 in the notes to the financial statements.

DEBT ADMINISTRATION

As of December 31, 2024, the District had obligations under finance purchases for governmental activities of approximately $536,000 of which approximately $58,100 is due within one year.

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

ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District voted to approve the budget at the November election. The 2025 adopted budget reflects an increase in the tax levy of $31,038, in which the Board anticipates an increase to the fire tax rate.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District’s finances for all of those with an interest in the District’s finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Board of Fire Commissioners, Fire District No. 1 of the Township Little Egg Harbor, P.O. Box 1173, Little Egg Harbor, New Jersey, 08087.

EXHIBIT A-1

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
District Wide Statement of Net Position
December 31, 2024

		Governmental Activities
ASSETS		
Current assets:		
Cash (Note 3)	$	389,763
Prepaid assets		46,996
Total current assets		436,759
Capital assets, net:		
Depreciable (Note 4)		2,412,460
Right to use leased assets (Note 4)		536,029
Total capital assets, net		2,948,489
Total assets	$	3,385,248
LIABILITIES		
Current liabilities:		
Accounts payable	$	8,238
Accrued expenses		14,440
Accrued interest		7,219
Current portion of finance purchases payable (Note 5)		58,104
Current portion of lease liability (Note 5)		72,632
Total current liabilities		160,633
Noncurrent liabilities:		
Finance purchases payable, net of current portion (Note 5)		477,846
Lease liability, net of current portion (Note 5)		488,816
Total noncurrent liabilities		966,662
Total liabilities		1,127,295
NET POSITION		
Investment in capital assets, net		1,851,091
Restricted net position:		
Capital		275,770
Unrestricted		131,092
Total net position		2,257,953
Total liabilities and net position	$	3,385,248

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

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

	Expenses	Total Governmental Activities
Governmental activities:		
Operating appropriations:		
Administration	$ 77,732	$ 77,732
Costs of operations and maintenance	591,382	591,382
Interest expense	21,830	21,830
Total operating appropriations	$ 690,944	690,944
General revenues:		
Miscellaneous revenues		40,019
Operating grant revenues		1,745
Amount raised by taxation		715,470
Total general revenues		757,234
Change in net position		66,290
Net position, January 1		2,191,663
Net position, December 31		$ 2,257,953

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

EXHIBIT B-1

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Governmental Funds
Balance Sheet
December 31, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Current assets:				
Cash	$ 389,763	$ -	$ -	$ 389,763
Other receivable (interfund)	-	275,770	-	275,770
Total assets	$ 389,763	$ 275,770	$ -	$ 665,533
LIABILITIES AND FUND BALANCE				
Current liabilities:				
Accounts payable	$ 8,238	$ -	$ -	$ 8,238
Accrued expenses	14,440	-	-	14,440
Other payables (interfund)	275,770	-	-	275,770
Total liabilities	298,448	-	-	298,448
Fund Balance:				
Restricted for:				
Capital	-	275,770	-	275,770
Unassigned, reported in:				
General fund	91,315	-	-	91,315
Total fund balance	91,315	275,770	-	367,085
Total liabilities and fund balance	$ 389,763	$ 275,770	$ -	

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

Prepaid assets are reported in governmental funds as expenditures. However, in the statement of net position, the cost of those assets is expensed.	46,996
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,948,489
Accrued interest is not recorded in the fund financial statements due to the fact that the payable is not due in the period.	(7,219)
Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds.	(1,097,398)
Total net position - Governmental Activities	$ 2,257,953

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

EXHIBIT B-2

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Totals Governmental Funds
Revenues:				
Miscellaneous revenues:				
Interest on investments and deposits	$ 358	$ -	$ -	$ 358
Other revenues	39,661	-	-	39,661
Total miscellaneous revenues	40,019	-	-	40,019
Operating grant revenues:				
Supplemental Fire Service Act	1,745	-	-	1,745
Total operating grant revenue	1,745	-	-	1,745
Amount to be raised by taxation to support budget	368,966	266,803	79,701	715,470
Total revenues	410,730	266,803	79,701	757,234
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	30,000	-	-	30,000
Other expenditures:				
Professional fees	29,194	-	-	29,194
Election expense	2,598	-	-	2,598
Office expense	15,940	-	-	15,940
Total administration	77,732	-	-	77,732
Cost of operations and maintenance:				
Fringe benefits	32,981	-	-	32,981
Other expenditures:				
Advertising	244	-	-	244
Fire prevention	11,106	-	-	11,106
Contracted service expenses	90,000	-	-	90,000
Insurance	68,405	-	-	68,405
Maintenance and repairs	75,537	-	-	75,537
Supplies and small equipment	24,809	-	-	24,809
Training and education	4,103	-	-	4,103
Uniforms and gear	25,795	-	-	25,795
Non-bondables equipment	54,625	-	-	54,625
Total cost of operations and maintenance	396,230	-	-	396,230

