CHESTERFIELD TOWNSHIP
FIRE DISTRICT NO. 1

Financial Statements and Supplementary Information

For the year ended December 31, 2023

(With Independent Auditor's Report thereon)

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
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For the year ended December 31, 2023
(With Independent Auditor's Report thereon)

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Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Chesterfield Township Fire District No. 1
County of Burlington
Chesterfield, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities of each major fund and the aggregate remaining fund information of the Chesterfield Township Fire District No. 1, County of Burlington, State of New Jersey, herein referred to as the District, as of and for the year ended December 31, 2023, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of each major fund and the aggregate remaining fund information of the Chesterfield Township Fire District No. 1, County of Burlington, State of New Jersey, herein referred to as the District, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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 generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed 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 and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed 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 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2024, 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.

Holt McNally & Associates, Inc.

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Medford, New Jersey
July 25, 2024

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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*

Board of Fire Commissioners
Chesterfield Township Fire District No. 1
County of Burlington
Chesterfield, 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 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 of the Chesterfield Township Fire District No. 1 as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Chesterfield Township Fire District No. 1's basic financial statements and have issued our report thereon dated July 25, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chesterfield Township Fire District No. 1'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 Chesterfield Township Fire District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Chesterfield Township Fire District No. 1's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of financial statement findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of financial statement findings as findings 2023-001, 2023-002, 2023-003 and 2023-004 to be material weaknesses. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chesterfield Township Fire District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of financial statement findings as findings 2023-001, 2023-002, 2023-003 and 2023-004.

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Chesterfield Township Fire District No. 1's response to the findings identified in our audit and described in the accompanying schedule of financial statement findings. Chesterfield Township Fire District No. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Holt McNally & Associates, Inc.

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants and Advisors

Medford, New Jersey
July 25, 2024

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

As management of Chesterfield Township Fire District No. 1, we offer readers of the Chesterfield Township Fire District No. 1's financial statements this narrative overview and analysis of the financial activities of the Chesterfield Township Fire District No. 1 for the year ended December 31, 2023. The intent of this narrative is to look at Chesterfield Township Fire District No. 1's overall financial performance in terms easily understood by the lay person. Please read this in conjunction with and the District's financial statements which begin on page 15. Notes to the financial statements will provide the reader with additional useful information and they begin on page 21.

FINANCIAL HIGHLIGHTS

Management believes the District's financial position to be strong. The District is well within its stringent financial policies and guidelines as set forth by the Fire District members. Some specific items of note include the following:

- The assets of the District exceeded its liabilities at December 31, 2023 by $263,262. In 2022 the excess of assets over liabilities was $199,919. This is a increase of $63,343.
- At the close of the current year, the District's governmental funds reported combined ending fund balances of $1,897,396, a increase of $328,299, or approximately 21 percent (21%), in comparison with the prior year.
- During 2023 the District operated at a surplus of $202,161. In 2022 the district operated at a surplus of $82,000. This is a change of $120,161.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. Chesterfield Township Fire District No. 1'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 9. 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 Statement of Net Position presents information on all the assets and liabilities of Chesterfield Township Fire District No. 1. 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 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.

Reporting on the District as a Whole (continued)

The district-wide financial statements report on the financial data by function. Chesterfield Township Fire District No. 1 has two basic functions: activities that are supported by property taxes; and activities supported by other governmental activities. Chesterfield Township Fire District No. 1 provides firefighting services to the citizens of the Township of Chesterfield in the County of Burlington.

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, Chesterfield Township Fire District No. 1 uses fund accounting to document compliance with finance-related legal matters. Chesterfield Township Fire District No. 1 has one type of funds, which are the governmental funds.

Governmental Funds

Chesterfield Township Fire District No. 1'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.

Chesterfield Township Fire District No. 1 maintains three separate government funds, the General Fund, Capital Projects Fund and the 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 and the capital fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by N.J.S.A. 40A:14:78-3, Chesterfield Township Fire District No. 1 adopts an annual budget which is voted on by the legal voters of the district on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

Notes to Financial Statements

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Chesterfield Township Fire District No. 1's net position is a useful indicator of the District's financial condition. At the end of 2023, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by $263,262. The largest portion of Chesterfield Township Fire District No. 1'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. Chesterfield Township Fire District No. 1's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt.

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
NET POSITION
DECEMBER 31, 2023

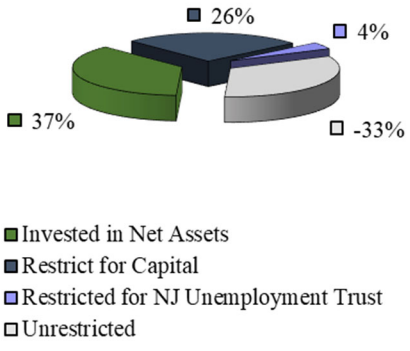
Statement of Net Position

	2023	2022	$ Increase (Decrease)	% Increase (Decrease)
Current Assets & Deferred Outflows	$ 2,254,510	$ 2,017,518	236,992	11.7%
Capital Assets	284,057	345,902	(61,845)	-17.9%
Total Assets & Deferred Outflows	2,538,567	2,363,420	175,147	7.4%
Total Liabilities & Deferred Inflows	(2,275,305)	(2,163,501)	(111,804)	5.2%
Net Position	$ 263,262	$ 199,919	63,343	31.7%

