

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1
Monmouth County, New Jersey
Financial Statements
December 31, 2019 and 2018
With Independent Auditor's Report

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
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December 31, 2019 and 2018

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BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Borough of Englishtown Fire District No. 1's financial performance provides an overview of the District's financial activities for the years ended December 31, 2019 and 2018.

USING THIS ANNUAL REPORT

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

Reporting on the District as a Whole

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

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

These two statements report the District's net position and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's equipment that was regularly inspected by the chief to assess the overall health of the District.

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

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

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

Reporting on the District's Most Significant Funds

Fund Financial Statements

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

- General funds – Most of the District's basic services are reported in 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. We describe the relationship (or differences) between general fund activities (reported in the statements of net position and governmental funds balance sheets and the statements of revenues, expenses, and changes in governmental fund balances and net position) and capital funds in reconciliation at the bottom of the fund financial statements.
- Capital funds – 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.

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

THE DISTRICT AS A WHOLE

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

	<u>2019 GAAP Basis</u>			<u>Increase (Decrease) Over 2018</u>	<u>Percentage Increase (Decrease)</u>
	<u>General Fund Activities</u>	<u>Capital Fund Activities</u>	<u>Total</u>		
Assets					
Current and other assets	\$ 1,074,107	\$ -	\$ 1,074,107	\$ 95,895	9.80%
Capital assets	-	698,438	698,438	(90,093)	-11.43%
Total assets	<u>\$ 1,074,107</u>	<u>\$ 698,438</u>	<u>\$ 1,772,545</u>	<u>\$ 5,802</u>	0.33%
Total liabilities	\$ 747,259	\$ 203,589	\$ 950,848	\$ (86,041)	-8.30%
Net position					
Net investment in capital assets			494,849	(8,605)	-1.71%
Restricted for capital acquisitions			-	(105,777)	-100.00%
Unrestricted			<u>326,848</u>	<u>206,225</u>	170.97%
Total net position			<u>821,697</u>	<u>91,843</u>	12.58%
Total liabilities and net position			<u>\$ 1,772,545</u>	<u>\$ 5,802</u>	0.33%

In 2019, the District's net position increased by approximately \$92,000 or 13%. The increase was due to the fact that the District had approximately \$85,000 increase in miscellaneous revenues – canceled LOSAP reserves.

	<u>2018 GAAP Basis</u>			<u>Increase (Decrease) Over 2017 (Restated)</u>	<u>Percentage Increase (Decrease) (Restated)</u>
	<u>General Fund Activities (Restated)</u>	<u>Capital Fund Activities (Restated)</u>	<u>Total (Restated)</u>		
Assets					
Current and other assets	\$ 978,212	\$ -	\$ 978,212	\$ (26,864)	-2.67%
Capital assets	-	788,531	788,531	(87,696)	-10.01%
Total assets	<u>\$ 978,212</u>	<u>\$ 788,531</u>	<u>\$ 1,766,743</u>	<u>\$ (114,560)</u>	-6.09%
Total liabilities	\$ 749,525	\$ 287,364	\$ 1,036,889	\$ (109,652)	-9.56%
Net position					
Net investment in capital assets			503,454	44,332	9.66%
Restricted for capital acquisitions			105,777	(20,000)	-15.90%
Unrestricted			<u>120,623</u>	<u>(29,240)</u>	-19.51%
Total net position			<u>729,854</u>	<u>(4,908)</u>	-0.67%
Total liabilities and net position			<u>\$ 1,766,743</u>	<u>\$ (114,560)</u>	-6.09%

In 2018, the District's net position decreased by approximately \$5,000 or 1%. The decrease was due to the fact that the District had approximately \$515,000 in revenues versus expenditures of approximately \$520,000.

Governmental Activities

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

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

THE DISTRICT'S FUNDS

The following schedule presents a summary of revenue and expenditures of general and capital fund for the fiscal years ended December 31, 2019 and 2018 and the amount and percentage of increases and decreases in relation to the prior years.

