

**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1  
MONMOUTH COUNTY, NEW JERSEY  
Annual Comprehensive Financial Report  
December 31, 2023 and 2022  
With Independent Auditor's Reports**

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
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**December 31, 2023 and 2022**

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# **MARLBORO TOWNSHIP FIRE DISTRICT NO. 1 MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of the financial performance of Marlboro Township Fire District No. 1, Monmouth County, New Jersey (the "District") provides an overview of the District's financial activities for the years ended December 31, 2023 and 2022.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The statements of net position and statements of activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how District services were financed in the short-term as well as what remains for future spending. The governmental funds balance sheets and the statements of activities and revenues, expenditures, and changes in governmental fund balances report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

### **Financial Highlights**

- The assets of the District exceeded its liabilities at December 31, 2023, by approximately \$2,714,000. In 2022, the excess was approximately \$2,609,000. This is an increase of approximately \$105,000. The District decreased its liabilities by approximately \$145,000 and decreased its assets by approximately \$40,000 primarily due to amortization of the right of use assets and payments on lease liabilities.
- During 2023, the District operated at a surplus of approximately \$200,000. The deficit in 2022 was approximately \$26,000. This is an increase of approximately \$226,000.

### **Reporting on the District as a Whole**

#### **Government-Wide Financial Statements**

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The statements of net position and the statements of activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. The District's net position - the difference between assets and liabilities - is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's property tax base and the condition of the District's equipment, should be considered in assessing the overall health of the District.

# **MARLBORO TOWNSHIP FIRE DISTRICT NO. 1 MANAGEMENT'S DISCUSSION AND ANALYSIS**

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In the statements of net position and governmental funds balance sheets and the statements of activities and revenues, expenditures, and changes in governmental fund balances, we divide the District into two kinds of activities:

- General fund activities - Most of the District's basic services are reported here. Property tax levies finance most of these activities.
- Capital fund activities - The District's equipment acquisitions are financed by prior levies and approved by the taxpayers. The District's acquisitions are reported here.

## **Reporting on the District's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by state law and by bond covenants.

- General Fund - Most of the District's basic services are reported in the general funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The general fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. General fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The District describes the relationship (or differences) between fund balances and net change in fund balances, reported on the modified accrual basis of accounting, and net position and change in net position, reported on the accrual basis of accounting in the notes to the financial statements.
- Capital Fund - Are funds available to be used for the acquisition or construction of major capital facilities and firefighting equipment. The financial resources are derived from the issuance of debt or by reservation of fund balance that are specifically authorized by the voters. The capital fund statements provide details of funds available for future capital projects, funds needed to be raised in future taxation, and outstanding debt.

## **The District as a Board**

### **Reporting on the District's Fiduciary Responsibilities**

The District is a board of commissioners that is charged with the safety and protection of the residents within its boundaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**THE DISTRICT AS A WHOLE**

**Statements of Net Position**

For the years ended December 31, 2023 and 2022, net position changed as follows:

	<u>2023 Total</u>	<u>Increase (Decrease) Over 2022</u>	<u>Percentage Increase (Decrease)</u>
<b>Assets</b>			
Current and other assets	\$ 2,015,964	\$ 154,383	8.29%
Capital assets	<u>1,201,078</u>	<u>(194,278)</u>	-13.92%
Total assets	<u>\$ 3,217,042</u>	<u>\$ (39,895)</u>	-1.22%
<b>Liabilities</b>			
	<u>\$ 503,067</u>	<u>\$ (144,992)</u>	-22.37%
<b>Net position</b>			
Net investment in capital assets	788,047	(95,147)	-10.77%
Restricted for capital acquisitions	200,000	-	100.00%
Unrestricted	<u>1,725,928</u>	<u>200,244</u>	13.12%
Total net position	<u>2,713,975</u>	<u>105,097</u>	4.03%
Total liabilities and net position	<u>\$ 3,217,042</u>	<u>\$ (39,895)</u>	-1.22%

In the current year, the District's net position increased by approximately \$105,000 mainly due to the decrease in lease liability for principal payments and offset by assets, specifically, cash, offset by slight decreases in capital assets, such as the right-of-use asset.

	<u>2022 Total</u>	<u>Increase (Decrease) Over 2021</u>	<u>Percentage Increase (Decrease)</u>
<b>Assets</b>			
Current and other assets	\$ 1,861,581	\$ (63,547)	-3.30%
Capital assets	<u>1,395,356</u>	<u>674,551</u>	93.58%
Total assets	<u>\$ 3,256,937</u>	<u>\$ 611,004</u>	23.09%
<b>Liabilities</b>			
	<u>\$ 648,059</u>	<u>\$ 474,683</u>	273.79%
<b>Net position</b>			
Net investment in capital assets	883,194	162,389	22.53%
Restricted for capital acquisitions	200,000	200,000	100.00%
Unrestricted	<u>1,525,684</u>	<u>(226,068)</u>	-12.91%
Total net position	<u>2,608,878</u>	<u>136,321</u>	5.51%
Total liabilities and net position	<u>\$ 3,256,937</u>	<u>\$ 611,004</u>	23.09%

In 2022, the District's net position increased by \$136,000 mainly due to the increase of assets, specifically the net of the right-of-use asset for the lease, offset by slight decreases in capital assets and current assets, such as cash.

**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Statements of Activities**

For the year ended December 31, 2023, the District experienced an increase in total revenue of approximately \$128,000 or 11%. The majority of the increase is related to an increase in district taxes.

	<u>2023 Total</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) Over 2022</u>	<u>Percentage Increase (Decrease)</u>
<b>Revenues</b>				
District taxes	\$ 1,236,010	98.33%	\$ 144,160	13.20%
Supplemental fire services grant	4,339	0.35%	-	0.00%
Interest on deposits and investments	15,567	1.24%	12,947	494.16%
Miscellaneous	1,124	0.08%	(9,688)	-89.60%
Gain (loss) on disposition of fixed assets	-	0.00%	(19,019)	100.00%
Total revenues	<u>\$ 1,257,040</u>	<u>100.00%</u>	<u>\$ 128,400</u>	<u>11.38%</u>

Some expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. For the year ended December 31, 2023, the District experienced an increase in total expenditures of approximately \$159,000 or 16% due mainly to the increase in maintenance and repairs, professional services, and fringe benefits - LOSAP, and capital lease interest, offset by decreases in clerk of the board, fire hydrant rentals, depreciation expense, and reimbursement of expenses.

	<u>FYE 2023 Amount</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2022</u>	<u>Percentage Increase (Decrease)</u>
<b>Expenses</b>				
Commissioners	\$ 43,855	3.81%	\$ 18,063	70.03%
Clerk of the Board	12,145	1.05%	(7,855)	-39.28%
Elections	4,971	0.43%	(1,317)	-20.94%
Office expenses	8,023	0.70%	1,291	19.18%
Professional services	100,085	8.69%	26,224	35.50%
Fringe benefits - LOSAP	180,492	15.67%	13,412	8.03%
Advertising	225	0.02%	(416)	-64.90%
Insurance	79,008	6.86%	864	1.11%
Maintenance and repairs	75,454	6.55%	24,593	48.35%
Membership/dues	425	0.04%	50	13.33%
Training and education	9,448	0.82%	9,448	100.00%
Uniforms	8,339	0.72%	7,011	527.94%
Professional services/medical	9,518	0.83%	3,478	57.58%
Rental charges	84,000	7.29%	2,000	2.44%
Rental - utilities	11,577	1.00%	(1,694)	-12.76%
Travel expenses	3,488	0.30%	1,850	112.94%
Fire hydrant rentals	251,376	21.82%	(7,209)	-2.79%
New equipment and supplies	23,681	2.06%	6,683	39.32%
Public education and recruitment	2,897	0.25%	(560)	-16.20%
Reimbursement of expenses	12,360	1.07%	(3,610)	-22.60%
Amortization expense	68,139	5.92%	68,139	100.00%
Capital lease interest	8,666	0.75%	8,666	100.00%
Depreciation expense	153,771	13.35%	(9,487)	-5.81%
Total expenditures	<u>\$ 1,151,943</u>	<u>100.00%</u>	<u>\$ 159,624</u>	<u>16.09%</u>

**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2022, the District experienced an increase in total revenue of approximately \$55,000 or 5%. The majority of the increase is related to an increase in district taxes and gain on disposition of fixed assets.