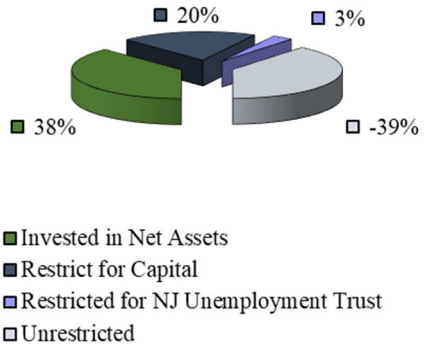
Analysis of Net Position

Investment in Capital Assets	$ 284,057	$ 345,902	(61,845)	-17.9%
Restricted for:				
Capital	204,000	184,000	20,000	10.9%
New Jersey Unemployment Trust	29,729	28,324	1,405	5.0%
Unrestricted	(254,524)	(358,307)	103,783	-29.0%
	$ 263,262	$ 199,919	63,343	31.7%

2023 Net Position



2022 Net Position



Statement of Net Position (continued)

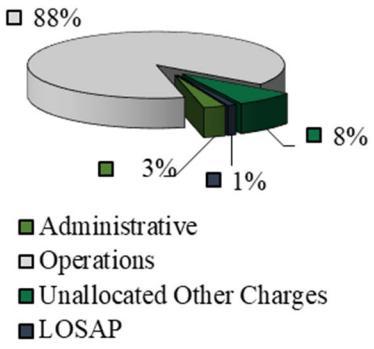
The net position of Chesterfield Township Fire District No. 1 increased $63,343. In 2023 the capital assets decreased by $61,845 after depreciation expense.

Governmental Activities

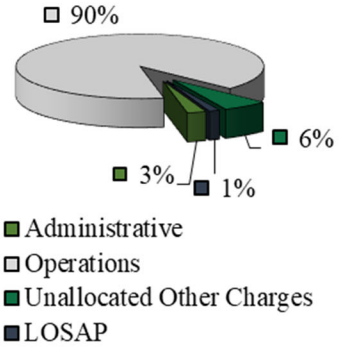
The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

	2023	2022	$ Increase (Decrease)	% Increase (Decrease)
Expenses:				
Administrative	$ 43,420	$ 28,524	14,896	52.2%
Cost of Operations	1,364,945	1,046,719	318,226	30.4%
Unallocated Other Charges	117,047	69,066	47,981	69.5%
LOSAP Contribution	17,424	16,236	1,188	7.3%
Net Program Expenses	1,542,836	1,160,545	382,291	32.9%

2023 Program Expenses



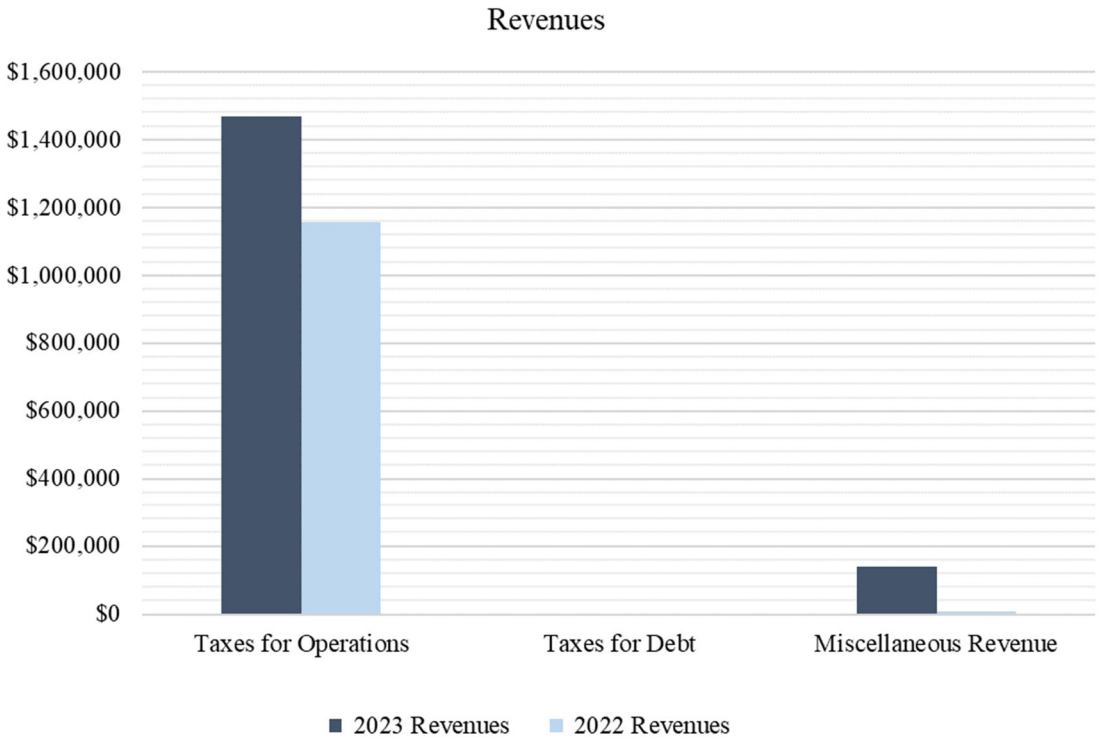
2022 Program Expenses



	2023	2022	$ Increase (Decrease)	% Increase (Decrease)
General Revenue:				
Property tax revenue:				
General	$ 1,467,917	$ 1,157,135	310,782	26.9%
Other Revenue	138,262	7,094	131,168	1849.0%
Total General Revenue	1,606,179	1,164,229	441,950	38.0%

Governmental Activities (continued)

	2023	2022	$ Increase (Decrease)	% Increase (Decrease)
Special Items:				
Loss on disposal of capital assets	-	(357,225)	357,225	N/A
Gain on extinguishment of debt	-	245,074	(245,074)	N/A
Total Special Items:	-	(112,151)	112,151	N/A
Increase (decrease) in net position	63,343	(108,467)	171,810	-158.4%
Net Position, January 1, unadjusted	199,919	308,386	(108,467)	-35.2%
Net Position, Dec. 31	$ 263,262	$ 199,919	63,343	31.7%



Property tax revenue constituted 91% of the total governmental activities revenues received by Chesterfield Township Fire District No. 1 in 2023. In 2022 the property tax revenue constituted 99% of total revenues.

