

**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1
MONMOUTH COUNTY, NEW JERSEY
Financial Statements
December 31, 2019 and 2018
With Independent Auditor's Report**

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
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December 31, 2019 and 2018

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Township of Marlboro

Fire District #1

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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, 2019 and 2018.

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.

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

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:

- 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.

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

THE DISTRICT AS A WHOLE

For the years ended December 31, 2019 and 2018, net position changed as follows:

	2019 GAAP Basis			Increase	Percentage
	General Fund	Capital Fund		(Decrease)	Increase
	Activities	Activities	Total	Over 2018	(Decrease)
Assets					
Current and other assets	\$ 1,501,724	\$ -	\$ 1,501,724	\$ 173,940	13.10%
Capital assets	-	915,545	915,545	(143,483)	-13.55%
Total assets	<u>\$ 1,501,724</u>	<u>\$ 915,545</u>	<u>\$ 2,417,269</u>	<u>\$ 30,457</u>	1.28%
Other liabilities	\$ 946,187	\$ -	<u>\$ 946,187</u>	<u>\$ (82,879)</u>	-8.05%
Net position					
Net investment in capital assets			915,545	(143,483)	-13.55%
Restricted			812,782	200,000	32.64%
Unrestricted			<u>(257,245)</u>	<u>56,819</u>	-18.09%
Total net position			<u>1,471,082</u>	<u>113,336</u>	8.35%
Total liabilities and net position			<u>\$ 2,417,269</u>	<u>\$ 30,457</u>	1.28%

In current year, the District's net position increased by \$113,000 mainly due to the increase of restricted funds as a result of the cancellation off \$200,000 of apparatus upgrades.

	2018 GAAP Basis			Increase	Percentage
	General Fund	Capital Fund		(Decrease)	Increase
	Activities	Activities	Total	Over 2017	(Decrease)
Assets					
Current and other assets	\$ 1,327,784	\$ -	\$ 1,327,784	\$ (4,532)	-0.34%
Capital assets	-	1,059,028	1,059,028	(92,958)	-8.07%
Total assets	<u>\$ 1,327,784</u>	<u>\$ 1,059,028</u>	<u>\$ 2,386,812</u>	<u>\$ (97,490)</u>	-3.92%
Other liabilities	\$ 1,029,066	\$ -	\$ 1,029,066	\$ 755,769	276.54%
Net position					
Net investment in capital assets			1,059,028	(92,958)	-8.07%
Restricted			612,782	117,024	23.61%
Unrestricted			(314,064)	(877,325)	-155.76%
Total net position			<u>1,357,746</u>	<u>(853,259)</u>	-38.59%
Total liabilities and net position			\$ 2,386,812	\$ (97,490)	-3.92%

In 2018, the District's net position decreased due mainly from prior period adjustment of \$873,904 for implementing of GASB statement No. 73, *Accounting and Financial Report for Pension and Related Assets* that are not within the Scope of GASB Statement 68, and amendments to certain provisions of GASB Statements 67 and 68. See Note 12 for additional information.

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

Governmental Activities

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 DISTRICT'S FUNDS

The following schedule presents a summary of General and Capital Fund revenues and expenditures for the fiscal years ended December 31, 2019 and 2018 and the amount and percentage of increases and decreases in relation to the prior years.

	2019 GAAP Amount	Percentage of Total Revenues	Increase (Decrease) Over 2018	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 1,023,226	99.33%	\$ 22,685	2.27%
Supplemental fire services grant	4,339	0.42%	-	0.00%
Interest on deposits and investments	3,214	0.31%	1,094	51.60%
Miscellaneous	(647)	-0.06%	(150,647)	-100.43%
Total revenues	<u>\$ 1,030,132</u>	<u>100.00%</u>	<u>\$ (126,868)</u>	<u>-10.97%</u>

For the year ended December 31, 2019, the District experienced a decrease in total revenue of approximately \$127,000 or 11%. The majority of the decrease came as a result of the \$150,000 cancellation of LOSAP reserve being re-classed to miscellaneous income in the prior year. There was no such re-class in the current year.

	2018 GAAP Amount	Percentage of Total Revenues	Increase (Decrease) Over 2017	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 1,000,541	86.48%	\$ 20,336	2.07%
Supplemental fire services grant	4,339	0.38%	(4,339)	-50.00%
Interest on deposits and investments	2,120	0.18%	652	44.41%
Miscellaneous	150,000	12.96%	150,000	100.00%
Total revenues	<u>\$ 1,157,000</u>	<u>100.00%</u>	<u>\$ 166,649</u>	<u>16.83%</u>

For the year ended December 31, 2018, the District experienced an increase in total revenue of approximately \$167,000 or 17%. The majority of the increase related to the cancellation of \$150,000 of the LOSAP reserve, and the balance is a result of the district property tax increase in assessed value of \$3 million.

