

**MARLBORO TOWNSHIP FIRE DISTRICT NO. 1
MONMOUTH COUNTY, NEW JERSEY
Annual Comprehensive Financial Report
December 31, 2024 and 2023
With Independent Auditor's Reports**

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Table of Contents
December 31, 2024 and 2023

Management’s Discussion and Analysis (Unaudited)	A1-A10
Independent Auditor’s Report	1-3
Financial Statements	
Statements of Net Position and Governmental Funds Balance Sheets	4-5
Statements of Activities and Revenues, Expenditures, and Changes in Governmental Fund Balances	6-7
Notes to Financial Statements	8-20
Supplementary Information	
<i>Required Supplementary Information</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund Type	21-22
Notes to Required Supplementary Information	23
<i>Other Supplementary Information</i>	
Schedules of Improvement Authorizations - Capital Fund	24-25
Statistical Information	26-27
Roster of Officials	28
Comments and Recommendations	
Comments and Recommendations	29-30
Government Reports	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31-32
Schedule of Findings and Responses under Generally Accepted Government Auditing Standards	33
Schedule of Prior Year Findings and Responses	34

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

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, 2024 and 2023.

USING THIS ANNUAL REPORT

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

Financial Highlights

- The assets of the District exceeded its liabilities at December 31, 2024, by approximately \$3,120,000. In 2023, the excess was approximately \$2,714,000. This is an increase of approximately \$406,000. The District decreased its liabilities by approximately \$10,000 and increased its assets by approximately \$396,000 primarily due to capital asset additions.
- During 2024, the District operated at a deficit of approximately \$549,000. The surplus in 2023 was approximately \$200,000. This is a decrease of approximately \$749,000.

Reporting on the District as a Whole

Government-Wide Financial Statements

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

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

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

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

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

Reporting on the District's Most Significant Funds

Fund Financial Statements

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

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

The District as a Board

Reporting on the District's Fiduciary Responsibilities

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

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

THE DISTRICT AS A WHOLE

Statements of Net Position

For the years ended December 31, 2024 and 2023, net position changed as follows:

	2024 Total	Increase (Decrease) Over 2023	Percentage Increase (Decrease)
Assets			
Current and other assets	\$ 1,504,240	\$ (511,724)	-25.38%
Capital assets	<u>2,109,274</u>	<u>908,196</u>	75.62%
Total assets	<u>\$ 3,613,514</u>	<u>\$ 396,472</u>	12.32%
Liabilities			
	<u>\$ 493,075</u>	<u>\$ (9,992)</u>	-1.99%
Net position			
Net investment in capital assets	1,743,393	955,346	121.23%
Restricted for capital acquisitions	200,000	-	100.00%
Unrestricted	<u>1,177,046</u>	<u>(548,882)</u>	-31.80%
Total net position	<u>3,120,439</u>	<u>406,464</u>	14.98%
Total liabilities and net position	<u>\$ 3,613,514</u>	<u>\$ 396,472</u>	12.32%

In the current year, the District's net position increased by approximately \$406,000 mainly due to the significant increase in capital assets, offset by the decrease in cash utilized in these capital asset purchases.

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

In 2023, the District's net position increased by \$105,000 mainly due to the increase of assets, specifically cash, offset by slight decreases in capital assets, such as the right-of-use asset.

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

Statements of Activities

For the year ended December 31, 2024, the District experienced an increase in total revenue of approximately \$286,000 or 23%. The majority of the increase is related to an increase in district taxes.

	<u>2024 Total</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) Over 2023</u>	<u>Percentage Increase (Decrease)</u>
Revenues				
District taxes	\$ 1,530,163	99.16%	\$ 294,153	23.80%
Supplemental fire services grant	4,339	0.28%	-	0.00%
Interest on deposits and investments	8,615	0.56%	(6,952)	-44.66%
Miscellaneous	-	0.00%	(1,124)	-100.00%
Total revenues	<u>\$ 1,543,117</u>	<u>100.00%</u>	<u>\$ 286,077</u>	<u>22.76%</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, 2024, the District experienced a decrease in total expenditures of approximately \$15,000 or 1% due mainly to the decrease in commissioners salaries, elections, professional services, insurance, maintenance and repairs, training and education, professional services (medical), travel expenses, public education and recruitment, reimbursement of expenses, capital lease interest, and depreciation expense, offset by increases in office expenses, fringe benefits – LOSAP, advertising, membership/dues, uniforms, rental charges, rental – utilities, fire hydrant rentals, new equipment and supplies, and amortization expense.