The Cost of Operations & Maintenance was 88% and 90% of the District's total expenses in 2023 and 2022, respectively. Administration expenses equaled 3% and 2% of the total expenses in 2023 and 2022, respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Chesterfield Township Fire District No. 1 uses fund accounting to document compliance with finance-related legal requirements.

Governmental Funds

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

As of December 31, 2023, the combined balance of the governmental cash funds of Chesterfield Township Fire District No. 1 was $917,117. This balance is $201,031 higher than last year's combined governmental cash funds. The increase is due primarily to the result of grants being received in the current fiscal year.

The combined balance of the governmental funds of Chesterfield Township Fire District No. 1 was $1,897,396. Unassigned fund balance amounted to $618,388 of that total.

The general fund is the main operating fund of Chesterfield Township Fire District No. 1. At the end of 2023, the total fund balance of the general fund was $1,693,396. Of this balance, $618,388 was unassigned.

During 2023 the general fund balance of Chesterfield Township Fire District No. 1 increased by $308,299. The primary reasons for this increase is as follows:

- LOSAP investment balance increased by $126,138 during the year ended December 31, 2023.

At the end of 2023, the District had a capital projects fund balance of $204,000.

General Fund Budgetary Highlights

The 2023 Budget had a surplus in revenues and did not require 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 had total actual revenues in excess of total budgeted revenues of $66,971 in 2023. The District passed a referendum to increase the tax levy in the current year greater than the two percent (2.0%) cap.

The Board anticipates in 2024 that actual revenues will exceed the budgeted revenues.

Overall, the District spent $135,190 less than originally anticipated in the operating budget for 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2023 Chesterfield Township Fire District No. 1 had invested in capital assets for government activities of $284,057 (net of accumulated depreciation). Capital assets consist of fire apparatus, fire equipment, and office equipment.

Capital Assets (continued)

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)
DECEMBER 31, 2023

	2023	2022	$ Increase (Decrease)	% Increase (Decrease)
Capital assets:				
Vehicles & apparatus	$ 1,733,546	$ 1,733,546	-	0.0%
Furniture and equipment	582,783	582,783	-	0.0%
Total capital assets	2,316,329	2,316,329	-	0.0%
Accumulated depreciation	(2,032,272)	(1,970,427)	(61,845)	3.1%
Total capital assets, net	$ 284,057	$ 345,902	(61,845)	

Additional information on Chesterfield Township Fire District No. 1's capital assets can be found in Note 5 in the notes to the financial statements.

LONG-TERM OBLIGATIONS

As of December 31, 2023 the Chesterfield Township Fire District No. 1 had no debt outstanding.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2023, Chesterfield Township Fire District No. 1 was able to cover all its appropriations through the fire tax levy and other revenues. In 2024 the fire tax levy will amount to 96% of total revenue collected.

Chesterfield Township Fire District No. 1 adopted their 2024 budget on December 12, 2023. The voters subsequently voted to approve the budget at the February election.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Chesterfield Township Fire District No. 1'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 Chesterfield Township Fire District No. 1, 296 Bordentown-Chesterfield Road Chesterfield, New Jersey 08515.

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EXHIBIT A-1

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Statement of Net Position
December 31, 2023

	Governmental Activities
Assets:	
Cash & cash equivalents	$ 683,388
Restricted assets:	
Cash & cash equivalents	233,729
Investments - length of service award program	980,279
Capital assets, net (Note 5):	
Depreciable	284,057
Total assets	2,181,453
Deferred outflow of resources:	
Related to pensions (Note 7)	357,114
Total deferred outflow of resources	357,114
Total assets and deferred outflows of resources	$ 2,538,567
Liabilities:	
Current liabilities:	
Pension payable	119,964
Noncurrent liabilities (Note 6):	
Due in more than one year	2,033,755
Total liabilities	2,153,719
Deferred inflows of resources:	
Related to pensions (Note 7)	121,586
Total deferred inflows of resources	121,586
Total liabilities and deferred inflows of rescoures	2,275,305
Net position:	
Net investment in capital assets	284,057
Restricted for:	
Capital Projects	204,000
New Jersey Unemployment Trust Fund	29,729
Unrestricted (Note 12)	(254,524)
Total net position	263,262
Total liabilities, deferred inflows of resources and net position	$ 2,538,567

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

EXHIBIT A-2

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Statement of Activities
For the year ended December 31, 2023

	Expenses	Governmental Activities 2023
Government activities:		
Operation appropriations:		
Administration	$ 47,655	$ 47,655
Costs of operations and maintenance	1,360,710	1,360,710
Length of service award program contribution	17,424	17,424
Unallocated benefits	55,202	55,202
Unallocated depreciation	61,845	61,845
Total government activities	1,542,836	1,542,836
Program revenues:		
Operating grant revenues		129,379
Total program expenses		1,413,457
General revenues:		
Amount raised by taxation		1,467,917
Miscellaneous revenue		8,883
Total general revenues and special items		1,476,800
Change in net position		63,343
Net position, January 1		199,919
Net position, December 31		$ 263,262

