

**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1  
MONMOUTH COUNTY, NEW JERSEY  
Financial Statements  
December 31, 2017 and 2016  
With Independent Auditors' Report**

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**December 31, 2017 and 2016**

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# *Township of Marlboro*

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## *Fire District #1*

*P.O. Box 462  
Marlboro, NJ 07746  
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### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of the Marlboro Township Fire District No. 1's financial performance provides an overview of the District's financial activities for the years ended December 31, 2017 and 2016.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statements of Net Position and Governmental Funds Balance Sheet and the Statements of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position 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. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a Board for the benefit of those outside of the government.

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

##### **The Statements of Net Position and Governmental Funds Balance Sheet and the Statements of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position**

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 Governmental Funds Balance Sheet and the Statements of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position 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 them. You can think of the District's net position – the difference between assets and liabilities – as 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. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's equipment to assess the overall health of the District.

In the Statements of Net Position and Governmental Funds Balance Sheet and the Statements of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position we divide the District into two kinds of activities:

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

- 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 funds – Most of the District's basic services are reported in 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. We describe the relationship (or differences) between general fund activities (reported in the Statements of Net Position and Governmental Funds Balance Sheet and the Statements of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position) and capital funds in reconciliation at the bottom of the fund financial statements.

**The District as a Board**

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

The District is a board of commissioners for 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.

**THE DISTRICT AS A WHOLE**

For the years ended December 31, 2017 and 2016, net position changed as follows:

	2017 GAAP Basis			Increase (Decrease)	Percentage Increase (Decrease)
	General Fund Activities	Capital Fund Activities	Total	over 2016	
<b>Assets</b>					
Current and other assets	\$ 1,332,316	\$ -	\$ 1,332,316	\$ (418,344)	-23.90%
Capital assets	-	1,151,986	1,151,986	564,499	96.09%
<b>Total assets</b>	<b>\$ 1,332,316</b>	<b>\$ 1,151,986</b>	<b>\$ 2,484,302</b>	<b>\$ 146,155</b>	<b>6.25%</b>
Other liabilities	\$ 273,297	\$ -	\$ 273,297	\$ 146,468	115.48%
<b>Net position</b>					
Net investment in capital assets			1,151,986	564,499	96.09%
Restricted			495,758	(504,242)	-50.42%
Unrestricted			563,261	(60,570)	-9.71%
Total net position			2,211,005	(313)	-0.01%
<b>Total liabilities and net position</b>			<b>\$ 2,484,302</b>	<b>\$ 146,155</b>	<b>6.25%</b>

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

In current year, the District's net position decreased slightly due mainly from increase in depreciation expense resulted from the purchase of a new truck pumper.

	2016 GAAP Basis			Increase (Decrease)	Percentage Increase (Decrease)
	General Fund Activities	Capital Fund Activities	Total	over 2015	
<b>Assets</b>					
Current and other assets	\$ 1,750,660	\$ -	\$ 1,750,660	\$ 45,766	2.68%
Capital assets	-	587,487	587,487	(43,203)	-6.85%
<b>Total assets</b>	<b>\$ 1,750,660</b>	<b>\$ 587,487</b>	<b>\$ 2,338,147</b>	<b>\$ 2,563</b>	<b>0.11%</b>
Other liabilities	\$ 126,829	\$ -	\$ 126,829	\$ (41,775)	-24.78%
<b>Net position</b>					
Net investment in capital assets			587,487	(43,203)	-6.85%
Restricted			1,000,000	150,000	17.65%
Unrestricted			623,831	(62,459)	-9.10%
Total net position			2,211,318	44,338	2.05%
Total liabilities and net position			<u>\$ 2,338,147</u>	<u>\$ 2,563</u>	<u>0.11%</u>

In 2016, the District's increase in net position signifies improved financial condition.

**Governmental Activities**

The General fund is mainly to provide fire protection to its residents, educate the public as to fire prevention and precaution, 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 DISTRICT'S FUNDS**

The following schedule presents a summary of general, capital fund revenues and expenditures for the fiscal years ended December 31, 2017 and 2016 and the amount and percentage of increases and decreases in relation to the prior years.

	2017 GAAP Amount	Percentage of Total Revenues	Increase (Decrease) over 2016	Percentage Increase (Decrease)
<b>Revenues</b>				
District taxes	\$ 980,205	98.97%	\$ 6,642	0.68%
SFSG	8,678	0.88%	8,678	100.00%
Interest on deposits and investments	1,468	0.15%	(302)	-17.06%
<b>Total revenues</b>	<b>\$ 990,351</b>	<b>100.00%</b>	<b>\$ 15,018</b>	<b>1.54%</b>

For the year ended December 31, 2017 the District experienced an increase total revenue of approximately \$15,000 or 2%. The majority of the increase related to district property tax rate from \$0.033 to \$0.034 per \$100 of assessed valuation and supplemental fire services grant received in current year.

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

	2016 GAAP Amount	Percentage of Total Revenues	Increase (Decrease) over 2015	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 973,563	99.82%	\$ 336	0.03%
SFSG	-	0.00%	(4,339)	-100.00%
Interest on deposits and investments	1,770	0.18%	272	18.16%
Total revenues	<u>\$ 975,333</u>	<u>100.00%</u>	<u>\$ (3,731)</u>	<u>-0.38%</u>

For the year ended December 31, 2016 the District experienced a small decrease in total revenue of approximately \$4,000 or less than 1%. The decrease is due to no supplemental fire services grant.