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

	FYE 2019 GAAP Amount	Percentage of Total Expenditures	Increase (Decrease) Over 2018	Percentage Increase (Decrease)
Expenditures				
Commissioners	\$ 32,500	3.54%	\$ 1,083	3.45%
Clerk of the Board	11,000	1.20%	1,000	10.00%
Elections	2,141	0.23%	772	56.39%
Office expenses	4,291	0.47%	(582)	-11.94%
Professional services	70,971	7.74%	(3,004)	-4.06%
LOSAP	260,000	28.36%	-	0.00%
Advertising	(25)	0.00%	(82)	-143.86%
Insurance	58,168	6.34%	(468)	-0.80%
Maintenance and repairs	72,811	7.94%	8,783	13.72%
Membership/dues	325	0.04%	(55)	-14.47%
Training and education	5,867	0.64%	5,867	100.00%
Uniforms	6,026	0.66%	(635)	-9.53%
Professional services/medical	6,007	0.66%	(745)	-11.03%
Rental charges	80,000	8.73%	100	0.13%
Rental - utilities	12,872	1.40%	4,168	47.89%
Travel expenses	8,168	0.89%	1,835	28.98%
Fire hydrant rentals	230,823	25.18%	2,882	1.26%
New equipment and supplies	7,801	0.85%	1	0.01%
Public education and recruitment	85	0.01%	(907)	-91.43%
Reimbursement of expenses	4,837	0.53%	25	0.52%
LOSAP expense, net	(183,527)	(20.02%)	(253,239)	-363.26%
Depreciation expense	225,655	24.61%	13,642	6.43%
Total expenditures	<u>\$ 916,796</u>	<u>100.00%</u>	<u>\$ (219,559)</u>	<u>-19.32%</u>

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

	FYE 2018 GAAP Amount	Percentage of Total Expenditures	Increase (Decrease) Over 2017	Percentage Increase (Decrease)
Expenditures				
Commissioners	\$ 31,417	2.76%	\$ (1,083)	-3.33%
Clerk of the Board	10,000	0.88%	-	0.00%
Elections	1,369	0.12%	25	1.86%
Office expenses	4,873	0.43%	29	0.60%
Professional services	73,975	6.51%	5,756	8.44%
LOSAP	260,000	22.88%	10,000	4.00%
Advertising	57	0.01%	(742)	-92.87%
Insurance	58,636	5.16%	1,029	1.79%
Maintenance and repairs	64,028	5.63%	21,104	49.17%
Membership/dues	380	0.03%	80	26.67%
Training and education	-	0.00%	(566)	-100.00%
Uniforms	6,661	0.59%	(2,863)	-30.06%
Professional services/medical	6,752	0.59%	571	9.24%
Rental charges	79,900	7.03%	-	0.00%
Rental - utilities	8,704	0.77%	4,168	91.89%
Travel expenses	6,333	0.56%	6,030	1990.10%
Fire hydrant rentals	227,941	20.06%	3,287	1.46%
New equipment and supplies	7,800	0.69%	(3,944)	-33.58%
Public education and recruitment	992	0.09%	(996)	-50.10%
Reimbursement of expenses	4,812	0.42%	(7,285)	-60.22%
LOSAP Expense, net	69,712	6.13%	69,712	100.00%
Depreciation expense	212,013	18.66%	41,379	24.25%
Total expenditures	<u>\$ 1,136,355</u>	<u>100.00%</u>	<u>\$ 145,691</u>	<u>14.71%</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, 2019, the District experienced a decrease in total expenditures of approximately \$220,000 or 19% due mainly to the decrease in net defined LOSAP benefit liability of \$184,000. For the year ended December 31, 2018, the District experienced an increase in total expenditures of approximately \$146,000 or 15%, due mainly to an increase in LOSAP, maintenance and repairs and depreciation expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget relied on the expectation of an increase in district taxes. For 2019, the district assessed value increased slightly below \$3 million which produced an increase in tax revenue of approximately \$23,000. For 2018, the district tax rate increased slightly which produced an increase in tax revenue of approximately \$20,000.