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

	<u>FYE 2024 Amount</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2023</u>	<u>Percentage Increase (Decrease)</u>
Expenses				
Commissioners	\$ 40,955	3.60%	\$ (2,900)	-6.61%
Clerk of the Board	12,328	1.08%	183	1.51%
Elections	-	0.00%	(4,971)	-100.00%
Office expenses	6,648	0.58%	(1,375)	-17.14%
Professional services	79,861	7.03%	(20,224)	-20.21%
Fringe benefits - LOSAP	180,742	15.90%	250	0.14%
Advertising	516	0.05%	291	129.33%
Insurance	68,014	5.98%	(10,994)	-13.92%
Maintenance and repairs	71,453	6.29%	(4,001)	-5.30%
Membership/dues	660	0.06%	235	55.29%
Training and education	379	0.03%	(9,069)	-95.99%
Uniforms	8,874	0.78%	535	6.42%
Professional services/medical	8,947	0.79%	(571)	-6.00%
Rental charges	84,500	7.43%	500	0.60%
Rental - utilities	18,261	1.61%	6,684	57.74%
Travel expenses	481	0.04%	(3,007)	-86.21%
Fire hydrant rentals	274,098	24.11%	22,722	9.04%
New equipment and supplies	29,883	2.63%	6,202	26.19%
Public education and recruitment	-	0.00%	(2,897)	-100.00%
Reimbursement of expenses	11,324	1.00%	(1,036)	-8.38%
Amortization expense	81,767	7.19%	13,628	20.00%
Capital lease interest	4,116	0.36%	(4,550)	-52.50%
Depreciation expense	152,807	13.44%	(964)	-0.63%
Miscellaneous expense	39	0.00%	39	100.00%
Total expenditures	<u>\$ 1,136,653</u>	<u>100.00%</u>	<u>\$ (15,290)</u>	<u>-1.33%</u>

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

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

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

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

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

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

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, 2024 and 2023, 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>2024 Total</u>	<u>Increase (Decrease) Over 2023</u>	<u>Percentage Increase (Decrease)</u>
Assets					
Current and other assets	\$ 1,504,240	\$ 444,901	\$ 1,949,141	\$ (1,349,605)	-40.91%
Liabilities	572,095	-	<u>572,095</u>	<u>(800,723)</u>	-58.33%
Fund Balance					
Assigned			808,746	(1,533,503)	-65.47%
Unassigned			<u>568,300</u>	<u>984,621</u>	100.00%
Total fund balance			<u>1,377,046</u>	<u>(548,882)</u>	-28.50%
Total liabilities and fund balance			<u>\$ 1,949,141</u>	<u>\$ (1,349,605)</u>	-40.91%

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

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

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

	<u>2024 Amount</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) Over 2023</u>	<u>Percentage Increase (Decrease)</u>
Revenues				
District taxes	\$ 1,530,163	99.16%	\$ 294,153	23.80%
Supplemental fire services grant	4,339	0.28%	-	0.00%
Interest on deposits and investments	8,615	0.56%	(6,952)	-44.66%
Miscellaneous	-	0.00%	(1,124)	-100.00%
Total revenues	<u>\$ 1,543,117</u>	<u>100.00%</u>	<u>\$ 286,077</u>	22.76%
Expenditures				
	<u>2024 Amount</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2023</u>	<u>Percentage Increase (Decrease)</u>
Commissioners	\$ 40,955	1.96%	\$ (2,900)	-6.61%
Clerk of the Board	12,328	0.59%	183	1.51%
Elections	-	0.00%	(4,971)	-100.00%
Office expenses	6,648	0.32%	(1,375)	-17.14%
Professional services	79,861	3.82%	(20,224)	-20.21%
Fringe benefits - LOSAP	180,742	8.64%	250	0.14%
Advertising	516	0.02%	291	129.33%
Insurance	68,014	3.25%	(10,994)	-13.92%
Maintenance and repairs	89,818	4.29%	(31,402)	-25.90%
Membership/dues	660	0.03%	235	55.29%
Training and education	379	0.02%	(9,069)	-95.99%
Uniforms	8,874	0.42%	535	6.42%
Professional services/medical	8,947	0.43%	(571)	-6.00%
Rental charges	84,500	4.04%	500	0.60%
Rental - utilities	18,261	0.87%	6,684	57.74%
Travel expenses	481	0.02%	(3,007)	-86.21%
Fire hydrant rentals	274,098	13.10%	22,722	9.04%
New equipment and supplies	116,407	5.56%	59,644	105.08%
Public education and recruitment	-	0.00%	(2,897)	-100.00%
Reimbursement of expenses	11,324	0.54%	(1,036)	-8.38%
Miscellaneous expense	39	0.00%	39	100.00%
Capital lease principal	46,269	2.21%	1,149	2.55%
Capital lease interest	4,997	0.24%	(6,465)	-56.40%
Capital appropriations	<u>1,037,881</u>	<u>49.61%</u>	<u>1,037,881</u>	100.00%
Total expenditures	<u>\$ 2,091,999</u>	<u>100.00%</u>	<u>\$ 1,035,202</u>	97.96%

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

	<u>2023 Amount</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) Over 2022</u>	<u>Percentage Increase (Decrease)</u>
Revenues				
District taxes	\$ 1,236,010	98.32%	\$ 144,160	13.20%
Supplemental fire services grant	4,339	0.35%	-	0.00%
Interest on deposits and investments	15,567	1.24%	12,947	494.16%
Miscellaneous	1,126	0.09%	(9,686)	-89.59%
Gain on disposition of fixed assets	-	0.00%	(19,019)	-100.00%
Total revenues	<u>\$ 1,257,042</u>	<u>100.00%</u>	<u>\$ 128,402</u>	11.38%