	FYE 2017 GAAP Amount	Percentage of Total Expenditures	Increase (Decrease) over 2016	Percentage Increase (Decrease)
Expenditures				
Commissioners	\$ 32,500	3.28%	\$ (152)	-0.47%
Clerk of the Board	10,000	1.01%	1,775	21.58%
Elections	1,344	0.14%	(96)	-6.67%
Office expenses	4,844	0.49%	714	17.29%
Professional services	68,219	6.89%	11,030	19.29%
LOSAP	250,000	25.24%	25,000	11.11%
Advertising	799	0.08%	223	38.72%
Insurance	57,607	5.81%	2,908	5.32%
Maintenance and repairs	42,924	4.33%	(21,611)	-33.49%
Membership/dues	300	0.03%	(55)	-15.49%
Training and education	566	0.06%	238	72.56%
Uniforms	9,524	0.96%	1,775	22.91%
Professional services/medical	6,181	0.62%	1,441	30.40%
Rental charges	79,900	8.07%	1,430	1.82%
Rental - utilities	4,536	0.46%	211	4.88%
Travel expenses	303	0.03%	(2,606)	-89.58%
Fire hydrant rentals	224,654	22.68%	(14,044)	-5.88%
New equipment and supplies	11,744	1.19%	8,879	309.91%
Public education and recruitment	1,988	0.20%	1,988	100.00%
Reimbursement of expenses	12,097	1.22%	5,493	83.18%
Depreciation expense	170,634	17.22%	35,127	25.92%
Total expenditures	<u>\$ 990,664</u>	<u>100.00%</u>	<u>\$ 59,668</u>	<u>6.41%</u>

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

	FYE 2016 GAAP Amount	Percentage of Total Expenditures	Increase (Decrease) over 2015	Percentage Increase (Decrease)
Expenditures				
Commissioners	\$ 32,652	3.51%	\$ 152	0.47%
Clerk of the Board	8,225	0.88%	(5,358)	-39.45%
Elections	1,440	0.15%	13	0.91%
Office expenses	4,130	0.44%	(598)	-12.65%
Professional services	57,189	6.14%	(13,370)	-18.95%
LOSAP	225,000	24.17%	20,000	9.76%
Advertising	576	0.06%	174	43.28%
Insurance	54,699	5.88%	(6,591)	-10.75%
Maintenance and repairs	64,535	6.93%	29,574	84.59%
Membership/dues	355	0.04%	(45)	-11.25%
Training and education	328	0.04%	(302)	-47.94%
Uniforms	7,749	0.83%	5,084	190.77%
Professional services/medical	4,740	0.51%	277	6.21%
Rental charges	78,470	8.43%	1,430	1.86%
Rental - utilities	4,325	0.46%	590	15.80%
Travel expenses	2,908	0.31%	2,474	570.05%
Fire hydrant rentals	238,698	25.64%	28,227	13.41%
New equipment and supplies	2,865	0.31%	(2,602)	-47.59%
Public education and recruitment	-	0.00%	(570)	-100.00%
Reimbursement of expenses	6,604	0.71%	(4,296)	-39.41%
Depreciation expense	135,507	14.56%	23,966	21.49%
Total expenditures	<u>\$ 930,995</u>	<u>100.00%</u>	<u>\$ 78,229</u>	<u>9.17%</u>

Some expenditures are contractual in nature and because of market fluctuations, they can be vary from year to year depending on the circumstances. For the year ended December 31, 2017 the District experienced an increase in total expenditures of approximately \$60,000 or 6%, due mainly to increase of professional services and depreciation expense. For the year ended December 31, 2016 the District experienced an increase in total expenditures of approximately \$78,000 or 9%, due mainly to increase in maintenance and repairs and fire hydrant rentals.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Board revised the General Fund budget once. This budget amendment was a transfer within appropriations as a precaution to avoid over expending a line item.

The budget relied on the expectation of an increase in district taxes. For 2017, the district tax and tax rate increased slightly which produced an increase in tax revenue of approximately \$7,000. For 2016, the district tax revenue remained constant as no significant increase in tax base and no increase in tax rate.

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

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

For the years ended December 31, 2017 and 2016, Capital Assets changed as follows:

	2016 GAAP Basis	Additions	Transfers	2017 GAAP Basis	Percentage Increase (Decrease)
Capital assets					
Equipment	\$ 834,546	\$ 48,710	\$ -	\$ 883,256	5.84%
Trucks and vehicles	2,239,236	654,242	-	2,893,478	29.22%
Construction in progress	-	32,181	-	32,181	100.00%
	3,073,782	735,133	-	3,808,915	23.92%
Accumulated depreciation	2,486,295	170,634	-	2,656,929	6.86%
Capital assets, net	\$ 587,487	\$ 564,499	\$ -	\$ 1,151,986	96.09%

	2015 GAAP Basis	Additions	Transfers	2016 GAAP Basis	Percentage Increase (Decrease)
Capital assets					
Equipment	\$ 701,298	\$ 37,139	\$ 96,109	\$ 834,546	19.00%
Trucks and vehicles	2,184,071	55,165	-	2,239,236	2.53%
Construction in progress	96,109	-	(96,109)	-	-100.00%
	2,981,478	92,304	-	3,073,782	3.10%
Accumulated depreciation	2,350,788	135,507	-	2,486,295	5.76%
Capital assets, net	\$ 630,690	\$ (43,203)	\$ -	\$ 587,487	-6.85%

The District accounted for its purchase of fire truck and equipment in the current year and prior year.