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, 2019 and 2018, capital assets changed as follows:

	2018 GAAP Basis	Additions	Transfers	2019 GAAP Basis	Percentage Increase (Decrease)
Capital assets					
Equipment	\$ 1,001,517	\$ 82,172	\$ -	\$ 1,083,689	8.20%
Trucks and vehicles	2,926,453	-	-	2,926,453	0.00%
	3,927,970	82,172	-	4,010,142	2.09%
Accumulated depreciation	2,868,942	225,655	-	3,094,597	7.87%
Capital assets, net	<u>\$ 1,059,028</u>	<u>\$ (143,483)</u>	<u>\$ -</u>	<u>\$ 915,545</u>	-13.55%

	2017 GAAP Basis	Additions	Transfers	2018 GAAP Basis	Percentage Increase (Decrease)
Capital assets					
Equipment	\$ 883,256	\$ 86,080	\$ 32,181	\$ 1,001,517	13.39%
Trucks and vehicles	2,893,478	32,975	-	2,926,453	1.14%
Construction in progress	32,181	-	(32,181)	-	-100.00%
	3,808,915	119,055	-	3,927,970	3.13%
Accumulated depreciation	2,656,929	212,013	-	2,868,942	7.98%
Capital assets, net	<u>\$ 1,151,986</u>	<u>\$ (92,958)</u>	<u>\$ -</u>	<u>\$ 1,059,028</u>	-8.07%

Debt

For the years ended December 31, 2019 and 2018, 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 the district tax rate.

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 AUDITOR'S REPORT

To the 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, 2019 and 2018, 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 auditor's 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 Marlboro Township Fire District No. 1, Monmouth County, New Jersey as of December 31, 2019 and 2018, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12, the beginning net position for 2018 has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 through A7, and schedule of revenues, expenditures, and changes in fund balances – budget and actual all governmental fund types and related notes on pages 25 to 26 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 2019 and 2018 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 December 8, 2020 on our consideration of 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.

A handwritten signature in blue ink that reads 'Withum Smith & Brown, PC'.

December 8, 2020

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,
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 as of and for the year ended December 31, 2019, 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 December 8, 2020.

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 ("internal control") 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 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* 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 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 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.

A handwritten signature in blue ink that reads 'Withum Smith & Brown, PC'. The signature is written in a cursive, flowing style.

December 8, 2020

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2019

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets					
Cash	\$ 1,150,360	\$ -	\$ 1,150,360	\$ -	\$ 1,150,360
Short term investments	316,810	-	316,810	-	316,810
Prepaid insurance	34,554	-	34,554	-	34,554
Interfund receivable	-	812,782	812,782	(812,782)	-
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>915,545</u>	<u>915,545</u>
Total assets	<u>\$ 1,501,724</u>	<u>\$ 812,782</u>	<u>\$ 2,314,506</u>	<u>\$ 102,763</u>	<u>\$ 2,417,269</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 57,200	\$ -	\$ 57,200	\$ -	\$ 57,200
Reserve for unemployment	3,928	-	3,928	-	3,928
Reserve for LOSAP insured plan	124,970	-	124,970	-	124,970
Defined LOSAP benefit liability - net	-	-	-	760,089	760,089
Interfund payable	812,782	-	812,782	(812,782)	-
Improvement authorizations	<u>-</u>	<u>12,782</u>	<u>12,782</u>	<u>(12,782)</u>	<u>-</u>
Total current liabilities	<u>998,880</u>	<u>12,782</u>	<u>1,011,662</u>	<u>(65,475)</u>	<u>946,187</u>
Fund Balances and Net Position					
Fund balances					
Committed					
Capital improvements	-	800,000	800,000	(800,000)	-
Assigned					
Designated for subsequent					
years' expenditures	241,981	-	241,981	(241,981)	-
Appropriation reserves	148,660	-	148,660	(148,660)	-
Unassigned					
General fund	<u>112,203</u>	<u>-</u>	<u>112,203</u>	<u>(112,203)</u>	<u>-</u>
Total fund balances	<u>502,844</u>	<u>800,000</u>	<u>1,302,844</u>	<u>(1,302,844)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,501,724</u>	<u>\$ 812,782</u>	<u>\$ 2,314,506</u>		
Net position					
Net investment in capital assets				915,545	915,545
Restricted for capital acquisitions				812,782	812,782
Unrestricted deficit				<u>(257,245)</u>	<u>(257,245)</u>
Total net position				<u>1,471,082</u>	<u>1,471,082</u>
Total liabilities and net position				<u>\$ 102,763</u>	<u>\$ 2,417,269</u>

