

**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1  
MONMOUTH COUNTY, NEW JERSEY  
Financial Statements  
December 31, 2020 and 2019  
With Independent Auditor's Reports**

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
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**December 31, 2020 and 2019**

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# *Township of Marlboro*

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## *Fire District #1*

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

Our discussion and analysis of the financial performance of Marlboro Township Fire District No. 1, Monmouth County, New Jersey (the "District") provides an overview of the District's financial activities for the years ended December 31, 2020 and 2019.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statements of Net Position and Statements of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how District services were financed in the short-term as well as what remains for future spending. The Governmental Funds Balance Sheets and the Statements of Revenues, Expenditures, and Changes in Governmental Fund Balances report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

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

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

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

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

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

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

**Fund Financial Statements**

In the Governmental Funds Balance Sheets and the Statements of Revenues, Expenditures, and Changes in Governmental Fund Balances, the District divides its financial information 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.

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

The District describes the relationship (or differences) between fund balances and net change in fund balances, reported on the modified accrual basis of accounting, and net position and change in net position, reported on the accrual basis of accounting, in the notes to the financial statements.

**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)**

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**THE DISTRICT AS A WHOLE**

**Statements of Net Position**

For the years ended December 31, 2020 and 2019, net position changed as follows:

	<b>2020 Total</b>	<b>Increase (Decrease) Over 2019</b>	<b>Percentage Increase (Decrease)</b>
<b>Assets</b>			
Current and other assets	\$ 1,822,198	\$ 309,944	20.50%
Capital assets	<u>788,951</u>	<u>(126,594)</u>	-13.83%
Total assets	<u>\$ 2,611,149</u>	<u>\$ 183,350</u>	7.55%
<b>Liabilities</b>	<u>\$ 1,166,009</u>	<u>\$ 181,024</u>	18.38%
<b>Net position</b>			
Net investment in capital assets	788,951	(126,594)	-13.83%
Restricted	1,012,782	200,000	24.61%
Unrestricted	<u>(356,593)</u>	<u>(71,080)</u>	24.90%
Total net position	<u>1,445,140</u>	<u>2,326</u>	0.16%
Total liabilities and net position	<u>\$ 2,611,149</u>	<u>\$ 183,350</u>	7.55%

In the current year, the District's net position increased by \$2,000 mainly due to the increase of current assets, specifically, cash on hand.

	<b>Restated 2019 Total</b>	<b>Increase (Decrease) Over 2018</b>	<b>Percentage Increase (Decrease)</b>
<b>Assets</b>			
Current and other assets	\$ 1,512,254	\$ 184,470	13.89%
Capital assets	<u>915,545</u>	<u>(143,483)</u>	-13.55%
Total assets	<u>\$ 2,427,799</u>	<u>\$ 40,987</u>	1.72%
Other liabilities	<u>\$ 984,985</u>	<u>\$ (44,081)</u>	-4.28%
<b>Net position</b>			
Net investment in capital assets	915,545	(143,483)	-13.55%
Restricted	812,782	200,000	32.64%
Unrestricted	<u>(285,513)</u>	<u>28,551</u>	-9.09%
Total net position	<u>1,442,814</u>	<u>85,068</u>	6.27%
Total liabilities and net position	<u>\$ 2,427,799</u>	<u>\$ 40,987</u>	1.72%

In 2019, the District's net position increased by \$85,000 mainly due to the increase of restricted funds as a result of the cancellation of \$200,000 of apparatus upgrades.

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

**Statements of Activities**

For the year ended December 31, 2020, the District experienced an increase in total revenue of approximately \$20,000 or 2%. The majority of the increase is related to an increase in collected tax revenue.

	<b>FYE 2020 Amount</b>	<b>Percentage of Total Revenues</b>	<b>Increase (Decrease) Over 2019</b>	<b>Percentage Increase (Decrease)</b>
<b>Revenues</b>				
District taxes	\$ 1,043,080	99.37%	\$ 19,854	1.94%
Supplemental fire services grant	4,339	0.41%	-	0.00%
Interest on deposits and investments	2,121	0.20%	(1,093)	-34.01%
Miscellaneous	168	0.02%	815	100.00%
Total revenues	<u>\$ 1,049,708</u>	<u>100.00%</u>	<u>\$ 19,576</u>	<u>1.90%</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, 2020, the District experienced an increase in total expenditures of approximately \$111,000 or 12% due mainly to the increase in net defined LOSAP benefit liability of \$114,000, as well as a \$50,000 decrease in LOSAP expense.

	<b>FYE 2020 Amount</b>	<b>Percentage of Total Expenditures</b>	<b>Increase (Decrease) Over 2019</b>	<b>Percentage Increase (Decrease)</b>
<b>Expenses</b>				
Commissioners	\$ 32,500	3.10%	\$ -	0.00%
Clerk of the Board	11,000	1.05%	-	0.00%
Elections	5,112	0.49%	2,971	138.77%
Office expenses	4,721	0.45%	430	10.02%
Professional services	76,677	7.32%	5,706	8.04%
LOSAP	210,000	20.05%	(50,000)	-19.23%
Advertising	-	0.00%	25	100.00%
Insurance	73,620	7.03%	(3,947)	-5.09%
Maintenance and repairs	53,756	5.13%	(19,055)	-26.17%
Membership/dues	350	0.03%	25	7.69%
Training and education	-	0.00%	(5,867)	-100.00%
Uniforms	2,229	0.21%	(3,797)	-63.01%
Professional services/medical	6,085	0.58%	78	1.30%
Rental charges	80,000	7.64%	-	0.00%
Rental - utilities	13,933	1.33%	1,061	8.24%
Travel expenses	-	0.00%	(8,168)	-100.00%
Fire hydrant rentals	233,249	22.27%	2,426	1.05%
New equipment and supplies	50,617	4.83%	42,816	548.85%
Public education and recruitment	85	0.01%	-	0.00%
Reimbursement of expenses	17,549	1.68%	12,712	262.81%
LOSAP expense, net	(69,893)	(6.67%)	113,634	100.00%
Depreciation expense	245,792	23.47%	20,137	8.92%
Total expenditures	<u>\$ 1,047,382</u>	<u>100.00%</u>	<u>\$ 111,187</u>	<u>11.88%</u>

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

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 2018. There was no such re-class in 2019.