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

EXHIBIT B-1

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Balance Sheet
Governmental Funds
December 31, 2023

	General Fund	Capital Projects Fund	Totals
Assets:			
Current assets:			
Cash	$ 713,117	$ 204,000	$ 917,117
Investment in length of service awards program	980,279	-	980,279
Total current assets	1,693,396	204,000	1,897,396
Total assets	$ 1,693,396	$ 204,000	$ 1,897,396
Fund balances			
Restricted for:			
Capital Projects	$ -	$ 204,000	$ 204,000
Length of service awards program	980,279	-	980,279
New Jersey Unemployment Trust Fund	29,729	-	29,729
Assigned for:			
Designated for Subsequent year's expenditures	65,000	-	65,000
Unassigned	618,388	-	618,388
Total fund balance	1,693,396	204,000	1,897,396
Total liabilities and fund balance	$ 1,693,396	$ 204,000	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $2,316,329 and the accumulated depreciation is $2,032,272.	284,057
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	235,528
Accrued PFRS pension payable are not recorded in the fund financial statements due to the payables are not due in the period.	(119,964)
Long-term liabilities, including compensated absences, net pension liability and length of service awards pogram, are not due and payable in the current period and are therefore not reported as liabilities in the funds.	(2,033,755)
Net position of governmental activities	$ 263,262

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

EXHIBIT B-2

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

	General Fund	Capital Projects Fund	Totals
Revenues:			
Miscellaneous revenues:			
Investment income - unrestricted cash and investments	$ 7,020	$ -	$ 7,020
Investment income - length of service awards program	172,163	-	172,163
Miscellaneous	1,863	-	1,863
Total miscellaneous revenues	181,046	-	181,046
Operating grant revenues:			
COVID Relief Funds	44,091	-	44,091
American Rescue Plan	26,000	-	26,000
Local Efficiency Achievement Program	59,288	-	59,288
Total operating grant revenue	129,379	-	129,379
Total revenues	310,425	-	310,425
Amount raised by taxation to support district budget	1,447,917	20,000	1,467,917
Total Revenues	$ 1,758,342	$ 20,000	$ 1,778,342
Expenditures:			
Operating appropriations:			
Administration:			
Salaries and wages	10,765	-	10,765
Fringe benefits	4,235	-	4,235
Other expenditures:			
Professional fees	25,760	-	25,760
Office supplies and postage	6,609	-	6,609
Total administration	47,655	-	47,655
Cost of operations and maintenance:			
Salaries and wages	668,217	-	668,217
Fringe benefits	332,973	-	332,973
Other expenditures:			
Rental charges	32,000	-	32,000
Fire hydrant rental charges	95,282	-	95,282
Supplies	62,995	-	62,995
Insurance	50,626	-	50,626
Contingent Expenses	23,153	-	23,153
Training and education	13,678	-	13,678
Fuel	6,087	-	6,087
Maintenance and repairs	53,928	-	53,928
Total cost of operations and maintenance	1,338,939	-	1,338,939
Length of service awards program:			
Administrative fees	850	-	850
Participant withdrawals	62,599	-	62,599
Total length of service awards program	63,449	-	63,449
Total operating appropriations	1,450,043	-	1,450,043
Excess (deficiency) of revenues over (under) expenditures	308,299	20,000	328,299
Fund balance, January 1	1,385,097	184,000	1,569,097
Fund balance, December 31	$ 1,693,396	$ 204,000	$ 1,897,396

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

EXHIBIT B-2a

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
in the Governmental Funds of the Statement of Activities
December 31, 2023

Total net changes in Fund Balance-Governmental Funds (B-2)		$ 328,299
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.		
Depreciation Expense	$ (61,845)	(61,845)
Length of service awards program contribution is not reported in governmental funds as expenditures. However, in the statement of net position, the expense is equal to the amount of contributions to the volunteers accounts as determined by the benefit terms. Change in value of LOSAP investments is not a revenue in the government-wide financial statements as it is payable to the volunteers in accordance with the plan benefits.		(126,138)
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		(55,202)
In the statement of activities, certain operating expenses, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(21,771)
Changes in net position of governmental activities		$ 63,343

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CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Notes to Financial Statements
For the year ended December 31, 2023

NOTE 1: GENERAL INFORMATION

A. Description of Reporting Entity

Chesterfield Township Fire District No. 1 is a political subdivision of the Township of Chesterfield, County of Burlington, State of New Jersey. A board of five commissioners oversees all of the operations of the Fire District. The length of each commissioner's term is three years with the annual election held the first Thursday of March.

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 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.

B. District Officials

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

Officials

Rick Bainbridge
Bill Bibus
Raymond Hlubik
Holly Hennessey
Ryan Hudson

C. Accounting Records

The official accounting records of the Chesterfield Township Fire District No. 1 are maintained in the office of the District.

D. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

NOTE 1: GENERAL INFORMATION (continued)

E. 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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 80, *Blending Requirements for Certain Component Units* and GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The District had no component units as of for the year ended December 31, 2023.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the Fire 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. The Governmental Accounting Standards Board (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 district-wide 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). Fiduciary fund financial statements also report using the same focus. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The tax revenues are recognized in the year for which they are levied (see Note 2 O) 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.

B. 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

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."

Governmental Funds:

General Fund

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

Capital Projects Fund

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

C. District Wide and Fund Financial Statements

District Wide Financial Statements

The district-wide financial statements (A-1 and A-2) include the statement of net position and the 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 statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

The 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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. District Wide and Fund Financial Statements (continued)

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.

