

August 13, 2024

To the Board of Fire Commissioners, Marlboro Fire District No. 1  
P.O. Box 462  
Morganville, New Jersey 07751

To the Commissioners of the Township of Marlboro Fire District No. 3:

We have audited the financial statements of Marlboro Fire District No. 1 (the "District") as of and for the year ended December 31, 2023 and 2022 and have issued our report thereon dated August 13, 2024. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated April 15, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our finding regarding a significant deficiency over financial reporting noted during our audit in a separate letter to you dated August 13, 2024.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## **Significant Risks Identified**

We have identified the following significant risks:

- Improper revenue recognition - risk of material misstatement due to error or fraud
- Management override of controls – risk that management will override internal controls

## **Qualitative Aspects of the District's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are useful lives of capital assets and depreciation expense.

Management's estimate of the based on the useful lives of the assets from the date they are placed in service. We evaluated the key factors and assumptions used to develop the accounting estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the following:

- All material, corrected misstatements ("audit adjustments") that were brought to the attention of management as a result of our audit procedures. See Appendix A for a listing of all adjustments recorded.
- The effect of uncorrected misstatements ("waived adjustments") related to the current and prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated August 13, 2024 .

## **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

## **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business and regulatory conditions affecting the District, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the District's commissioners and is not intended to be and should not be used by anyone other than these specified parties. We appreciate the opportunity to be of service to the District.



**WithumSmith+Brown, PC**

**Marlboro Township Fire District No. 1**  
**Appendix A – Corrected Misstatements**  
**December 31, 2023**

Account	Description	Debit	Credit	Impact on Statement of Activities Decrease/ (Increase)
<b>Adjusting Journal Entries JE # 1</b>				
Adjust supplemental fire revenue received with check from taxation				
4000	AMOUNT TO BE RAISED BY TAXATION	4,339.00		
4010	SUPPLEMENTAL FIRE SERVICES ACT		4,339.00	
<b>Total</b>		<u><b>4,339.00</b></u>	<u><b>4,339.00</b></u>	\$ -
<b>Adjusting Journal Entries JE # 2</b>				
To reflect budget appropriation for reserve of future capital outlay to interfund accounts				
2500	Due from General Fund	200,000.00		
2501	Due to Capital		200,000.00	
<b>Total</b>		<u><b>200,000.00</b></u>	<u><b>200,000.00</b></u>	-
<b>Adjusting Journal Entries JE # 3</b>				
Account for CD interest income				
1020	CASH - BOA CD#8056395271	7.00		
1025	CASH - BOA C/D#806345305	28.00		
1035	HUDSON CITY SAV/BANK-5400617489	45.00		
4060	INTEREST INCOME		80.00	
<b>Total</b>		<u><b>80.00</b></u>	<u><b>80.00</b></u>	(80)
<b>Adjusting Journal Entries JE # 4</b>				
To properly adjust payroll accounts				
5000	SALARIES & WAGES Clerk	7,883.00		
5010	FRINGE BENEFITS - COMMISSIONERS	138.00		
5200	PAYROLL TAX EXPENSE		8,021.00	
<b>Total</b>		<u><b>8,021.00</b></u>	<u><b>8,021.00</b></u>	-
<b>Adjusting Journal Entries JE # 5</b>				
To record current year fixed asset additions				
1400	TRUCKS & VEHICLES	77,947.00		
1410	EQUIPMENT	47,699.00		
1500	INVESTMENT IN GEN FIXED ASSETS		125,646.00	
<b>Total</b>		<u><b>125,646.00</b></u>	<u><b>125,646.00</b></u>	-
<b>Adjusting Journal Entries JE # 6</b>				
To reconcile Prepaid insurance and Insurance expense for CY				
5060	INSURANCE	2,681.00		
1515	PREPAID INSURANCE		2,681.00	
<b>Total</b>		<u><b>2,681.00</b></u>	<u><b>2,681.00</b></u>	2,681

**Marlboro Township Fire District No. 1**  
**Appendix A – Corrected Misstatements**  
**December 31, 2023**

<b>Adjusting Journal Entries JE # 7</b>			
To record the cancellation of the Fire Pumper apparatus, per review of the minutes			
2201	IMP AUTH-APPARATUS UPGRADE	1,000,000.00	
2501	Due to Capital	1,000,000.00	
3010	FUND BAL - CAPITAL DESIGNATED		1,000,000.00
3020	FUND BAL - CAPITAL UNDESIGNATED		1,000,000.00
<b>Total</b>		<b><u>2,000,000.00</u></b>	<b><u>2,000,000.00</u></b>
			\$ -
<b>Adjusting Journal Entries JE # 8</b>			
to Re-class LOSAP expenses to one account			
5040	FRINGE BENEFITS - LOSAP	167,080.00	
5230	LENGTH OF SERVICE AWARD PROGRAM		167,080.00
<b>Total</b>		<b><u>167,080.00</u></b>	<b><u>167,080.00</u></b>
			-
<b>Adjusting Journal Entries JE # 9</b>			
Bring Fund Balance in balance with PY			
3900	Retained Earnings	135,054.00	
4020	UNRESERVED FUND BALANCE	333,603.00	
3000	FUND BAL- GENERAL UNRESERVED		267,969.00
3020	FUND BAL - CAPITAL UNDESIGNATED		200,000.00
5150	OFFICE SUPPLIES & POSTAGE		688.00
<b>Total</b>		<b><u>468,657.00</u></b>	<b><u>468,657.00</u></b>
			(688)
<b>Adjusting Journal Entries JE # 10</b>			
to record activity for the cancelled apparatus (funds returned to the capital fund) and the activity for the payment made on the new firetruck			
2500	Due from General Fund	1,000,000.00	
2501	Due to Capital	200,000.00	
2500	Due from General Fund		200,000.00
2501	Due to Capital		1,000,000.00
<b>Total</b>		<b><u>1,200,000.00</u></b>	<b><u>1,200,000.00</u></b>
			-
<b>Adjusting Journal Entries JE # 11</b>			
To record capital improvement authorization for the Fire Truck for \$700,000			
3020	FUND BAL - CAPITAL UNDESIGNATED	700,000.00	
2202	IMPR AUTH - FIRE TRUCK		700,000.00
<b>Total</b>		<b><u>700,000.00</u></b>	<b><u>700,000.00</u></b>
			-