	<u>2023 Amount</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2022</u>	<u>Percentage Increase (Decrease)</u>
Expenditures				
Commissioners	\$ 43,855	4.15%	\$ 18,063	70.03%
Clerk of the Board	12,145	1.15%	(7,855)	-39.28%
Elections	4,971	0.47%	(1,317)	-20.94%
Office expenses	8,023	0.76%	1,291	19.18%
Professional services	100,085	9.47%	26,224	35.50%
LOSAP	180,492	17.08%	13,412	8.03%
Advertising	225	0.02%	(416)	-64.90%
Insurance	79,008	7.48%	864	1.11%
Maintenance and repairs	121,220	11.47%	46,970	63.26%
Membership/dues	425	0.04%	50	13.33%
Training and education	9,448	0.89%	9,448	100.00%
Uniforms	8,339	0.79%	7,011	527.94%
Professional services/medical	9,518	0.90%	3,478	57.58%
Rental charges	84,000	7.94%	2,000	2.44%
Rental - utilities	11,577	1.10%	(1,694)	-12.76%
Travel expenses	3,488	0.33%	1,850	112.94%
Fire hydrant rentals	251,376	23.79%	(7,209)	-2.79%
New equipment and supplies	56,763	5.37%	(62,493)	-52.40%
Public education and recruitment	2,897	0.27%	(560)	-16.20%
Reimbursement of expenses	12,360	1.17%	(3,610)	-22.60%
Capital lease principal	45,120	4.27%	45,120	100.00%
Capital lease interest	11,462	1.08%	11,462	100.00%
Capital appropriations	-	0.00%	(712,162)	-100.00%
Total expenditures	<u>\$ 1,056,797</u>	<u>100.00%</u>	<u>\$ (610,073)</u>	-36.60%

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget relied on the expectation of an increase in district taxes. For 2024, the District assessed value and tax rate assessed value increased slightly, which produced an increase in tax revenue of approximately \$294,000. For 2023, the District tax rate increased slightly, which produced an increase in tax revenue of approximately \$144,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

For the years ended December 31, 2024 and 2023, capital assets changed as follows:

	January 1, 2024			December 31, 2024	Percentage Increase (Decrease)
	Balance	Additions	Transfers	Balance	
Capital assets					
Equipment	\$ 1,452,772	\$ 104,889	\$ -	\$ 1,557,661	7.22%
Trucks and vehicles	2,977,066	1,037,881	-	4,014,947	34.86%
Firetruck lease	660,946	-	-	660,946	0.00%
	<u>5,090,784</u>	<u>1,142,770</u>	<u>-</u>	<u>6,233,554</u>	<u>22.45%</u>
Accumulated depreciation and amortization	<u>3,889,706</u>	<u>234,574</u>	<u>-</u>	<u>4,124,280</u>	<u>6.03%</u>
Capital assets, net	<u>\$ 1,201,078</u>	<u>\$ 908,196</u>	<u>\$ -</u>	<u>\$ 2,109,274</u>	<u>75.62%</u>
	January 1, 2023			December 31, 2023	Percentage Increase (Decrease)
	Balance	Additions	Transfers	Balance	
Capital assets					
Equipment	\$ 1,373,924	\$ 78,848	\$ -	\$ 1,452,772	5.74%
Trucks and vehicles	2,977,066	-	-	2,977,066	0.00%
Fire truck lease	712,162	-	(51,216)	660,946	-7.19%
	<u>5,063,152</u>	<u>78,848</u>	<u>(51,216)</u>	<u>5,090,784</u>	<u>0.55%</u>
Accumulated depreciation	<u>3,667,796</u>	<u>221,910</u>	<u>-</u>	<u>3,889,706</u>	<u>6.05%</u>
Capital assets, net	<u>\$ 1,395,356</u>	<u>\$ (143,062)</u>	<u>\$ (51,216)</u>	<u>\$ 1,201,078</u>	<u>-13.92%</u>

Debt

The District leased a firetruck vehicle during the year ended December 31, 2022. The lease liability of the firetruck as of December 31, 2024 and 2023, is \$365,881 and \$413,031, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of the Marlboro Township Fire District No. 1, Monmouth County, New Jersey (the "District") as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinions, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund and the aggregate remaining fund information of the Marlboro Township Fire District No. 1, Monmouth County, New Jersey as of and for the years ended December 31, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States and in compliance with the audit requirements prescribed by the State of New Jersey, Division of Local Government Services, Department of Community Affairs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedule of revenues, expenditures, and changes in fund balances budget and actual – general fund types and related notes, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical information and roster of officials but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

Other Reporting Required by GAS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2025, on our consideration of the Marlboro Township Fire District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marlboro Township Fire District No. 1's internal control over financial reporting and compliance.