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.

Fund Financial Statements

The fund financial statements provide detail of the governmental funds.

D. Basis of Accounting

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

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

In its accounting and financial reporting, the Chesterfield Township Fire District No. 1 follows the pronouncements of the Governmental Accounting Standards Board (GASB).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting

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

The fire commissioners 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 fire 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 Fire District budget in accordance with N.J.S.A 40A: 14-78.3.

Subsequent to the adoption of the Fire District budget, the amount of money to be raised by taxation in support of the Fire 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 Fire Districts general-purpose financial statements.

F. 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. The District did not have any encumbrances at December 31, 2023.

G. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds and cash in banks. All certificates of deposit are recorded as cash regardless of the date of maturity.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Cash and Cash Equivalents (continued)

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.

H. Prepaid Expenses

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

I. 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.

J. Capital Assets

Capital assets, which include land, building, improvements, and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of $1,000.

Depreciation is recorded on the straight-line method (with no deprecation applied to the first year of acquisition) over the useful lives of the assets as follows:

Land Improvements	40 Years
Building and Improvements	5 to 30 Years
Furniture and Equipment	5 to 15 Years
Vehicles and Apparatus	5 to 25 Years

K. 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Interfund Receivable/Payable

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.

M. Compensated Absences

Fire District employees are entitled to vacation and sick leave. Unused vacation may be accumulated with a 90 hours threshold for firemen and a 10 day threshold for administrative staff. Unused sick time will be paid upon retirement to any employee with a minimum of ten years at a rate of thirty percent of their accrued sick time. Benefits paid in any future year will be calculated according to formulas outlined in the Fire District's agreement with the employee's union and included in the current year's budget.

N. Revenues and Expenditures

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.

O. Fire District Taxes

Upon proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be realized in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, 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.

P. Fund Equity

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Chesterfield Township Fire District No. 1 classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making District and does not lapse at year-end.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Fund Equity (continued)

- 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 Business Administrator.
- 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.

Q. Net Position

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

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

R. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

S. Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended December 31, 2023:

Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 96 establishes a single approach to accounting and financial reporting for subscription-based information technology arrangements for government end users. Statement No. 96 is effective for reporting periods beginning after June 15, 2022. The adoption of this pronouncement had no material effect on the financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Impact of Recently Issued Accounting Principles (continued)

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 101, *Compensated Absences*. Statement No. 101 aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 102, *Certain Risk Disclosures*, requires a government to disclose information about concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The standard will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. Statement No. 102 is effective for reporting periods beginning after June 15, 2024. Management has not yet determined the potential impact on the District's financial statements.

T. Unrealized Gains and Losses

Governmental Accounting Standards Board (GASB) has established GASB-31, which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of December 31, 2023, unrealized gains and losses for the Fire District were not considered to be material to the financial statements taken as a whole, and accordingly, have not been reflected in the financial statements.

U. Fair Value Measurement

The District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Fair Value Measurement (continued)

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values. Subsequent to initial recognition, the District may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by the District in estimating the fair value of its financial instruments:

Mutual funds: Valued at the net asset value (NAV) of shares held by the plan at year end.

Fixed Account Investment Contract: Valued at the contract's market value as reported by the insurance company.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table in Note 4 sets forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2023.

NOTE 3: CASH AND CASH EQUIVALENTS

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

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

Deposits:	
Demand Deposits	$ 917,117
Total Deposits	$ 917,117
Reconciliation to Governmental Fund Statements:	
Governmental Funds	$ 917,117
Total	$ 917,117

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2023, the District's bank balance of $1,009,111 was insured or collateralized as follows:

Insured under FDIC and GUDPA	$ 1,009,111
Total	$ 1,009,111

NOTE 4: INVESTMENTS

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Fire District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fire District, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fire District's name. All of the District's investments are held in the name of the District and are collateralized by GUDPA.

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fire value of an investment. The Fire District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2023, are provided in the below schedule.

C. Investment Credit Risk

The Fire District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;

NOTE 4: INVESTMENTS (continued)

C. Investment Credit Risk (continued)

- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Fire District or bonds or other obligations of the local unit or units within which the Fire District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Fire District;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

The following table sets forth by level, within the value hierarchy, the District's assets at fair value at December 31, 2023.

	Assets at Fair Value as of December 31, 2023			
	Level 1	*Level 2*	*Level 3*	*Total*
Length of service award program:				
Mutual funds	$ 848,983	$ -	$ -	$ 848,983
Fixed Account Investment Contract	131,296	-	-	131,296
Total assets at fair value	$ 980,279	$ -	$ -	$ 980,279

NOTE 5: CAPITAL ASSETS

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

Capital assets consisted of the following at December 31, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets being depreciated:				
Vehicle and apparatus	$ 1,733,546	$ -	$ -	$ 1,733,546
Furniture and equipment	582,783	-	-	582,783
Total capital assets being depreciated	2,316,329	-	-	2,316,329

NOTE 5: CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Less: accumulated depreciation:				
Vehicle and apparatus	(1,387,645)	(61,845)	-	(1,449,490)
Furniture and equipment	(582,782)	-	-	(582,782)
Total accumulated depreciation	(1,970,427)	(61,845)	-	(2,032,272)
Total capital assets being depreciated net of accumulated depreciation	345,902	(61,845)	-	284,057
Total capital assets	$ 345,902	$ (61,845)	$ -	$ 284,057

