

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1

MONTVILLE, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2025

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
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DECEMBER 31, 2025

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FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the Board of Commissioners
Montville Township Fire District No. 1
P.O. Box 504
Montville, New Jersey

Report on the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Montville Township Fire District No. 1 (the "District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements which collectively comprise the Montville Township Fire District No. 1's basic financial statements as listed in the table of contents.

Qualified Opinion on the Fiduciary Fund

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the accompany financial statements referred to above present fairly, in all material respects, the financial position of the Montville Township Fire District No. 1, as of December 31, 2025 and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Governmental Activities, Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Montville Township Fire District No. 1, as of December 31, 2025, 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 Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Montville Township Fire District No. 1, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinion.

Matter Giving Rise to Qualified Opinion on the Fiduciary Funds

As discussed in Note 4 of the financial statements, the financial statements of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Fund Financial statements as part of our audit of the District's financial statements. The LOSAP Trust Fund financial activities are included in the District's Fiduciary Funds, and represent 100 percent of the net position of the District's Fiduciary Funds as of December 31, 2025.

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 Montville Township Fire District No. 1'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 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 opinion. 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 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 we:

- Exercise professional judgement 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 Montville Township Fire District No. 1'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 Montville Township Fire District No. 1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Montville Township Fire District No. 1 as a whole. The supplementary schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

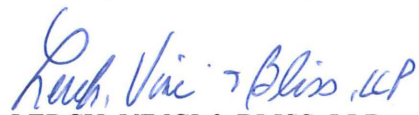
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2026 on our consideration of the Montville Township Fire District No. 1'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 Montville Township Fire District No. 1'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 the Montville Township Fire District No. 1's internal control over financial reporting and compliance.


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants

REQUIRED SUPPLEMENTARY INFORMATION

PART 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

The discussion and analysis of Montville Township Fire District No. 1's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and related notes which comprise the basic financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified by the Governmental Accounting Standards Board. Certain comparative information between the current year (2025) and the two prior years (2024 and 2023) are required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2025 are as follows:

- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of the year by \$4,645,424 (net position).
- Overall District revenues were \$797,623. General revenues accounted for \$724,649 or 91% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$72,974 or 9% of total revenue.
- The District had \$598,815 in expenses for governmental activities; only \$72,974 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$724,649 were adequate to provide for these programs.
- As of the close of the current year, the District's governmental funds reported a combined ending fund balance of \$2,725,208 an increase of \$287,275 when compared to the ending fund balance at June 30, 2024 of \$2,437,933.
- The General Fund unassigned fund balance at December 31, 2025 was \$647,094, an increase of \$106,575 when compared with the ending unassigned fund balance of \$540,519 at December 31, 2024.
- The Capital Projects Fund fund balance at December 31, 2025 was \$1,983,964 which represents an increase of \$157,360 when compared to the ending fund balance at December 31, 2024 of \$1,826,604.

Overview of the Financial Statements

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The Governmental Funds statements tell how basic services were financed in the short term as well as what remains for future spending.

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Fund Financial Statements (Continued)

- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Major Features of District-Wide, Fund Financial Statements and Fiduciary Funds

	<u>District-wide Statements</u>	<u>Fund Financial Statements Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Instances in which the district administers resources on behalf of someone else
Required financial statements	•Statement of net position •Statement of activities	•Balance sheet •Statement of revenues, expenditures, and changes in fund balances	•Statement of fiduciary net assets •Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of assets/deferred outflows/inflows of resources and liability information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included	All assets, deferred outflows/inflows of resources and liabilities both financial and capital and short-term and long-term. The District's funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions, during the year, regardless of when cash is received or paid

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or position

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities.

In the district-wide financial statements the District's activities are reported as a Governmental Activity. Most of the District's basic services are included here, such as fire inspection, prevention, administration and firehouse operation and maintenance.

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Fiduciary fund* – This fund is established to account for the tax-deferred income benefits to active volunteer members of the Fire District.

Notes to the Financial Statements

The notes 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 can be found following the fund financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general fund and capital projects fund. A budgetary comparison statement has been provided for the General Fund as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

The District also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68. The required supplementary information can be found following the notes to the financial statements.