	<u>2022 Amount</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) Over 2021</u>	<u>Percentage Increase (Decrease)</u>
<b>Revenues</b>				
District taxes	\$ 1,091,850	96.74%	\$ 23,713	2.22%
Supplemental fire services grant	4,339	0.38%	-	0.00%
Interest on deposits and investments	2,620	0.23%	1,825	229.56%
Miscellaneous	10,812	0.96%	10,086	1389.26%
Gain on disposition of fixed assets	19,019	1.69%	19,019	100.00%
Total revenues	<u>\$ 1,128,640</u>	<u>100.00%</u>	<u>\$ 54,643</u>	5.09%

Some expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. For the year ended December 31, 2022, the District experienced a decrease in total expenditures of approximately \$15,000 or 1% due mainly to the decrease in depreciation expense and fringe benefits - LOSAP expense, offset by new equipment and supplies, and professional services.

	<u>2022 Amount</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2021</u>	<u>Percentage Increase (Decrease)</u>
<b>Expenditures</b>				
Commissioners	\$ 25,792	2.60%	\$ (6,708)	-20.64%
Clerk of the Board	20,000	2.02%	7,000	53.85%
Elections	6,288	0.63%	384	6.50%
Office expenses	6,732	0.68%	2,046	43.66%
Professional services	73,861	7.44%	15,575	26.72%
Fringe benefits - LOSAP	167,080	16.84%	(32,920)	-16.46%
Advertising	641	0.06%	119	22.80%
Insurance	78,144	7.87%	(2,326)	-2.89%
Maintenance and repairs	50,861	5.13%	328	0.65%
Membership/dues	375	0.04%	75	25.00%
Training and education	-	0.00%	(85)	-100.00%
Uniforms	1,328	0.13%	1,059	393.68%
Professional services/medical	6,040	0.61%	(1,233)	-16.95%
Rental charges	82,000	8.26%	2,000	2.50%
Rental - utilities	13,271	1.34%	3,896	41.56%
Travel expenses	1,638	0.17%	314	23.72%
Fire hydrant rentals	258,585	26.06%	9,497	3.81%
New equipment and supplies	16,998	1.71%	11,872	231.60%
Public education and recruitment	3,457	0.35%	3,457	100.00%
Reimbursement of expenses	15,970	1.61%	(1,583)	-9.02%
LOSAP expense, net	-	0.00%	-	0.00%
Depreciation expense	163,258	16.45%	(28,225)	-14.74%
Total expenditures	<u>\$ 992,319</u>	<u>100.00%</u>	<u>\$ (15,458)</u>	-1.33%

**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**THE DISTRICT'S FUNDS**

The general fund is mainly to provide fire protection to its residents, to educate the public as to fire prevention and precautions, and to train qualified personnel. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose. Capital fund activities are mainly to provide for the acquisition of major fire equipment for fire extinguishment.

The following schedule presents a summary of General and Capital Fund revenues and expenditures for the fiscal years ended December 31, 2023 and 2022, and the amount and percentage of increases and decreases in relation to the prior years.

**Governmental Funds Balance Sheets**

	<u>General Fund Activities</u>	<u>Capital Fund Activities</u>	<u>2023 Total</u>	<u>Increase (Decrease) Over 2022</u>	<u>Percentage Increase (Decrease)</u>
<b>Assets</b>					
Current and other assets	\$ 2,015,964	\$ 1,282,782	\$ 3,298,746	\$ 224,384	7.30%
<b>Liabilities</b>	1,372,818	-	<u>1,372,818</u>	<u>24,139</u>	1.79%
<b>Fund Balance</b>					
Assigned			2,342,249	616,565	35.73%
Unassigned			<u>(416,321)</u>	<u>(416,321)</u>	100.00%
Total fund balance			<u>1,925,928</u>	<u>200,244</u>	11.60%
Total liabilities and fund balance			<u>\$ 3,298,746</u>	<u>\$ 224,383</u>	7.30%

	<u>General Fund Activities</u>	<u>Capital Fund Activities</u>	<u>2022 Total</u>	<u>Increase (Decrease) Over 2021</u>	<u>Percentage Increase (Decrease)</u>
<b>Assets</b>					
Current and other assets	\$ 1,861,580	\$ 1,212,782	\$ 3,074,362	\$ (63,548)	-2.03%
<b>Liabilities</b>	1,348,679	-	<u>1,348,679</u>	<u>(37,479)</u>	-2.70%
<b>Fund Balance</b>					
Assigned			<u>1,725,684</u>	<u>(26,068)</u>	-1.49%
Total liabilities and fund balance			<u>\$ 3,074,362</u>	<u>\$ (63,548)</u>	-2.03%



**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Statements of Revenues, Expenditures, and Changes in Governmental Fund Balances**

	<u>2023 Amount</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) Over 2022</u>	<u>Percentage Increase (Decrease)</u>
<b>Revenues</b>				
District taxes	\$ 1,236,010	98.32%	\$ 144,160	13.20%
Supplemental fire services grant	4,339	0.35%	-	0.00%
Interest on deposits and investments	15,567	1.24%	12,947	494.16%
Miscellaneous	1,126	0.09%	(9,686)	-89.59%
Gain (loss) on disposition of fixed assets	-	0.00%	(19,019)	-100.00%
Total revenues	<u>\$ 1,257,042</u>	<u>100.00%</u>	<u>\$ 128,402</u>	11.38%
	<u>2023 Amount</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2022</u>	<u>Percentage Increase (Decrease)</u>
<b>Expenditures</b>				
Commissioners	\$ 43,855	4.15%	\$ 18,063	70.03%
Clerk of the Board	12,145	1.15%	(7,855)	-39.28%
Elections	4,971	0.47%	(1,317)	-20.94%
Office expenses	8,023	0.76%	1,291	19.18%
Professional services	100,085	9.47%	26,224	35.50%
Fringe benefits - LOSAP	180,492	17.08%	13,412	8.03%
Advertising	225	0.02%	(416)	-64.90%
Insurance	79,008	7.48%	864	1.11%
Maintenance and repairs	121,220	11.47%	46,970	63.26%
Membership/dues	425	0.04%	50	13.33%
Training and education	9,448	0.89%	9,448	100.00%
Uniforms	8,339	0.79%	7,011	527.94%
Professional services/medical	9,518	0.90%	3,478	57.58%
Rental charges	84,000	7.95%	2,000	2.44%
Rental - utilities	11,577	1.10%	(1,694)	-12.76%
Travel expenses	3,488	0.33%	1,850	112.94%
Fire hydrant rentals	251,376	23.79%	(7,209)	-2.79%
New equipment and supplies	56,763	5.37%	(62,493)	-52.40%
Public education and recruitment	2,897	0.27%	(560)	-16.20%
Reimbursement of expenses	12,360	1.17%	(3,610)	-22.60%
Capital lease principal	45,120	4.27%	45,120	100.00%
Capital lease interest	11,462	1.08%	11,462	100.00%
Capital appropriations	-	0.00%	(712,162)	-100.00%
Total expenditures	<u>\$ 1,056,797</u>	<u>100.00%</u>	<u>\$ (610,073)</u>	-36.60%

**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

	<u>2022 Amount</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) Over 2021</u>	<u>Percentage Increase (Decrease)</u>
<b>Revenues</b>				
District taxes	\$ 1,091,850	96.74%	\$ 23,713	2.22%
Supplemental fire services grant	4,339	0.38%	-	0.00%
Interest on deposits and investments	2,620	0.23%	1,825	229.56%
Miscellaneous	10,812	0.96%	10,644	6335.71%
Gain on disposition of fixed assets	<u>19,019</u>	<u>1.69%</u>	<u>19,019</u>	100.00%
Total revenues	<u>\$ 1,128,640</u>	<u>100.00%</u>	<u>\$ 55,201</u>	5.14%