September 9, 2025

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Statements of Net Position and Governmental Funds Balance Sheet
December 31, 2024

	<u>Governmental Funds Balance Sheet</u>			<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>		
Assets					
Current assets					
Cash	\$ 1,142,246	\$ -	\$ 1,142,246	\$ -	\$ 1,142,246
Short-term investments	317,363	-	317,363	-	317,363
Prepaid insurance	44,631	-	44,631	-	44,631
Internal receivable	-	444,901	444,901	(444,901)	-
Total current assets	<u>1,504,240</u>	<u>444,901</u>	<u>1,949,141</u>	<u>(444,901)</u>	<u>1,504,240</u>
Non-current assets					
Capital assets, net	-	-	-	2,109,274	2,109,274
Total assets	<u>\$ 1,504,240</u>	<u>\$ 444,901</u>	<u>\$ 1,949,141</u>	<u>\$ 1,664,373</u>	<u>\$ 3,613,514</u>
Liabilities, Fund Balances, and Net Position					
Current liabilities					
Accounts payable	\$ 123,266	\$ -	\$ 123,266	\$ -	\$ 123,266
Reserve for unemployment	3,928	-	3,928	-	3,928
Internal payable	444,901	-	444,901	(444,901)	-
Lease liability, current portion	-	-	-	48,365	48,365
Total current liabilities	<u>572,095</u>	<u>-</u>	<u>572,095</u>	<u>(396,536)</u>	<u>175,559</u>
Non-current liabilities					
Lease liability, net of current portion	-	-	-	317,516	317,516
Total liabilities	<u>\$ 572,095</u>	<u>\$ -</u>	<u>\$ 572,095</u>	<u>\$ (79,020)</u>	<u>\$ 493,075</u>
Fund balances					
Assigned					
Improvement authorizations	-	512,782	512,782	(512,782)	-
Designated for subsequent years' expenditures	50,000	-	50,000	(50,000)	-
Appropriation reserves	245,964	-	245,964	(245,964)	-
Unassigned					
General fund	636,181	-	636,181	(636,181)	-
Capital fund	-	(67,881)	(67,881)	67,881	-
Total fund balances	<u>932,145</u>	<u>444,901</u>	<u>1,377,046</u>	<u>(1,377,046)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,504,240</u>	<u>\$ 444,901</u>	<u>\$ 1,949,141</u>		
Net position					
Net investment in capital assets				1,743,393	1,743,393
Restricted for capital acquisitions				200,000	200,000
Unrestricted				1,177,046	1,177,046
Total net position				<u>3,120,439</u>	<u>3,120,439</u>
Total liabilities and net position				<u>\$ 1,664,373</u>	<u>\$ 3,613,514</u>

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

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

	<u>Governmental Funds Balance Sheet</u>			<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>		
Assets					
Current assets					
Cash	\$ 1,655,075	\$ -	\$ 1,655,075	\$ -	\$ 1,655,075
Short-term investments	317,284	-	317,284	-	317,284
Prepaid insurance	43,605	-	43,605	-	43,605
Internal receivable	-	1,282,782	1,282,782	(1,282,782)	-
Total current assets	<u>2,015,964</u>	<u>1,282,782</u>	<u>3,298,746</u>	<u>(1,282,782)</u>	<u>2,015,964</u>
Non-current assets					
Capital assets, net	-	-	-	1,201,078	1,201,078
Total assets	<u>\$ 2,015,964</u>	<u>\$ 1,282,782</u>	<u>\$ 3,298,746</u>	<u>\$ (81,704)</u>	<u>\$ 3,217,042</u>
Liabilities, Fund Balances, and Net Position					
Current liabilities					
Accounts payable	\$ 86,108	\$ -	\$ 86,108	\$ -	\$ 86,108
Reserve for unemployment	3,928	-	3,928	-	3,928
Internal payable	1,282,782	-	1,282,782	(1,282,782)	-
Lease liability, current portion	-	-	-	47,150	47,150
Total current liabilities	<u>1,372,818</u>	<u>-</u>	<u>1,372,818</u>	<u>(1,235,632)</u>	<u>137,186</u>
Non-current liabilities					
Lease liability, net of current portion	-	-	-	365,881	365,881
Total liabilities	<u>1,372,818</u>	<u>-</u>	<u>1,372,818</u>	<u>(869,751)</u>	<u>503,067</u>
Fund balances					
Assigned					
Improvement authorizations	-	1,212,782	1,212,782	(1,212,782)	-
Designated for subsequent years' expenditures	164,263	720,000	884,263	(884,263)	-
Appropriation reserves	245,204	-	245,204	(245,204)	-
Unassigned					
General fund	233,679	-	233,679	(233,679)	-
Capital fund	-	(650,000)	(650,000)	650,000	-
Total fund balances	<u>643,146</u>	<u>1,282,782</u>	<u>1,925,928</u>	<u>(1,925,928)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,015,964</u>	<u>\$ 1,282,782</u>	<u>\$ 3,298,746</u>		
Net position					
Net investment in capital assets				788,047	788,047
Restricted for capital acquisitions				200,000	200,000
Unrestricted				1,725,928	1,725,928
Total net position				<u>2,713,975</u>	<u>2,713,975</u>
Total liabilities and net position				<u>\$ (81,704)</u>	<u>\$ 3,217,042</u>

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Statements of Activities and Revenues, Expenditures, and Changes in
Governmental Fund Balances
Year Ended December 31, 2024

	Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances			Adjustments (Note 3)	Statement of Activities
	General Fund	Capital Fund	Total		
Expenditures					
Operating appropriations	\$ 1,054,118	\$ -	\$ 1,054,118	\$ 82,535	\$ 1,136,653
Capital appropriations	-	1,037,881	1,037,881	(1,037,881)	-
Total expenditures	1,054,118	1,037,881	2,091,999	(955,346)	1,136,653
General revenues					
District taxes	1,530,163	-	1,530,163	-	1,530,163
Supplemental fire services grant	4,339	-	4,339	-	4,339
Interest on deposits and investments	8,615	-	8,615	-	8,615
Total general revenues	1,543,117	-	1,543,117	-	1,543,117
Excess (deficiency) of revenues over expenditures	488,999	(1,037,881)	(548,882)	955,346	406,464
Other financing sources (uses)					
Transfers in	-	200,000	200,000	(200,000)	-
Transfers out	(200,000)	-	(200,000)	200,000	-
Total other financing sources (uses)	(200,000)	200,000	-	-	-
Net change in fund balances	288,999	(837,881)	(548,882)	955,346	406,464
Change in net position	-	-	-	-	406,464
Fund balances / net position					
Beginning of year, restated	643,146	1,282,782	1,925,928	788,047	2,713,975
End of year	\$ 932,145	\$ 444,901	\$ 1,377,046	\$ 1,743,393	\$ 3,120,439

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

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

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

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

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, 2024 and 2023, the financial statements of the District have been prepared in conformity with generally accepted accounting principles in the United States of America as applied to governmental units ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The financial statements include all funds and account groups of the District over which the board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria, as described above, in 2024 and 2023. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

Combined Fund and Government-wide Financial Statements

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

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

Governmental Fund Types

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

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

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

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

Basis of Accounting

Fund Basis of Accounting

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

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

Government-wide Basis of Accounting

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

Budgets/Budgetary Control

Annual budgets are prepared each year for the operations of the fire districts. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budgets are then voted upon by the public. Budgetary transfers may be made during the last two months of the year.

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and the fund basis of accounting previously described. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

Investments

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Board determines the valuation policies utilizing information provided by the investment advisers. See Note 4 for discussion of fair value and contract measurements, respectively.

Capital Assets

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

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

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

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

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

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 12-20 years for firefighting vehicles. Right-of-use lease assets are amortized over 9 years.

Impairment of Capital Assets

In accordance with the provisions of the pronouncement related to accounting and financial reporting for impairment of capital assets, the District assesses capital assets for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset have both significantly and unexpectedly declined. For the years ended December 31, 2024 and 2023, management has determined that there was no impairment of capital assets.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

Leases

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

Interfund Transactions and Balances

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

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

Net Position

Fund Basis

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

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

Government-wide Basis

Net position is displayed in three components:

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

2. ADJUSTMENTS TO ARRIVE AT NET POSITION

Interfund Receivables and Payables

As of December 31, 2024 and 2023, interfund receivables and payables in the amount of \$444,901 and \$1,282,782, respectively, have been eliminated in arriving at the government-wide presentation.

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

As of December 31, 2024 and 2023, capital assets, net, in the amount of \$2,109,274 and \$1,201,078, respectively, lease liability of \$365,881 and \$413,031, respectively, and net investment in capital assets in the amount of \$1,743,393 and \$788,047, respectively, have been included in the government-wide presentation.

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

As of December 31, 2024 and 2023, a reclass of fund balance of \$1,376,967 and \$1,925,928 to appropriate category of net position including unrestricted of \$1,176,967 and \$1,725,928, respectively, and restricted capital assets of \$200,000 for both years.

3. ADJUSTMENTS TO ARRIVE AT THE CHANGES IN NET POSITION

Appropriations

For the year ended December 31, 2024, depreciation and amortization expense in the amount of \$234,574 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 \$86,524, maintenance and repairs decreased by \$18,365, capital lease principal payments have been decreased by \$46,269 and capital lease interest expense has been decreased by \$881. The net effect on operating appropriations is an increase of \$82,535. Capital appropriations has been decreased by \$1,037,881.

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

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, 2024 and 2023, the District’s cash accounts consisted of:

	<u>2024</u>	<u>2023</u>
The Fulton Bank of New Jersey	\$ 1,138,265	\$ 1,651,094
Bank of America	3,931	3,931
Petty cash	<u>50</u>	<u>50</u>
Total cash	<u>\$ 1,142,246</u>	<u>\$ 1,655,075</u>

The carrying amount of the Board’s cash at December 31, 2024, was \$1,142,246, and the bank balance was \$1,192,150. Of the balance, \$250,000 was covered by federal depository insurance, and \$942,150 was covered by the Government Unit Deposit Protection Act (“GUDPA”), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units’ deposits in excess of the federal deposit maximums.

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

Custodial Credit Risk

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

Investments

Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. All of the District's investments are held in the name of the District.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

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

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government money market mutual funds.
- (c) Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor.
- (d) Bonds or other obligations of the District or bonds or other obligations of the local units or units within which the District is located.
- (e) Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the District.
- (f) Local government investment pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281.
- (h) Agreements for the repurchase of fully collateralized securities.