The 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, 2018

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets					
Cash	\$ 976,820	\$ -	\$ 976,820	\$ -	\$ 976,820
Short term investments	316,585	-	316,585	-	316,585
Prepaid insurance	34,379	-	34,379	-	34,379
Interfund receivable	-	612,782	612,782	(612,782)	-
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,059,028</u>	<u>1,059,028</u>
Total assets	<u>\$ 1,327,784</u>	<u>\$ 612,782</u>	<u>\$ 1,940,566</u>	<u>\$ 446,246</u>	<u>\$ 2,386,812</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 28,329	\$ -	\$ 28,329	\$ -	\$ 28,329
Reserve for unemployment	3,928	-	3,928	-	3,928
Reserve for LOSAP insured plan	53,193	-	53,193	-	53,193
Defined LOSAP benefit liability - net	-	-	-	943,616	943,616
Interfund payable	612,782	-	612,782	(612,782)	-
Improvement authorizations	<u>-</u>	<u>212,782</u>	<u>212,782</u>	<u>(212,782)</u>	<u>-</u>
Total current liabilities	<u>698,232</u>	<u>212,782</u>	<u>911,014</u>	<u>118,052</u>	<u>1,029,066</u>
Fund Balances and Net Position					
Fund balances					
Committed					
Capital improvements	-	400,000	400,000	(400,000)	-
Assigned					
Designated for subsequent years' expenditures	282,274	-	282,274	(282,274)	-
Appropriation reserves	145,191	-	145,191	(145,191)	-
Unassigned					
General fund	<u>202,087</u>	<u>-</u>	<u>202,087</u>	<u>(202,087)</u>	<u>-</u>
Total fund balances	<u>629,552</u>	<u>400,000</u>	<u>1,029,552</u>	<u>(1,029,552)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,327,784</u>	<u>\$ 612,782</u>	<u>\$ 1,940,566</u>		
Net position					
Net investment in capital assets				1,059,028	1,059,028
Restricted for capital acquisitions				612,782	612,782
Unrestricted deficit				<u>(314,064)</u>	<u>(314,064)</u>
Total net position				<u>1,357,746</u>	<u>1,357,746</u>
Total liabilities and net position				<u>\$ 446,246</u>	<u>\$ 2,386,812</u>

The 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, 2019

	General Fund	Capital Fund	Total	Adjustments (Note 3)	Statement of Activities
Expenditures					
Operating appropriations	\$ 956,840	\$ -	\$ 956,840	\$ (40,044)	\$ 916,796
Capital appropriations	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>
Total expenditures	<u>1,156,840</u>	<u>-</u>	<u>1,156,840</u>	<u>(240,044)</u>	<u>916,796</u>
General revenues					
District taxes	1,023,226	-	1,023,226	-	1,023,226
Supplemental fire services grant	4,339	-	4,339	-	4,339
Interest on deposits and investments	3,214	-	3,214	-	3,214
Miscellaneous	<u>(647)</u>	<u>-</u>	<u>(647)</u>	<u>-</u>	<u>(647)</u>
Total general revenues	<u>1,030,132</u>	<u>-</u>	<u>1,030,132</u>	<u>-</u>	<u>1,030,132</u>
Transfers					
Reserve for future capital outlays	-	200,000	200,000	(200,000)	-
Capital fund balance utilized	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>
Total general revenues and transfers	<u>1,030,132</u>	<u>400,000</u>	<u>1,430,132</u>	<u>(400,000)</u>	<u>1,030,132</u>
Excess (deficit) of revenues and transfers over expenditures	(126,708)	400,000	273,292	(273,292)	-
Changes in net position	-	-	-	113,336	113,336
Fund balances / net position					
Beginning of year	<u>629,552</u>	<u>400,000</u>	<u>1,029,552</u>	<u>328,194</u>	<u>1,357,746</u>
End of year	<u>\$ 502,844</u>	<u>\$ 800,000</u>	<u>\$ 1,302,844</u>	<u>\$ 168,238</u>	<u>\$ 1,471,082</u>

The 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, 2018

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Expenditures					
Operating appropriations	\$ 940,709	\$ -	\$ 940,709	\$ 195,646	\$ 1,136,355
Capital appropriations	350,000	-	350,000	(350,000)	-
Total expenditures	<u>1,290,709</u>	<u>-</u>	<u>1,290,709</u>	<u>(154,354)</u>	<u>1,136,355</u>
General revenues					
District taxes	1,000,541	-	1,000,541	-	1,000,541
Supplemental fire services grant	4,339	-	4,339	-	4,339
Interest on deposits and investments	2,120	-	2,120	-	2,120
Miscellaneous	150,000	-	150,000	-	150,000
Fund balance utilized - restricted	200,000	-	200,000	(200,000)	-
Total general revenues	<u>1,357,000</u>	<u>-</u>	<u>1,357,000</u>	<u>(200,000)</u>	<u>1,157,000</u>
Transfers					
Reserve for future capital outlays	-	150,000	150,000	(150,000)	-
Capital fund balance utilized	-	(200,000)	(200,000)	200,000	-
Total general revenues and transfers	<u>1,357,000</u>	<u>(50,000)</u>	<u>1,307,000</u>	<u>(150,000)</u>	<u>1,157,000</u>
Deficit of revenues and transfers over expenditures	<u>66,291</u>	<u>(50,000)</u>	<u>16,291</u>	<u>(16,291)</u>	<u>-</u>
Changes in net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,645</u>	<u>20,645</u>
Fund balances / net position					
Beginning of year	563,261	450,000	1,013,261	1,197,744	2,211,005
Prior period adjustment	-	-	-	(873,904)	(873,904)
Beginning of year - restated	<u>563,261</u>	<u>450,000</u>	<u>1,013,261</u>	<u>323,840</u>	<u>1,337,101</u>
End of year	<u>\$ 629,552</u>	<u>\$ 400,000</u>	<u>\$ 1,029,552</u>	<u>\$ 328,194</u>	<u>\$ 1,357,746</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, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The accounting policies of the Marlboro Township Fire District No. 1 “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 Division of Local Government Services, Department of Community Affairs, State of New Jersey. For the years ended December 31, 2019 and 2018, 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 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 2019 and 2018. 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
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

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 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 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 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.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

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 the 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, 2019 and 2018, 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.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

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 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.