**Debt**

For the years ended December 31, 2017 and 2016, the District had no debt.

**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 and no increase in the district tax rate. Some of the significant capital asset items approved in this year's budget will be deferred to subsequent years.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our 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. If you have questions about this report or need additional financial information, contact the District Clerk's office at P.O. Box 462, Marlboro, New Jersey 07746.



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marlboro Township Fire District No. 1, Monmouth County, New Jersey as of and for the years ended December 31, 2017 and 2016, and related notes to the financial statements, which collectively comprise Marlboro Township Fire District No. 1's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Marlboro Township Fire District No. 1's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and the standards applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marlboro Township Fire District No. 1, Monmouth County, New Jersey as of December 31, 2017 and 2016, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page A1 through A6, and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual and related notes on page 21 to 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Marlboro Township Fire District No. 1'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 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 2017 and 2016 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 September 11, 2018 on our consideration of the Marlboro Township Fire District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marlboro Township Fire District No. 1's internal control over financial reporting and compliance.

*WithumSmith+Brown, PC*

September 11, 2018

**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 AUDITORS' REPORT**

Board of Fire Commissioners  
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, in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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, each major fund, and the aggregate remaining fund information of Marlboro Township Fire District No. 1, Monmouth County, New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Marlboro Township Fire District No. 1's basic financial statements, and have issued our report thereon dated September 11, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Marlboro Township Fire District No. 1's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marlboro Township Fire District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Marlboro Township Fire District No. 1's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 may exist that have not been identified.

### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*WithumSmith+Brown, PC*

September 11, 2018

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**December 31, 2017**

	<b>General Fund</b>	<b>Capital Fund</b>	<b>Total</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Net Position</b>
<b>Assets</b>					
Cash	\$ 981,133	\$ -	\$ 981,133	\$ -	\$ 981,133
Short term investments	316,360	-	316,360	-	316,360
Prepaid insurance	34,823	-	34,823	-	34,823
Interfund receivable	-	495,758	495,758	(495,758)	-
Capital assets, net	-	-	-	1,151,986	1,151,986
Total assets	<u>\$ 1,332,316</u>	<u>\$ 495,758</u>	<u>\$ 1,828,074</u>	<u>\$ 656,228</u>	<u>\$ 2,484,302</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 116,571	\$ -	\$ 116,571	\$ -	\$ 116,571
Reserve for unemployment	3,928	-	3,928	-	3,928
Reserve for LOSAP	152,798	-	152,798	-	152,798
Interfund payable	495,758	-	495,758	(495,758)	-
Improvement authorizations	-	45,758	45,758	(45,758)	-
Total current liabilities	<u>769,055</u>	<u>45,758</u>	<u>814,813</u>	<u>(541,516)</u>	<u>273,297</u>
<b>Fund Balances and Net Position</b>					
Fund balances:					
Committed:					
Capital improvements	-	250,000	250,000	(250,000)	-
Assigned:					
Designated for subsequent years' expenditures	231,020	200,000	431,020	(431,020)	-
Appropriation reserves	170,779	-	170,779	(170,779)	-
Unassigned:					
General fund	161,462	-	161,462	(161,462)	-
Total fund balances	<u>563,261</u>	<u>450,000</u>	<u>1,013,261</u>	<u>(1,013,261)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,332,316</u>	<u>\$ 495,758</u>	<u>\$ 1,828,074</u>		
Net position					
Net investment in capital assets				1,151,986	1,151,986
Restricted for capital acquisitions				495,758	495,758
Unrestricted				563,261	563,261
Total net position				<u>2,211,005</u>	<u>2,211,005</u>
Total liabilities and net position				<u>\$ 656,228</u>	<u>\$ 2,484,302</u>

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

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**December 31, 2016**

	<b>General Fund</b>	<b>Capital Fund</b>	<b>Total</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Net Position</b>
<b>Assets</b>					
Cash	\$ 1,401,626	\$ -	\$ 1,401,626	\$ -	\$ 1,401,626
Short term investments	316,073	-	316,073	-	316,073
Prepaid insurance	32,961	-	32,961	-	32,961
Interfund receivable	-	1,000,000	1,000,000	(1,000,000)	-
Capital assets, net	-	-	-	587,487	587,487
Total assets	<u>\$ 1,750,660</u>	<u>\$ 1,000,000</u>	<u>\$ 2,750,660</u>	<u>\$ (412,513)</u>	<u>\$ 2,338,147</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 51,063	\$ -	\$ 51,063	\$ -	\$ 51,063
Reserve for unemployment	3,928	-	3,928	-	3,928
Reserve for LOSAP	71,838	-	71,838	-	71,838
Interfund payable	1,000,000	-	1,000,000	(1,000,000)	-
Total current liabilities	<u>1,126,829</u>	<u>-</u>	<u>1,126,829</u>	<u>(1,000,000)</u>	<u>126,829</u>
<b>Fund Balances and Net Position</b>					
Fund balances:					
Committed:					
Capital improvements	-	300,000	300,000	(300,000)	-
Assigned:					
Designated for subsequent years' expenditures	241,495	700,000	941,495	(941,495)	-
Appropriation reserves	153,906	-	153,906	(153,906)	-
Unassigned:					
General fund	228,430	-	228,430	(228,430)	-
Total fund balances	<u>623,831</u>	<u>1,000,000</u>	<u>1,623,831</u>	<u>(1,623,831)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,750,660</u>	<u>\$ 1,000,000</u>	<u>\$ 2,750,660</u>		
Net position					
Net investment in capital assets				587,487	587,487
Restricted for capital acquisitions				1,000,000	1,000,000
Unrestricted				623,831	623,831
Total net position				<u>2,211,318</u>	<u>2,211,318</u>
Total liabilities and net position				<u>\$ (412,513)</u>	<u>\$ 2,338,147</u>