	<b>Restated 2019 Amount</b>	<b>Percentage of Total Revenues</b>	<b>Increase (Decrease) Over 2018</b>	<b>Percentage Increase (Decrease)</b>
<b>Revenues</b>				
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 expenditures of approximately \$270,000 or 22% due mainly to the decrease in net defined LOSAP benefit liability of \$253,000.

	<b>Restated 2019 Amount</b>	<b>Percentage of Total Expenditures</b>	<b>Increase (Decrease) Over 2018</b>	<b>Percentage Increase (Decrease)</b>
<b>Expenditures</b>				
Commissioners	\$ 32,500	3.47%	\$ 1,083	3.45%
Clerk of the Board	11,000	1.17%	1,000	10.00%
Elections	2,141	0.23%	772	56.39%
Office expenses	4,291	0.46%	(582)	-11.94%
Professional services	70,971	7.58%	(3,004)	-4.06%
LOSAP	260,000	27.77%	(69,712)	-21.14%
Advertising	(25)	0.00%	(82)	-143.86%
Insurance	77,567	8.29%	18,931	32.29%
Maintenance and repairs	72,811	7.78%	8,783	13.72%
Membership/dues	325	0.03%	(55)	-14.47%
Training and education	5,867	0.63%	5,867	100.00%
Uniforms	6,026	0.64%	(635)	-9.53%
Professional services/medical	6,007	0.64%	(745)	-11.03%
Rental charges	80,000	8.55%	100	0.13%
Rental - utilities	12,872	1.37%	4,168	47.89%
Travel expenses	8,168	0.87%	1,835	28.98%
Fire hydrant rentals	230,823	24.66%	2,882	1.26%
New equipment and supplies	7,801	0.83%	1	0.01%
Public education and recruitment	85	0.01%	(907)	-91.43%
Reimbursement of expenses	4,837	0.52%	25	0.52%
LOSAP expense, net	(183,527)	(19.60%)	(253,239)	-363.26%
Depreciation expense	<u>225,655</u>	<u>24.10%</u>	<u>13,642</u>	<u>6.43%</u>
Total expenditures	<u>\$ 936,195</u>	<u>100.00%</u>	<u>\$ (269,872)</u>	<u>-22.38%</u>

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

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**THE DISTRICT'S FUNDS**

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

The following schedule presents a summary of General and Capital Fund revenues and expenditures for the fiscal years ended December 31, 2020 and 2019 and the amount and percentage of increases and decreases in relation to the prior years.

**Governmental Funds Balance Sheets**

	<u>General Fund Activities</u>	<u>Capital Fund Activities</u>	<u>2020 Total</u>	<u>Increase (Decrease) Over 2019</u>	<u>Percentage Increase (Decrease)</u>
<b>Assets</b>					
Current and other assets	\$ 1,822,198	\$ 1,012,782	\$ 2,834,980	\$ 509,944	21.93%
<b>Liabilities</b>	1,488,595	12,782	<u>1,501,377</u>	<u>450,917</u>	42.93%
<b>Fund Balance</b>					
Committed			1,000,000	200,000	25.00%
Assigned			316,343	(74,298)	-19.02%
Unassigned			<u>17,260</u>	<u>(66,675)</u>	-79.44%
Total fund balance			<u>1,333,603</u>	<u>59,027</u>	4.63%
Total liabilities and fund balance			<u>\$ 2,834,980</u>	<u>\$ 509,944</u>	21.93%

	<u>General Fund Activities</u>	<u>Capital Fund Activities</u>	<u>Restated 2019 Total</u>	<u>Increase (Decrease) Over 2018</u>	<u>Percentage Increase (Decrease)</u>
<b>Assets</b>					
Current and other assets	\$ 1,512,254	\$ 812,782	\$ 2,325,036	\$ 375,600	19.27%
<b>Liabilities</b>	1,037,678	12,782	<u>1,050,460</u>	<u>121,707</u>	13.10%
<b>Fund Balance</b>					
Committed			800,000	400,000	100.00%
Assigned			390,641	(36,824)	-8.61%
Unassigned			<u>83,935</u>	<u>(109,283)</u>	-56.56%
Total fund balance			<u>1,274,576</u>	<u>253,893</u>	24.87%
Total liabilities and fund balance			<u>\$ 2,325,036</u>	<u>\$ 375,600</u>	19.27%



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

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

	<b>FYE 2020 Amount</b>	<b>Percentage of Total Revenues</b>	<b>Increase (Decrease) Over 2019</b>	<b>Percentage Increase (Decrease)</b>
<b>Revenues</b>				
District taxes	\$ 1,043,080	99.37%	\$ 19,854	1.94%
Supplemental fire services grant	4,339	0.41%	-	0.00%
NJ services contract	-	0.00%	-	0.00%
Interest on deposits and investments	2,121	0.20%	(1,093)	-34.01%
Miscellaneous	168	0.02%	815	100.00%
Total revenues	<u>\$ 1,049,708</u>	<u>100.00%</u>	<u>\$ 19,576</u>	<u>1.90%</u>
	<b>FYE 2020 Amount</b>	<b>Percentage of Total Expenditures</b>	<b>Increase (Decrease) Over 2019</b>	<b>Percentage Increase (Decrease)</b>
<b>Expenditures</b>				
Commissioners	\$ 32,500	2.73%	\$ -	0.00%
Clerk of the Board	11,000	0.92%	-	0.00%
Elections	5,112	0.43%	2,971	138.77%
Office expenses	4,721	0.40%	430	10.02%
Professional services	76,677	6.44%	5,706	8.04%
LOSAP	210,000	17.64%	(50,000)	-19.23%
Advertising	-	0.00%	25	100.00%
Insurance	73,620	6.18%	(3,947)	-5.09%
Maintenance and repairs	128,572	10.80%	37,685	41.46%
Membership/dues	350	0.03%	25	7.69%
Training and education	-	0.00%	(5,867)	-100.00%
Uniforms	2,229	0.19%	(3,797)	-63.01%
Professional services/medical	6,085	0.51%	78	1.30%
Rental charges	80,000	6.72%	-	0.00%
Rental - utilities	13,933	1.17%	1,061	8.24%
Travel expenses	-	0.00%	(8,168)	-100.00%
Fire hydrant rentals	233,249	19.59%	2,426	1.05%
New equipment and supplies	94,999	7.98%	23,102	32.13%
Public education and recruitment	85	0.01%	-	0.00%
Reimbursement of expenses	17,549	1.47%	12,712	262.81%
Capital appropriations	200,000	16.80%	-	0.00%
Total expenditures	<u>\$ 1,190,681</u>	<u>100.00%</u>	<u>\$ 14,442</u>	<u>1.23%</u>