Concentration of Credit Risk

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

Fair Value Measurement

The District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in the active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). This categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

Level 2 - Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the District may remeasure the carrying value of assets and liabilities measured on a non-recurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

As of December 31, 2024 and 2023, the District's short-term investments consisted of:

	<u>2024</u>	<u>2023</u>
Certificates of deposit		
Bank of America	\$ 169,271	\$ 169,236
M&T Bank	<u>148,092</u>	<u>148,048</u>
Total investments	<u>\$ 317,363</u>	<u>\$ 317,284</u>

The certificates of deposit have terms ranging from 7 months to 12 months, with interest rates ranging from 0.01% to 0.03% and mature between August and November 2025. Subsequent to year end, the certificates of deposit were renewed for terms ranging between 7 and 12 months. These certificates of deposit are covered by federal deposit insurance.

5. ASSESSMENT AND COLLECTION OF MONEY AUTHORIZED BY VOTERS

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

The collector or treasurer of the Municipality, in which the District is situated, shall pay over all monies so assessed to the treasurer or custodian of funds of the District as follows; on or before April 1, an amount equaling 21.25% of all monies so assessed; on or before July 1, an amount equaling 22.50% of all monies so assessed; on or before October 1, an amount equaling 25% of all monies so assessed; and on or before December 31, an amount equaling the difference between the total of all monies so assessed and the total amount of such monies previously paid over, to be held and expended for the purpose of providing and maintaining means for extinguishing fires in such district.

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

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

6. FUNDING

The activities of the District are primarily funded by the striking of a fire tax on the property owners of the District, as provided for by state statute. For the years ended December 31, 2024 and 2023, the fire tax rate on the District was \$0.051 and \$0.039, 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 2024 and 2023.

7. LENGTH OF SERVICE AWARD PROGRAM

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

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

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>2024</u>	<u>2023</u>
Plan data		
Initial effective date	4/15/1993	4/15/1993
Plan year begins	4/15/2024	4/15/2023
Plan year ends	4/14/2025	4/14/2024
Valuation date	4/15/2024	4/15/2023
Eligibility requirements		
Waiting period (mos)	-	-
Minimum age	18	18
Normal entitlement age		
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>2024</u>	<u>2023</u>
Benefits		
Plan formula	Benefit formula	Benefit formula
Unit type	Dollar	Dollar
Unit base on	Accrual	Accrual
First tier	\$ 49.90	\$ 46.68
Second tier	None	None
Third tier	None	None
Maximum credit		
Past years	15	15
Total years	20	20
Vesting		
Primary vesting schedule <i>(referring to plan documents for further detail)</i>	5 year Cliff	5 year Cliff

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

Actuarial Assumptions 2024

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

Actuarial Assumptions 2023

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

For each of the years 2024 and 2023, the budgeted amount of contribution was \$250,000 and \$260,000, respectively, and the contribution made in 2024 and 2023 was \$180,742 and \$180,492, respectively. The remaining budget is reserved for future distribution. Since the plan is administered by an outside insurance company, it was not made part of this audit. Details of the Plan can be obtained from the District upon request.

8. RENTAL CHARGES

The District contracts with the Marlboro Volunteer Fire Company (the “Company”) to lease the premises on a yearly basis. The Company owns the premises. For of the years ended December 31, 2024 and 2023, the total rental charges amounted to \$84,500 and \$84,000, respectively.

9. RISK MANAGEMENT

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

10. CAPITAL ASSETS

The following schedules are a summarization of the capital assets by source for the years ended December 31, 2024 and 2023:

<u>Description</u>	<u>January 1, 2024</u>	<u>Additions</u>	<u>Deletions / Transfers</u>	<u>December 31, 2024</u>
Capital assets				
Equipment	\$ 1,452,772	\$ 104,889	\$ -	\$ 1,557,661
Trucks and vehicles	2,977,066	1,037,881	-	4,014,947
Firetruck lease	660,946	-	-	660,946
	<u>5,090,784</u>	<u>1,142,770</u>	<u>-</u>	<u>6,233,554</u>
Less: Accumulated depreciation				
Equipment	1,280,393	67,925	-	1,348,318
Trucks and vehicles	2,541,174	84,882	-	2,626,056
Firetruck lease	68,139	81,767	-	149,906
	<u>3,889,706</u>	<u>234,574</u>	<u>-</u>	<u>4,124,280</u>
Capital assets, net	<u>\$ 1,201,078</u>	<u>\$ 908,196</u>	<u>\$ -</u>	<u>\$ 2,109,274</u>

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

Depreciation and amortization expense for the years ended December 31, 2024 and 2023, amounted to \$234,574 and \$221,910, respectively.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2024 and 2023

11. COMMITMENTS AND CONTINGENCIES

The District leases a fire truck for use. The District made a down payment of \$200,000 in the year ended December 31, 2022, and has recorded this as a capital appropriation in the capital fund statement of revenues, expenditures, and changes in governmental fund balances. The fire truck lease expires in 2031 and payments began in 2023. During 2023, the original lease was modified for a different monthly payment amount. There is no option to extend the lease, therefore no option was to be determined reasonably certain to be exercised. The equipment has an estimated useful life of 10 years. The value of right-of-use lease asset as of December 31, 2024, was \$660,946 and had accumulated amortization of \$149,906.