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Totals Governmental Funds
Capital appropriations:				
Pumpers	-	1,389,219	-	1,389,219
Total capital appropriations	-	1,389,219	-	1,389,219
Debt service for capital appropriations:				
Principal payment on debt service	-	-	58,873	58,873
Interest payment on debt service	-	-	20,828	20,828
Total debt service for capital appropriations	-	-	79,701	79,701
Total operating appropriations	473,962	1,389,219	79,701	1,942,882
Excess (deficiency) of revenues over (under) operating appropriations before other financing sources (uses)	(63,232)	(1,122,416)	-	(1,185,648)
Other financing sources (uses):				
Transfer from Capital Projects Fund to the General Fund	(106,803)	106,803	-	-
Proceeds from the issuance of debt service	-	109,455	-	109,455
Total other financing sources (uses)	(106,803)	216,258	-	109,455
Excess (deficiency) of revenues and other financing sources (under) operating appropriations and other financing (uses)	(170,035)	(906,158)	-	(1,076,193)
Fund balance, January 1	261,350	1,181,928	-	1,443,278
Fund balance, December 31	$ 91,315	$ 275,770	$ -	$ 367,085

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

EXHBIT B-2A

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the District Wide Statement of Activities
December 31, 2024

Total net changes in Fund Balance - Governmental Funds (B-2)		$ (1,076,193)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Prepaid assets are reported in governmental funds as expenditures. However, in the district wide statement of net position, the cost of those assets are expensed.		
Prior year	(38,163)	
Current year	46,996	
		8,833
Certain activity related to the acquisition, construction, and/or lease of assets are reported in governmental funds as expenditures. However, in the district wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or over the life of the lease as amortization expense.		
Capital Outlay - General Fund	38,394	
Capital Outlay - Capital Projects Fund	1,389,219	
Depreciation expense	(235,119)	
Amortization expense	(76,576)	
		1,115,918
Accrual of interest on debt service is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the district wide statement of activities.		
Prior year	6,217	
Current year	(7,219)	
		(1,002)
Repayment of lease liabilities is not reported as an expenditure in the governmental funds. However, the repayment reduces long-term liabilities in the district wide statement of net position and related interest expense is reported in the district wide statement of activities.		70,319
Proceeds from the issuance of debt service are recorded as an other financing sources in the governmental funds, the amount is recorded as a long-term finance payable on the district wide statement of activities.		(109,455)
Repayment of debt service principal and/or adjustments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the district wide statement of net position and is not reported in the district wide statement of activities.		
Repayment	58,873	
Principal adjustment	(1,003)	
		57,870
Change in total net position - Governmental Activities		$ 66,290

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

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Notes to Financial Statements

NOTE 1: GENERAL INFORMATION

Description of Reporting Entity

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

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

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

- the 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.

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

District Officials

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

Officials:	Term Expires: March
Joseph Bird, IV	2027
Thomas Bramhall	2025
Jennie Hollingsworth	2025
John Mathis, Jr	2026
Mario Vitulli	2026

Accounting Records

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

Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

NOTE 1: GENERAL INFORMATION (continued)

Component Units

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

Fund Accounting

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Governmental Funds:

General Fund

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

Capital Projects Fund

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

Debt Service Fund

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

District Wide and Fund Financial Statements

District Wide Financial Statements

The district wide financial statements (A-1 and A-2) include the district wide statement of net position and the district wide statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity, excluding the fiduciary funds, has been eliminated in the district wide statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

The district wide statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit.

Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

District Wide and Fund Financial Statements (continued)

Fund Financial Statements

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

The fund financial statements provide detail of the governmental funds.

Basis of Accounting

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

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

Budgets and Budgetary Accounting

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

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

Amendments may be made to the District budget in accordance with *N.J.S.A 40A: 14-78.3*. The budget may be amended subsequent to its final adoption and approval for additional items of revenue with offsetting appropriations in accordance with *N.J.S.A 40A: 14-78.5*. Subsequent to the adoption of the District budget, the amount of money to be raised by taxation in support of the District budget must appear on the ballot for the annual election for approval of the legal voters.