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,645,424 and \$4,446,616 as of December 31, 2025 and 2024, respectively, as shown below.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to the Township's residents and businesses; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Net Position
December 31, 2025, 2024 and 2023**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets			
Current and Other Assets	\$ 2,759,758	\$ 2,489,739	\$ 2,270,143
Capital Assets	<u>1,920,216</u>	<u>2,008,683</u>	<u>2,320,222</u>
Total Assets	<u>4,679,974</u>	<u>4,498,422</u>	<u>4,590,365</u>
 Total Assets	 <u>4,679,974</u>	 <u>4,498,422</u>	 <u>4,590,365</u>
 Liabilities			
Other Liabilities	<u>34,550</u>	<u>51,806</u>	<u>57,083</u>
Total Liabilities	<u>34,550</u>	<u>51,806</u>	<u>57,083</u>
 Deferred Inflows of Resources			
Deferred Amounts on Net Pension Liability	<u>-</u>	<u>-</u>	<u>38,959</u>
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>38,959</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>34,550</u>	 <u>51,806</u>	 <u>96,042</u>
 Net Position			
Net Investment in Capital Assets	1,920,216	2,008,683	2,320,222
Restricted	1,983,964	1,826,604	1,718,244
Unrestricted	<u>741,244</u>	<u>611,329</u>	<u>455,857</u>
Total Net Position	<u>\$ 4,645,424</u>	<u>\$ 4,446,616</u>	<u>\$ 4,494,323</u>

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

The changes in net position for the years ended December 31, 2025, 2024 and 2023 are as follows:

	<u>Governmental Activities</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
REVENUES			
Program Revenues			
Charges for Services	\$ 72,974	\$ 49,555	\$ 42,198
General Revenues			
Property Taxes	616,233	610,487	606,721
Other	<u>108,416</u>	<u>142,925</u>	<u>45,346</u>
Total Revenues	<u>797,623</u>	<u>802,967</u>	<u>694,265</u>
EXPENSES			
Administration	36,536	35,100	35,918
Cost of Operations and Maintenance	512,117	601,208	561,655
Uniform Fire Safety	50,162	15,865	19,322
Loss on Disposal of Capital Assets	<u>-</u>	<u>198,501</u>	<u>-</u>
Total Expenses	<u>598,815</u>	<u>850,674</u>	<u>616,895</u>
Change in Net Position	198,808	(47,707)	77,370
Net Position, January 1	<u>4,446,616</u>	<u>4,494,323</u>	<u>4,416,953</u>
Net Position, December 31	<u>\$ 4,645,424</u>	<u>\$ 4,446,616</u>	<u>\$ 4,494,323</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District operations. Property taxes made up 77% and 76% of revenues for governmental activities for Montville Township Fire District No. 1 for 2025 and 2024. The District's total revenues were \$797,623 and \$802,967 for the years ended December 31, 2025 and 2024, respectfully. Charges for services accounted for 9% and 6% of revenues and miscellaneous revenue accounted for 14% and 18% for the years ended December 31, 2025 and 2024.

The Statement of Activities presents the cost of program services, the charges for services and grants offsetting those services. The schedule below summarizes the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Total Cost and Net Cost of Services

	<u>2025</u>		<u>2024</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Administration	\$ 36,536	\$ 36,536	\$ 35,100	\$ 35,100
Cost of Operations and Maintenance	512,117	512,117	601,208	601,208
Uniform Fire Safety Act	<u>50,162</u>	<u>(22,812)</u>	<u>15,865</u>	<u>(33,690)</u>
Total Expenses	<u>\$ 598,815</u>	<u>\$ 525,841</u>	<u>\$ 652,173</u>	<u>\$ 602,618</u>

Administration includes expenses associated with administrative and financial supervision of the District. Cost of Operations and Maintenance involve keeping equipment in an effective working condition.

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,725,208, an increase of \$287,275 from last year's fund balance of \$2,437,933.

Revenues for the District's governmental funds were \$797,623 and total expenditures were \$510,348.

General Fund - The General Fund is the chief operating fund of the District.

Revenues of the General Fund were \$797,623 for the year ended December 31, 2025. Property taxes amounted to \$616,233, local sources totaled \$108,416 and fire inspection sources totaled \$72,974.

Expenditures of the General Fund were \$503,708. The costs of operations and maintenance were \$369,261, expenditures for administrative services were \$36,536, fire inspection costs were \$50,162 and capital expenditures totaled \$47,749 for the year ended December 31, 2025.

Capital Projects - The capital projects revenues and other financing sources exceeded expenditures and other financing uses by \$157,360 increasing the fund balance from \$1,826,604 at December 31, 2024 to \$1,983,964 at December 31, 2025.