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

2. ADJUSTMENTS TO ARRIVE AT NET POSITION

Interfund Receivables and Payables

For the years ended December 31, 2019 and 2018, interfund receivables and payables in the amount of \$812,782 and \$612,782, 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, 2019 and 2018, capital assets, net in the amount of \$915,545 and \$1,059,028 respectively, and net investment in capital assets in the amount of \$915,545 and \$1,059,028, respectively, have been included in the government-wide presentation.

Improvement Authorizations

Improvement authorizations, which are liabilities that represent the District's earmarking of fund balance for a specific future project, do not represent liabilities as defined by U.S. generally accepted accounting principles. Therefore, for the years ended December 31, 2019 and 2018, improvement authorizations in the amount of \$12,782 and \$212,782, respectively, have been eliminated in arriving at the government-wide presentation.

Defined LOSAP Benefit Liability – Net

For GAAP purposes, defined LOSAP benefit liability, net represents the unfunded balance for future distribution to retirees. For budgetary purposes, it is not a liability until incurred. Therefore, for the years ended December 31, 2019 and 2018, defined LOSAP benefit liability-net in the amount of \$760,089 and \$943,616, respectively, have been included in the government-wide presentation. See Notes 7 and 12 for additional information.

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

For the years ended December 31, 2019 and 2018, fund balances in the amount of \$1,302,844 and \$1,029,552, respectively, have been eliminated. Unrestricted net (deficit) position in the amount of (\$257,245) and (\$314,064), respectively and net position restricted for capital acquisitions in the amount of \$812,782 and \$612,782, 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, 2019, depreciation expense in the amount of \$225,655 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 \$64,096 and maintenance and repair expense has been decreased by \$18,076. In addition, LOSAP expense, net has been decreased by \$183,527. The effect on operating appropriations is a decrease of \$40,044.

For the year ended December 31, 2018, depreciation expense in the amount of \$212,013 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 \$76,913 and maintenance and repairs expense has been decreased by \$9,166. In addition, LOSAP expense, net has been increased by \$69,712. The effect on operating appropriations is an increase of \$195,646.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

Capital Appropriations

For the years ended December 31, 2019 and 2018, reserve for future capital outlays and related transfers has been decreased by \$200,000 and \$150,000, respectively. 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, 2019 and 2018, capital projects have been reduced by \$0 and \$200,000, 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 \$200,000 and \$350,000, for the years ended December 31, 2019 and 2018, respectively.

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, 2019 and 2018, the District's cash accounts consisted of:

	<u>2019</u>	<u>2018</u>
The Fulton Bank of New Jersey	\$ 1,146,381	\$ 972,841
Bank of America	3,929	3,929
Petty cash	50	50
Total cash	<u>\$ 1,150,360</u>	<u>\$ 976,820</u>

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

The carrying amount of the Board's cash and cash equivalents at December 31, 2019 was \$1,150,360, and the bank balance was \$1,151,723. Of the balance, \$250,000 was covered by federal depository insurance, and \$901,723 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 and cash on hand 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	\$ 250,000
Category 2	Deposits which are collateralized with securities held by the pledging financial institution's trust department, or Agent in the District's name	901,723
Category 3	Cash on hand which is 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, 2019 and 2018, the District's short term investments consisted of:

	<u>2019</u>	<u>2018</u>
Certificates of deposit:		
Bank of America	\$ 169,069	\$ 168,992
M&T Bank	147,741	147,593
Total investments	<u>\$ 316,810</u>	<u>\$ 316,585</u>

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

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 between June and September 2020. Subsequent to year end the CD's were renewed for another term 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 municipality, in which the fire 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.

The collector or treasurer of the municipality, in which said district is situated, shall pay over all monies 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 monies so assessed; on or before July 1, an amount equaling 22.5% 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 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 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, 2019 and 2018, the fire tax rate on Fire District No. 1 was \$0.035 and \$0.034, 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 2019 and 2018.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

7. LENGTH OF SERVICE AWARD PROGRAM ("LOSAP")

Effective April 15, 1993, the Board of Fire Commissioners established a defined benefit LOSAP plan to provide retirement income and life insurance for volunteers in recognition of their service. The plan is an insured benefit plan in which it 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 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.