	<u>2022 Amount</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2021</u>	<u>Percentage Increase (Decrease)</u>
<b>Expenditures</b>				
Commissioners	\$ 25,792	1.55%	\$ (6,708)	-20.64%
Clerk of the Board	20,000	1.20%	7,000	53.85%
Elections	6,288	0.38%	384	6.50%
Office expenses	6,732	0.40%	2,046	43.66%
Professional services	73,861	4.43%	15,575	26.72%
LOSAP	167,080	10.02%	(32,920)	-16.46%
Advertising	641	0.04%	119	22.80%
Insurance	78,144	4.69%	(2,326)	-2.89%
Maintenance and repairs	74,250	4.45%	(22,464)	-23.23%
Membership/dues	375	0.02%	75	25.00%
Training and education	-	0.00%	(85)	-100.00%
Uniforms	1,328	0.08%	1,059	393.68%
Professional services/medical	6,040	0.36%	(1,233)	-16.95%
Rental charges	82,000	4.91%	2,000	2.50%
Rental - utilities	13,271	0.80%	3,896	41.56%
Travel expenses	1,638	0.10%	314	23.72%
Fire hydrant rentals	258,585	15.51%	9,497	3.81%
New equipment and supplies	119,256	7.15%	36,974	44.94%
Public education and recruitment	3,457	0.21%	3,457	100.00%
Reimbursement of expenses	15,970	0.96%	(1,583)	-9.02%
Capital appropriations	<u>712,162</u>	<u>42.72%</u>	<u>512,162</u>	256.08%
Total expenditures	<u>\$ 1,666,870</u>	<u>100.00%</u>	<u>\$ 527,239</u>	46.26%

# MARLBORO TOWNSHIP FIRE DISTRICT NO. 1 MANAGEMENT'S DISCUSSION AND ANALYSIS

## GENERAL FUND BUDGETARY HIGHLIGHTS

The budget relied on the expectation of an increase in district taxes. For 2023, the District assessed value increased slightly, which produced an increase in tax revenue of approximately \$144,000. For 2022, the District tax rate increased slightly, which produced an increase in tax revenue of approximately \$24,000.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

For the years ended December 31, 2023 and 2022, capital assets changed as follows:

	January 1, 2023			December 31, 2023	Percentage Increase (Decrease)
	Balance	Additions	Transfers	Balance	
<b>Capital assets</b>					
Equipment	\$ 1,373,924	\$ 78,848	\$ -	\$ 1,452,772	5.74%
Trucks and vehicles	2,977,066	-	-	2,977,066	0.00%
Firetruck lease	712,162	-	(51,216)	660,946	-7.19%
	<u>5,063,152</u>	<u>78,848</u>	<u>(51,216)</u>	<u>5,090,784</u>	<u>0.55%</u>
Accumulated depreciation and amortization	<u>3,667,796</u>	<u>221,910</u>	<u>-</u>	<u>3,889,706</u>	<u>6.05%</u>
Capital assets, net	<u>\$ 1,395,356</u>	<u>\$ (143,062)</u>	<u>\$ (51,216)</u>	<u>\$ 1,201,078</u>	<u>-13.92%</u>
	January 1, 2022			December 31, 2022	Percentage Increase (Decrease)
	Balance	Additions	Transfers	Balance	
<b>Capital assets</b>					
Equipment	\$ 1,326,224	\$ 47,700	\$ -	\$ 1,373,924	3.60%
Trucks and vehicles	2,926,453	77,947	(27,334)	2,977,066	1.73%
Fire truck lease	-	712,162	-	712,162	100.00%
	<u>4,252,677</u>	<u>837,809</u>	<u>(27,334)</u>	<u>5,063,152</u>	<u>19.06%</u>
Accumulated depreciation	<u>3,531,872</u>	<u>163,258</u>	<u>-</u>	<u>3,695,130</u>	<u>4.62%</u>
Capital assets, net	<u>\$ 720,805</u>	<u>\$ 674,551</u>	<u>\$ (27,334)</u>	<u>\$ 1,368,022</u>	<u>89.79%</u>

### Debt

The District leased a firetruck vehicle during the year ended December 31, 2022. The lease liability of the firetruck as of December 31, 2023 and 2022, is \$413,031 and \$512,162, respectively.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Next year's general fund budget was determined based on a slight increase in the district tax base.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report or requests for additional information should be sent to the District Clerk's office at P.O. Box 462, Marlboro, New Jersey 07746.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners of  
Marlboro Township Fire District No. 1  
Monmouth County, New Jersey:

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of the Marlboro Township Fire District No. 1, Monmouth County, New Jersey (the "District") as of and for the years ended December 31, 2023 and 2022, 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 opinions, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund and the aggregate remaining fund information of the Marlboro Township Fire District No. 1, Monmouth County, New Jersey as of and for the years ended December 31, 2023 and 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with the audit requirements prescribed by the State of New Jersey, Division of Local Government Services, Department of Community Affairs. 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

The District's 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 know information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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 schedule of revenues, expenditures, and changes in fund balances - budget and actual - all governmental fund types and related notes, as presented 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.

## Supplementary Information


Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as other schedules, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical information and roster of officials have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2024, on our consideration of the Marlboro 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 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 Marlboro Township Fire District No. 1's internal control over financial reporting and compliance.



August 13, 2024

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statements of Net Position and Governmental Funds Balance Sheet**  
**December 31, 2023**

	<u>Governmental Funds Balance Sheet</u>			<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>		
<b>Assets</b>					
Current assets					
Cash	\$ 1,655,075	\$ -	\$ 1,655,075	\$ -	\$ 1,655,075
Short-term investments	317,284	-	317,284	-	317,284
Prepaid insurance	43,605	-	43,605	-	43,605
Internal receivable	-	1,282,782	1,282,782	(1,282,782)	-
Total current assets	<u>2,015,964</u>	<u>1,282,782</u>	<u>3,298,746</u>	<u>(1,282,782)</u>	<u>2,015,964</u>
Non-current assets					
Capital assets, net	-	-	-	1,201,078	1,201,078
Total assets	<u>\$ 2,015,964</u>	<u>\$ 1,282,782</u>	<u>\$ 3,298,746</u>	<u>\$ (81,704)</u>	<u>\$ 3,217,042</u>
<b>Liabilities, Fund Balances, and Net Position</b>					
Current liabilities					
Accounts payable	\$ 86,108	\$ -	\$ 86,108	\$ -	\$ 86,108
Reserve for unemployment	3,928	-	3,928	-	3,928
Internal payable	1,282,782	-	1,282,782	(1,282,782)	-
Lease liability, current portion	-	-	-	47,150	47,150
Total current liabilities	<u>1,372,818</u>	<u>-</u>	<u>1,372,818</u>	<u>(1,235,632)</u>	<u>137,186</u>
Non-current liabilities					
Lease liability, net of current portion	-	-	-	365,881	365,881
Fund balances					
Assigned					
Improvement authorizations	-	1,212,782	1,212,782	(1,212,782)	-
Designated for subsequent years' expenditures	164,263	720,000	884,263	(884,263)	-
Appropriation reserves	245,204	-	245,204	(245,204)	-
Unassigned					
General fund	233,679	-	233,679	(233,679)	-
Capital fund	-	(650,000)	(650,000)	650,000	-
Total fund balances	<u>643,146</u>	<u>1,282,782</u>	<u>1,925,928</u>	<u>(1,925,928)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,015,964</u>	<u>\$ 1,282,782</u>	<u>\$ 3,298,746</u>		
Net position					
Net investment in capital assets				788,047	788,047
Restricted for capital acquisitions				200,000	200,000
Unrestricted				1,725,928	1,725,928
Total net position				<u>2,713,975</u>	<u>2,713,975</u>
Total liabilities and net position				<u>\$ (81,704)</u>	<u>\$ 3,217,042</u>

The Notes to Financial Statements are an integral part of this statement.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statements of Net Position and Governmental Funds Balance Sheet**  
**December 31, 2022**