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

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statement of Revenues, Expenses and Changes in Governmental**  
**Fund Balances and Net Position**  
**Year Ended December 31, 2017**

	<b>General Fund</b>	<b>Capital Fund</b>	<b>Total</b>	<b>Adjustments (Note 3)</b>	<b>Statement of Activities</b>
Expenditures					
Operating appropriations	\$ 900,921	\$ -	\$ 900,921	\$ 89,743	\$ 990,664
Capital appropriations	850,000	-	850,000	(850,000)	-
Total expenditures	1,750,921	-	1,750,921	(760,257)	990,664
General revenues					
District taxes	980,205	-	980,205	-	980,205
Supplemental fire services grant	8,678	-	8,678	-	8,678
Interest on deposits and investments	1,468	-	1,468	-	1,468
Fund balance utilized - restricted	700,000	-	700,000	(700,000)	-
Total general revenues	1,690,351	-	1,690,351	(700,000)	990,351
Transfers					
Reserve for future capital outlays	-	150,000	150,000	(150,000)	-
Capital fund balance utilized	-	(700,000)	(700,000)	700,000	-
Total general revenues and transfers	1,690,351	(550,000)	1,140,351	(150,000)	990,351
Deficit of revenues and transfers over expenditures	(60,570)	(550,000)	(610,570)	610,570	-
Changes in net position	-	-	-	(313)	(313)
Fund balances / net position					
Beginning of year	623,831	1,000,000	1,623,831	587,487	2,211,318
End of year	<u>\$ 563,261</u>	<u>\$ 450,000</u>	<u>\$ 1,013,261</u>	<u>\$ 1,197,744</u>	<u>\$ 2,211,005</u>

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



**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statement of Revenues, Expenses and Changes in Governmental**  
**Fund Balances and Net Position**  
**Year Ended December 31, 2016**

	<b>General Fund</b>	<b>Capital Fund</b>	<b>Total</b>	<b>Adjustments (Note 3)</b>	<b>Statement of Activities</b>
Expenditures					
Operating appropriations	\$ 887,792	\$ -	\$ 887,792	\$ 43,203	\$ 930,995
Capital appropriations	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>(150,000)</u>	<u>-</u>
Total expenditures	1,037,792	-	1,037,792	(106,797)	930,995
General revenues					
District taxes	973,563	-	973,563	-	973,563
Interest on deposits and investments	<u>1,770</u>	<u>-</u>	<u>1,770</u>	<u>-</u>	<u>1,770</u>
Total general revenues	975,333	-	975,333	-	975,333
Transfers					
Reserve for future capital outlays	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>(150,000)</u>	<u>-</u>
Total general revenues and transfers	<u>975,333</u>	<u>150,000</u>	<u>1,125,333</u>	<u>(150,000)</u>	<u>975,333</u>
(Deficit) excess of revenues and transfers over expenditures	(62,459)	150,000	87,541	(87,541)	-
Changes in net position	-	-	-	44,338	44,338
Fund balances / net position					
Beginning of year	<u>686,290</u>	<u>850,000</u>	<u>1,536,290</u>	<u>630,690</u>	<u>2,166,980</u>
End of year	<u>\$ 623,831</u>	<u>\$ 1,000,000</u>	<u>\$ 1,623,831</u>	<u>\$ 587,487</u>	<u>\$ 2,211,318</u>

The accompanying 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, 2017 and 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General Statement**

The accounting policies of the Marlboro Township Fire District No. 1 (the District) conform to the accounting principles generally accepted in the United States of America and the standards applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. For the years ended December 31, 2017 and 2016 the financial statements of the Marlboro Township Fire District No. 1 have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**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 combined 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 2017 and 2016 years. 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.

**Marlboro Township Fire District No. 1**  
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*Capital Fund:* The capital 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.

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 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".

*Government-wide Basis of Accounting*

The government-wide statements are presented using 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.

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

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
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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.

**Encumbrances**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Specific encumbrances in governmental funds are reported as liabilities at year end as they constitute expenditures or rather commitments related to unperformed contracts for goods or services.

The encumbered appropriation authority carries over into the following year. The balance of unencumbered appropriations is recorded as a reserve to fund balance for unrecorded expenditures and commitments that pertain to the prior year. At the end of the following year, an entry will be made to fund balance for expended appropriations of the prior year.

**Fixed Assets**

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

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

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

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

Depreciation of all fixed assets is recorded as an operating expense in the Statements of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position with accumulated depreciation reflected in the Statement of Net Position and Governmental Funds 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 12 years for firefighting vehicles.

**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, 2017 and 2016 management has determined that there was no impairment of capital assets.

### **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 Statements of Revenues, Expenses, and Changes in Governmental Fund Balances and Net Position.

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 Statement 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 follow:

- 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 fund balance that have 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.

#### *Government-wide Basis*

Net position is displayed in three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation.
- Restricted for capital acquisitions – Current balance consists of net position restricted to the acquisition of a fire truck and equipment

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- Unrestricted net position – All net position that do not meet the definition of “restricted” or “net investment in capital assets”.