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 actuarial calculation. The following plan specifications are the provisions and actuarial assumptions placed in the LOSAP plan.

Plan Data

Initial effective date	4/15/1993
Plan year begins	4/15/2019
Plan year ends	4/14/2020
Valuation date	4/15/2019

Eligibility Requirements

Waiting period (mos)	0
Minimum age	18

Normal Entitlement Age

Minimum age	55
Minimum years of service	0
Minimum years of participation	1
Retirement date	1 st of month following

Benefits

Plan formula:	Benefit formula
Unit type	Dollar
Unit base on	Accrual
First tier	\$41.38
Second tier	None
Third tier	None
Maximum credit:	
Past years	15
Total years	20

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

Vesting

Primary vesting schedule 5 year Cliff
(referring to plan documents for further detail)

Actuarial Assumptions

	<u>Pre-retirement</u>	<u>Post-retirement</u>
Interest	4.75%	4.75%
Mortality & Setbacks:		
Male	None – 0	RP2000M>2030 – 0
Female	None – 0	RP2000F>2030 – 0
Funding Method	Entry age normal frozen initial liability	

The following table is a summarization of net defined LOSAP benefit liability for the year ended December 31, 2019.

Present value of accrued benefits as of valuation date 4/15/19	\$ 1,880,885
Plan assets as of 4/15/19	<u>1,120,796</u>
Net defined LOSAP benefit liability, 12/31/19	<u>\$ 760,089</u>
Funded ratio	60%
Plan assets as of 4/14/18	\$ 1,001,121
Increased by:	
Contribution made on 4/15/18	191,866
Gain/loss as of 3/31/19	<u>32,826</u>
	1,225,813
Decreased by:	
Distribution	<u>105,016</u>
Plan assets as of 4/15/19	<u>\$ 1,120,797</u>

For each of the years 2019 and 2018, the budgeted amount of contribution was \$260,000, and the contribution made in 2019 and 2018 was \$188,223 and \$209,605, 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.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

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 each of the years ended December 31, 2019 and 2018, the total rental charges amounted to \$80,000.

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.

10. CAPITAL ASSETS

The following schedules are a summarization of the capital assets by source for the years ended December 31, 2019 and 2018:

Description	January 1, 2019	Additions	Deletions / Transfers	December 31, 2019
Capital assets being depreciated				
Equipment	\$ 1,001,517	\$ 82,172	\$ -	\$ 1,083,689
Trucks and vehicles	<u>2,926,453</u>	<u>-</u>	<u>-</u>	<u>2,926,453</u>
Total	<u>3,927,970</u>	<u>82,172</u>	<u>-</u>	<u>4,010,142</u>
Less accumulated depreciation				
Equipment	799,860	78,841	-	878,701
Trucks and vehicles	<u>2,069,082</u>	<u>146,814</u>	<u>-</u>	<u>2,215,896</u>
Total	<u>2,868,942</u>	<u>225,655</u>	<u>-</u>	<u>3,094,597</u>
Total capital assets being depreciated, net	<u>1,059,028</u>	<u>(143,483)</u>	<u>-</u>	<u>915,545</u>
Net capital assets	<u>\$ 1,059,028</u>	<u>\$ (143,483)</u>	<u>\$ -</u>	<u>\$ 915,545</u>

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

<u>Description</u>	<u>January 1, 2018</u>	<u>Additions</u>	<u>Deletions / Transfers</u>	<u>December 31, 2018</u>
Capital assets not being depreciated				
Construction in progress	\$ 32,181	\$ -	\$ (32,181)	\$ -
Capital assets being depreciated				
Equipment	883,256	86,080	32,181	1,001,517
Trucks and vehicles	2,893,478	32,975	-	2,926,453
Total	3,776,734	119,055	32,181	3,927,970
Less accumulated depreciation				
Equipment	733,287	66,573	-	799,860
Trucks and vehicles	1,923,642	145,440	-	2,069,082
Total	2,656,929	212,013	-	2,868,942
Total capital assets being depreciated, net	1,119,805	(92,958)	32,181	1,059,028
Net capital assets	\$ 1,151,986	\$ (92,958)	\$ -	\$ 1,059,028

Depreciation expense for the years ended December 31, 2019 and 2018 amounted to \$225,655 and \$212,013, respectively.

11. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after December 31, 2019 through the date of December 8, 2020, which is the date the financial statements were available to be issued. Based on this evaluation, the District has disclosed the renewal of various CDs previously mentioned in Note 4.

12. PRIOR PERIOD ADJUSTMENT

For the implementation of GASB Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets* that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, the beginning net position of 2018 was reduced by \$873,904. The amount represents the unfunded liability for LOSAP benefit at December 31, 2017.