	2019 GAAP Basis	Percentage of Total Revenues	Increase (Decrease) Over 2018	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 492,000	80.98%	\$ 8,000	1.65%
Supplemental fire services grant	444	0.07%	-	-
Interest income	274	0.05%	72	35.64%
Uniform fire safety act revenues	13,286	2.19%	(1,291)	-8.86%
Loss on sale of asset	-	-	376	-100.00%
Miscellaneous income	1,553	0.26%	(14,502)	-90.33%
Cancellation of reserve for LOSAP	<u>100,000</u>	<u>16.46%</u>	<u>100,000</u>	<u>100.00%</u>
	<u>\$ 607,557</u>	<u>100%</u>	<u>\$ 92,655</u>	<u>17.99%</u>

For the year ended December 31, 2019, the District experienced an increase in total revenues of approximately \$93,000 or 18%. The increase is mainly from the increase of district taxes revenue and the increase of miscellaneous income – canceled LOSAP reserves.

	2018 GAAP Basis	Percentage of Total Revenues	Increase (Decrease) Over 2017	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 484,000	94.00%	\$ 11,075	2.34%
Supplemental fire services grant	444	0.09%	-	-
Interest income	202	0.04%	(21)	-9.42%
Uniform fire safety act revenues	14,577	2.83%	1,943	15.38%
Loss on sale of asset	(376)	(0.07%)	(376)	100.00%
Miscellaneous income	<u>16,055</u>	<u>3.11%</u>	<u>15,462</u>	<u>2607.42%</u>
	<u>\$ 514,902</u>	<u>100.00%</u>	<u>\$ 28,083</u>	<u>5.77%</u>

For the year ended December 31, 2018, the District experienced an increase in total revenues of approximately \$28,000 or 6%. The increase is mainly from the increase of district taxes revenue and the increase of miscellaneous income.

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1
Management's Discussion and Analysis

	<u>2019 GAAP Basis</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2018</u>	<u>Percentage Increase (Decrease)</u>
Expenditures				
Elections	\$ 808	0.16%	\$ (135)	-14.32%
Office expenses	6,913	1.34%	3,962	134.26%
Professional services	42,076	8.16%	(720)	-1.68%
Advertising	1,152	0.22%	867	304.21%
Salary and wages	19,041	3.69%	(4,317)	-18.48%
Fringe benefits	37,658	7.30%	(12,640)	-25.13%
Training	21,712	4.21%	11,316	108.85%
Uniform fire safety act expenses	48,856	9.47%	18,528	61.09%
Insurance	76,826	14.90%	326	0.43%
Dues and subscriptions	3,508	0.68%	(245)	-6.53%
Maintenance and repairs	62,834	12.18%	2,229	3.68%
Rental charges	30,000	5.82%	4,000	15.38%
Non-bondable fire fighting equipment	15,912	3.09%	(2,291)	-12.59%
Fuel purchase	5,425	1.06%	(3,738)	-40.79%
Utilities	37,411	7.25%	(990)	-2.58%
Bond interest	2,535	0.49%	(3,170)	-55.57%
Capital lease interest	6,758	1.31%	(984)	-12.71%
Depreciation expense	96,289	18.67%	(16,094)	-14.32%
	<u>\$ 515,714</u>	<u>100.00%</u>	<u>\$ (4,096)</u>	<u>-0.79%</u>

Some expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. Overall, the District experienced a decrease in total expenditures of approximately \$4,000 or 1%, mainly from the decrease in depreciation expense and fringe benefits offset by the increase in training and uniform fire safety act expenses.

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

	<u>2018 GAAP Basis</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2017</u>	<u>Percentage Increase (Decrease)</u>
Expenditures				
Elections	\$ 943	0.18%	\$ (60)	-5.98%
Office expenses	2,951	0.57%	1,631	123.56%
Professional services	42,796	8.23%	1,836	4.48%
Advertising	285	0.05%	214	301.41%
Salary and wages	23,358	4.49%	(292)	-1.23%
Fringe benefits	50,298	9.68%	115	0.23%
Training	10,396	2.00%	1,031	11.01%
Uniform fire safety act expenses	30,328	5.83%	6,237	25.89%
Insurance	76,500	14.72%	1,974	2.65%
Dues and subscriptions	3,753	0.72%	(142)	-3.65%
Maintenance and repairs	60,605	11.66%	12,914	27.08%
Rental charges	26,000	5.00%	-	0.00%
Non-bondable fire fighting equipment	18,203	3.50%	(13,386)	-42.38%
Fuel purchase	9,163	1.77%	2,442	36.33%
Utilities	38,401	7.39%	(766)	-1.96%
Bond interest	5,705	1.10%	(4,016)	-41.31%
Capital lease interest	7,742	1.49%	7,742	100.00%
Depreciation expense	112,383	21.62%	18,433	19.62%
	<u>\$ 519,810</u>	<u>100.00%</u>	<u>\$ 35,907</u>	<u>7.42%</u>