NOTE 6: LONG-TERM OBLIGATIONS

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

	Balance 12/31/22	Accrued/ increases	(Retired)/ (decreases)	Balance 12/31/23	Due within One Year
Governmental activities:					
Net pension liability	$ 971,101	$ 24,583	$ -	$ 995,684	$ -
Net length of service awards program liability	854,141	126,138	-	980,279	-
Compensated absences	36,021	21,771	-	57,792	-
Total	$ 1,861,263	$ 172,492	$ -	$ 2,033,755	$ -

NOTE 7: PENSION OBLIGATIONS

A. Police and Firemen's Retirement System (PFRS)

Plan Description – The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at http://www.state.nj.us/treasury/pensions/annual-reports.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

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

Contributions - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2023, the State contributed an amount more than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full

NOTE 7: PENSION OBLIGATIONS (continued)

A. Police and Firemen's Retirement System (PFRS) (continued)

payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2023, the District's contractually required contributions to PFRS plan was $119,964.

Net Pension Liability and Pension Expense - At December 31, 2023 the District's proportionate share of the PFRS net pension liability was $995,684. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The District's proportion measured as of June 30, 2023, was 0.00901%, which was an increase of 0.00053% from its proportion measured as of June 30, 2022.

Balances at December 31, 2023 and December 31, 2022

	12/31/2023	12/31/2022
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	$ 357,114	$ 447,291
Deferred Inflows of Resources	121,586	190,770
Net Pension Liability	995,684	971,101
District's portion of the Plan's total net pension Liability	0.00901%	0.00848%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2023, the District's proportionate share of the PFRS expense/(benefit), calculated by the plan as of the June 30, 2023 measurement date was $165,554.

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

NOTE 7: PENSION OBLIGATIONS (continued)

A. Police and Firemen's Retirement System (PFRS) (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 42,633	$ 47,485
Changes of Assumptions	2,149	67,233
Net Difference between Projected and Actual Earnings on Pension Plan Investments	50,708	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	261,624	6,868
	$ 357,114	$ 121,586

The District will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

NOTE 7: PENSION OBLIGATIONS (continued)

A. Police and Firemen's Retirement System (PFRS) (continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2018	5.73	-
June 30, 2019	-	5.92
June 30, 2020	5.90	-
June 30, 2021	-	6.17
June 30, 2022	6.22	-
June 30, 2023	6.16	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.73
June 30, 2019	-	5.92
June 30, 2020	-	5.90
June 30, 2021	6.17	-
June 30, 2022	-	6.22
June 30, 2023	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-
June 30, 2023	5.00	-

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

NOTE 7: PENSION OBLIGATIONS (continued)

A. Police and Firemen's Retirement System (PFRS) (continued)

Year Ending Dec 31,	Amount
2024	$ 474,657
2025	455,517
2026	(732,881)
2027	63,034
2028	(22,498)
Thereafter	(2,301)
	$ 235,528

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L, 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the District is $183,466 as of December 31, 2023. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2022, to the measurement date of June 30, 2023. The State's proportion of the net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2023 was 0.00901%, which was an increase of 0.00053% from its proportion measured as of June 30, 2022, which is the same proportion as the District's. At December 31, 2023, the District's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

District's Proportionate Share of Net Pension Liability	$ 995,684
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the District	183,466
	$ 1,179,150

NOTE 7: PENSION OBLIGATIONS (continued)

A. Police and Firemen's Retirement System (PFRS) (continued)

At December 31, 2023, the State's proportionate share of the PFRS expense, associated with the District, calculated by the plan as of the June 30, 2023 measurement date was $20,869.

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 16.25% Based on Years of Service
Investment Rate of Return	7.00%
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2018 - June 30, 2021

Pre-retirement mortality rates were based on the PubS-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the PubS-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real

NOTE 7: PENSION OBLIGATIONS (continued)

A. Police and Firemen's Retirement System (PFRS) (continued)

rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

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

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

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

NOTE 7: PENSION OBLIGATIONS (continued)

A. Police and Firemen's Retirement System (PFRS) (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	$ 1,387,311	$ 995,684	$ 669,552
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	255,628	183,466	123,373
	$ 1,642,939	$ 1,179,150	$ 792,925

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the District.

NOTE 8: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description – The Fire District's Length of Service Awards Program (LOSAP), which is reported in the District's general fund, was created by a resolution adopted on December 13, 1999 pursuant to Section 457(e)(11)(B) of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The voters of the District approved the adoption of the LOSAP at the general election held on December 13, 1999, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2000. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents in the Township of Chesterfield come from contributions made solely by the governing body of the Fire District, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Contributions – If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of $100 and a maximum contribution of $1,936 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The District elected to contribute $1,936 for the year ended December 31, 2023, per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2023, the District contributed a total of $17,424 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

NOTE 8: LENGTH OF SERVICE AWARDS PROGRAM (continued)

Participant Accounts – Each participant's account is credited with the District's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefits that can be provided from the participant's vested account. The District has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the District's creditors until distributed as benefit payments, are not available for funding the operations of the District. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Lincoln Financial Group ("Plan Administrator"), an approved LOSAP provider, is the administrator of the Plan. The District's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting – Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits – Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of bested accumulated deferrals.

Forfeited Accounts – There were no forfeitures during the year ended December 31, 2023.

Investments – The investments of the LOSAP reported on the governmental funds balance sheet are recorded at fair value.

Plan Information – Additional information about the Fire District's LOSAP can be obtained by contacting the Plan Administrator.

NOTE 9: FUNDING

The activities of the Board of Commissioners are primarily funded by striking a fire tax rate on property owners of the Fire District, as provided for by the state statute. For the year ended December 31, 2023, the fire tax rate was $0.175 per $100 of assessed valuation for the Township of Chesterfield. The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year.