**Advertising**

The District expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2017 and 2016 approximated \$800 and \$600, respectively.

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

**Interfund Receivables and Payables**

For the years ended December 31, 2017 and 2016 interfund receivables and payables in the amount of \$495,758 and \$1,000,000, respectively have been eliminated in arriving at the government-wide presentation.

**Capital Assets - Net and Net Investment in Capital Assets**

For the years ended December 31, 2017 and 2016 capital assets, net in the amount of \$1,151,986 and \$587,487 respectively, and net investment in capital assets in the amount of \$1,151,986 and \$587,487, respectively, have been included in the government-wide presentation.

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

For the years ended December 31, 2017 and 2016, fund balances in the amount of \$1,013,261 and \$1,623,831, respectively have been eliminated. Unrestricted net position in the amount of \$563,261 and \$623,831, respectively and net position restricted for capital acquisitions in the amount of \$495,758 and \$1,000,000, respectively, have been included in the government-wide presentation.

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

**Operating Appropriations**

For the year ended December 31, 2017, depreciation expense in the amount of \$170,634 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 \$64,477, and maintenance and repairs expense has been decreased by \$16,414. The effect on operating appropriations is an increase of \$89,743.

For the year ended December 31, 2016, depreciation expense in the amount of \$135,507 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 \$92,304. The effect on operating appropriations is an increase of \$43,203.

**Capital Appropriations**

For the years ended December 31, 2017 and 2016 reserve for future capital outlays and related transfers has been decreased by \$150,000 in each year. The decrease is to eliminate the general fund expenditure and capital fund revenue related to the creation of future improvement authorizations. Additionally, for the years ended December 31, 2017 and 2016, capital projects have been reduced by \$700,000 and \$-, respectively, to eliminate the general fund and capital fund expenditures related to the creation of improvement authorization. The net effect on capital appropriations and related transfers is a decrease of \$850,000 and \$150,000, respectively, for the years ended December 31, 2017 and 2016.

**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 percent of the average daily balance of public funds; or, if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. 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, 2017 and 2016 the District's cash accounts consisted of:

	<b>2017</b>	<b>2016</b>
The Fulton Bank of New Jersey	\$ 977,154	\$ 1,397,648
Bank of America	3,929	3,928
Petty cash	<u>50</u>	<u>50</u>
Total Cash	<u>\$ 981,133</u>	<u>\$ 1,401,626</u>

The carrying amount of the Board's cash and cash equivalents at December 31, 2017 was \$981,133 and the bank balance was \$1,009,594. Of the balance, \$253,929 was covered by federal depository insurance and \$755,665 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 cash deposits held at financial institutions can be categorized according to three levels of risk as described below:

Category 1	Deposits which are covered by FDIC, or collateralized by securities held by the District or its agent, in the District's name	\$ 253,929
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Category 2	Deposits which are collateralized with securities held by the pledging financial institution's trust department, or Agent in the District's name	755,665
Category 3	Deposits which are not collateralized or insured	50

Investments

New Jersey statutes establish the following securities as eligible for the investment of District funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Associates or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- (c) Bonds or other obligations of the District or bonds or other obligations of school districts of which the district is a part or within which the school district is located.
- (d) Bonds or other obligations, having a maturity date of not more than twelve months from the date of purchase, which are approved by the New Jersey Department of Treasury, Division of Investments.
- (e) Qualified mutual funds with portfolios limited to (i) bonds or other obligations of, or guaranteed by, the United States of America; and (ii) repurchase agreements fully collateralized by such obligations. These investments must be transacted only through national or state banks located within New Jersey.

During the year, the District had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the District.

As of December 31, 2017 and 2016 the District's investments consisted of:

	<b>2017</b>	<b>2016</b>
Certificates of Deposit:		
Bank of America	\$ 168,914	\$ 168,837
M&T Bank	<u>147,446</u>	<u>147,236</u>
Total Investments	<u>\$ 316,360</u>	<u>\$ 316,073</u>

The certificates of deposit have terms ranging from 7 months to 12 months, with interest rates ranging from 0.04% to 0.10% and mature in March, April, and August 2018. These certificates of deposit are covered by federal deposit insurance.



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**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 municipality, in which the fire district is situate, 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.

The collector or treasurer of the municipality, in which said district is situate, shall pay over all moneys so assessed to the treasurer or custodian of funds of said fire district as follows; on or before April 1, an amount equaling 21.25% of all moneys so assessed; on or before July 1, an amount equaling 22.5% of all moneys so assessed; on or before October 1, an amount equaling 25% of all moneys so assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of such moneys 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 municipal governing body may authorize, in the cash management plan adopted by it pursuant to N.J.S. 40A:5-14, a schedule of payments of fire districts moneys by which an amount greater than required on any of the first three payment dates cited herein may be paid over. The municipal governing body and board of fire commissioners may, by concurrent resolution, adopt a schedule of payments of fire district moneys by which an amount less than required in any of the first three payment dates, cited herein may be paid over. Such resolution shall be included in the cash management plan adopted by the municipal governing body pursuant to N.J.S. 40A:5-14.

The commissioners may also pay back, or cause to be paid back to such municipality, any funds or any part thereof paid to the treasurer or custodian of funds of such fire district by the collector or treasurer of the municipality, representing taxes levied for fire district purposes but not actually collected in cash by said collector or treasurer.