Some expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. Overall, the District experienced an increase in total expenditures of approximately \$36,000 or 7%, due mainly to an increase of depreciation expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board has not revised the general fund budget.

The budget relied on the expectation of an increase in the district taxes. For 2019, the District tax revenue increased approximately \$8,000 due to the increase of the district tax base. For 2018, the District tax revenue increased approximately \$11,000 due to the increase of both the district tax base and tax rate.

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

For the years ended December 31, 2019 and 2018, capital assets changed as follows:

	2018 GAAP Basis	Additions	Transfers/ Deletions	2019 GAAP Basis	Percentage Increase (Decrease)
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000	-
Building improvements	87,821	6,196	-	94,017	7.06%
Fire trucks	1,045,483	-	-	1,045,483	-
Other vehicles	209,243	-	-	209,243	-
Equipment	416,756	-	-	416,756	-
	2,159,303	6,196	-	2,165,499	0.29%
Accumulated depreciation	1,370,772	96,289	-	1,467,061	7.02%
Capital assets, net	<u>\$ 788,531</u>	<u>\$ (90,093)</u>	<u>\$ -</u>	<u>\$ 698,438</u>	-11.43%

The District accounted for its purchase of building improvements in the current year.

	2017 GAAP Basis	Additions	Transfers/ Deletions	2018 GAAP Basis	Percentage Increase (Decrease)
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000	-
Building improvements	87,821	-	-	87,821	-
Fire trucks	1,150,483	-	(105,000)	1,045,483	-9.13%
Other vehicles	166,180	43,063	-	209,243	25.91%
Equipment	416,756	-	-	416,756	-
	2,221,240	43,063	(105,000)	2,159,303	-2.79%
Accumulated depreciation	1,345,013	112,383	(86,624)	1,370,772	1.92%
Capital assets, net	<u>\$ 876,227</u>	<u>\$ (69,320)</u>	<u>\$ (18,376)</u>	<u>\$ 788,531</u>	-10.01%

The District accounted for its purchase and deletion of vehicles in the current year.

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

Debts

At December 31, 2019, the District had \$203,589 in district bonds, capital lease payable, and bond anticipation note versus \$285,077 last year, a decrease of 29%.

	Outstanding Debts at Year End Government Activities	
	2019	2018
Fire District Bond	\$ 55,000	\$ 110,000
Capital Lease Payable	148,589	175,077
Total Debts	\$ 203,589	\$ 285,077

More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.

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 rate. Some of the significant capital asset items approved in this year's budget will be deferred to subsequent years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our District's citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at P. O. Box 1, Englishtown, New Jersey 07726.

INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners,
Borough of Englishtown Fire District No. 1:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Englishtown Fire District No. 1, Monmouth County, New Jersey as of and for the years ended December 31, 2019 and 2018, and the related notes to financial statements, which collectively comprise the Borough of Englishtown Fire District No. 1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Borough of Englishtown Fire District No. 1's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and the standards applicable to special districts which have been prescribed by the Division of Local Government Services Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Englishtown Fire District No. 1, Monmouth County, New Jersey as of December 31, 2019 and 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 through A8, and schedule of revenues, expenditures, and changes in fund balances – budget and actual - all governmental fund types and related notes on page 27 to 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Borough of Englishtown Fire District No. 1's basic financial statements. The accompanying financial information listed as other schedules, in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The information listed as other schedules in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 and 2018 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2021 on our consideration of the Borough of Englishtown Fire District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 District's 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 Borough of Englishtown Fire District No. 1's internal control over financial reporting and compliance.