Capital Assets

As of December 31, 2025 and 2024, the District had \$1,920,216 and \$2,008,683, respectively, invested, net of accumulated depreciation, in buildings, building improvements, machinery and equipment. The following schedule details 2025 and 2024 balances.

**Summary of Capital Assets
(Net of Depreciation)**

<u>Capital Asset</u>	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Buildings and Building Improvements	\$ 1,462,771	\$ 1,462,771
Vehicles and Equipment	4,066,372	4,011,983
Accumulated Depreciation	<u>(3,608,927)</u>	<u>(3,466,071)</u>
Total	<u>\$ 1,920,216</u>	<u>\$ 2,008,683</u>

Additional information about the District's capital assets can be found in Note 2 of this report.

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

For the Future

The Montville Township Fire District No. 1 is in sound financial condition. The District is proud of its community support.

In conclusion, the Montville Township Fire District No. 1 has committed itself to financial excellence for many years. In addition, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mike Caggiano, Treasurer, at Montville Township Fire District No. 1, P. O. Box 504, Montville, NJ 07045.

BASIC FINANCIAL STATEMENTS

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2025

	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,753,911	\$ 2,753,911
Prepaid Items	5,847	5,847
Capital Assets		
Being Depreciated, net	<u>1,920,216</u>	<u>1,920,216</u>
Total Assets	<u>4,679,974</u>	<u>4,679,974</u>
LIABILITIES		
Accounts Payable and Other Current Liabilities	<u>34,550</u>	<u>34,550</u>
Total Liabilities	<u>34,550</u>	<u>34,550</u>
NET POSITION		
Investment in Capital Assets	1,920,216	1,920,216
Restricted For Capital Projects	1,983,964	1,983,964
Unrestricted	<u>741,244</u>	<u>741,244</u>
Total Net Position	<u>\$ 4,645,424</u>	<u>\$ 4,645,424</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Assets</u>	
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental Activities:					
Administration	\$ 36,536			\$ (36,536)	\$ (36,536)
Cost of Operations and Maintenance	512,117			(512,117)	(512,117)
Uniform Fire Safety Act	<u>50,162</u>	<u>\$ 72,974</u>	<u>-</u>	<u>22,812</u>	<u>22,812</u>
Total Governmental Activities	<u>598,815</u>	<u>72,974</u>	<u>-</u>	<u>(525,841)</u>	<u>(525,841)</u>
Total Primary Government	<u>\$ 598,815</u>	<u>\$ 72,974</u>	<u>\$ -</u>	<u>(525,841)</u>	<u>(525,841)</u>
General Revenues:					
Property Taxes, Levied for General Purposes				616,233	616,233
Miscellaneous				108,416	108,416
Loss on Disposal of Capital Assets				<u>-</u>	<u>-</u>
Total				<u>724,649</u>	<u>724,649</u>
Changes in Net Position				198,808	198,808
Net Position - January 1, 2025				<u>4,446,616</u>	<u>4,446,616</u>
Net Position - December 31, 2025				<u>\$ 4,645,424</u>	<u>\$ 4,645,424</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement.

FUND FINANCIAL STATEMENTS

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2025

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Asset			
Cash and Cash Equivalents	\$ 769,947	\$ 1,983,964	\$ 2,753,911
Prepaid Items	5,847	-	5,847
Total Assets	<u>\$ 775,794</u>	<u>\$ 1,983,964</u>	<u>\$ 2,759,758</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable and Other Current Liabilities	\$ 34,550	-	\$ 34,550
Total Liabilities	<u>34,550</u>	<u>-</u>	<u>34,550</u>
Fund Balances			
Restricted			
Capital Projects		\$ 1,983,964	1,983,964
Fire Prevention	94,150		94,150
Unassigned	647,094		647,094
Total Fund Balances	<u>741,244</u>	<u>1,983,964</u>	<u>2,725,208</u>
Total Liabilities and Fund Balances	<u>\$ 775,794</u>	<u>\$ 1,983,964</u>	
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 capital assets is \$5,529,143 and the accumulated depreciation is \$3,608,927			<u>1,920,216</u>
Net Position of Governmental Activities			<u>\$ 4,645,424</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement.