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the District’s general-purpose financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances

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

Cash and Cash Equivalents

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

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

Accounts Receivable

Accounts receivables represent amounts due from intergovernmental agencies for amounts to be raised by taxation to support the District's budget and supplemental fire service act grant awards. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible. Allowances are reported when accounts are proven to be uncollectible. All receivables are current and therefore due within one year, thus no allowance was recorded by the District. As of December 31, 2024, the District did not recognize accounts receivable.

Prepaid Assets

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

Debt Limitation

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include firematic and office equipment, vehicles and apparatus and right to use leased assets, are reported in the district wide financial statements. Non-leased capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of $2,000. Depreciation is recorded on the straight-line method (with half year depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Description:	Useful Lives
Firematic equipment	5 – 10 Years
Office equipment	5 – 8 Years
Vehicles and apparatus	5 – 25 Years

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

Inventory, Materials and Supplies

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

Other Receivables/Payables

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

Lease Liabilities

Lease liabilities represent the District's obligation to make lease payments arising from an right to use leased assets. Lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

Revenues and Expenditures – Governmental Funds

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fire District Taxes

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

Fund Equity

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

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

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

Net Position

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

- Net Investment in Capital Assets – Represent capital assets, including right to use leased assets, net of accumulated depreciation and amortization, and reduced by any related outstanding debt or lease liabilities incurred for their acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Impact of Recently Issued Accounting Pronouncements

Accounting Pronouncements Adopted in Current Year

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

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

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

Accounting Pronouncements Effective in Future Reporting Periods

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

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

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

Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2024 through the date of March 3, 2025, which is the date the financial statements were available to be issued.

NOTE 3: CASH

The District is governed by the deposit limitations of New Jersey state law. The deposits held at December 31, 2024, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand deposits	$ 389,763
Total deposits	$ 389,763
Reconciliation to the Governmental Funds:	
General Fund:	
Current assets:	
Cash	$ 389,763
Total	$ 389,763

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2024, the District's bank balance of $419,262 was exposed to custodial credit risk as follows:

Insured	$ 250,000
Collateralized in the District's name under GUDPA	169,262
Total	$ 419,262

NOTE 4: CAPITAL ASSETS

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

Capital Assets

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

Right to Use Leased Assets

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

NOTE 4: CAPITAL ASSETS (continued)

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

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets being depreciated and amortized:				
Firematic equipment	$ 962,226	$ 29,651	$ -	$ 991,877
Office equipment	19,314	-	-	19,314
Vehicles and apparatus	2,730,208	1,397,962	-	4,128,170
Right to use leased assets	765,757	-	-	765,757
Total capital assets being assets being depreciated and amortized	4,477,505	1,427,613	-	5,905,118
Less: accumulated depreciation and amortization:				
Firematic equipment	(714,113)	(103,513)	-	(817,626)
Office equipment	(10,905)	(1,790)		(12,695)
Vehicles and apparatus	(1,766,764)	(129,816)	-	(1,896,580)
Right to use leased assets	(153,152)	(76,576)	-	(229,728)
Total accumulated depreciation and amortization	(2,644,934)	(311,695)	-	(2,956,629)
Total capital assets, net	$ 1,832,571	$ 1,115,918	$ -	$ 2,948,489

NOTE 5: LONG-TERM OBLIGATIONS

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

	Beginning Balance	Accrued/ increases	Retired/ decreases	Ending Balance	Due within One Year
Finance purchases payable	$ 485,368	$ 109,455	$ (58,873)	$ 535,950	$ 58,104
Lease liabilities	631,767	-	(70,319)	561,448	72,632
Total	$ 1,117,135	$ 109,455	$ (129,192)	$ 1,097,398	$ 130,736

Lease Liability

The District has entered into an agreement to lease a firehouse. This agreement qualifies as an other than short-term lease under GASB Statement No. 87: *Leases* and, therefore, has been recorded at the present value of the future minimum lease payments as the date of its inception. The agreement was executed January 1, 2022 and has been renewed annually. Management has determined it is reasonable that they will continue to renew this lease for ten additional one-year leases and then evaluate the lease space after the ten-year period. The lease liabilities require quarterly payments of $22,500. The lease is measured at a discount rate of 3.25% and have balances of $561,448 as of December 31, 2024. The right to use leased asset is described in more detail at Note 4: *Capital Assets*. The following is a schedule of the remaining future minimum lease payments under these lease liabilities and the present value of the net minimum lease payments at December 2024:

NOTE 5: LONG-TERM OBLIGATIONS (continued)

Lease Liability (continued)

	Principal	Interest	Total
2025	$ 72,632	$ 17,368	$ 90,000
2026	75,022	14,978	90,000
2027	77,490	12,510	90,000
2028	80,039	9,961	90,000
2029	82,672	7,328	90,000
2030 - 2031	173,593	6,407	180,000
Total	$ 561,448	$ 68,552	$ 630,000

Obligations under Finance Purchases

On August 21, 2022, the District, entered into a finance purchase agreement for $528,731 to acquire fire apparatus. The agreement required annual payments of over the term of ten years and carried an interest rate of 5.48%. In 2023, the District made a scheduled payments of $44,366, reducing the outstanding principal balance prior to restructuring the obligation. In 2024, the District restructured the remaining balance and secured additional debt of $109,455, under the revised terms. The restructuring did not result in any change to the original interest rate or maturity date, but increased the total outstanding obligation. The revised terms include:

1. An increase in total outstanding obligations of $109,455.
2. Modified payment terms, requiring annual payments of $79,702 beginning August 21, 2024.

Future minimum payments, under the restructured agreement are as follows:

	Principal	Interest	Total
2025	$ 58,104	$ 21,598	$ 79,702
2026	60,445	19,257	79,702
2027	62,881	16,821	79,702
2028	65,415	14,287	79,702
2029	68,051	11,651	79,702
2030 - 2032	221,054	18,052	239,106
Total	$ 535,950	$ 101,666	$ 637,616

NOTE 6: CONCENTRATIONS

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

NOTE 7: OTHER RECEIVABLE/PAYABLE

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

Fund	Interfund receivable	Interfund payable
General	$ -	$ 275,770
Capital projects	275,770	-
Total	$ 275,770	$ 275,770

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

NOTE 8: FUNDING

The activities of the Board of Commissioners are primarily funded by the striking of the fire tax on the property owners of the District, as provided for by the state statute. For the year ended December 31, 2024, the fire tax rate on the District was $.072 per $100 of assessed valuation. The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of approximately $1,745.

NOTE 9: FUND BALANCE

General Fund – Of the $91,315 General Fund, fund balance at December 31, 2024, the entire balance is unassigned.

Capital Projects Fund – Of the $275,770 Capital Projects Fund, fund balance at December 31, 2024, the entire balance is restricted for capital.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation.

EXHIBIT C-1

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Budgetary Comparison Schedule
For the year ended December 31, 2024

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Revenues:				
Miscellaneous revenues:				
Interest on investments and deposits	$ 400	$ 400	$ 358	$ (42)
Other revenues	-	-	39,661	39,661
Total miscellaneous revenues	400	400	40,019	39,619
Operating grant revenues:				
Supplemental Fire Service Act	1,745	1,745	1,745	-
Total operating grant revenue	1,745	1,745	1,745	-
Amount to be raised by taxation to support budget	715,470	715,470	715,470	-
Total anticipated revenues	717,615	717,615	757,234	39,619
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	30,000	30,000	30,000	-
Other expenditures:				
Membership and dues	3,800	3,800	-	3,800
Professional fees	25,000	29,200	29,194	6
Election expense	5,000	5,000	2,598	2,402
Office expense	12,400	14,500	15,940	(1,440)
Total administration	76,200	82,500	77,732	4,768
Cost of operations and maintenance:				
Fringe benefits	35,000	35,000	32,981	2,019
Other expenditures:				
Advertising	500	500	244	256
Contingent expenses	1,000	1,000	-	1,000
Fire prevention	20,000	13,366	11,106	2,260
Contracted service expenses	90,000	90,000	90,000	-
Insurance	55,000	59,600	68,405	(8,805)
Maintenance and repairs	62,000	76,000	75,537	463
Reimbursement for expenses	10,000	10,000	8,625	1,375
Supplies and small equipment	52,000	26,100	24,809	1,291
Training and education	12,500	4,103	4,103	-
Uniforms and gear	25,000	25,800	25,795	5
SFSG expenses	1,745	1,745	-	1,745
Non-bondables equipment	52,000	52,200	54,625	(2,425)
Total cost of operations and maintenance	416,745	395,414	396,230	(816)