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

The District's long-term lease consisted of the following at December 31, 2024 and 2023:

		<u>2024</u>				
		<u>Balance</u>				<u>Balance</u>
		<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Modification</u>	<u>End</u>
		<u>of Year</u>				<u>of Year</u>
						<u>Current</u>
						<u>Portion</u>
Governmental Activities						
Lease payable						
General obligation	\$ 413,031	\$ -	\$ 47,150	\$ -	\$ 365,881	\$ 48,365
		<u>2023</u>				
		<u>Balance</u>				<u>Balance</u>
		<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Modification</u>	<u>End</u>
		<u>of Year</u>				<u>of Year</u>
						<u>Current</u>
						<u>Portion</u>
Governmental Activities						
Lease payable						
General obligation	\$ 512,162	\$ -	\$ 47,915	\$ 51,216	\$ 413,031	\$ 47,150

Future debt service requirements for lease payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 48,365	\$ 8,216	\$ 56,581
2026	49,611	6,970	56,581
2027	50,890	5,691	56,581
2028	52,201	4,380	56,581
2029	53,546	3,035	56,581
2030-2031	111,268	1,894	113,162
	<u>\$ 365,881</u>	<u>\$ 30,186</u>	<u>\$ 396,067</u>

12. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after December 31, 2024, through the date of September 9, 2025, which is the date the financial statements were available to be issued. Other than previously noted in Note 4, the District is not aware of any subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - All Governmental Fund Types
Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>General Fund</u>	<u>Budgetary Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
District taxes	\$ 1,530,163	\$ 1,530,163	\$ 1,530,163	\$ -
Supplemental fire services grant	4,339	4,339	4,339	-
Interest on deposits and investments	1,317	1,317	8,615	7,298
Fund balance utilized - unrestricted	<u>164,263</u>	<u>164,263</u>	<u>-</u>	<u>(164,263)</u>
Total revenues	<u>1,700,082</u>	<u>1,700,082</u>	<u>1,543,117</u>	<u>(156,965)</u>
Transfers				
Reserve for future capital outlays	<u>720,000</u>	<u>720,000</u>	<u>-</u>	<u>(720,000)</u>
Total general revenues and transfers	<u>2,420,082</u>	<u>2,420,082</u>	<u>1,543,117</u>	<u>(876,965)</u>
Expenditures				
Operating appropriations				
Administration				
Salary and wages				
Commissioners	44,000	44,000	40,955	(3,045)
Clerk of the board	<u>46,000</u>	<u>46,000</u>	<u>12,328</u>	<u>33,672</u>
Total salary and wages	<u>90,000</u>	<u>90,000</u>	<u>53,283</u>	<u>30,627</u>
Other expenses				
Elections	10,000	10,000	-	10,000
Office expense	4,500	4,500	6,648	(2,148)
Professional services	<u>75,000</u>	<u>75,000</u>	<u>79,861</u>	<u>(4,861)</u>
Total other expenses	<u>89,500</u>	<u>89,500</u>	<u>86,509</u>	<u>2,991</u>
Total administration	<u>179,500</u>	<u>179,500</u>	<u>139,792</u>	<u>39,708</u>
Costs of operations and maintenance				
Fringe benefits	20,000	20,000	-	20,000
LOSAP	<u>250,000</u>	<u>250,000</u>	<u>180,742</u>	<u>69,258</u>
Total costs of operations and maintenance	<u>270,000</u>	<u>270,000</u>	<u>180,742</u>	<u>89,258</u>

See Independent Auditor's Report.

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

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - All Governmental Fund Types
Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>General Fund</u>	<u>Budgetary Variance</u>
	<u>Original</u>	<u>Final</u>		
Other expenses				
Advertising	\$ 2,000	\$ 2,000	\$ 516	\$ 1,484
Insurance	95,000	95,000	68,014	26,986
Maintenance and repair	125,000	125,000	89,818	35,182
Membership dues	1,000	1,000	660	340
Training and education	9,000	9,000	379	8,621
Professional services/medical	16,000	16,000	8,947	7,053
Rental charges	84,500	84,500	84,500	-
Rental charges - utilities	20,000	20,000	18,261	1,739
Travel expenses	15,000	15,000	481	14,519
Reimbursement of expenses	12,500	12,500	11,324	1,176
Fire hydrant rentals	300,000	300,000	274,098	25,902
Uniforms	9,000	9,000	8,874	126
New equipment and supplies	100,000	100,000	116,407	(16,407)
Capital lease principal payment	46,269	46,269	46,269	-
Capital lease interest expense	10,313	10,313	4,997	5,316
Miscellaneous expense	-	-	39	39
Public education and recruitment	5,000	5,000	-	5,000
Total other expenses	<u>850,582</u>	<u>850,582</u>	<u>733,584</u>	<u>116,998</u>
Total operating appropriations	<u>1,300,082</u>	<u>1,300,082</u>	<u>1,054,118</u>	<u>245,964</u>
Capital appropriations				
Reserve for future capital outlays	200,000	200,000	200,000	-
Capital fund balance utilized	920,000	920,000	-	920,000
Total capital appropriations	<u>1,120,000</u>	<u>1,120,000</u>	<u>200,000</u>	<u>920,000</u>
Total expenditures	<u>2,420,082</u>	<u>2,420,082</u>	<u>1,254,118</u>	<u>1,165,964</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288,999</u>	<u>\$ 288,999</u>
Fund balances				
Beginning of the year			<u>643,146</u>	
End of the year			<u>\$ 932,145</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, 2024

A. BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

B. FUND PRESENTATION

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

C. BUDGET CANCELLATION

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2024, the District canceled no appropriations resulting in a reservation of fund balance as follows:

Adopted budget	\$ 2,420,082
Expenditures	<u>2,091,999</u>
Favorable variance	328,083
Cancelled	<u>-</u>
Fund balance reserve	<u>\$ 328,083</u>

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Schedule of Improvement Authorizations - Capital Fund
Year Ended December 31, 2024

<u>Purpose</u>	<u>Authorized Appropriation Date</u>	<u>Amount</u>	<u>Balance January 1, 2024</u>	<u>2024 Cancellation</u>	<u>2024 Authorizations</u>	<u>2024 Expenditures</u>	<u>Balance December 31, 2024</u>
Replacement fire pumper	02/21/15	\$ 700,000	\$ 12,782	\$ -	\$ -	\$ -	\$ 12,782
Fire Truck	12/15/21	700,000	700,000	-	-	700,000	-
Refurbished Existing Fire Apparatus	12/20/22	500,000	500,000	-	-	-	500,000
Total		<u>\$ 1,900,000</u>	<u>\$ 1,212,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700,000</u>	<u>\$ 512,782</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, 2023

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

See Independent Auditor's Report.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Statistical Information
Years Ended December 31, 2024 and 2023

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>
2024	\$ 3,046,593,800	\$ 1,530,163	0.051
2023	3,012,126,250	1,240,349	0.039
2022	2,990,862,650	1,091,850	0.041
2021	2,980,443,250	1,068,137	0.036
2020	2,971,512,300	1,043,080	0.036
2019	2,974,341,300	1,023,226	0.035
2018	2,968,866,700	1,000,541	0.034
2017	2,965,749,900	980,205	0.034
2016	2,967,019,600	973,563	0.033
2015	2,944,190,500	973,227	0.033
2014	2,780,646,874	971,111	0.035

General Fund - Fund Balance Before Current Year Appropriation Reserves

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2024	\$ 932,066	\$ 50,000
December 31, 2023	233,679	164,263
December 31, 2022	168,981	280,110
December 31, 2021	267,969	389,101
December 31, 2020	232,784	215,524
December 31, 2019	325,916	241,981
December 31, 2018	484,361	282,274
December 31, 2017	392,482	231,020
December 31, 2016	469,925	241,495
December 31, 2015	495,424	213,798
December 31, 2014	509,801	189,074
December 31, 2013	415,437	161,790

See Independent Auditor's Report.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Statistical Information
Years Ended December 31, 2024 and 2023

Capital Fund - Fund Balance

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2024	\$ 932,066	\$ 50,000
December 31, 2023	233,679	164,263
December 31, 2022	168,981	280,110
December 31, 2021	267,969	389,101
December 31, 2020	232,784	215,524
December 31, 2019	325,916	241,981
December 31, 2018	484,361	282,274
December 31, 2017	392,482	231,020
December 31, 2016	469,925	241,495
December 31, 2015	495,424	213,798
December 31, 2014	509,801	189,074
December 31, 2013	415,437	161,790

See Independent Auditor's Report.

**Marlboro Township Fire District No. 1
 Monmouth County, New Jersey
 Roster of Officials
 Years Ended December 31, 2024 and 2023**

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

Other Officials

Richard Braslow Board Attorney

* Blanket Bond Coverage

Surety Company

American Alternative Insurance Corporation

**Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Comments and Recommendations
Years Ended December 31, 2024 and 2023**

Scope of Examination and Conditions of Records

We have audited the basic financial statements of the Fire District No. 1 of the Township of Marlboro, Monmouth County, New Jersey (the "District") for the year ended December 31, 2024. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments and Recommendations* for the year then ended.

The financial records were readily available upon request.

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

Cash in Banks

The balances in banks at December 31, 2024, were reconciled with statements issued by the depositories.

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

Examination of Bills

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

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

Testing of Cash Receipts

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

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

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

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

The results of our testing indicated that 17 individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21 was not required as they were state contract purchases.

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

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

See Independent Auditor's Report.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Comments and Recommendations
Years Ended December 31, 2024 and 2023

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

Contracts and Agreements Requiring Solicitation of Quotations

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

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

Capital Assets

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

Miscellaneous

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

Acknowledgment

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

Recommendations

None.

Prior Year Comments

See schedule of prior year findings and recommendations.

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

Respectfully submitted,

William Smith + Brown, PC

September 9, 2025

See Independent Auditor's Report.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each fund of the Marlboro Township Fire District No. 1, Monmouth County, New Jersey (the "District") as of and for the year ended December 31, 2024 and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 9, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Withum Smith + Brown, PC

September 9, 2025

**Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Schedule of Findings and Responses under Generally Accepted Government
Auditing Standards
Year Ended December 31, 2024**

Schedule of Financial Statement Findings

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

Material Weaknesses

None reported.

Marlboro Township Fire District No. 1
Monmouth County, New Jersey
Schedule of Prior Year Findings and Recommendations
Year Ended December 31, 2023

Schedule of Prior Year Financial Statement Findings

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

Material Weaknesses

None reported.