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property Taxes	\$ 616,233		\$ 616,233
Uniform Fire Safety Act	72,974		72,974
Miscellaneous	108,416		108,416
Total Revenues	797,623	-	797,623
EXPENDITURES			
Administration	36,536		36,536
Cost of Operations and Maintenance	369,261		369,261
Capital Outlay	47,749	\$ 6,640	54,389
Uniform Fire Safety Act	50,162	-	50,162
Total Expenditures	503,708	6,640	510,348
Excess (Deficiency) of Revenues Over (Under) Expenditures	293,915	(6,640)	287,275
Operating Transfers			
Transfer In		164,000	164,000
Transfer Out	(164,000)	-	(164,000)
Net Change in Fund Balances	129,915	157,360	287,275
Fund Balance, January 1, 2025	611,329	1,826,604	2,437,933
Fund Balance, December 31, 2025	<u>\$ 741,244</u>	<u>\$ 1,983,964</u>	<u>\$ 2,725,208</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement.

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 287,275

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

Capital outlays to purchase capital assets 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

Capital Outlay	\$	54,389	
Depreciation Expense		<u>(142,856)</u>	
			<u>(88,467)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 198,808

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement.

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF FIDUCIARY NET POSITION AVAILABLE FOR BENEFITS
FIDUCIARY FUND
LENGTH OF SERVICE AWARDS PROGRAM
AS OF DECEMBER 31, 2025
(UNAUDITED)

ASSETS

Cash and Cash Equivalents	
Investments with Fiscal Agents	\$ 730,191
Accounts Receivable	<u>23,250</u>
Total Assets	<u>753,441</u>

NET POSITION AVAILABLE FOR BENEFITS

Held in Trust For Benefits	<u>753,441</u>
Total Net Position	<u><u>\$ 753,441</u></u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement.

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION AVAILABLE FOR BENEFITS
FIDUCIARY FUND
LENGTH OF SERVICE AWARDS PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

ADDITIONS

Contributions	\$ 19,550
Increase in Investment Value	<u>78,587</u>
Total Additions	<u>98,137</u>

DEDUCTIONS

Administrative Fees	<u>975</u>
Total Deductions	<u>975</u>

Change in Net Position	97,162
Net Position Available for Benefits, January 1, 2025	<u>656,279</u>
Net Position Available for Benefits, December 31, 2025	<u><u>\$ 753,441</u></u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement.

NOTES TO THE FINANCIAL STATEMENTS

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The Montville Township Fire District No. 1 is an instrumentality of the State of New Jersey and located in of the Township of Montville. The Board consists of five members elected to three-year terms and is responsible for the administrative control of the District.

Government Accounting Standards Board (the "GASB") requires the financial reporting entity to include both the primary government and those component units. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During 2025, the District adopted the following new GASB statements:

- GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a governmental entity vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a governmental entity's financial condition.

Other accounting standards that the District is currently reviewing for its potential impact on the financial statements include:

- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective beginning with the year ending December 31, 2026. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from governmental entity to governmental entity, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective beginning with the year ending December 31, 2026. This statement requires certain types of capital assets to be disclosed separately in the capital asset note disclosures, including leased assets, intangible right-to-use assets, public-private and public-public partnerships and availability payment arrangements, subscription-based information technology arrangements and certain intangible assets. The statement also requires additional disclosures for capital assets held for sale. The requirements of this statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosure will also improve consistency and comparability between governments.

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

District-Wide Financial Statements

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

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

Property taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition of equipment or construction of major capital facilities. The financial resources are derived from the issuance of debt or by utilization of fund balance that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Additionally, the District reports the following fund type.

The Fiduciary Fund is used to account for resources legally held by the District in a trust for Length of Service Awards Program (“LOSAP”) activities. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of their resources be preserved as capital.

Reclassifications

Certain reclassifications may have been made to the December 31, 2024 balances to conform to the December 31, 2025 presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The District’s financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the District’s operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Amounts reported as program revenues include 1) charges for services provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

E. Budgets/Budgetary Control

Annual budgets are prepared each year for the operations of the fire district. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budgets are then voted upon by the public, at the annual fire district election held on the third Saturday in February. Budgetary transfers may be made during the last two months of the year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The over expended appropriations resulted in unfavorable variances.