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

February 4, 2021

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners,
Borough of Englishtown Fire District No. 1:

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, and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Englishtown Fire District No. 1 as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the Borough of Englishtown Fire District No. 1's basic financial statements, and have issued our report thereon dated February 4, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Englishtown Fire District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as item 2019-001.

Borough of Englishtown Fire District No. 1's Response to Findings

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

Purpose of this Report

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

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

February 4, 2021

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

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets					
Cash	\$ 458,351	\$ -	\$ 458,351	\$ -	\$ 458,351
Accounts receivable	154,194	-	154,194	-	154,194
Prepaid expenses	708	-	708	-	708
Interfund receivable	-	124,583	124,583	(124,583)	-
Investment in LOSAP	-	-	-	460,854	460,854
Deferred charges to future taxation	-	206,974	206,974	(206,974)	-
Capital assets, net	-	-	-	698,438	698,438
Total assets	<u>\$ 613,253</u>	<u>\$ 331,557</u>	<u>\$ 944,810</u>	<u>\$ 827,735</u>	<u>\$ 1,772,545</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 36,658	\$ -	\$ 36,658	\$ -	\$ 36,658
Payroll tax liabilities	420	-	420	-	420
Accrued interest on bonds and notes	1,147	-	1,147	-	1,147
Reserve for supplemental fire service grant	645	-	645	-	645
Reserve for LOSAP	82,481	-	82,481	-	82,481
Net assets available for LOSAP	-	-	-	460,854	460,854
Reserve for fire official trust	86,510	-	86,510	78,544	165,054
Interfund payable	124,583	-	124,583	(124,583)	-
Improvement authorizations	-	77,261	77,261	(77,261)	-
Fire district bonds payable - current	-	55,000	55,000	-	55,000
Capital lease payable - current	-	27,511	27,511	-	27,511
Total current liabilities	<u>332,444</u>	<u>159,772</u>	<u>492,216</u>	<u>337,554</u>	<u>829,770</u>
Other liabilities					
Capital lease payable - long-term	-	121,078	121,078	-	121,078
Total other liabilities	<u>-</u>	<u>121,078</u>	<u>121,078</u>	<u>-</u>	<u>121,078</u>
Total liabilities	<u>332,444</u>	<u>280,850</u>	<u>613,294</u>	<u>337,554</u>	<u>950,848</u>
Fund Balances and Net Position					
Fund balances					
Committed					
Capital improvements	-	50,707	50,707	(50,707)	-
Assigned					
Appropriation reserves	71,187	-	71,187	(71,187)	-
Designated for subsequent years' expenditures	80,656	-	80,656	(80,656)	-
Unassigned					
General fund	128,966	-	128,966	(128,966)	-
Total fund balances	<u>280,809</u>	<u>50,707</u>	<u>331,516</u>	<u>(331,516)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 613,253</u>	<u>\$ 331,557</u>	<u>\$ 944,810</u>		
Net position					
Net investment in capital assets				494,849	494,849
Restricted for capital acquisitions				-	-
Unrestricted				326,848	326,848
Total net position				<u>821,697</u>	<u>821,697</u>
Total liabilities and net position				<u>\$ 827,735</u>	<u>\$ 1,772,545</u>