	<u>Governmental Funds Balance Sheet</u>			<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>		
<b>Assets</b>					
Current assets					
Cash	\$ 1,500,773	\$ -	\$ 1,500,773	\$ -	\$ 1,500,773
Short-term investments	317,203	-	317,203	-	317,203
Prepaid insurance	43,605	-	43,605	-	43,605
Internal receivable	-	1,212,782	1,212,782	(1,212,782)	-
Total current assets	<u>1,861,581</u>	<u>1,212,782</u>	<u>3,074,363</u>	<u>(1,212,782)</u>	<u>1,861,581</u>
Non-current assets					
Capital assets, net	-	-	-	1,395,356	1,395,356
Total assets	<u>\$ 1,861,581</u>	<u>\$ 1,212,782</u>	<u>\$ 3,074,363</u>	<u>\$ 182,574</u>	<u>\$ 3,256,937</u>
<b>Liabilities, Fund Balances, and Net Position</b>					
Current liabilities					
Accounts payable	\$ 131,969	\$ -	\$ 131,969	\$ -	\$ 131,969
Reserve for unemployment	3,928	-	3,928	-	3,928
Internal payable	1,212,782	-	1,212,782	(1,212,782)	-
Lease liability, current portion	-	-	-	53,240	53,240
Total current liabilities	<u>1,348,679</u>	<u>-</u>	<u>1,348,679</u>	<u>(1,159,542)</u>	<u>189,137</u>
Non-current liabilities					
Lease liability, net of current portion	-	-	-	458,922	458,922
<b>Fund Balances and Net Position</b>					
Fund balances					
Assigned					
Improvement authorizations	-	712,782	712,782	(712,782)	-
Designated for subsequent years' expenditures	280,110	500,000	780,110	(780,110)	-
Appropriation reserves	<u>232,792</u>	<u>-</u>	<u>232,792</u>	<u>(232,792)</u>	<u>-</u>
Total fund balances	<u>512,902</u>	<u>1,212,782</u>	<u>1,725,684</u>	<u>(1,725,684)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,861,581</u>	<u>\$ 1,212,782</u>	<u>\$ 3,074,363</u>		
Net position					
Net investment in capital assets				883,194	883,194
Restricted for capital acquisitions				200,000	200,000
Unrestricted				<u>1,525,684</u>	<u>1,525,684</u>
Total net position				<u>2,608,878</u>	<u>2,608,878</u>
Total liabilities and net position				<u>\$ 182,574</u>	<u>\$ 3,256,937</u>

The Notes to Financial Statements are an integral part of this statement.



**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statements of Activities and Revenues, Expenditures, and Changes in**  
**Governmental Fund Balances**  
**Year Ended December 31, 2023**

	Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances			Adjustments (Note 3)	Statement of Activities
	General Fund	Capital Fund	Total		
<b>Expenditures</b>					
Operating appropriations	\$ 1,056,796	\$ -	\$ 1,056,796	\$ 95,147	\$ 1,151,943
<b>General revenues</b>					
District taxes	1,236,010	-	1,236,010	-	1,236,010
Supplemental fire services grant	4,339	-	4,339	-	4,339
Interest on deposits and investments	15,567	-	15,567	-	15,567
Miscellaneous	<u>1,124</u>	<u>-</u>	<u>1,124</u>	<u>-</u>	<u>1,124</u>
Total general revenues	<u>1,257,040</u>	<u>-</u>	<u>1,257,040</u>	<u>-</u>	<u>1,257,040</u>
Excess (deficiency) of revenues over expenditures	<u>200,244</u>	<u>-</u>	<u>200,244</u>	<u>(95,147)</u>	<u>105,097</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	70,000	70,000	(70,000)	-
Transfers out	<u>(70,000)</u>	<u>-</u>	<u>(70,000)</u>	<u>70,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(70,000)</u>	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	130,244	70,000	200,244	(95,147)	105,097
Change in net position	-	-	-	-	105,097
<b>Fund balances / net position</b>					
Beginning of year, restated	<u>512,902</u>	<u>1,212,782</u>	<u>1,725,684</u>	<u>883,194</u>	<u>2,608,878</u>
End of year	<u>\$ 643,146</u>	<u>\$ 1,282,782</u>	<u>\$ 1,925,928</u>	<u>\$ 788,047</u>	<u>\$ 2,713,975</u>

The Notes to Financial Statements are an integral part of this statement.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statements of Activities and Revenues, Expenditures, and Changes in**  
**Governmental Fund Balances**  
**Year Ended December 31, 2022**

	<b>Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances</b>			<b>Adjustments (Note 3)</b>	<b>Statement of Activities</b>
	<b>General Fund</b>	<b>Capital Fund</b>	<b>Total</b>		
<b>Expenditures</b>					
Operating appropriations	\$ 954,708	\$ -	\$ 954,708	\$ 37,611	\$ 992,319
Capital appropriations	-	712,162	712,162	(712,162)	-
Total expenditures	<u>954,708</u>	<u>712,162</u>	<u>1,666,870</u>	<u>(674,551)</u>	<u>992,319</u>
<b>General revenues</b>					
District taxes	1,091,850	-	1,091,850	-	1,091,850
Supplemental fire services grant	4,339	-	4,339	-	4,339
Interest on deposits and investments	2,620	-	2,620	-	2,620
Gain on disposition of fixed assets	19,019	-	19,019	-	19,019
Miscellaneous	<u>10,812</u>	<u>-</u>	<u>10,812</u>	<u>-</u>	<u>10,812</u>
Total general revenues	<u>1,128,640</u>	<u>-</u>	<u>1,128,640</u>	<u>-</u>	<u>1,128,640</u>
Excess (deficiency) of revenues over expenditures	<u>173,932</u>	<u>(712,162)</u>	<u>(538,230)</u>	<u>674,551</u>	<u>136,321</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	200,000	200,000	(200,000)	-
Transfers out	(200,000)	-	(200,000)	200,000	-
Lease	<u>-</u>	<u>512,162</u>	<u>512,162</u>	<u>(512,162)</u>	<u>-</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>712,162</u>	<u>512,162</u>	<u>(512,162)</u>	<u>-</u>
<b>Net change in fund balances</b>	(26,068)	-	(26,068)	162,389	136,321
Change in net position	-	-	-	-	136,321
<b>Fund balances / net position</b>					
Beginning of year	<u>538,970</u>	<u>1,212,782</u>	<u>1,751,752</u>	<u>720,805</u>	<u>2,472,557</u>
End of year	<u>\$ 512,902</u>	<u>\$ 1,212,782</u>	<u>\$ 1,725,684</u>	<u>\$ 883,194</u>	<u>\$ 2,608,878</u>

The Notes to Financial Statements are an integral part of this statement.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General Statement**

The accounting policies of the Marlboro Township Fire District No. 1, Monmouth County, New Jersey (the "District") conform to accounting principles generally accepted in the United States of America and the standards applicable to special districts which have been prescribed by the State of New Jersey, Division of Local Government Services, Department of Community Affairs. For the years ended December 31, 2023 and 2022, the financial statements of the District have been prepared in conformity with generally accepted accounting principles in the United States of America as applied to governmental units ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity**

The District is an instrumentality of the State of New Jersey, established to function as a special district. The Board of Fire Commissioners consists of elected officials and is responsible for the fiscal control of the District.

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 the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The financial statements include all funds and account groups of the District over which the board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria, as described above, in 2023 and 2022. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**Basis of Presentation**

*Combined Fund and Government-wide Financial Statements*

As a special purpose governmental entity engaged in a single governmental program, the District has opted to present its financial data in the form of combined fund and government-wide financial statements to simplify their annual financial reporting process.

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

Governmental Fund Types

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

*Capital Fund:* The capital fund, a major fund, is used to account for all financial resources to be used for the acquisition or construction of major capital facilities and firefighting equipment. The financial resources are from reservation of fund balance that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at special election.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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In conformity with GASB 34, the District's combined fund and government-wide financial statements present adjustments to reconcile the general and capital fund balances to net position.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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. Significant estimates include the useful lives of capital assets and depreciation expense.

**Basis of Accounting**

*Fund Basis of Accounting*

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable 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. 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 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.

Ad Valorem (Property) Taxes are susceptible to accrual. As under New Jersey State Statute, a municipality is required to remit to its fire districts the entire balance of taxes in the amount voted upon or certified prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule, and the unpaid amount is considered to be an "accounts receivable."

*Government-wide Basis of Accounting*

The government-wide statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the full accrual basis, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**Budgets/Budgetary Control**

Annual budgets are prepared each year for the operations of the fire districts. 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. Budgetary transfers may be made during the last two months of the year.