<u>General Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Administration			
Professional Services	\$ 7,400	\$ 7,535	\$ 135
Office Expenses	950	1,420	470
Cost of Operations and Maintenance			
Other Expenses			
Apparatus Repairs	43,000	54,351	11,351
Equipment Repairs	19,900	23,313	3,413
Office Expenses	2,600	5,471	2,871
Professional Services	6,200	8,094	1,894
Utilities	49,650	52,986	3,336
Uniform Fire Safety			
Salaries and Wages			
Fire Official	7,000	19,135	12,135
Fringe Benefits	2,230	2,440	210

The above variances were offset with other available resources.

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 in governmental funds are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Assets, Liabilities, and Net Position

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, cash in banks, certificates of deposits, and all highly liquid investments with a maturity of three months or less from the time of purchase. All investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey fire districts.

The District has previously adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

2. Inventory

The cost of inventories which are deemed immaterial are recorded as an expenditure during the year of purchase.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include buildings and building improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Construction in progress is not depreciated. Buildings and improvements, vehicles and equipment of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	40
Machinery and Equipment	
Fire Trucks	25-40
Other Vehicles	5-12
Equipment	5-12

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Liabilities, and Net Position (Continued)

5. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Investment in capital assets** – consists of the cost of capital assets less accumulated depreciation.
- **Restricted net position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – any portion of net position not already classified as either investment in capital assets or net position – restricted is classified as net position – unrestricted.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position has been depleted before unrestricted – net position is applied.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and building improvements in the Capital Projects Fund.

Fire Prevention – Represents fund balance restricted specifically for funds accumulated related to Uniform Fire Safety Act.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Revenues and Expenditures

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, investment earnings and miscellaneous revenues.

2. Fire District Taxes

Upon the proper certification to the Township of Montville, the Tax Collector shall assess the amount of taxes to be raised in support of the Fire District's budget in the same manner as all other municipal taxes. Per N.J.S.A. 40A:14-79, the Chief Financial Officer of the Township shall then pay over to the treasurer of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over. It is the Township's current policy to pay 50% in April and October.

3. 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 received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are recorded when the related liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The District's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The District is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC or NCUSIF insured amounts.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2025, the book value of the District's deposits was \$858,519 and the bank balance of the District's deposits was \$906,413. Of the bank balances \$595,388 was covered by FDIC and \$311,024 was covered by GUDPA.

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The District is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a 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 District or bonds or other obligations of the local unit or units within which the district is located, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; 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 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the District is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2025, the District had the following investments:

	Valuation Basis	
<u>Investment Type</u>		
Investment:		
U.S. Government Securities	Fair Value	\$ 262,868
Certificates of Deposit	Fair Value	1,632,524
Lincoln Financial LOSAP Retirement Fund (Unaudited)	Fair Value	<u>730,191</u>
		<u>\$ 2,625,583</u>

Investments with the exception for LOSAP are reported as cash and cash equivalents.

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are held by an outside party. The District does not have a policy for custodial risk. As of December 31, 2025, the District’s investments was exposed to custodial credit risk as follows:

Insured and Uncollateralized	\$ 1,632,524
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the District's name	730,191
Uninsured and Uncollateralized	<u>262,868</u>
	<u>\$ 2,625,583</u>

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and N.J.A.C. 5:30-14.19). The District does not have an investment policy that would further limit its investment choices. As of December 31, 2025, the District's investment in Lincoln Financial Group was rated A2 by Moody's Investor Services and A+ by Standard and Poors.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough's investment in a single issuer. The District places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the District's investments are in Lincoln Financial Group. These investments are 100% of the District's total investments.

The fair value of the above-listed investments was based on information provided by Lincoln Financial Group.

Fair Value of Investments

Fair value measurements reflected in the financial statements conceptually represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement date. GAAP provides a hierarchy that prioritizes the inputs to fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that reflect the Program's assumptions, based on the best information available, about how market participants would value an asset or liability.

Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities measured and reported at fair value are classified and disclosed within one of the following categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets as of the reporting date. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations are determined through direct or indirect observations other than quoted market prices for identical assets and liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies including discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate the Program's assumptions and projections in determining the fair value assigned to the assets or liabilities.