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2018

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets					
Cash	\$ 565,844	\$ -	\$ 565,844	\$ -	\$ 565,844
Prepaid expenses	717	-	717	-	717
Interfund receivable	-	105,777	105,777	(105,777)	-
Investment in LOSAP	-	-	-	411,651	411,651
Deferred charges to future taxation	-	288,463	288,463	(288,463)	-
Capital assets, net	-	-	-	788,531	788,531
Total assets	<u>\$ 566,561</u>	<u>\$ 394,240</u>	<u>\$ 960,801</u>	<u>\$ 805,942</u>	<u>\$ 1,766,743</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 24,352	\$ -	\$ 24,352	\$ -	\$ 24,352
Payroll tax liabilities	342	-	342	-	342
Accrued interest on bonds and notes	2,287	-	2,287	-	2,287
Reserve for supplemental fire service grant	645	-	645	-	645
Reserve for LOSAP	147,481	-	147,481	-	147,481
Net assets available for LOSAP	-	-	-	411,651	411,651
Reserve for fire official trust	86,512	-	86,512	78,542	165,054
Interfund payable	105,777	-	105,777	(105,777)	-
Improvement authorizations	-	83,456	83,456	(83,456)	-
Fire district bonds payable - current	-	55,000	55,000	-	55,000
Capital lease payable - current	-	26,488	26,488	-	26,488
Total current liabilities	367,396	164,944	532,340	300,960	833,300
Other liabilities					
Fire district bonds payable - long-term	-	55,000	55,000	-	55,000
Capital lease payable - long-term	-	148,589	148,589	-	148,589
Total other liabilities	-	203,589	203,589	-	203,589
Total liabilities	367,396	368,533	735,929	300,960	1,036,889
Fund Balances and Net Position					
Fund balances					
Committed					
Capital improvements	-	25,707	25,707	(25,707)	-
Assigned					
Appropriation reserves	66,069	-	66,069	(66,069)	-
Designated for subsequent years' expenditures	80,656	-	80,656	(80,656)	-
Unassigned					
General fund	52,440	-	52,440	(52,440)	-
Total fund balances	<u>199,165</u>	<u>25,707</u>	<u>224,872</u>	<u>(224,872)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 566,561</u>	<u>\$ 394,240</u>	<u>\$ 960,801</u>		
Net position					
Net investment in capital assets				503,454	503,454
Restricted for capital acquisitions				105,777	105,777
Unrestricted				120,623	120,623
Total net position				<u>729,854</u>	<u>729,854</u>
Total liabilities and net position				<u>\$ 805,942</u>	<u>\$ 1,766,743</u>

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Statement of Revenues, Expenses, and Changes in Governmental
Fund Balances and Net Position
Year Ended December 31, 2019

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Expenditures					
Operating appropriations	\$ 500,913	\$ -	\$ 500,913	\$ 14,801	\$ 515,714
Reserve for future capital outlays	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>
Total expenditures	525,913	-	525,913	(10,199)	515,714
Revenues and other financing sources					
Revenues					
District taxes	492,000	-	492,000	-	492,000
Supplemental fire services grant	444	-	444	-	444
Interest income	274	-	274	-	274
Uniform fire safety act revenues	13,286	-	13,286	-	13,286
Miscellaneous income	101,553	-	101,553	(100,000)	1,553
Cancellation of reserve for LOSAP	-	-	-	100,000	100,000
Total revenues	<u>607,557</u>	<u>-</u>	<u>607,557</u>	<u>-</u>	<u>607,557</u>
Transfers					
Reserve for future capital outlays	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>
Total transfers	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>
Total revenues and transfers	<u>607,557</u>	<u>25,000</u>	<u>632,557</u>	<u>(25,000)</u>	<u>607,557</u>
Excess of revenues and transfers over expenditures	81,644	25,000	106,644	(106,644)	-
Changes in net position	-	-	-	91,843	91,843
Fund balances / net position					
Beginning of the year	<u>199,165</u>	<u>25,707</u>	<u>224,872</u>	<u>504,982</u>	<u>729,854</u>
End of year	<u>\$ 280,809</u>	<u>\$ 50,707</u>	<u>\$ 331,516</u>	<u>\$ 490,181</u>	<u>\$ 821,697</u>

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Statement of Revenues, Expenses, and Changes in Governmental
Fund Balances and Net Position
Year Ended December 31, 2018