Present value of accrued benefits	
as of valuation date 4/15/17	\$ 1,793,046
Plan assets as of 4/15/17	919,142
Net defined LOSAP benefit liability, 12/31/17	<u>\$ 873,904</u>

For additional information, see Note 7.

**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, 2019

	Governmental Fund Type		Total Actual Amounts			Budgeted Amounts		
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original	Final	Budgetary Variance
Revenues								
District taxes	\$ 1,023,226	\$ -	\$ 1,023,226	\$ -	\$ 1,023,226	\$ 1,023,226	\$ 1,023,226	\$ -
Supplemental fire services grant	4,339	-	4,339	-	4,339	-	-	4,339
New Jersey services contract	-	-	-	-	-	-	-	-
Interest on deposits and investments	3,214	-	3,214	-	3,214	-	-	3,214
Miscellaneous income	(647)	-	(647)	-	(647)	-	-	(647)
Fund balance utilized - unrestricted	-	-	-	-	-	282,274	282,274	(282,274)
Fund balance utilized - restricted	-	-	-	-	-	-	-	-
Total revenues	1,030,132	-	1,030,132	-	1,030,132	1,305,500	1,305,500	(275,368)
Transfers								
Reserve for future capital outlays	-	200,000	200,000	(200,000)	-	-	-	200,000
Capital fund balance utilized	-	200,000	200,000	(200,000)	-	-	-	200,000
Total transfers	-	400,000	400,000	(400,000)	-	-	-	400,000
Total general revenues and transfers	1,030,132	400,000	1,430,132	(400,000)	1,030,132	1,305,500	1,305,500	124,632
Expenditures								
Operating appropriations								
Administration								
Salary and wages								
Commissioners	32,500	-	32,500	-	32,500	32,500	32,500	-
Clerk of the board	11,000	-	11,000	-	11,000	13,000	13,000	2,000
Total salary and wages	43,500	-	43,500	-	43,500	45,500	45,500	2,000
Other expenses								
Elections	2,141	-	2,141	-	2,141	1,500	1,500	(641)
Office expense	4,291	-	4,291	-	4,291	3,000	3,000	(1,291)
Professional services	70,971	-	70,971	-	70,971	70,000	70,000	(971)
Total other expenses	77,403	-	77,403	-	77,403	74,500	74,500	(2,903)
Total administration	120,903	-	120,903	-	120,903	120,000	120,000	(903)

See Independent Auditor's 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, 2019

	<u>Governmental Fund Type</u>		<u>Total Actual Amounts</u>			<u>Budgeted Amounts</u>		<u>Budgetary Variance</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Budgetary Basis</u>	<u>Adjustments Note B</u>	<u>GAAP Basis</u>	<u>Original</u>	<u>Final</u>	
Costs of operations and maintenance								
Fringe benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,000	\$ 16,000	\$ 16,000
LOSAP	260,000	-	260,000	-	260,000	260,000	260,000	-
Other expenses								
Advertising	(25)	-	(25)	-	(25)	1,500	1,500	1,525
Insurance	58,168	-	58,168	-	58,168	93,000	93,000	34,832
Maintenance and repair	90,887	-	90,887	(18,076) (1)	72,811	84,000	84,000	(6,887)
Membership dues	325	-	325	-	325	1,000	1,000	675
Training and education	5,867	-	5,867	-	5,867	3,000	3,000	(2,867)
Professional services/medical	6,007	-	6,007	-	6,007	16,000	16,000	9,993
Rental charges	80,000	-	80,000	-	80,000	80,000	80,000	-
Rental charges - Utilities	12,872	-	12,872	-	12,872	9,000	9,000	(3,872)
Travel expenses	8,168	-	8,168	-	8,168	15,000	15,000	6,832
Reimbursement of expenses	4,837	-	4,837	-	4,837	25,000	25,000	20,163
Fire hydrant rentals	230,823	-	230,823	-	230,823	275,000	275,000	44,177
Uniforms	6,026	-	6,026	-	6,026	10,000	10,000	3,974
New equipment and supplies	71,897	-	71,897	(64,096) (1)	7,801	95,000	95,000	23,103
Public education and recruitment	85	-	85	-	85	2,000	2,000	1,915
LOSAP expense, net	-	-	-	(183,527) (1)	(183,527)	-	-	-
Depreciation expense	-	-	-	225,655 (1)	225,655	-	-	-
Total other expenses	575,937	-	575,937	(40,044)	535,893	709,500	709,500	133,563
Total operating appropriations	956,840	-	956,840	(40,044)	916,796	1,105,500	1,105,500	148,660

See Independent Auditor's 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, 2019