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

The fair value of investments determined to be level 2 assets as of December 31, 2025 consisted of:

2025

<u>Investments by Fair Value Level</u>	<u>Level 2</u>
U.S. Treasury Bills	\$ 262,868
Certificates of Deposit	1,632,524
Variable Annuity - Multi Fund	<u>730,191</u>
Total Investment at Fair Value	<u>\$ 2,625,583</u>

B. Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	<u>Balance</u> <u>January 1,</u> <u>2025</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>December 31,</u> <u>2025</u>
Governmental Activities:				
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	\$ 1,462,771			\$ 1,462,771
Vehicles and Equipment	<u>4,011,983</u>	<u>\$ 54,389</u>	<u>-</u>	<u>4,066,372</u>
Total Capital Assets, Being Depreciated	<u>5,474,754</u>	<u>54,389</u>	<u>-</u>	<u>5,529,143</u>
Accumulated Depreciation For:				
Buildings and Building Improvements	(1,219,276)	(36,850)		(1,256,126)
Vehicles and Equipment	<u>(2,246,795)</u>	<u>(106,006)</u>	<u>-</u>	<u>(2,352,801)</u>
Total Accumulated Depreciation	<u>(3,466,071)</u>	<u>(142,856)</u>	<u>-</u>	<u>(3,608,927)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,008,683</u>	<u>(88,467)</u>	<u>-</u>	<u>1,920,216</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,008,683</u>	<u>\$ (88,467)</u>	<u>\$ -</u>	<u>\$ 1,920,216</u>

Depreciation expense was charged to functions of the District as follows:

Cost of Operations and Maintenance	<u>\$142,856</u>
------------------------------------	------------------

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

NOTE 3 OTHER INFORMATION

Risk Management

The District is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The District has obtained insurance coverage to guard against these events which will provide minimum exposure to the District should they occur.

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 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.

NOTE 4 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) UNAUDITED

The Montville Township Fire District No. 1 Length of Service Awards Program (LOSAP) was created pursuant to Section 457 (e)(11)(13) of the Internal Revenue Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Awards Program as enacted into federal law in 1997.

The tax deferred income benefits for active volunteer members of the Montville Township Fire District No. 1 come from contributions made solely by the District, on behalf of those volunteers who meet the criteria of the Program created by the Board.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 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 issues the permitted maximum increase annually.

The Montville Township of Fire District No. 1 contributed between \$550 and \$1,150 per eligible volunteer into the Program, based on the annual accumulated points of each member for the year ended December 31, 2025. The District contributed \$23,250 for 2025.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the District has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the Program participants and their beneficiaries.

Lincoln Financial Group is the administrator of the Program. The District’s practical involvement in administering the Program is essentially limited to verifying the eligibility of each participant and remitting the funds to the Program administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency’s surplus.

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025

NOTE 4 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP) (UNAUDITED) (Continued)

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the District perform a separate review report of the Program in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the program are presented as unaudited in this report as part of the District's Fiduciary Funds.

NOTE 5 SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through June 19, 2026 the date of which the financial statements were available to be issued.

On February 21, 2026, referendum questions were approved by the voters to transfer funds between existing Capital Fund accounts and appropriate funds for Improvements to Fire House No.1 and for the acquisition of fire apparatus. The fund transfers have no tax impact to residents of the Fire District.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISONS

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
BUDGETARY COMPARISON SCHEUDLE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Miscellaneous Revenues					
Interest on Investments	\$ 75,325	-	\$ 75,325	\$ 104,216	\$ 28,891
Other				3,700	3,700
Sale of Assets	-	-	-	500	500
Miscellaneous Revenues					
Offset With Appropriations:					
Uniform Fire Safety Act	45,500	-	45,500	72,974	27,474
Amount to be Raised by Taxation	616,233	-	616,233	616,233	-
Total Revenues	737,058	-	737,058	797,623	60,565
EXPENDITURES					
Administration					
Salaries and Wages					
Commissioners	7,500		7,500	7,300	200
Clerk	17,280	-	17,280	17,280	-
Total Salaries and Wages	24,780	-	24,780	24,580	200
Fringe Benefits	2,228	-	2,228	2,053	175
Other Expenses					
Professional Services	7,400	-	7,400	7,535	(135)
Election and Advertising	1,400		1,400	948	452
Office Expenses	950	-	950	1,420	(470)
Total Other Expenses	9,750	-	9,750	9,903	(153)
Total Administration	36,758	-	36,758	36,536	222
Cost of Operations and Maintenance					
Fringe Benefits	1,700	-	1,700	1,014	686
Other Expenses:					
Apparatus Repairs	43,000		43,000	54,351	(11,351)
Buildings and Grounds	100,000		100,000	62,379	37,621
Equipment Repairs	19,900		19,900	23,313	(3,413)
Medical Supplies	2,000		2,000	-	2,000
Office Expenses	2,600		2,600	5,471	(2,871)
Supplies	22,500		22,500	9,072	13,428
Uniforms	35,000		35,000	28,550	6,450
Professional Services	6,200		6,200	8,094	(1,894)
Insurance	51,800		51,800	45,481	6,319
Training and Education	10,000		10,000	9,605	395
Travel	1,000		1,000	492	508
Dues and Subscriptions	600		600	170	430
Utilities	49,650		49,650	52,986	(3,336)
Recruiting Expenses	5,000		5,000	-	5,000
Equipment and Accessories	108,600	-	108,600	92,782	15,818
Total Other Expenses	457,850	-	457,850	392,746	65,104
Length of Service Awards Program	31,250	-	31,250	23,250	8,000
Total Cost of Operations and Maintenance	490,800	-	490,800	417,010	73,790