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

	<b>Restated 2019 Amount</b>	<b>Percentage of Total Revenues</b>	<b>Increase (Decrease) Over 2018</b>	<b>Percentage Increase (Decrease)</b>
<b>Revenues</b>				
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	<u>(647)</u>	<u>-0.06%</u>	<u>(150,647)</u>	<u>-100.43%</u>
Total revenues	<u>\$ 1,030,132</u>	<u>100.00%</u>	<u>\$ (126,868)</u>	<u>-10.97%</u>

	<b>Restated 2019 Amount</b>	<b>Percentage of Total Expenditures</b>	<b>Increase (Decrease) Over 2018</b>	<b>Percentage Increase (Decrease)</b>
<b>Expenditures</b>				
Commissioners	\$ 32,500	2.76%	\$ 1,083	3.45%
Clerk of the Board	11,000	0.94%	1,000	10.00%
Elections	2,141	0.18%	772	56.39%
Office expenses	4,291	0.36%	(582)	-11.94%
Professional services	70,971	6.03%	(3,004)	-4.06%
LOSAP	260,000	22.10%	-	0.00%
Advertising	(25)	0.00%	(82)	-143.86%
Insurance	77,567	6.59%	18,931	32.29%
Maintenance and repairs	90,887	7.73%	17,693	24.17%
Membership/dues	325	0.03%	(55)	-14.47%
Training and education	5,867	0.50%	5,867	100.00%
Uniforms	6,026	0.51%	(635)	-9.53%
Professional services/medical	6,007	0.51%	(745)	-11.03%
Rental charges	80,000	6.80%	100	0.13%
Rental - utilities	12,872	1.09%	4,168	47.89%
Travel expenses	8,168	0.69%	1,835	28.98%
Fire hydrant rentals	230,823	19.62%	2,882	1.26%
New equipment and supplies	71,897	6.11%	(12,816)	-15.13%
Public education and recruitment	85	0.01%	(907)	-91.43%
Reimbursement of expenses	4,837	0.41%	25	0.52%
Capital appropriations	<u>200,000</u>	<u>17.00%</u>	<u>(150,000)</u>	<u>-42.86%</u>
Total expenditures	<u>\$ 1,176,239</u>	<u>100.00%</u>	<u>\$ (114,470)</u>	<u>-8.87%</u>

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

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**GENERAL FUND BUDGETARY HIGHLIGHTS**

The budget relied on the expectation of an increase in district taxes. For 2020, the district assessed value increased slightly, which produced an increase in tax revenue of approximately \$20,000. For 2019, the district tax rate increased slightly, which produced an increase in tax revenue of approximately \$23,000.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

For the years ended December 31, 2020 and 2019, capital assets changed as follows:

	<b>January 1, 2020 Balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>December 31, 2020 Balance</b>	<b>Percentage Increase (Decrease)</b>
<b>Capital assets</b>					
Equipment	\$ 1,083,689	\$ 119,198	\$ -	\$ 1,202,887	11.00%
Trucks and vehicles	2,926,453	-	-	2,926,453	0.00%
	4,010,142	119,198	-	4,129,340	2.97%
Accumulated depreciation	3,094,597	245,792	-	3,340,389	7.94%
Capital assets, net	<u>\$ 915,545</u>	<u>\$ (126,594)</u>	<u>\$ -</u>	<u>\$ 788,951</u>	-13.83%
	<b>January 1, 2019 Balance</b>	<b>Additions</b>	<b>Transfers</b>	<b>December 31, 2019 Balance</b>	<b>Percentage Increase (Decrease)</b>
<b>Capital assets</b>					
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%

**Debt**

The District had no debt as of December 31, 2020 and 2019.

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

## INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners,  
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 and each fund of Marlboro Township Fire District No. 1, Monmouth County, New Jersey (the "District") as of and for the years ended December 31, 2020 **and 2019**, and related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

The District'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; 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 State of New Jersey, Division of Local Government Services, Department of Community Affairs. 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 District'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 opinion.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Marlboro Township Fire District No. 1, Monmouth County, New Jersey as of December 31, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

### *Correction of an Error*

As discussed in Note 11 in the notes to financial statements, the beginning net position and fund balance for 2019 have been restated for the correction of an error related to the District's prepaid expense and reserve for LOSAP insured plan. 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, and schedule of revenues, expenditures, and changes in fund balances - budget and actual - all governmental fund types and related notes, as presented in the table of contents be presented to supplement the basic financial statements. Such information, 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 the District's basic financial statements. The accompanying financial information listed as other schedules, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2021 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'.