	<u>Governmental Fund Type</u>		<u>Total Actual Amounts</u>			<u>Budgeted Amounts</u>		<u>Budgetary Variance</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Budgetary Basis</u>	<u>Adjustments Note B</u>	<u>GAAP Basis</u>	<u>Original</u>	<u>Final</u>	
Capital appropriations								
Reserve for future capital outlays	\$ 200,000	\$ -	\$ 200,000	\$ (200,000)	\$ -	\$ 200,000	\$ 200,000	\$ -
Total capital appropriations	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total expenditures	<u>1,156,840</u>	<u>-</u>	<u>1,156,840</u>	<u>(240,044)</u>	<u>916,796</u>	<u>1,305,500</u>	<u>1,305,500</u>	<u>148,660</u>
over expenditures	<u>(126,708)</u>	<u>400,000</u>	<u>273,292</u>	<u>(273,292)</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,292</u>
of the year	<u>629,552</u>	<u>400,000</u>	<u>1,029,552</u>	<u>328,194</u>	(2) <u>1,357,746</u>			
of the year - restated	<u>629,552</u>	<u>400,000</u>	<u>1,029,552</u>	<u>328,194</u>	<u>1,357,746</u>			

See Independent Auditor's 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, 2019

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".

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Supplementary Information
Year Ended December 31, 2019

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 in the United States of America follows:

	Change in Fund Balance
(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.	\$ 82,172
For GAAP purposes, LOSAP expense, net represents the change between current year and prior year balances of defined LOSAP benefit liability, net. For budgetary purposes, it is not an expense until payments are made	183,527
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, expenses are recorded when actual invoices are received.	(200,000)
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>(225,655)</u>
Decrease in fund balance – budget to GAAP.	(159,956)
(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.	<u>328,194</u>
	<u><u>\$ 168,238</u></u>

C. BUDGET CANCELLATION

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2019, the District canceled \$200,000 of appropriations resulting in a reservation of fund balance as follows:

Adopted budget	\$ 1,305,500
Expenditures	<u>1,156,840</u>
Favorable variance	148,660
Cancelled	<u>200,000</u>
Fund balance reserve	<u><u>\$ 348,660</u></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, 2019

<u>Purpose</u>	<u>Date</u>	<u>Authorized Appropriation Amount</u>	<u>Balance January 1, 2019</u>	<u>2019 Cancellation</u>	<u>2019 Expenditures</u>	<u>Balance December 31, 2019</u>
Replacement fire pumper	02/21/15	\$ 700,000	\$ 12,782	\$ -	\$ -	\$ 12,782
Apparatus Upgrades	02/18/17	200,000	200,000	(200,000)	-	-
		<u>\$ 900,000</u>	<u>\$ 212,782</u>	<u>\$ (200,000)</u>	<u>\$ -</u>	<u>\$ 12,782</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, 2018

<u>Purpose</u>	<u>Date</u>	<u>Authorized Appropriation Amount</u>	<u>Balance January 1, 2018</u>	<u>2018 Authorization</u>	<u>2018 Expenditures</u>	<u>Balance December 31, 2018</u>
Replacement fire pumper	02/21/15	\$ 700,000	\$ 45,758	\$ -	\$ 32,976	\$ 12,782
Apparatus Upgrades	02/18/17	200,000	-	200,000	-	200,000
		<u>\$ 900,000</u>	<u>\$ 45,758</u>	<u>\$ 200,000</u>	<u>\$ 32,976</u>	<u>\$ 212,782</u>

See Independent Auditor's Report.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Statistical Information
Years Ended December 31, 2019 and 2018

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>
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
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

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, 2019	\$ 354,184	\$ 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
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

See Independent Auditor's Report.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Statistical Information
Years Ended December 31, 2019 and 2018

Capital Fund – Fund Balance

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

See Independent Auditor's Report.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Roster of Officials
Years Ended December 31, 2019 and 2018

<u>Board of Commissioners</u>	<u>Position</u>	<u>Term Expiration</u>	<u>Amount of Surety Bond</u>
Michael MacDonald	Chairperson	2020	200,000*
Douglas Tilton	Vice Chairperson	2021	200,000*
Charles VanCuren	Treasurer	2020	200,000*
John Borden	Secretary	2022	200,000*
Paul Elkin	Assistant Treasurer	2021	200,000*

Other Officials

Charles Brodsky	Board Attorney
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* Blanket Bond Coverage

Surety Company

American Alternative Insurance Corporation

See Independent Auditor's Report.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Comments and Recommendations
Years Ended December 31, 2019 and 2018

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.

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 Auditor's Report.

**Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Comments and Recommendations
Years Ended December 31, 2019 and 2018**

Acknowledgment

During the course of the audit, we received the cooperation of the officials of the 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.

December 8, 2020

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Schedule of Findings and Recommendations
Years Ended December 31, 2019 and 2018

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 Reported.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Schedule of Prior Year Findings and Recommendations
Years Ended December 31, 2019 and 2018

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 Reported.