NOTE 10: RISK MANAGEMENT

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

NOTE 10: RISK MANAGEMENT (continued)

A. Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability and surety bonds. Insurance coverage was maintained in amounts consistent with prior years. The District did not have any claims that exceeded coverage.

B. New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Reserve Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's Reserve for New Jersey Unemployment Trust Fund for the current year and prior two years:

Fiscal Year	District Contributions	Employee Withholdings	Amount Reimbursed	Reserve Balance
2023	$ -	$ 1,405	$ -	$ 29,729
2022	-	1,050	-	28,324
2021	-	894	-	27,274

NOTE 11: FUND BALANCE

General Fund – Of the $1,693,396 General Fund fund balance at December 31, 2023, $980,279 is restricted for length of service award program, $29,729 is restricted for New Jersey Unemployment Trust Fund reimbursements, $65,000 is designated for subsequent year's expenditures and $618,388 is unassigned.

Capital Projects Fund – Of the $204,000 Capital Projects Fund fund balance at December 31, 2023, the entire amount has been 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.

NOTE 12: DEFICIT UNRESTRICTED NET POSITION

As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of $(254,524) existed as of December 31, 2023 for governmental activities. The primary cause of this deficit is the recording of the long-term liability for net pension liability. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 2), pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities is not an indication that the District is facing financial difficulties or going concern issues.

NOTE 13: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2023 and July 25, 2024, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the District that would require disclosure.

EXHIBIT C-1

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

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Revenues:				
Miscellaneous anticipated revenue:				
Miscellaneous Income	$ -	$ -	$ 1,863	$ 1,863
Investment income	1,200	1,200	7,020	5,820
Total miscellaneous revenues	1,200	1,200	8,883	7,683
Operating grant revenues:				
COVID Relief Funds	44,091	44,091	44,091	-
American Rescue Plan	26,000	26,000	26,000	-
Local Efficiency Achievement Program	-	-	59,288	59,288
Total operating grant revenue	70,091	70,091	129,379	59,288
Total revenues	71,291	71,291	138,262	66,971
Amount raised by taxation to support district budget	1,467,917	1,467,917	1,467,917	-
Total Revenues	1,539,208	1,539,208	1,606,179	66,971
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	10,000	10,765	10,765	-
Fringe benefits	765	4,235	4,235	-
Other expenditures:				
Professional fees	26,000	26,000	25,760	240
Advertising	3,000	3,000	286	2,714
Office supplies and postage	7,000	7,000	6,609	391
Total administration	46,765	51,000	47,655	3,345
Cost of operations and maintenance:				
Salaries and wages	701,663	708,163	668,217	39,946
Fringe benefits	415,780	394,045	332,973	61,072
Other expenditures:				
Rental charges	34,000	32,000	32,000	-
Fire hydrant rental charges	105,000	96,000	95,282	718
Supplies	33,500	63,500	62,995	505
Insurance	50,000	51,000	50,626	374
Contingent Expenses	25,000	23,300	23,153	147
Training and education	10,000	13,700	13,678	22
Fuel	7,500	6,500	6,087	413
Maintenance and repairs	65,000	55,000	53,928	1,072
Total cost of operations and maintenance	1,447,443	1,443,208	1,338,939	104,269
Length of Service Award	25,000	25,000	17,424	7,576
Capital appropriations	20,000	20,000	-	20,000
Total operating appropriations	1,539,208	1,539,208	1,404,018	135,190
Excess (deficiency) of revenues over (under) expenditures	-	-	202,161	202,161
Fund balance, January 1	714,956	714,956	714,956	-
Fund balance, December 31	$ 714,956	$ 714,956	$ 917,117	$ 202,161

RECAPITULATION OF FUND BALANCE

Restricted fund balance:	
Capital reserve	$ 204,000
Unemployment reserve	29,729
Assigned for:	
Subsequent year's expenditures	65,000
Unassigned fund balance	618,388
Total - budgetary basis	917,117
Reconciliation to governmental fund statements (GAAP):	
Length of service awards program investment balance not recognized on the budgetary basis	980,279
Total fund balance per governmental funds (GAAP)	$ 1,897,396

EXHIBIT C-1a

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation
For the year ended December 31, 2023

		Total Governmental Funds
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" From the Budgetary Comparison Schedule (C-1)	$	1,606,179
Difference - Budget to GAAP:		
Budgetary basis differs from GAAP in that the District does not budget for length of service awards program investment income. GASB 73 requires the investment appreciation in the length of service awards program to be shown in financial statements using the current financial resources measurement focus and modified accrual basis of accounting:		
Net appreciation in fair value of investments		172,163
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	$	1,778,342
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Appropriations" From the Budgetary Comparison Schedule (C-1)	$	1,404,018
Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service awards program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the Plan.		
Length of service awards program district contribution		(17,424)
Administrative fees		850
Participant withdrawals		62,599
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	$	1,450,043

EXHIBIT L-1

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Schedule of the District's Proportionate Share of the Net Pension Liability
Police and Firemen's Retirement System
Last Ten Fiscal Years