October 5, 2021

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**December 31, 2020**

	<b>Governmental Funds Balance Sheet</b>			<b>Adjustments</b>	<b>Statement of</b>
	<b>General</b>	<b>Capital</b>	<b>Total</b>	<b>(Note 2)</b>	<b>Net Position</b>
	<b>Fund</b>	<b>Fund</b>			
<b>Assets</b>					
Cash	\$ 1,461,470	\$ -	\$ 1,461,470	\$ -	\$ 1,461,470
Short-term investments	317,016	-	317,016	-	317,016
Prepaid insurance	43,712	-	43,712	-	43,712
Interfund receivable	-	1,012,782	1,012,782	(1,012,782)	-
Capital assets, net	-	-	-	788,951	788,951
Total assets	<u>\$ 1,822,198</u>	<u>\$ 1,012,782</u>	<u>\$ 2,834,980</u>	<u>\$ (223,831)</u>	<u>\$ 2,611,149</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 234,834	\$ -	\$ 234,834	\$ -	\$ 234,834
Reserve for unemployment	3,928	-	3,928	-	3,928
Reserve for LOSAP insured plan	237,051	-	237,051	-	237,051
Defined LOSAP benefit liability - net	-	-	-	690,196	690,196
Interfund payable	1,012,782	-	1,012,782	(1,012,782)	-
Improvement authorizations	-	12,782	12,782	(12,782)	-
Total current liabilities	<u>1,488,595</u>	<u>12,782</u>	<u>1,501,377</u>	<u>(335,368)</u>	<u>1,166,009</u>
<b>Fund Balances and Net Position</b>					
Fund balances					
Committed					
Capital improvements	-	1,000,000	1,000,000	(1,000,000)	-
Assigned					
Designated for subsequent years' expenditures	215,524	-	215,524	(215,524)	-
Appropriation reserves	100,819	-	100,819	(100,819)	-
Unassigned					
General fund	17,260	-	17,260	(17,260)	-
Total fund balances	<u>333,603</u>	<u>1,000,000</u>	<u>1,333,603</u>	<u>(1,333,603)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,822,198</u>	<u>\$ 1,012,782</u>	<u>\$ 2,834,980</u>		
Net position					
Net investment in capital assets				788,951	788,951
Restricted for capital acquisitions				1,012,782	1,012,782
Unrestricted deficit				(356,593)	(356,593)
Total net position				<u>1,445,140</u>	<u>1,445,140</u>
Total liabilities and net position				<u>\$ (223,831)</u>	<u>\$ 2,611,149</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, 2019**

	Restated				
	Governmental Funds Balance Sheet				
	General Fund	Capital Fund	Total	Adjustments (Note 2)	Statement of Net Position
<b>Assets</b>					
Cash	\$ 1,150,360	\$ -	\$ 1,150,360	\$ -	\$ 1,150,360
Short-term investments	316,810	-	316,810	-	316,810
Prepaid insurance	45,084	-	45,084	-	45,084
Interfund receivable	-	812,782	812,782	(812,782)	-
Capital assets, net	-	-	-	915,545	915,545
Total assets	<u>\$ 1,512,254</u>	<u>\$ 812,782</u>	<u>\$ 2,325,036</u>	<u>\$ 102,763</u>	<u>\$ 2,427,799</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 57,200	\$ -	\$ 57,200	\$ -	\$ 57,200
Reserve for unemployment	3,928	-	3,928	-	3,928
Reserve for LOSAP insured plan	163,768	-	163,768	-	163,768
Defined LOSAP benefit liability - net	-	-	-	760,089	760,089
Interfund payable	812,782	-	812,782	(812,782)	-
Improvement authorizations	-	12,782	12,782	(12,782)	-
Total current liabilities	<u>1,037,678</u>	<u>12,782</u>	<u>1,050,460</u>	<u>(65,475)</u>	<u>984,985</u>
<b>Fund Balances and Net Position</b>					
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>83,935</u>	<u>-</u>	<u>83,935</u>	<u>(83,935)</u>	<u>-</u>
Total fund balances	<u>474,576</u>	<u>800,000</u>	<u>1,274,576</u>	<u>(1,274,576)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,512,254</u>	<u>\$ 812,782</u>	<u>\$ 2,325,036</u>		
Net position					
Net investment in capital assets				915,545	915,545
Restricted for capital acquisitions				812,782	812,782
Unrestricted deficit				(285,513)	(285,513)
Total net position				<u>1,442,814</u>	<u>1,442,814</u>
Total liabilities and net position				<u>\$ 102,763</u>	<u>\$ 2,427,799</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 Activities and Revenues, Expenditures, and Changes in**  
**Governmental Fund Balances**  
**Year Ended December 31, 2020**

	<b>Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances</b>			<b>Adjustments</b>	<b>Statement of</b>
	<b>General Fund</b>	<b>Capital Fund</b>	<b>Total</b>	<b>(Note 3)</b>	<b>Activities</b>
<b>Expenditures</b>					
Operating appropriations	\$ 990,681	\$ -	\$ 990,681	\$ 56,701	\$ 1,047,382
Capital appropriations	200,000	-	200,000	(200,000)	-
Total expenditures	<u>1,190,681</u>	<u>-</u>	<u>1,190,681</u>	<u>(143,299)</u>	<u>1,047,382</u>
<b>General revenues</b>					
District taxes	1,043,080	-	1,043,080	-	1,043,080
Supplemental fire services grant	4,339	-	4,339	-	4,339
Interest on deposits and investments	2,121	-	2,121	-	2,121
Miscellaneous	168	-	168	-	168
Total general revenues	<u>1,049,708</u>	<u>-</u>	<u>1,049,708</u>	<u>-</u>	<u>1,049,708</u>
Excess (deficiency) of revenues over expenditures	<u>(140,973)</u>	<u>-</u>	<u>(140,973)</u>	<u>143,299</u>	<u>2,326</u>
<b>Other Financing Sources</b>					
Reserve for future capital outlays	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<b>(140,973)</b>	<b>200,000</b>	<b>59,027</b>	<b>(59,027)</b>	<b>-</b>
Change in net position	-	-	-	2,326	2,326
<b>Fund balances / net position</b>					
Beginning of year (as restated)	<u>474,576</u>	<u>800,000</u>	<u>1,274,576</u>	<u>168,238</u>	<u>1,442,814</u>
End of year	<u>\$ 333,603</u>	<u>\$ 1,000,000</u>	<u>\$ 1,333,603</u>	<u>\$ 111,537</u>	<u>\$ 1,445,140</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 Activities and Revenues, Expenditures, and Changes in**  
**Governmental Fund Balances**  
**Year Ended December 31, 2019**