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

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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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 the fund basis of accounting previously described. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

**Investments**

Investments are reported at fair value (except for fully benefit-responsive investment contracts, which are reported at contract value). Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution Length of Service Awards Program (“LOSAP”) plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP plan.

Fair value is 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 measurement date. The Board determines the valuation policies utilizing information provided by the investment advisers. See Note 4 for discussion of fair value and contract measurements, respectively.

**Capital Assets**

In the fund financial statements, capital assets used in governmental operations are accounted for as expenditures of the government fund upon acquisition.

In the government-wide basis of accounting, capital assets are accounted for as capital assets. The District generally capitalizes assets with a cost of \$1,000 or more as outlays occur. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for right-of-use assets, which is discussed below.

The cost of normal maintenance and repairs that do not add the value to the asset or materially extend 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.

Depreciation of all capital assets is recorded as an operating expense in the statements of activities and revenues, expenditures, and changes in governmental fund balances and net position with accumulated depreciation reflected in the statements of net position and governmental funds balance sheets and net position with accumulated depreciation reflected in the statement of net position and governmental fund balance sheet.

Depreciation is provided over the assets’ estimated useful lives using the straight line method of depreciation, generally 5 years for firefighting equipment and general purpose vehicles and 10-20 years for firefighting vehicles. Right-of-use lease assets are amortized over 9 years.

**Impairment of Capital Assets**

In accordance with the provisions of the pronouncement related to accounting and financial reporting for impairment of capital assets, the District assesses capital assets for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset have both significantly and unexpectedly declined. For the years ended December 31, 2023 and 2022, management has determined that there was no impairment of capital assets.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**Leases**

The District recognizes a lease liability and intangible right-to-use lease asset in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by principal portion of lease payments made. The lease asset is initially measured at the initial amount for the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The District uses the interest rate charged by the lessor as the discount rate; however, when the interest rate is not provided by the lessor, the District uses its incremental borrowing rate as the discount rate for the lease. The lease term includes the noncancellable period of the lease, including all extension options that are reasonably certain to be exercised.

**Interfund Transactions and Balances**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers between the general and capital fund of the District net to zero on the fund basis of accounting and are eliminated in the statements of activities and revenues, expenditures, and changes in governmental fund balances.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those loans are reported as interfund receivables and payables on the fund basis of accounting. Interfund payables and receivables between funds are eliminated in the statements of net position and governmental funds balance sheet.

**Net Position**

*Fund Basis*

Fund balance is reported in classifications depicting the relative strength of the constraint that controls how specific amounts can be spent. Classifications are as follows:

- **Nonspendable** - includes amounts that are not in a spendable form or not expected to be converted to cash (inventory, for example) or are legally and contractually required to be maintained intact (principal of an endowment fund, for example).
- **Restricted** - includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors, contributors, creditors, or law or regulations of other governments or through enabling legislation that creates a new revenue source and restricts its use. Restrictions may be changed or lifted with the consent of resource providers.
- **Committed** - includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of Commissioners. The constraint can only be removed or changed by taking the same type of action the District employed to commit those amounts. Such formal action consists of an affirmative vote by the Board of Commissioners.
- **Assigned** - comprises amounts intended to be used by the District for specific purposes but are neither restricted nor committed. Intent is expressed by the District Board of Commissioners.
- **Unassigned** - this is the residual amount for the general fund and represents the fund balance that has not been restricted, committed, or assigned. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned, it may be necessary to report a negative unassigned fund balance.

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*Government-wide Basis*

Net position is displayed in three components:

- Net investment in capital assets - consists of capital assets, net of accumulated depreciation and related debt.
- Restricted for capital acquisitions - current balance consists of net position restricted to the acquisition of a fire truck and equipment.
- Unrestricted - all net positions that do not meet the definition of "net investment in capital assets," or "restricted for capital acquisitions."

**2. ADJUSTMENTS TO ARRIVE AT NET POSITION**

**Interfund Receivables and Payables**

As of December 31, 2023 and 2022, interfund receivables and payables in the amount of \$1,282,782 and \$1,212,782, respectively, have been eliminated in arriving at the government-wide presentation.

**Capital Assets - Net, Related Liabilities, and Net Investment in Capital Assets**

As of December 31, 2023 and 2022, capital assets, net, in the amount of \$1,201,078 and \$1,395,356, respectively, lease liability of \$413,031 and \$512,162, respectively, and net investment in capital assets in the amount of \$788,048 and \$883,194, respectively, have been included in the government-wide presentation.

**Fund Balances, Unrestricted Net Position, and Net Position Restricted for Capital Acquisitions**

As of December 31, 2023 and 2022, a reclass of fund balance of \$1,925,928 and \$1,725,684 to appropriate category of net position including unrestricted of \$1,725,928 and \$1,525,684, respectively, and restricted capital assets of \$200,000 for both years.

**3. ADJUSTMENTS TO ARRIVE AT THE CHANGES IN NET POSITION**

**Appropriations**

For the year ended December 31, 2023, depreciation and amortization expense in the amount of \$221,910 has been included in the government-wide presentation. Additionally, to account for fixed asset purchases expensed under the fund basis of accounting, equipment and supplies expense has been decreased by \$33,082 and maintenance and repairs decreased by \$45,766. Capital lease principal payments have been decreased by \$47,915. The net effect on appropriations is an increase of \$95,147.

For the year ended December 31, 2022, depreciation expense in the amount of \$163,258 has been included in the government-wide presentation. Additionally, to account for fixed asset purchases expensed under the fund basis of accounting, equipment and supplies expense has been decreased by \$102,258 and maintenance and repair expense has been decreased by \$23,389, and capital appropriations have been decreased by \$712,162. The net effect on appropriations is a decrease of \$674,551.

**Marlboro Township Fire District No. 1**  
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**4. DEPOSITS, INVESTMENTS, AND FAIR VALUE MEASUREMENTS**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (“FDIC”), or by any other agency of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

- The market value of the collateral must equal 5% of the average daily balance of public funds; or, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.
- All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of fund investments is generally not required.
- The cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (“GUDPA”), N.J.S.A. 17:9-41, et seq., which insures all New Jersey governmental units’ deposits in excess of the federal deposit insurance maximums. Cash determined by the Board of Commissioners consists of all bank accounts and petty cash.

As of December 31, 2023 and 2022, the District’s cash accounts consisted of:

	<u>2023</u>	<u>2022</u>
The Fulton Bank of New Jersey	\$ 1,720,353	\$ 1,496,793
Bank of America	3,931	3,930
Petty cash	<u>50</u>	<u>50</u>
Total cash	<u>\$ 1,724,334</u>	<u>\$ 1,500,773</u>

The carrying amount of the Board’s cash at December 31, 2023, was \$1,655,075, and the bank balance was \$1,666,926. Of the balance, \$250,000 was covered by federal depository insurance, and \$1,416,926 was covered by the Government Unit Deposit Protection Act (“GUDPA”), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units’ deposits in excess of the federal deposit maximums.

The carrying amount of the Board’s cash at December 31, 2022, was \$1,500,773 and the bank balance was \$1,546,913. Of the balance, \$250,000 was covered by federal depository insurance, and \$1,296,863 was covered by the Government Unit Deposit Protection Act (“GUDPA”), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units’ deposits in excess of the federal deposit maximums

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits may not be returned. The District does not have a deposit policy for custodial credit risk.



**Marlboro Township Fire District No. 1**  
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**Investments**

**Custodial Credit Risk**

For an investment, custodial credit risk is a 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 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 District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. All of the District's investments are held in the name of the District.

**Investment Interest Rate Risk**

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The 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.

**Investment Credit Risk**

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

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government money market mutual funds.
- (c) 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.
- (d) Bonds or other obligations of the District or bonds or other obligations of the local units or units within which the District is located.
- (e) 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 District.
- (f) Local government investment pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281.
- (h) Agreements for the repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District does not have a concentration of credit risk policy; however, lack of policy does not present an undue risk as the District's investments include certificates of deposit with lending institutions which are listed below and are covered by the Government Unit Deposit Protection Act, which was previously detailed.

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**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 the active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). This 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:

*Level 1* - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the District can access. Fair value for these instruments is estimated using pricing models or quoted prices of securities with similar characteristics.

*Level 2* - 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 3* - 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 remeasure the carrying value of assets and liabilities measured on a non-recurring 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.