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
BUDGETARY COMPARISON SCHEUDLE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES: (Continued)					
Uniform Fire Safety:					
Salaries and Wages:					
Fire Official	\$ 7,000	-	\$ 7,000	\$ 19,135	\$ (12,135)
Fire Inspector	14,000		14,000	5,297	8,703
Clerk	4,800	-	4,800	4,800	-
Total Salaries and Wages	25,800	-	25,800	29,232	(3,432)
Fringe Benefits	2,230	-	2,230	2,440	(210)
Other Expenses	17,470	-	17,470	18,490	(1,020)
Total Uniform Fire Safety Act	45,500	-	45,500	50,162	(4,662)
Total Expenditures	573,058	-	573,058	503,708	69,350
Excess of Revenues Over Expenditures	164,000	-	164,000	293,915	129,915
Operating Transfers Out	(164,000)		(164,000)	(164,000)	-
Excess of Revenues Over Expenditures After Transfers	-	-	-	129,915	129,915
Fund Balance, January 1, 2025	611,329	-	611,329	611,329	-
Fund Balance, December 31, 2025	<u>\$ 611,329</u>	<u>\$ -</u>	<u>\$ 611,329</u>	<u>\$ 741,244</u>	<u>\$ 129,915</u>
Restricted - Fire Prevention				\$ 94,150	
Unassigned				647,094	
Total Fund Balances				<u>\$ 741,244</u>	

REQUIRED SUPPLEMENTARY INFORMATION

PART III

PENSION INFORMATION

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Ten Fiscal Years *

	<u>2025</u>		<u>2024</u>		<u>2023</u>		<u>2022</u>		<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>	
District's Proportion of the Net Position Liability (Asset)	0	%	0	%	0	%	0	%	0.00033	%	0.00034	%	0.00034	%	0.00035	%	0.00042	%	0.00031	%
District's Proportionate Share of the Net Pension Liability	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>		<u>\$0</u>		<u>\$ 39,481</u>		<u>\$ 55,021</u>		<u>\$ 61,908</u>		<u>\$ 68,451</u>		<u>\$ 96,768</u>		<u>\$ 92,980</u>	
District's Covered Payroll	<u>\$0</u>		<u>\$0</u>		<u>\$0</u>		<u>\$0</u>		<u>\$ 22,385</u>		<u>\$ 24,420</u>		<u>\$ 24,420</u>		<u>\$ 24,420</u>		<u>\$ 24,420</u>		<u>\$ 27,000</u>	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0.00%		0.00%		0.00%		0.00%		176%		225%		254%		280%		396%		344%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%		0.00%		0.00%		0.00%		70.33%		58.32%		56.27%		53.60%		48.10%		40.14%	

Note: The Fire District currently has no members enrolled in the Public Employees Retirement System.

* The amounts presented for each year were determined as of June 30 of the respective year.

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Ten Fiscal Years *

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily Required Contribution	\$-0-	\$-0-	\$-0-	\$-0-	\$ 3,903	\$ 3,691	\$ 3,458	\$ 3,851	\$ 2,789	\$ 5,268
Contributions in Relation to the Statutorily Required Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>\$ 3,903</u>	<u>\$ 3,691</u>	<u>\$ 3,458</u>	<u>\$ 3,851</u>	<u>\$ 2,789</u>	<u>\$ 5,268</u>
District's Covered Payroll	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$ 22,385</u>	<u>\$ 24,420</u>	<u>\$ 24,420</u>	<u>\$ 24,420</u>	<u>\$ 24,420</u>	<u>\$ 27,000</u>
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: The Fire District currently has no members enrolled in the Public Employees Retirement System.