	Restated				
	Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances				
	General Fund	Capital Fund	Total	Adjustments (Note 3)	Statement of Activities
<b>Expenditures</b>					
Operating appropriations	\$ 976,239	\$ -	\$ 976,239	\$ (40,044)	\$ 936,195
Capital appropriations	200,000	-	200,000	(200,000)	-
Total expenditures	<u>1,176,239</u>	<u>-</u>	<u>1,176,239</u>	<u>(240,044)</u>	<u>936,195</u>
<b>General revenues</b>					
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	(647)	-	(647)	-	(647)
Total general revenues	<u>1,030,132</u>	<u>-</u>	<u>1,030,132</u>	<u>-</u>	<u>1,030,132</u>
Excess (deficiency) of revenues over expenditures	<u>(146,107)</u>	<u>-</u>	<u>(146,107)</u>	<u>240,044</u>	<u>93,937</u>
<b>Other Financing Sources</b>					
Reserve for future capital outlays	-	200,000	200,000	(200,000)	-
Capital fund balance utilized	-	200,000	200,000	(200,000)	-
Total other financing sources	<u>1,030,132</u>	<u>400,000</u>	<u>1,430,132</u>	<u>(400,000)</u>	<u>1,030,132</u>
<b>Net change in fund balances</b>	<u>(146,107)</u>	<u>400,000</u>	<u>253,893</u>	<u>(253,893)</u>	<u>-</u>
Change in net position	-	-	-	93,937	93,937
<b>Fund balances / net position</b>					
Beginning of year	629,552	400,000	1,029,552	328,194	1,357,746
Prior period adjustment	(8,869)	-	(8,869)	-	(8,869)
Beginning of year - restated	<u>620,683</u>	<u>400,000</u>	<u>1,020,683</u>	<u>328,194</u>	<u>1,348,877</u>
End of year	<u>\$ 474,576</u>	<u>\$ 800,000</u>	<u>\$ 1,274,576</u>	<u>\$ 168,238</u>	<u>\$ 1,442,814</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, 2020 and 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General Statement**

The accounting policies of the Marlboro Township Fire District No. 1, Monmouth County, New Jersey (the "District") conform to accounting principles generally accepted in the United States of America and the standards applicable to special districts which have been prescribed by the State of New Jersey, Division of Local Government Services, Department of Community Affairs. For the years ended December 31, 2020 and 2019, the financial statements of the District 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 2020 and 2019. 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, 2020 and 2019**

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

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the useful lives of capital assets and depreciation expense.

**Basis of Accounting**

*Fund Basis of Accounting*

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual. As under New Jersey State Statute, a municipality is required to remit to its fire districts the entire balance of taxes in the amount voted upon or certified prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive 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, 2020 and 2019**

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**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 activities with accumulated depreciation reflected in the statements of net position.

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, 2020 and 2019, 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 fund basis of accounting and are eliminated in the statements of activities.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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

**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/deficit - all net positions that do not meet the definition of "net investment in capital assets," or "restricted for capital acquisitions."

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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

**Interfund Receivables and Payables**

As of December 31, 2020 and 2019, interfund receivables and payables in the amount of \$1,012,782 and \$812,782, respectively, have been eliminated in arriving at the government-wide presentation.

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

As of December 31, 2020 and 2019, capital assets, net, in the amount of \$788,951 and \$915,545, respectively, and net investment in capital assets in the amount of \$788,951 and \$915,545, 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 accounting principles generally accepted in the United States of America. Therefore, as of December 31, 2020 and 2019, improvement authorizations in the amount of \$12,782 have been eliminated in arriving at the government-wide presentation.

**Defined LOSAP Benefit Liability, Net**

For government-wide presentation, defined LOSAP benefit liability, net, represents the unfunded balance for future distribution to retirees. For fund basis presentation, it is not a liability until incurred. Therefore, as of December 31, 2020 and 2019, defined LOSAP benefit liability, net, in the amount of \$690,196 and \$760,089, respectively, have been included in the government-wide presentation. See Notes 7 and 11 for additional information.

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

As of December 31, 2020 and 2019, fund balances in the amount of \$1,333,603 and \$1,274,576, respectively, have been eliminated. Unrestricted net deficit position in the amount of \$356,593 and \$285,513, respectively, and net position restricted for capital acquisitions in the amount of \$1,012,782 and \$812,782, 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, 2020, depreciation expense in the amount of \$245,792 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 \$44,382 and maintenance and repair expense has been decreased by \$74,816. In addition, LOSAP expense, net, has been decreased by \$69,893. The net effect on operating appropriations is an increase of \$56,701.

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 net effect on operating appropriations is a decrease of \$40,044.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Capital Appropriations**

For the years ended December 31, 2020 and 2019, reserve for future capital outlays and related transfers has been decreased by \$200,000 in both years. The decrease is to eliminate the general fund expenditure and capital fund revenue related to the creation of future improvement authorizations. The effect on capital appropriations and related transfers is a decrease of \$200,000 for each of the years ended December 31, 2020 and 2019.

**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, 2020 and 2019, the District's cash accounts consisted of:

	<u>2020</u>	<u>2019</u>
The Fulton Bank of New Jersey	\$ 1,457,490	\$ 1,146,381
Bank of America	3,930	3,929
Petty cash	<u>50</u>	<u>50</u>
Total cash	<u>\$ 1,461,470</u>	<u>\$ 1,150,360</u>

The carrying amount of the Board's cash and cash equivalents at December 31, 2020 was \$1,461,470, and the bank balance was \$1,487,386. Of the balance, \$250,000 was covered by federal depository insurance, and \$1,237,386 was covered by the Government Unit Deposit Protection Act ("GUDPA"), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units' deposits in excess of the federal deposit maximums.