**6. FUNDING**

The activities of the Marlboro Township Fire District No. 1 are primarily funded by the striking of a fire tax on the property owners of the Fire District, as provided for by state statute. For the years ended December 31, 2017 and 2016, the fire tax rate on Fire District No. 1 was \$0.034 and \$.033, 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 \$8,678 in 2017 and did not receive any in 2016.

**Marlboro Township Fire District No. 1**  
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**7. LENGTH OF SERVICE AWARD PROGRAM (LOSAP)**

The District maintains a LOSAP in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Program 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.

All amounts of compensation deferred under the Program and all income attributed to those amounts are the exclusive property of the Fire District, subject to the claims of its general creditors. Participants' rights under the Program are equal to those of a general creditor of the Fire District in an amount equal to the fair market value of the deferred account for each participant. It is unlikely that the Fire District would use Program assets to satisfy claims of the general creditors in the future.

The District has Glatfelter Specialty Benefits, its agent, to administer its LOSAP program. Contributions by the district to this program have been made each year since its inception. The contribution is based on the actuary calculation. For 2017 and 2016 the budgeted amount of contribution was \$250,000 and \$225,000, respectively, and the contribution made in 2017 and 2016 was \$169,040 and \$183,615 respectively. The remaining budget is reserved for future distribution. Since this plan is administered by an outside insurance company, it was not made part of this audit. Details of this program can be obtained from Marlboro Township Fire District No. 1 upon request.

**8. RENTAL CHARGES**

The District contracts with the volunteer fire company to lease the premises on a yearly basis. The volunteer fire company owns the premises. For the years ended December 31, 2017 and 2016, the total rental charges amounted to \$79,900 and \$78,470, respectively.

**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, 2017 and 2016:

<b>Description</b>	<b>January 1, 2017</b>	<b>Additions</b>	<b>Deletions / Transfers</b>	<b>December 31, 2017</b>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 32,181	\$ -	\$ 32,181
Total	-	32,181	-	32,181
Capital assets being depreciated:				
Equipment	834,546	48,710	-	883,256
Trucks and vehicles	2,239,236	654,242	-	2,893,478
Total	3,073,782	702,952	-	3,776,734
Less accumulated depreciation:				
Equipment	679,459	53,828	-	733,287
Trucks and vehicles	1,806,836	116,806	-	1,923,642
Total	2,486,295	170,634	-	2,656,929
Total capital assets being depreciated, net	587,487	532,318	-	1,119,805
Net capital assets	\$ 587,487	\$ 564,499	\$ -	\$ 1,151,986
<b>Description</b>	<b>January 1, 2016</b>	<b>Additions</b>	<b>Deletions / Transfers</b>	<b>December 31, 2016</b>
Capital assets not being depreciated:				
Construction in progress	\$ 96,109	\$ -	\$ (96,109)	\$ -
Total	96,109	-	(96,109)	-
Capital assets being depreciated:				
Equipment	701,298	37,139	96,109	834,546
Trucks and vehicles	2,184,071	55,165	-	2,239,236
Total	2,885,369	92,304	96,109	3,073,782
Less accumulated depreciation:				
Equipment	631,523	47,936	-	679,459
Trucks and vehicles	1,719,265	87,571	-	1,806,836
Total	2,350,788	135,507	-	2,486,295
Total capital assets being depreciated, net	534,581	(43,203)	96,109	587,487
Net capital assets	\$ 630,690	\$ (43,203)	\$ -	\$ 587,487

Depreciation expense for the years ended December 31, 2017 and 2016 amounted to \$170,634 and \$135,507, respectively.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

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**11. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events occurring after December 31, 2017 through the date of September 11, 2018, which is the date the financial statements were available to be issued. Based on this evaluation, the District has determined that no subsequent events have occurred, which require disclosure in the financial statements.

**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1  
MONMOUTH COUNTY, NEW JERSEY**

**SUPPLEMENTARY INFORMATION**

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual – All Governmental Fund Types**  
**Year Ended December 31, 2017**

	<b>Governmental Fund Type</b>		<b>Total Actual Amounts</b>			<b>Budgeted Amounts</b>		<b>Budgetary Variance</b>
	<b>General Fund</b>	<b>Capital Fund</b>	<b>Budgetary Basis</b>	<b>Adjustments Note B</b>	<b>GAAP Basis</b>	<b>Original</b>	<b>Final</b>	
Revenues:								
District taxes	\$ 980,205	\$ -	\$ 980,205	\$ -	\$ 980,205	\$ 980,205	\$ 980,205	\$ -
Supplemental fire services grant	8,678	-	8,678	-	8,678	-	-	8,678
Interest on deposits and investments	1,468	-	1,468	-	1,468	-	-	1,468
Fund balance utilized - unrestricted	-	-	-	-	-	241,495	241,495	(241,495)
Fund balance utilized - restricted	700,000	-	700,000	(700,000)	-	700,000	700,000	-
Total revenues	1,690,351	-	1,690,351	(700,000)	990,351	1,921,700	1,921,700	(231,349)
Transfers:								
Reserve for future capital outlays	-	150,000	150,000	(150,000)	-	-	-	150,000
Capital fund balance utilized	-	(700,000)	(700,000)	700,000	-	-	-	(700,000)
Total transfers	-	(550,000)	(550,000)	550,000	-	-	-	(550,000)
Total general revenues and transfers	1,690,351	(550,000)	1,140,351	(150,000)	990,351	1,921,700	1,921,700	(781,349)
Expenditures:								
Operating appropriations:								
Administration:								
Salary and wages:								
Commissioners	32,500	-	32,500	-	32,500	32,500	32,500	-
Clerk of the board	10,000	-	10,000	-	10,000	12,000	12,000	2,000
Total salary and wages	42,500	-	42,500	-	42,500	44,500	44,500	2,000
Other expenses:								
Elections	1,344	-	1,344	-	1,344	2,000	2,000	656
Office expense	4,844	-	4,844	-	4,844	5,000	5,000	156
Professional services	68,219	-	68,219	-	68,219	60,000	60,000	(8,219)
Total other expenses	74,407	-	74,407	-	74,407	67,000	67,000	(7,407)
Total administration	116,907	-	116,907	-	116,907	111,500	111,500	(5,407)