As of December 31, 2023 and 2022, the District’s short-term investments consisted of:

	<u>2023</u>	<u>2022</u>
Certificates of deposit		
Bank of America	\$ 169,236	\$ 169,199
M&T Bank	<u>148,048</u>	<u>148,004</u>
Total investments	<u>\$ 317,284</u>	<u>\$ 317,203</u>

The certificates of deposit have terms ranging from 7 months to 12 months, with interest rates ranging from 0.01% to 0.03% and mature between March and September 2024. Subsequent to year end, the certificates of deposit were renewed for terms ranging between 7 and 12 months. These certificates of deposit are covered by federal deposit insurance.

**5. ASSESSMENT AND COLLECTION OF MONEY AUTHORIZED BY VOTERS**

Upon proper certification pursuant to Section 9 of P.L. 1979 c. 453 (C.40[A]:14-79), the assessor of the Township of Marlboro (the “Municipality”), in which the District is situated, shall assess the amount to be raised by taxation to support the District budget against the taxable property therein, in the same manner as municipal taxes are assessed and the same amount shall be assessed, levied, and collected at the same time and in the same manner as other municipal taxes.

**Marlboro Township Fire District No. 1**  
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The collector or treasurer of the Municipality, in which the District is situated, shall pay over all monies so assessed to the treasurer or custodian of funds of the District as follows; on or before April 1, an amount equaling 21.25% of all monies so assessed; on or before July 1, an amount equaling 22.50% of all monies so assessed; on or before October 1, an amount equaling 25% of all monies so assessed; and on or before December 31, an amount equaling the difference between the total of all monies so assessed and the total amount of such monies previously paid over, to be held and expended for the purpose of providing and maintaining means for extinguishing fires in such district.

Notwithstanding anything herein to the contrary, the governing body of the Municipality may authorize, in the cash management plan adopted by the Municipality pursuant to N.J.S. 40A:5-14, a schedule of payments to the District by which an amount greater than required on any of the first three payment dates cited herein may be paid. The Municipality and the District may, by concurrent resolution, adopt a schedule of payments to the District by which an amount less than required in any of the first three payment dates cited herein may be paid. Such resolution shall be included in the cash management plan adopted by the Municipality pursuant to N.J.S. 40A:5-14.

The District may also pay back, or cause to be paid back to the Municipality, any funds or any part thereof paid to the District by the Municipality, representing taxes levied for District purposes but not actually collected in cash by the Municipality.

**6. FUNDING**

The activities of the District are primarily funded by the striking of a fire tax on the property owners of the District, as provided for by state statute. For the years ended December 31, 2023 and 2022, the fire tax rate on the District was \$0.039 and \$0.041, respectively, per \$100 of assessed valuation.

The tax revenue is supplemented by income earned on surplus funds invested in certificates of deposit and savings during the year.

The District also participates in the Supplemental Fire Services Program. The District received \$4,339 in each of the years 2023 and 2022.

**7. LENGTH OF SERVICE AWARD PROGRAM**

Effective April 15, 1993, the Board of Fire Commissioners established a defined benefit length of service award program (the "Plan") to provide retirement income and life insurance for volunteers in recognition of their service. The Plan is an insured benefit plan which is financed through an arrangement whereby premiums or contributions are paid to an insurance company in return for which the insurance company unconditionally undertakes an obligation to pay the pensions as defined in the plan documents. The District maintains the Plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan permits the District to provide tax-deferred income benefits to active volunteer members of an emergency service organization. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

A Length of Service Awards Program (LOSAP) set up in accordance with the requirements of New Jersey State General Municipal Law would constitute a rabbi trust and, therefore, the plan itself would not be subject to GASB Statement 67 and the sponsor would not be subject to GASB Statement 68 requirements.

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The District has authorized Glatfelter Specialty Benefits, its agent, to administer the Plan. Contributions by the District to the Plan have been made each year since its inception. The contributions are based on the actuarial calculation. The following plan specifications are the provisions and actuarial assumptions placed in the Plan.

	<u>2023</u>	<u>2022</u>
<b>Plan Data</b>		
Initial effective date	4/15/1993	4/15/1993
Plan year begins	4/15/2022	4/15/2021
Plan year ends	4/14/2023	4/14/2022
Valuation date	4/15/2022	4/15/2021
<b>Eligibility Requirements</b>		
Waiting period (mos)	-	-
Minimum age	18	18
<b>Normal Entitlement Age</b>		
Minimum age	55	55
Minimum years of service	-	-
Minimum years of participation	1	1
Retirement date	1st of month following	1st of month following
	<u>2023</u>	<u>2022</u>
<b>Benefits</b>		
Plan formula	Benefit formula	Benefit formula
Unit type	Dollar	Dollar
Unit base on	Accrual	Accrual
First tier	\$ 46.68	\$ 43.50
Second tier	None	None
Third tier	None	None
Maximum credit		
Past years	15	15
Total years	20	20
<b>Vesting</b>		
Primary vesting schedule <i>(referring to plan documents for further detail)</i>	5 year Cliff	5 year Cliff

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**Actuarial Assumptions 2023**

	<u>Pre-retirement</u>	<u>Post-retirement</u>
Interest	4.25%	4.25%
Mortality & Setbacks		
Male	None – 0	RP2000M>2030 – 0
Female	None – 0	RP2000F>2030 – 0
Funding Method	Entry age normal frozen initial liability	

**Actuarial Assumptions 2022**

	<u>Pre-retirement</u>	<u>Post-retirement</u>
Interest	4.25%	4.25%
Mortality & Setbacks		
Male	None – 0	RP2000M>2030 – 0
Female	None – 0	RP2000F>2030 – 0
Funding Method	Entry age normal frozen initial liability	

For each of the years 2023 and 2022, the budgeted amount of contribution was \$260,000 and \$240,000, respectively, and the contribution made in 2023 and 2022 was \$180,492 and \$167,080, respectively. The remaining budget is reserved for future distribution. Since the plan is administered by an outside insurance company, it was not made part of this audit. Details of the Plan can be obtained from the District upon request.

**8. RENTAL CHARGES**

The District contracts with the Marlboro Volunteer Fire Company (the “Company”) to lease the premises on a yearly basis. The Company owns the premises. For each of the years ended December 31, 2023 and 2022, the total rental charges amounted to \$84,000.

**9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years.

**Marlboro Township Fire District No. 1**  
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**10. CAPITAL ASSETS**

The following schedules are a summarization of the capital assets by source for the years ended December 31, 2023 and 2022:

<u>Description</u>	<u>January 1, 2023</u>	<u>Additions</u>	<u>Deletions / Transfers</u>	<u>December 31, 2023</u>
Capital assets				
Equipment	\$ 1,373,924	\$ 78,848	\$ -	\$ 1,452,772
Trucks and vehicles	2,977,066	-	-	2,977,066
Firetruck lease	<u>712,162</u>	<u>-</u>	<u>(51,216)</u>	<u>660,946</u>
	<u>5,063,152</u>	<u>78,848</u>	<u>(51,216)</u>	<u>5,090,784</u>
Less: Accumulated depreciation				
Equipment	1,190,386	90,007	-	1,280,393
Trucks and vehicles	2,477,410	63,764	-	2,541,174
Firetruck lease	<u>-</u>	<u>68,139</u>	<u>-</u>	<u>68,139</u>
	<u>3,667,796</u>	<u>221,910</u>	<u>-</u>	<u>3,889,706</u>
Capital assets, net	<u>\$ 1,395,356</u>	<u>\$ (143,062)</u>	<u>\$ (51,216)</u>	<u>\$ 1,201,078</u>

<u>Description</u>	<u>January 1, 2022</u>	<u>Additions</u>	<u>Deletions / Transfers</u>	<u>December 31, 2022</u>
Capital assets				
Equipment	\$ 1,326,224	\$ 47,700	\$ -	\$ 1,373,924
Trucks and vehicles	2,926,453	77,947	(27,334)	2,977,066
Firetruck lease	<u>-</u>	<u>712,162</u>	<u>-</u>	<u>712,162</u>
	<u>4,252,677</u>	<u>837,809</u>	<u>(27,334)</u>	<u>5,063,152</u>
Less: Accumulated depreciation				
Equipment	1,090,892	99,494	-	1,190,386
Trucks and vehicles	<u>2,440,980</u>	<u>63,764</u>	<u>(27,334)</u>	<u>2,477,410</u>
	<u>3,531,872</u>	<u>163,258</u>	<u>(27,334)</u>	<u>3,667,796</u>
Capital assets, net	<u>\$ 720,805</u>	<u>\$ 674,551</u>	<u>\$ -</u>	<u>\$ 1,395,356</u>

Depreciation expense for the years ended December 31, 2023 and 2022, amounted to \$153,771 and \$163,258, respectively.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**11. COMMITMENTS AND CONTINGENCIES**

The District leases a fire truck for use. The District made a down payment of \$200,000 in the year ended December 31, 2022, and has recorded this as a capital appropriation in the capital fund statement of revenues, expenditures, and changes in governmental fund balances. The fire truck lease expires in 2031 and payments begin in 2023. During 2023, the original lease was modified for a different monthly payment amount. There is no option to extend the lease, therefore no option was to be determined reasonably certain to be exercised. The equipment has an estimated useful life of 10 years. The value of right-of-use lease asset as of December 31, 2023, was \$660,946 and had accumulated amortization of \$68,139.