The carrying amount of the Board's cash 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.



**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

The cash deposits held at financial institutions and cash on hand can be categorized according to three levels of risk as described below:

		<u>2020</u>	<u>2019</u>
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	\$ 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	1,237,386	901,723
Category 3	Cash on hand which is not collateralized or insured	<u>50</u>	<u>50</u>
		<u>\$ 1,487,436</u>	<u>\$ 1,151,773</u>

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, 2020 and 2019, the District's short-term investments consisted of:

	<u>2020</u>	<u>2019</u>
Certificates of deposit:		
Bank of America	\$ 169,127	\$ 169,069
M&T Bank	<u>147,889</u>	<u>147,741</u>
Total investments	<u>\$ 317,016</u>	<u>\$ 316,810</u>

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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The certificates of deposit have terms ranging from 7 months to 12 months, with interest rates ranging from 0.01% to 0.10% and mature between March and August 2021. Subsequent to year end, the certificates of deposit were renewed for terms ranging between 7 and 12 months. These certificates of deposit are covered by federal deposit insurance.

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

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

The collector or treasurer of the Municipality, in which the District is situated, shall pay over all monies so assessed to the treasurer or custodian of funds of the District as follows; on or before April 1, an amount equaling 21.25% of all monies so assessed; on or before July 1, an amount equaling 22.5% 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 governing body of the Municipality may authorize, in the cash management plan adopted by the Municipality pursuant to N.J.S. 40A:5-14, a schedule of payments to the District by which an amount greater than required on any of the first three payment dates cited herein may be paid. The Municipality and the District may, by concurrent resolution, adopt a schedule of payments to the District by which an amount less than required in any of the first three payment dates cited herein may be paid. Such resolution shall be included in the cash management plan adopted by the Municipality pursuant to N.J.S. 40A:5-14.

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

**6. FUNDING**

The activities of the District are primarily funded by the striking of a fire tax on the property owners of the District, as provided for by state statute. For the years ended December 31, 2020 and 2019, the fire tax rate on the District was \$0.036 and \$0.035, 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 2020 and 2019.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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

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

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

	<u>2020</u>	<u>2019</u>
<b>Plan Data</b>		
Initial effective date	4/15/1993	4/15/1993
Plan year begins	4/15/2020	4/15/2019
Plan year ends	4/14/2021	4/14/2020
Valuation date	4/15/2020	4/15/2019
<b>Eligibility Requirements</b>		
Waiting period (mos)	-	-
Minimum age	18	18
<b>Normal Entitlement Age</b>		
Minimum age	55	55
Minimum years of service	-	-
Minimum years of participation	1	1
Retirement date	1st of month following	1st of month following
	<u>2020</u>	<u>2019</u>
<b>Benefits</b>		
Plan formula	Benefit formula	Benefit formula
Unit type	Dollar	Dollar
Unit base on	Accrual	Accrual
First tier	\$ 42	\$ 41.38
Second tier	None	None
Third tier	None	None
<b>Maximum credit</b>		
Past years	15	15
Total years	20	20

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Vesting**

Primary vesting schedule

5 year Cliff

5 year Cliff

*(referring to plan documents for further detail)*

**Actuarial Assumptions 2020**

	<b>Pre-retirement</b>	<b>Post-retirement</b>
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	

**Actuarial Assumptions 2019**

	<b>Pre-retirement</b>	<b>Post-retirement</b>
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	

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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The following tables are a summarization of defined LOSAP benefit liability, net, for the years ended December 31, 2020 and 2019.

Present value of accrued benefits	
as of valuation date 4/15/20	\$ 1,925,327
Plan assets as of 4/15/20	<u>1,235,131</u>
Defined LOSAP benefit liability - net, 12/31/20	<u>\$ 690,196</u>
Funded ratio	64%
Plan assets as of 4/14/19	\$ 1,120,797
Increased by	
Contributions	167,163
Gain in plan assets	<u>37,692</u>
	1,325,652
Decreased by	
Distributions	<u>90,520</u>
Plan assets as of 4/15/20	<u>\$ 1,235,132</u>
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>
Defined LOSAP benefit liability - net, 12/31/2019	<u>\$ 760,089</u>
Funded ratio	60%
Plan assets as of 4/14/18	\$ 1,001,121
Increased by	
Contributions	191,866
Gain in plan assets	<u>32,826</u>
	1,225,813
Decreased by	
Distributions	<u>105,016</u>
Plan assets as of 4/15/19	<u>\$ 1,120,797</u>

For each of the years 2020 and 2019, the budgeted amount of contribution was \$210,000 and \$260,000, respectively, and the contribution made in 2020 and 2019 was \$158,821 and \$188,223, respectively. The remaining budget is reserved for future distribution. Since the plan is administered by an outside insurance company, it was not made part of this audit. Details of the Plan can be obtained from the District upon request.

See Note 11, as prior period restatement has adjusted 2019 balance for Reserve for LOSAP.