(continued on the following page)

See Independent Auditors' Report.  
The accompanying Notes to 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 Balance**  
**Budget and Actual – All Governmental Fund Types**  
**Year Ended December 31, 2017**

	<b>Governmental Fund Type</b>		<b>Total Actual Amounts</b>			<b>Budgeted Amounts</b>		<b>Budgetary Variance</b>
	<b>General Fund</b>	<b>Capital Fund</b>	<b>Budgetary Basis</b>	<b>Adjustments Note B</b>	<b>GAAP Basis</b>	<b>Original</b>	<b>Final</b>	
Costs of operations and maintenance:								
Fringe benefits	-	-	-	-	-	16,000	16,000	16,000
LOSAP	250,000	-	250,000	-	250,000	250,000	250,000	-
Other expenses:								
Advertising	799	-	799	-	799	3,000	3,000	2,201
Insurance	57,607	-	57,607	-	57,607	93,000	85,500	27,893
Maintenance and repair	59,338	-	59,338	(16,414) (1)	42,924	84,000	91,500	32,162
Membership dues	300	-	300	-	300	1,300	1,300	1,000
Training and education	566	-	566	-	566	3,000	3,000	2,434
Professional services/medical	6,181	-	6,181	-	6,181	16,000	16,000	9,819
Rental charges	79,900	-	79,900	-	79,900	79,900	79,900	-
Rental charges - Utilities	4,536	-	4,536	-	4,536	6,000	6,000	1,464
Travel expenses	303	-	303	-	303	6,000	6,000	5,697
Reimbursement of expenses	12,097	-	12,097	-	12,097	25,000	25,000	12,903
Fire hydrant rentals	224,654	-	224,654	-	224,654	275,000	275,000	50,346
Uniforms	9,524	-	9,524	-	9,524	10,000	10,000	476
New equipment and supplies	76,221	-	76,221	(64,477) (1)	11,744	90,000	90,000	13,779
Public education and recruitment	1,988	-	1,988	-	1,988	2,000	2,000	12
Depreciation expense	-	-	-	170,634 (1)	170,634	-	-	-
Total other expenses	534,014	-	534,014	89,743	623,757	694,200	694,200	160,186
Total operating appropriations	900,921	-	900,921	89,743	990,664	1,071,700	1,071,700	170,779

*(continued on the following page)*

**See Independent Auditors' Report.**  
**The accompanying Notes to 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 Balance**  
**Budget and Actual – All Governmental Fund Types**  
**Year Ended December 31, 2017**

	<b>Governmental Fund Type</b>		<b>Total Actual Amounts</b>			<b>Budgeted Amounts</b>		<b>Budgetary Variance</b>
	<b>General Fund</b>	<b>Capital Fund</b>	<b>Budgetary Basis</b>	<b>Adjustments Note B</b>	<b>GAAP Basis</b>	<b>Original</b>	<b>Final</b>	
Capital appropriations:								
Reserve for future capital outlays	150,000	-	150,000	(150,000)	-	150,000	150,000	-
Replacement fire pumper	700,000	-	700,000	(700,000) (1)	-	700,000	700,000	-
Total capital appropriations	<u>850,000</u>	<u>-</u>	<u>850,000</u>	<u>(850,000)</u>	<u>-</u>	<u>850,000</u>	<u>850,000</u>	<u>-</u>
Total expenditures	<u>1,750,921</u>	<u>-</u>	<u>1,750,921</u>	<u>(760,257)</u>	<u>990,664</u>	<u>1,921,700</u>	<u>1,921,700</u>	<u>170,779</u>
Deficit of revenues and transfers over expenditures	(60,570)	(550,000)	(610,570)	610,570	-	\$ -	\$ -	\$ (610,570)
Changes in net position	-	-	-	(313)	(313)			
Fund balances, beginning of the year	<u>623,831</u>	<u>1,000,000</u>	<u>1,623,831</u>	<u>587,487</u> (2)	<u>2,211,318</u>			
Fund balances, end of the year	<u>\$ 563,261</u>	<u>\$ 450,000</u>	<u>\$ 1,013,261</u>	<u>\$ 1,197,744</u>	<u>\$ 2,211,005</u>			

See Independent Auditors' Report.

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



**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Supplementary Information**  
**Year Ended December 31, 2017**

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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".