The maturity date for the fire truck lease is March 2031. The imputed interest rate in this lease was 2.547%.

The District's long-term lease consisted of the following at December 31, 2023 and 2022:

	<b>2023</b>					<b>Current Portion</b>
	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Modification</b>	<b>Balance End of Year</b>	
Governmental Activities						
Lease payable						
General obligation	\$ 512,162	\$ -	\$ 47,915	\$ 51,216	\$ 413,031	\$ 47,150

	<b>2022</b>					<b>Current Portion</b>
	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance End of Year</b>	<b>Current Portion</b>	
Governmental Activities						
Lease payable						
General obligation	\$ -	\$ 712,162	\$ 200,000	\$ 512,162	\$ 47,915	\$ 47,915

Future debt service requirements for lease payable are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 47,150	\$ 9,431	\$ 56,581
2025	48,365	8,216	56,581
2026	49,611	6,970	56,581
2027	50,890	5,691	56,581
2028	52,201	4,380	56,581
2029 - 2031	164,814	4,929	251,470
	<u>\$ 413,031</u>	<u>\$ 39,617</u>	<u>\$ 534,375</u>

**12. SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after December 31, 2023, through the date of August 13, 2024, which is the date the financial statements were available to be issued. Other than previously noted in Note 4, the District is not aware of any subsequent events requiring disclosure.

## **SUPPLEMENTARY INFORMATION**



**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - All Governmental Fund Types**  
**Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Total Actual</u>	<u>Budgetary Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
District taxes	\$ 1,236,010	\$ 1,236,010	\$ 1,236,010	\$ -
Supplemental fire services grant	4,339	4,339	4,339	-
Interest on deposits and investments	460	460	15,567	15,107
Miscellaneous income	-	-	1,124	1,124
Fund balance utilized - unrestricted	<u>131,191</u>	<u>131,191</u>	<u>-</u>	<u>(131,191)</u>
Total revenues	<u>1,372,000</u>	<u>1,372,000</u>	<u>1,257,040</u>	<u>(114,960)</u>
<b>Transfers</b>				
Reserve for future capital outlays	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Capital fund balance utilized	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Total general revenues and transfers	<u>1,872,000</u>	<u>1,872,000</u>	<u>1,257,040</u>	<u>(614,960)</u>
<b>Expenditures</b>				
Operating appropriations				
Administration				
Salary and wages				
Commissioners	42,500	42,500	43,855	(1,355)
Clerk of the board	<u>46,000</u>	<u>46,000</u>	<u>12,145</u>	<u>33,855</u>
Total salary and wages	<u>88,500</u>	<u>88,500</u>	<u>56,000</u>	<u>32,500</u>
Other expenses				
Elections	20,000	20,000	4,971	15,029
Office expense	4,500	4,500	8,023	(3,523)
Professional services	<u>75,000</u>	<u>75,000</u>	<u>100,085</u>	<u>(25,085)</u>
Total other expenses	<u>99,500</u>	<u>99,500</u>	<u>113,079</u>	<u>(13,579)</u>
Total administration	<u>188,000</u>	<u>188,000</u>	<u>169,079</u>	<u>18,921</u>
Costs of operations and maintenance				
Fringe benefits	20,000	20,000	-	20,000
LOSAP	<u>260,000</u>	<u>260,000</u>	<u>180,492</u>	<u>79,508</u>
Total costs of operations and maintenance	<u>280,000</u>	<u>280,000</u>	<u>180,492</u>	<u>99,508</u>

See Independent Auditor's Report.

The Accompanying Notes to Required Supplementary Information are an integral part of this schedule.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - All Governmental Fund Types**  
**Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Total Actual</u>	<u>Budgetary Variance</u>
	<u>Original</u>	<u>Final</u>		
Other expenses				
Advertising	\$ 2,000	\$ 2,000	\$ 225	\$ 1,775
Insurance	95,000	95,000	79,008	15,992
Maintenance and repair	120,000	120,000	121,220	(1,220)
Membership dues	1,000	1,000	425	575
Training and education	3,000	3,000	9,448	(6,448)
Professional services/medical	16,000	16,000	9,518	6,482
Rental charges	84,000	84,000	84,000	-
Rental charges - utilities	20,000	20,000	11,577	8,423
Travel expenses	20,000	20,000	3,488	16,512
Reimbursement of expenses	16,418	16,418	12,360	4,058
Fire hydrant rentals	290,000	290,000	251,376	38,624
Uniforms	5,000	5,000	8,339	(3,339)
New equipment and supplies	100,000	100,000	56,763	43,237
Amortization expense	-	-	-	-
Capital lease principal payment	45,120	45,120	45,119	1
Capital lease interest expense	11,462	11,462	11,462	-
Public education and recruitment	5,000	5,000	2,897	2,103
Total other expenses	<u>834,000</u>	<u>834,000</u>	<u>707,225</u>	<u>126,775</u>
Total operating appropriations	<u>1,302,000</u>	<u>1,302,000</u>	<u>1,056,796</u>	<u>245,204</u>
Capital appropriations				
Reserve for future capital outlays	70,000	70,000	-	70,000
Capital fund balance utilized	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Total capital appropriations	<u>570,000</u>	<u>570,000</u>	<u>-</u>	<u>570,000</u>
Total expenditures	<u>1,872,000</u>	<u>1,872,000</u>	<u>1,056,796</u>	<u>815,204</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>200,244</u>	<u>\$ 200,244</u>
Changes in net position			-	
Fund balances and net position, beginning of the year			<u>1,725,684</u>	
Prior period adjustment			<u>-</u>	
<b>Fund balances</b>				
Beginning of the year			<u>1,725,684</u>	
End of the year			<u>\$ 1,925,928</u>	

See Independent Auditor's Report.  
The Accompanying Notes to Required Supplementary Information are an integral part of this schedule.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Required Supplementary Information**  
**Year Ended December 31, 2023**

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**A. BUDGETARY BASIS OF ACCOUNTING**

There are no substantial differences between the District’s budgetary basis of accounting and the fund basis of accounting described below.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable 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. 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.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute, a municipality is required to remit to its fire districts the entire balance of taxes in the amount voted upon or certified prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an “accounts receivable.”

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year’s budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

**B. FUND PRESENTATION**

As a special purpose district, the District does not budget at the individual fund level but instead collectively for both the general and capital fund. The schedule of revenues, expenditures, and changes in fund balances - budget and actual - all governmental fund types includes budget and actual financial information for both the general and capital funds for ease of comparing budget and actual results.