**8. RENTAL CHARGES**

The District contracts with the Marlboro Volunteer Fire Company (the "Company") to lease the premises on a yearly basis. The Company owns the premises. For each of the years ended December 31, 2020 and 2019, the total rental charges amounted to \$80,000.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**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, 2020 and 2019:

Description	January 1, 2020	Additions	Deletions / Transfers	December 31, 2020
Capital assets				
Equipment	\$ 1,083,689	\$ 119,198	\$ -	\$ 1,202,887
Trucks and vehicles	2,926,453	-	-	2,926,453
Total	4,010,142	119,198	-	4,129,340
Less accumulated depreciation				
Equipment	878,701	146,814	-	1,025,515
Trucks and vehicles	2,215,896	98,978	-	2,314,874
Total	3,094,597	245,792	-	3,340,389
Capital assets, net	\$ 915,545	\$ (126,594)	\$ -	\$ 788,951
Description	January 1, 2019	Additions	Deletions / Transfers	December 31, 2019
Capital assets				
Equipment	\$ 1,001,517	\$ 82,172	\$ -	\$ 1,083,689
Trucks and vehicles	2,926,453	-	-	2,926,453
Total	3,927,970	82,172	-	4,010,142
Less accumulated depreciation				
Equipment	799,860	78,841	-	878,701
Trucks and vehicles	2,069,082	146,814	-	2,215,896
Total	2,868,942	225,655	-	3,094,597
Capital assets, net	\$ 1,059,028	\$ (143,483)	\$ -	\$ 915,545

Depreciation expense for the years ended December 31, 2020 and 2019 amounted to \$245,792 and \$225,655, respectively.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**11. RESTATEMENT**

During the fiscal year ended December 31, 2020, the District noted errors in the calculation of prepaid insurance and reserve for LOSAP insured plan which resulted in a misstatement of net position and fund balance in prior years. The corrections were made to beginning net position and fund balance as of January 1, 2019 as follows:

	<u><b>Net Position</b></u>	<u><b>Fund Balance</b></u>
Beginning of year, as previously reported	\$ 1,357,746	\$ 1,029,552
Prepaid insurance	8,869	8,869
Reserve for LOSAP insured plan	<u>(17,739)</u>	<u>(17,739)</u>
Beginning of year, as restated	<u>\$ 1,348,876</u>	<u>\$ 1,020,682</u>

Further, adjustments were made to prepaid insurance and the reserve LOSAP insurance plan in the amounts of \$10,530 and \$38,798, respectively for the year ended December 31, 2019, as a result of the prior period adjustment.

**12. SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after December 31, 2020 through the date of October 5, 2021, 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.

**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, 2020**

	<b>Budgeted Amounts</b>		<b>Total</b>	<b>Budgetary</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>				
District taxes	\$ 1,043,080	\$ 1,043,080	\$ 1,043,080	\$ -
Supplemental fire services grant	4,339	4,339	4,339	-
Interest on deposits and investments	2,100	2,100	2,121	21
Miscellaneous income	-	-	168	168
Fund balance utilized - unrestricted	241,981	241,981	-	(241,981)
Total revenues	<u>1,291,500</u>	<u>1,291,500</u>	<u>1,049,708</u>	<u>(241,792)</u>
<b>Transfers</b>				
Reserve for future capital outlays	-	-	200,000	200,000
Total transfers	-	-	200,000	200,000
Total general revenues and transfers	<u>1,291,500</u>	<u>1,291,500</u>	<u>1,249,708</u>	<u>(41,792)</u>
<b>Expenditures</b>				
Operating appropriations				
Administration				
Salary and wages				
Commissioners	32,500	32,500	32,500	-
Clerk of the board	45,000	45,000	11,000	34,000
Total salary and wages	<u>77,500</u>	<u>77,500</u>	<u>43,500</u>	<u>34,000</u>
Other expenses				
Elections	3,000	3,000	5,112	(2,112)
Office expense	3,000	3,000	4,721	(1,721)
Professional services	70,000	70,000	76,677	(6,677)
Total other expenses	<u>76,000</u>	<u>76,000</u>	<u>86,510</u>	<u>(10,510)</u>
Total administration	<u>153,500</u>	<u>153,500</u>	<u>130,010</u>	<u>23,490</u>
Costs of operations and maintenance				
Fringe benefits	16,000	16,000	-	16,000
LOSAP	210,000	210,000	210,000	-
Total costs of operations and maintenance	<u>226,000</u>	<u>226,000</u>	<u>210,000</u>	<u>16,000</u>

See Independent Auditor's Report.

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

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - All Governmental Fund Types**  
**Year Ended December 31, 2020**

	<u>Budgeted Amounts</u>		<u>Total</u>	<u>Budgetary</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Other expenses				
Advertising	\$ 2,000	\$ 2,000	\$ -	\$ 2,000
Insurance	95,000	95,000	73,620	21,380
Maintenance and repair	119,000	119,000	128,572	(9,572)
Membership dues	1,000	1,000	350	650
Training and education	3,000	3,000	-	3,000
Professional services/medical	16,000	16,000	6,085	9,915
Rental charges	80,000	80,000	80,000	-
Rental charges - Utilities	9,000	9,000	13,933	(4,933)
Travel expenses	15,000	15,000	-	15,000
Reimbursement of expenses	20,000	20,000	17,549	2,451
Fire hydrant rentals	250,000	250,000	233,249	16,751
Uniforms	5,000	5,000	2,229	2,771
New equipment and supplies	95,000	95,000	94,999	1
Public education and recruitment	2,000	2,000	85	1,915
Total other expenses	<u>712,000</u>	<u>712,000</u>	<u>650,671</u>	<u>61,329</u>
Total operating appropriations	<u>1,091,500</u>	<u>1,091,500</u>	<u>990,681</u>	<u>100,819</u>
Capital appropriations				
Reserve for future capital outlays	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total expenditures	<u>1,291,500</u>	<u>1,291,500</u>	<u>1,190,681</u>	<u>100,819</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>59,027</u>	<u>\$ 59,027</u>
Fund balances, beginning of the year (as restated)			<u>1,274,576</u>	
Fund balances, end of the year			<u>\$ 1,333,603</u>	

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

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Required Supplementary Information**  
**Year Ended December 31, 2020**

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**A. BUDGETARY BASIS OF ACCOUNTING**

There are no substantial differences between the District's budgetary basis of accounting and the fund basis of accounting described below. Therefore, there are no reconciling items between net change in fund balances as reported in the schedule of revenues, expenditures, and changes in fund balances – budget and actual – all governmental fund types and the statement of revenues, expenditures, and changes in fund balances.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which are recorded when due.