OTHER SUPPLEMENTARY INFORMATION

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
SUMMARY SCHEUDLE OF RESTRICTED NET POSITION
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

<u>Project</u>	<u>Balance January 1, 2025</u>	<u>Operating Transfer In</u>	<u>Expended In 2025</u>	<u>Balance December 31, 2025</u>
Capital Improvement Fund	\$ 747,823	\$ 164,000		\$ 911,823
Telecom Equipment	100,000			100,000
Building Improvements	613,963			613,963
Purchase of Ladder Truck	303,839		\$ 6,640	297,199
Purchase of Personal Protective Equipment	60,979	-		60,979
	<u>\$ 1,826,604</u>	<u>\$ 164,000</u>	<u>\$ 6,640</u>	<u>\$ 1,983,964</u>

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
ROSTER OF OFFICIALS
DECEMBER 31, 2025**

Board of Fire Commissioners

Carl Lewis, Chairman

Robert Cook, Vice-Chairman

Michael Caggiano, Treasurer

Anthony Luciano, Commissioner

Donald Crownover, Commissioner

Other Officials

Denise Phostole, District Clerk

Michael R. Cowley, Fire Official

GOVERNMENT AUDITING STANDARDS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
ROBERT LERCH, CPA, PSA, RMA
CHRISTOPHER M. VINCI, CPA, RMA
CHRISTINA CUIFFO, CPA, PSA, RMA
JOHN CUIFFO, CPA, PSA, RMA
DEBRA GOLLE, CPA

**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**

INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the Board of Commissioners
Montville Township Fire District No. 1
P.O. Box 504
Montville, 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, the financial statements of the governmental activities, and each major fund of the Montville Township Fire District No. 1, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Montville Township Fire District No. 1's basic financial statements, as listed in the table of contents, and have issued our report thereon dated June 19, 2026. Our report on the financial statements was qualified because of the presentation of the unaudited Length of Service Awards Program ("LOSAP") Fiduciary Fund financial statements.

Report on Internal Control over Financial Reporting

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

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

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

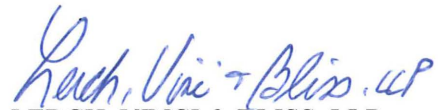
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Montville Township Fire District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we have reported to management of the Montville Township Fire District No. 1 in the section of this report of audit entitled "General Comments and Recommendations".

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 Montville Township Fire District No. 1'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 Montville Township Fire District No. 1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
June 19, 2026

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025**

Part 1 – Summary of Auditors' Results

Financial Statements Section

Type of auditors' report issued on financial statements	<u>Modified - Unaudited LOSAP</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Significant Deficiency(ies) identified that are not considered to be material weakness(es)?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to basic financial statements noted?	<u> </u> yes	<u> X </u> no

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with Paragraph 5.18-5.20 of *Government Auditing Standards*.

There are none.

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025**

This section identifies that status of prior-year findings related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Status of Prior Year Findings

There were none.

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS AND RECOMMENDATIONS

- Comment:** The District does not independently verify that the various payroll taxes and deductions are remitted by the District's third-party payroll service provider by the required due dates.
- * **Recommendation:** The District verify on a monthly basis that the various payroll deductions have been paid by the District's third-party provider by the required due dates.
- Comments:** Our audit of purchasing revealed the following:
- Purchase orders are not approved prior to the goods or services being received.
 - The District does not obtain the claimant's certification on the purchase order.
 - The District does not have a formal receiving signature on the purchase orders.
- * **Recommendation:** Internal controls relating to purchasing be reviewed and enhanced.
- Comment:** Our audit noted the following with regards to compliance with the Local Public Contracts Law.
- In certain instances quotes were not obtained for purchases greater than \$2,625.
 - Accumulated purchases for maintenance and repairs exceeded the bid threshold.
 - The award of contracts through a State contract vendor were not always ratified in the District's minutes.
 - The District did not obtain a business registration certificate ("BRC") or political contribution disclosure form ("PCD") for certain vendors utilized during the year.
- * **Recommendation:** The District adhere to the requirements of the New Jersey Local Public Contracts Law.

Status of Prior Year Recommendations

A review was performed on all prior year's recommendation, the District has taken corrective action on all prior year recommendations, except those denoted by an asterisk (*).