**C. BUDGET CANCELLATION**

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2023, the District canceled no appropriations resulting in a reservation of fund balance as follows:

Adopted budget	\$ 1,872,000
Expenditures	<u>1,151,943</u>
Favorable variance	720,057
Cancelled	<u>-</u>
Fund balance reserve	<u>\$ 720,057</u>

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Improvement Authorizations - Capital Fund**  
**Year Ended December 31, 2023**

<u>Purpose</u>	<u>Authorized Appropriation Date</u>	<u>Amount</u>	<u>Balance January 1, 2023</u>	<u>2023 Cancellation</u>	<u>2023 Authorizations</u>	<u>Balance December 31, 2023</u>
Replacement fire pumper	02/21/15	\$ 700,000	\$ 12,782	\$ -	\$ -	\$ 12,782
Fire Truck	12/15/21	700,000	700,000	-	-	700,000
Refurbished Existing Fire Apparatus	12/20/22	500,000	-	-	500,000	500,000
Total		<u>\$ 1,900,000</u>	<u>\$ 712,782</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 1,212,782</u>

See Independent Auditor's Report.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Improvement Authorizations - Capital Fund**  
**Year Ended December 31, 2022**

<u>Purpose</u>	<u>Authorized Appropriation Date</u>	<u>Amount</u>	<u>Balance January 1, 2022</u>	<u>2022 Cancellation</u>	<u>2022 Authorizations</u>	<u>Balance December 31, 2022</u>
Replacement fire pumper	02/21/15	\$ 700,000	\$ 12,782	\$ -	\$ -	\$ 12,782
Rescue pumper / fire apparatus	10/24/20	1,000,000	1,000,000	(1,000,000)	-	-
Fire Truck	12/15/21	700,000	-	-	700,000	700,000
Total		<u>\$ 2,400,000</u>	<u>\$ 1,012,782</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ 712,782</u>

See Independent Auditor's Report.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statistical Information**  
**Years Ended December 31, 2023 and 2022**

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**Property Tax Levies**

The following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding ten years:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2023	\$ 3,012,126,250	\$ 1,240,349	0.039
2022	2,990,862,650	1,091,850	0.041
2021	2,980,443,250	1,068,137	0.036
2020	2,971,512,300	1,043,080	0.036
2019	2,974,341,300	1,023,226	0.035
2018	2,968,866,700	1,000,541	0.034
2017	2,965,749,900	980,205	0.034
2016	2,967,019,600	973,563	0.033
2015	2,944,190,500	973,227	0.033
2014	2,780,646,874	971,111	0.035

**General Fund - Fund Balance Before Current Year Appropriation Reserves**

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2023	\$ 233,679	\$ 164,263
December 31, 2022	168,981	280,110
December 31, 2021	267,969	389,101
December 31, 2020	232,784	215,524
December 31, 2019	325,916	241,981
December 31, 2018	484,361	282,274
December 31, 2017	392,482	231,020
December 31, 2016	469,925	241,495
December 31, 2015	495,424	213,798
December 31, 2014	509,801	189,074
December 31, 2013	415,437	161,790

See Independent Auditor's Report.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statistical Information**  
**Years Ended December 31, 2023 and 2022**

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**Capital Fund - Fund Balance**

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2023	\$ 1,282,782	\$ 500,000
December 31, 2022	1,212,782	500,000
December 31, 2021	1,212,782	200,000
December 31, 2020	1,000,000	1,000,000
December 31, 2019	800,000	-
December 31, 2018	400,000	-
December 31, 2017	450,000	200,000
December 31, 2016	1,000,000	700,000
December 31, 2015	850,000	-
December 31, 2014	700,000	-
December 31, 2013	550,000	-

See Independent Auditor's Report.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Roster of Officials**  
**Years Ended December 31, 2023 and 2022**

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<u>Board of Commissioners</u>	<u>Position</u>	<u>Term Expiration</u>	<u>Amount of Surety Bond</u>
Michael MacDonald	Chairperson	2026	\$ 200,000*
Douglas Tilton	Vice Chairperson	2027	200,000*
Paul Elkin	Treasurer	2026	200,000*
John Borden	Secretary	2025	200,000*

**Other Officials**

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Richard Braslow Board Attorney

\* Blanket Bond Coverage

**Surety Company**

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American Alternative Insurance Corporation



**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Comments and Recommendations**  
**Years Ended December 31, 2023 and 2022**

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**Scope of Examination and Conditions of Records**

We have audited the basic financial statements of the Fire District No. 1 of the Township of Marlboro, Monmouth County, New Jersey (the "District") for the year ended December 31, 2023. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments and Recommendations* for the year then ended.

The financial records were readily available upon request.

Minutes of Board meetings were properly maintained by the Board Clerk.

**Cash in Banks**

The balances in banks at December 31, 2023, were reconciled with statements issued by the depositories.

Our examination revealed that the fire District maintains its investments in certificates of deposit.

**Examination of Bills**

Paid bills during the period under review were examined on a test basis to determine that they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, allocated to the proper accounts and charged to the proper fiscal period, and in agreement with the bill list set forth in the approved minutes of the Board. The results of testing did not disclose any discrepancies with respect to signatures, certification, or supporting documentation.

The District's five (5) Commissioners receive a fee for meeting attendance during the year.

**Testing of Cash Receipts**

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

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. N.J.S. 40A:11-3 defines the bid threshold for any contract awarded as \$17,500."

The commissioners of the District have the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year where questions arise as to whether any contract or agreement might result in violation of the statute and, when necessary, the Board Attorney's opinion should be sought before a commitment is made.

The results of our testing indicated that eight individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21 was not required as they were state contract purchases.

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

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

See Independent Auditor's Report.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Comments and Recommendations**  
**Years Ended December 31, 2023 and 2022**

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

**Contracts and Agreements Requiring Solicitation of Quotations**

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500 “for the performance of any work or the furnishings or hiring of any materials or supplies,” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of (*N.J.S.A.40A:11-6.1*).

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

**Capital Assets**

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

**Miscellaneous**

An exit conference was held in accordance with the generally accepted governmental auditing standards in the United States of America.

**Acknowledgment**

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

**Recommendations**

None.

**Prior Year Comments**

See schedule of prior year findings and recommendations.

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

Respectfully submitted,

August 13, 2024

See Independent Auditor’s Report.

# 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

To the Board of Fire Commissioners of  
Marlboro Township Fire District No. 1  
Monmouth County, New Jersey:

We have audited, 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, the financial statements of the governmental activities and each fund of the Marlboro Township Fire District No. 1, Monmouth County, New Jersey (the "District") as of and for the year ended December 31, 2022 and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 13, 2024.

### Report on Internal Control over Financial Reporting

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

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


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 District'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*.

## 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.



August 13, 2024

**Marlboro Township Fire District No. 1  
Monmouth County, New Jersey  
Schedule of Findings and Responses under Generally Accepted Government  
Auditing Standards  
Year Ended December 31, 2023**

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**Schedule of Financial Statement Findings**

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

**Material Weaknesses**

None reported.

**Marlboro Township Fire District No. 1  
Monmouth County, New Jersey  
Schedule of Prior Year Findings and Recommendations  
Year Ended December 31, 2022**

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**Finding 2022-001**

**Treatment of LOSAP under GASB 73**

**Criteria:** Under GASB 73, the treatment of insured benefit plans is an important part of internal control and assist in the recording of the appropriate LOSAP expense to be accurate. The District's recording of a LOSAP reserve under an insured benefit plan was incorrect in accordance with required accounting principles and in a manner that allowed for ease of audit substantiation.

**Condition:** The District did not properly record the treatment of LOSAP under the guidelines of GASB 73.

**Context:** During the course of the audit procedures, it was determined that the recording of a reserve liability for LOSAP benefit liability was improper under the guidance of GASB 73, which states that insured benefit plans are not to have an accrued balance.

**Effect or Potential Effect:** In the improper recording, the District was overstating their liabilities and understating general fund balances and overall net position, therefore potentially causing the District to be in violation of not acting within the budget.

**Cause:** The Commissioners should implement procedures to ensure financial information is recorded properly and reported accurately within reporting requirements. Additionally, we recommend the District hires an individual who possesses the knowledge of Generally Accepted Accounting Principles ("GAAP"), Government Accounting Standard Board ("GASB"), and DLGS.

**Views of Responsible Official(s) and Planned Corrective Actions:** The Commissioners are aware of the need to properly treat the LOSAP and not record a reserve for a liability.

**Management's Response:** Management takes the finding of the above-mentioned significant deficiency very seriously. The District will hire new professionals to adequately service the District and all records will be reviewed quarterly.

**Update as of December 31, 2023:** Management has resolved the above finding as of December 31, 2023, and no finding was noted.

**Material Weaknesses**

None reported.