EXHIBIT C-1
(continued)

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

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Capital appropriations:				
Pumpers	800,000	1,328,731	1,389,219	(60,488)
Future capital outlay	120,000	120,000	-	120,000
Total capital appropriations	920,000	1,448,731	1,389,219	59,512
Debt service for capital appropriations:				
Principal payment on debt service	46,070	58,873	58,873	-
Interest payment on debt service	18,600	20,828	20,828	-
Total debt service for capital appropriations	64,670	79,701	79,701	-
Total operating appropriations	1,477,615	2,006,346	1,942,882	63,464
Excess (deficiency) of revenues over (under) operating appropriations before other financing sources (uses)	(760,000)	(1,288,731)	(1,185,648)	103,083
Other financing sources:				
Proceeds from the issuance of debt service	-	-	109,455	(109,455)
Total other financing sources:	-	-	109,455	(109,455)
Excess (deficiency) of revenues and other financing sources (under) operating appropriations and other financing (uses)	(760,000)	(1,288,731)	(1,076,193)	(212,538)
Fund balance, January 1	1,276,549	1,276,549	1,443,278	(166,729)
Fund balance, December 31	$ 516,549	$ (12,182)	$ 367,085	$ (379,267)

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Schedule of Obligations Under Finance Purchases Payable
December 31, 2024

Description	Date of Financing	Term of Financing	Amount of Original Financing Principal	Amount of Original Financing Interest	Annual Maturities Date	Annual Maturities Amount	Interest Rate Payable	Balance December 31, 2023	Issued	Retired	Balance December 31, 2024
Apparatus	August 31, 2022	Ten Years	$ 528,731	$ 117,965	August 31, 2025	$ 58,104	5.48%	$ 485,368	$ 109,455	$ (58,873)	$ 535,950
					August 31, 2026	60,445	5.48%				
					August 31, 2027	62,881	5.48%				
					August 31, 2028	65,415	5.48%				
					August 31, 2029	68,051	5.48%				
					August 31, 2030	70,794	5.48%				
					August 31, 2031	73,646	5.48%				
					August 31, 2032	76,614	5.48%				
							Total	$ 485,368	$ 109,455	$ (58,873)	$ 535,950

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF LITTLE EGG HARBOR
Schedule of Obligations Under Leases Obligations
For the year ended December 31, 2024

Description	Date of Lease	Term of Lease	Amount of Original Financing		Annual Maturities		Interest Rate Payable	Balance December 31, 2023	Issued	Retired	Balance December 31, 2024
			Principal	Interest	Date	Amount					
Property Lease	January 1, 2022	Ten Years	$ 765,756	$ 108,481	December 31, 2025	$ 72,632	3.25%	$ 631,767	$ -	$ (70,319)	$ 561,448
					December 31, 2026	75,022	3.25%				
					December 31, 2027	77,490	3.25%				
					December 31, 2028	80,039	3.25%				
					December 31, 2029	82,672	3.25%				
					December 31, 2030	85,392	3.25%				
					December 31, 2031	88,201	3.25%				
							Total	$ 631,767	$ -	$ (70,319)	$ 561,448

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Board of Fire Commissioners
Fire District No. 1 of the Township of Little Egg Harbor
County of Ocean
Township of Little Egg Harbor, State of New Jersey

We have audited the basic financial statements of the Fire District No. 1 of the Township of Little Egg Harbor (hereafter referred to as the District), County of Ocean, State of New Jersey for the year ended December 31, 2024. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS AND RECOMMENDATIONS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate $44,000, except by contract or agreement.

The District has a qualified purchasing agent on staff and therefore may award contracts up to $44,000 without competitive bids.

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

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

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

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

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of $6,600 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of *N.J.S.A.40A:11-6.1*.

The supporting documentation indicated that quotes were requested for all items that required them.

Examination of Cash Receipts

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

Examination of Bills

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

Capital Assets

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

Budget Adoption

The State of New Jersey requires that the District's operating and capital budgets be approved and adopted for each fiscal year. The District approved its operating budget on December 11, 2023 and adopted its operating budget on January 8, 2024.

Current Year Findings

There were no current year findings.

Prior Year Findings

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

Acknowledgment

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

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please contact us.

Holman Frenia Allison, P.C.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

March 3, 2025
Lakewood, New Jersey