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

**B. FUND PRESENTATION**

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

**C. BUDGET CANCELLATION**

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2020, the District canceled \$-0- of appropriations resulting in a reservation of fund balance as follows:

Adopted budget	\$ 1,291,500
Expenditures	<u>1,190,681</u>
Favorable variance	100,819
Cancelled	<u>-</u>
Fund balance reserve	<u>\$ 100,819</u>

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Improvement Authorizations - Capital Fund**  
**Year Ended December 31, 2020**

<u>Purpose</u>	<u>Date</u>	<u>Authorized Appropriation Amount</u>	<u>Balance January 1, 2020</u>	<u>2020 Cancellation</u>	<u>2020 Expenditures</u>	<u>Balance December 31, 2020</u>
Replacement fire pumper	02/21/15	<u>\$ 700,000</u>	<u>\$ 12,782</u>	<u>\$ -</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, 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**  
**Statistical Information**  
**Years Ended December 31, 2020 and 2019**

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**Property Tax Levies**

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

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2020	\$ 2,971,512,300	\$ 1,043,080	0.036
2019	2,974,341,300	1,023,226	0.035
2018	2,968,866,700	1,000,541	0.034
2017	2,965,749,900	980,205	0.034
2016	2,967,019,600	973,563	0.033
2015	2,944,190,500	973,227	0.033
2014	2,780,646,874	971,111	0.035
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

**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, 2020	\$ 232,784	\$ 215,524
December 31, 2019	325,916	241,981
December 31, 2018	484,361	282,274
December 31, 2017	392,482	231,020
December 31, 2016	469,925	241,495
December 31, 2015	495,424	213,798
December 31, 2014	509,801	189,074
December 31, 2013	415,437	161,790
December 31, 2012	397,855	171,590
December 31, 2011	319,719	150,255
December 31, 2010	248,955	133,888

See Independent Auditor's Report.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statistical Information**  
**Years Ended December 31, 2020 and 2019**

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**Capital Fund - Fund Balance**

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2020	\$ 1,000,000	\$ 1,000,000
December 31, 2019	800,000	-
December 31, 2018	400,000	-
December 31, 2017	450,000	200,000
December 31, 2016	1,000,000	700,000
December 31, 2015	850,000	-
December 31, 2014	700,000	-
December 31, 2013	550,000	-
December 31, 2012	425,000	-
December 31, 2011	300,000	-
December 31, 2010	200,000	-

See Independent Auditor's Report.

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Roster of Officials**  
**Years Ended December 31, 2020 and 2019**

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<u>Board of Commissioners</u>	<u>Position</u>	<u>Term Expiration</u>	<u>Amount of Surety Bond</u>
Michael MacDonald	Chairperson	2023	\$ 200,000*
Douglas Tilton	Vice Chairperson	2024	200,000*
Charles VanCuren	Treasurer	2023	200,000*
John Borden	Secretary	2022	200,000*
Paul Elkin	Assistant Treasurer	2024	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, 2020 and 2019**

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**Scope of Examination and Conditions of Records**

Our examination covered the funds of the Board of Commissioners of Marlboro Township Fire District No. 1, Monmouth County, New Jersey (the "District") 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 awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. N.J.S. 40A:11-3 defines the bid threshold for any contract awarded as \$17,500." Furthermore, contracting units now have a quotation threshold of \$2,625.

The members of the District 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 8 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, 2020 and 2019**

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**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, except those found in Schedule of Financial Statement findings

**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,

*William Smith + Brown, PC*

October 5, 2021

## 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each fund of Marlboro Township Fire District No. 1, Monmouth County, New Jersey (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 2021.

#### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and recommendations we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and recommendations as item 2020-001 to be a material weakness.

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. We did not identify any deficiencies which we consider to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Recommendations as item 2020-001.

### Marlboro Township Fire District No. 1's Response to Findings

Marlboro Township Fire District No. 1's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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 District'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 District'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".

October 5, 2021

**Marlboro Township Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Findings and Recommendations**  
**Year Ended December 31, 2020**

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**Schedule of Financial Statement Findings**

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

**Material Weaknesses**

**Finding 2020-001**

**Material Weakness in Internal Control over Financial Reporting—Error in Calculation of Reserve for LOSAP and Group Term Life Insurance Expense**

*Criteria:* The District maintains both a LOSAP and a group term life insurance program. Both plans are independent of each other and transactions therein should be recorded separately. As invoices for insurance and LOSAP are not specific and share similar language, care should be taken to ensure that transactions are not improperly allocated.

*Condition:* Presently, invoices for expenses related to LOSAP and life insurance arrive at the District and are nearly indistinguishable from one another. We noted that the invoices for group term life insurance and LOSAP expenses are provided by the same vendor and share similar language, therefore, this may have contributed to the improper accounting for these transactions.

*Context:* During the course, of the audit we noted the District reduced the reserve for LOSAP by the current group term life insurance premium. Since the LOSAP and group term life insurance are distinct and separate from each other, the group life insurance payment should be charged to group term life expense and not reflected as a reduction of the LOSAP reserve.

*Effect or Potential Effect:* The misstatement of expenses led to reserve for LOSAP and life insurance expense being understated.

*Cause:* The similar presentation of insurance and LOSAP expenses from the same vendor may have contributed to the improper accounting for these transactions.

*Recommendation:* It is our recommendation that the District implement procedures to ensure invoices from the insurance company are reviewed in detail in ensure correct posting within the general ledger. At the end of year, the general ledger should also be reviewed and compared to budget amounts to ensure the correct posting did occur during the year. The commissioners, prior to year end, should evaluate the reserve for LOSAP to consider if any adjustment is necessary.

*Management's Response:* The District has stated it will implement procedures going forward to review invoices in detail for correct posting. In addition, management will review invoices already paid in the current fiscal year for accurate posting and make any necessary adjustments. In addition, due to the prior period adjustment, management will evaluate the current reserve for LOSAP and if necessary, the district will present a resolution to cancel any excess reserves as appropriate.

See Independent Auditor's Report.

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

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**Schedule of Financial Statement Findings**

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

**Material Weaknesses**

None Reported.