Year Ended December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.00901%	0.00848%	0.00774%	0.00556%	0.00468%	0.00453%	0.00428%	0.00384%	0.00288%	0.00288%
District's Proportionate Share of the Net Pension Liability	$ 995,684	$ 971,101	$ 1,000,006	$ 680,239	$ 633,919	$ 699,426	$ 818,068	$ 640,174	$ 362,615	$ 362,615
State's Proportionate Share of the Net Pension Liability associated with the District	183,466	172,827	155,196	107,411	86,107	78,342	68,697	56,141	39,048	39,048
Total	$ 1,179,150	$ 1,143,928	$ 1,155,202	$ 787,650	$ 720,026	$ 777,768	$ 886,765	$ 696,315	$ 401,663	$ 401,663
District's covered-employee payroll	$ 441,125	$ 313,661	$ 299,920	$ 265,335	$ 265,504	$ 214,401	$ 157,893	$ 146,928	$ 136,317	$ 97,052
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	225.71%	309.60%	333.42%	256.37%	238.76%	326.22%	518.12%	435.71%	266.01%	373.63%
Plan fiduciary net position as a percentage of the total pension liability	70.16%	68.33%	77.26%	63.52%	65.00%	62.48%	58.60%	52.01%	56.31%	62.41%

EXHIBIT L-2

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Schedule of District Contributions
Police and Firemen's Retirement System
Last Ten Fiscal Years

Year Ended December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Contractually Required Contribution	$ 119,964	$ 110,338	$ 89,193	$ 86,460	$ 56,147	$ 45,800	$ 40,096	$ 34,917	$ 31,241	$ 22,141
District's Contribution in Relation to the Contractually Required Contribution	119,964	110,338	89,193	86,460	56,147	45,800	40,096	34,917	31,241	22,141
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 441,125	$ 313,661	$ 299,920	$ 265,335	$ 265,504	$ 214,401	$ 157,893	$ 146,928	$ 136,317	$ 97,052
Contributions as a percentage of covered-employee payroll	27.20%	35.18%	29.74%	32.59%	21.15%	21.36%	25.39%	23.76%	22.92%	22.81%

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Required Supplementary Information
December 31, 2023

Police and Firemen's Retirement System (PFRS)

Changes of Benefit Terms

None.

Changes of Assumptions

None.

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CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Financial Statement Findings
For the Year Ended December 31, 2023

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

***Finding 2023-001**

Criteria of Specific Requirement:
State of New Jersey technical accounting directives require that the District maintain a capital asset accounting system that shall include asset descriptions, historical costs, accumulated depreciation and other such information. Proper internal control practices also dictate that complete and accurate records should be maintained to ensure adequate control over the preparation of the financial statements, including related footnotes.

Condition:
The District did not maintain a capital asset accounting system for vehicles and equipment in accordance with technical accounting directives.

Cause:
Internal control policies and procedures were not implemented to properly maintain the capital asset accounting system for vehicles and equipment.

Effect of Potential Effect:
The financial statements become susceptible to misstatement.

Recommendation:
That internal control policies and procedures be implemented as designed in order to properly maintain the capital assets account.

Management Response:
The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

***Finding 2023-002**

Criteria of Specific Requirement:
N.J.A.C. 5:30-5.2(a)3 requires that the District issue purchase orders in conjunction with disbursing of District funds for expenditures.

Condition:
The District did not issue purchase orders prior to disbursement of District funds.

***Finding 2023-002 (continued)**

Cause:
Internal control policies and procedures were not implemented to properly operate the purchasing function of the District.

Effect of Potential Effect:
The financial statements become susceptible to misstatement.

Recommendation:
That internal control policies be implemented to comply with N.J.A.C. 5:30-5.2(a)3. Purchase orders and voucher packages should be utilized for all District disbursements and expenditures.

Management Response:
The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding No. 2023-003:

Criteria of Specific Requirement:

Proper internal control requires the District to implement procedures that ensure accurate and timely preparation of monthly reconciliations of all bank accounts.

Condition:

The District cash reconciliation for the general account was not prepared accurately or timely.

Context:

The bank account reconciliation listed above contained various inaccurate reconciling items.

Cause:

Unknown.

Effect or Potential Effect:

The District risks material misstatements within their records.

Recommendation:

That the District design and implement proper internal controls that will ensure accurate and timely preparation of all monthly bank reconciliation.

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Financial Statement Findings (continued)
For the Year Ended December 31, 2023

Finding No. 2023-003 (continued):

Management Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action.

Finding No. 2023-004:

Criteria of Specific Requirement:

Proper internal control requires the District to implement procedures that ensure accurate preparation of payroll postings.

Condition:

The District employee deductions and gross payroll prepared by a third party payroll provider were not posted accurately within the client's accounting software.

Context:

The posting of payroll to the system had various inaccuracies for bi-weekly payroll runs.

Cause:

Unknown.

Effect or Potential Effect:

The District risks material misstatements within their records.

Recommendation:

That the District design and implement proper internal controls that will ensure accurate postings for employee deductions and gross payroll.

Management Response:

The responsible officials agree with the finding and will address the matter as part of their corrective action.

CHESTERFIELD TOWNSHIP FIRE DISTRICT NO. 1
Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management
For the Year Ended December 31, 2023

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Financial Statement Findings

Finding 2022-001

Condition:
The District did not maintain a capital asset accounting system for vehicles and equipment in accordance with technical accounting directives.

Current Status:
The condition has not been corrected. See Finding 2023-001.

Finding 2022-002

Condition:
The District did not issue purchase orders prior to disbursement of District funds.

Current Status:
The condition has not been corrected. See Finding 2023-002.

Federal Awards

N/A – No Federal Single Audit in prior year

State Financial Assistance

N/A – No State Single Audit in prior year

HMA
HOLT MCNALLY & ASSOCIATES
Certified Public Accountants & Advisors

Acknowledgment

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Holt Mc Nally & Associates, Inc.

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

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July 25, 2024

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