**B. Budgetary-to-GAAP Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	<b><u>Change in Fund Balance</u></b>
(1) Encumbrances for equipment and vehicle purchases are reported as expenses in the year the orders are placed for budgetary purposes. For GAAP purposes, the equipment and vehicle purchases are capitalized in the year received.	\$ 80,891
Capital projects approved in the current year budget are reported as expenses in the year the funds are designated by voter election. For GAAP purposes, expense are recorded when actual invoices are received.	700,000
Depreciation expense is not recorded on the budgetary basis of accounting. For GAAP purposes, capitalized assets are depreciated on a straight line basis over their respective useful lives.	<u>(170,634)</u>
Increase in fund balance - budget to GAAP	610,257

See Independent Auditors' Report.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Supplementary Information**  
**Year Ended December 31, 2017**

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- (2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the District's budget. (See Note A for a description of the District's budgetary accounting method.) This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above.

587,487

\$ 1,197,744

**C. Budget Cancellation**

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2017, the District canceled \$-0- of appropriations resulting in a reservation of fund balance as follows:

Adopted budget	\$ 1,921,700
Expenditures	<u>1,750,921</u>
Favorable variance	170,779
Cancelled	<u>-</u>
Fund balance reserve	<u>\$ 170,779</u>

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Improvement Authorizations – Capital Fund**  
**Year Ended December 31, 2017**

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<u>Purpose</u>	<u>Date</u>	<u>Authorized Appropriation Amount</u>	<u>Balance January 1, 2017</u>	<u>2017 Authorization</u>	<u>2017 Expenditures</u>	<u>Balance December 31, 2017</u>
Replacement fire pumper	02/21/15	\$ 700,000	\$ -	\$ 700,000	\$ 654,242	\$ 45,758
Total		<u>\$ 700,000</u>	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ 654,242</u>	<u>\$ 45,758</u>

See Independent Auditors' Report.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statistical Information**  
**Years Ended December 31, 2017 and 2016**

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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:

<b>Fiscal Year</b>	<b>Assessed Valuations</b>	<b>Total Tax Levy</b>	<b>Property Tax Rates</b>
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
2013	2,788,234,500	918,960	0.033
2012	2,866,138,468	921,007	0.033
2011	2,866,163,328	888,862	0.032
2010	2,874,731,915	868,492	0.031
2009	1,350,479,218	883,166	0.066
2008	1,343,020,504	863,941	0.065
2007	1,340,775,120	707,266	0.053

**General Fund – Fund Balance before Current Year Appropriation Reserves**

<b>Fiscal Year Ended</b>	<b>End of Fiscal Year</b>	<b>Utilization in Subsequent Budget</b>
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
December 31, 2012	397,855	171,590
December 31, 2011	319,719	150,255
December 31, 2010	248,955	133,888
December 31, 2009	244,380	121,374
December 31, 2008	291,318	135,000
December 31, 2007	281,223	130,000

See Independent Auditors' Report.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statistical Information**  
**Years Ended December 31, 2017 and 2016**

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**Capital Fund – Fund Balance**

<b>Fiscal Year Ended</b>	<b>End of Fiscal Year</b>	<b>Utilization in Subsequent Budget</b>
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	-
December 31, 2012	425,000	-
December 31, 2011	300,000	-
December 31, 2010	200,000	-
December 31, 2009	100,000	-
December 31, 2008	250,000	-
December 31, 2007	150,000	-

See Independent Auditors' Report.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Roster of Officials**  
**Years Ended December 31, 2017 and 2016**

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<b>Board of Commissioners</b>	<b>Position</b>	<b>Term Expires</b>	<b>Amount of Surety Bond*</b>
Michael MacDonald	Chairman	2020	\$ 200,000*
Douglas Tilton	Vice Chairman	2021	200,000*
Charles VanCuren	Treasurer	2020	200,000*
Christopher Cherbini	Secretary	2019	200,000*
Paul Elkin	Assistant Treasurer	2021	200,000*

**Other Officials**

Charles Brodsky                      Board Attorney

\* Blanket Bond Coverage

**Surety Company**

American Alternative Insurance Corporation

[See Independent Auditors' Report.](#)

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Comments and Recommendations**  
**Years Ended December 31, 2017 and 2016**

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**Scope of Examination and Conditions of Records**

Our examination covered the funds of the Board of Fire Commissioners, Fire District No. 1, Township of Marlboro handled by the Treasurer and Board Clerk.

The Financial records were maintained in good condition.

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

**Cash in Banks**

The balances in banks at December 31, 2017 were properly reconciled with statements issued by the depositories.

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

**Examination of Claims**

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

**Contracts and Agreements Required to be Advertised**

**For N.J.S. 40A:11-4**

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the bid threshold of \$17,500 except by contract or agreement". Furthermore, contracting units now have a quotation threshold of \$2,625.

The members of the Township of Marlboro Fire District No. 1 have the responsibility of determining 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 examination indicated that 3 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.

**Miscellaneous**

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

[See Independent Auditors' Report.](#)

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Comments and Recommendations**  
**Years Ended December 31, 2017 and 2016**

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**Acknowledgment**

During the course of the audit, we received the cooperation of the officials of the Fire District and we appreciate the courtesies extended to us.

**Recommendations**

None

**Prior Year Comments**

None

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,

A handwritten signature in blue ink that reads "William Smith + Brown, PC". The signature is written in a cursive, flowing style.

September 11, 2018



**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Findings and Recommendations**  
**Years Ended December 31, 2017 and 2016**

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**Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *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

[See Independent Auditors' Report.](#)

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Prior Year Findings and Recommendations**  
**Years Ended December 31, 2017 and 2016**

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**Schedule of Financial Statement Findings**

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

**Material Weaknesses**

None

[See Independent Auditors' Report.](#)