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Fund</u>	<u>Total</u>	<u>Adjustments</u> <u>(Note 3)</u>	<u>Statement of</u> <u>Activities</u>
Expenditures					
Operating appropriations	\$ 507,931	\$ -	\$ 507,931	\$ 11,879	\$ 519,810
Reserve for future capital outlays	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total expenditures	512,931	-	512,931	6,879	519,810
Revenues and other financing sources					
Revenues					
District taxes	484,000	-	484,000	-	484,000
Supplemental fire services grant	444	-	444	-	444
Interest income	202	-	202	-	202
Uniform fire safety act revenues	14,577	-	14,577	-	14,577
Miscellaneous income	16,055	-	16,055	-	16,055
Sale of asset	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>(18,376)</u>	<u>(376)</u>
Total revenues	533,278	-	533,278	(18,376)	514,902
Transfers					
Reserve for future capital outlays	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total transfers	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total revenues and transfers	<u>533,278</u>	<u>5,000</u>	<u>538,278</u>	<u>(23,376)</u>	<u>514,902</u>
Excess of revenues and transfers over expenditures	20,347	5,000	25,347	(25,347)	-
Changes in net position	-	-	-	(4,908)	(4,908)
Fund balances / net position					
Beginning of the year	<u>178,818</u>	<u>20,707</u>	<u>199,525</u>	<u>535,237</u>	<u>734,762</u>
End of year	<u>\$ 199,165</u>	<u>\$ 25,707</u>	<u>\$ 224,872</u>	<u>\$ 504,982</u>	<u>\$ 729,854</u>

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The accounting policies of the Borough of Englishtown Fire District No. 1 (the "District") conform to the accounting principles generally accepted in the United States of America and the standards applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. For the years ended December 31, 2019 and 2018 the financial statements of the Borough of Englishtown Fire District No. 1 have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in 2019 and 2018. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

Combined Fund and Government-wide Financial Statements

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

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

Governmental Fund Types

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

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

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

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

Basis of Accounting

Fund Basis of Accounting

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

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

Government-wide Basis of Accounting

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

Budgets/Budgetary Control

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary 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.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

Encumbrances

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

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

Fixed Assets

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

In the government-wide basis of accounting, fixed assets are accounted for as capital assets. The District generally capitalizes assets with a cost of \$5,000 or more as outlays occur. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable.

The cost of normal maintenance and repairs that do not add the value to the asset or materially 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 fixed assets is recorded as an operating expense in the statements of revenues, expenses, and changes in governmental fund balances and net position with accumulated depreciation reflected in the 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 10-20 years for fire trucks, 5 years for other vehicles, 10 years for equipment, 20 years for building improvements, and 40 years for buildings.

Impairment of Capital Assets

In accordance with the provisions of the pronouncement related to accounting and financial reporting for impairment of capital assets, the District assesses capital assets for impairment whenever events or changes in circumstances indicate that the service utility of the capital asset have both significantly and unexpectedly declined. For the years ended December 31, 2019 and 2018, management has determined that there was no impairment of capital assets.

Interfund Transactions and Balances

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

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those transactions 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 sheets.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund. For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

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 a fund balance that has not been restricted, committed, or assigned. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned, it may be necessary to report a negative unassigned fund balance.

Government-wide Basis

Net position is classified 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 for the expansion of the fire house, fire truck, and equipment.
- Unrestricted net position – All net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Advertising

The District expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2019 and 2018 approximated \$1,200 and \$300, respectively.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

2. ADJUSTMENTS TO ARRIVE AT NET POSITION

Capital Assets - Net and Net Investment in Capital Assets

For the years ended December 31, 2019 and 2018, capital assets, net in the amount of \$698,438 and \$788,531, respectively, and net investment in capital assets in the amount of \$494,849 and \$503,454, respectively, have been included in the government-wide presentation.

Interfund Receivable and Payable

For the years ended December 31, 2019 and 2018, interfund receivables and payables in the amount of \$124,583 and \$105,777, respectively, have been eliminated in arriving at the government-wide presentation.

Deferred Charges to Future Taxation

For the years ended December 31, 2019 and 2018, deferred charges to future taxation in the amount of \$206,974 and \$288,463, respectively, have been eliminated in arriving at the government-wide presentation.

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

For the years ended December 31, 2019 and 2018, fund balances in the amounts of \$331,516 and \$224,872, respectively, have been eliminated. Unrestricted net position in the amounts of \$326,848 and \$120,623, respectively, and net position restricted for capital acquisitions in the amounts of \$0 and \$105,777, respectively, have been included in the government-wide presentation.

Improvement Authorizations

Improvement authorizations, which are liabilities that represent the District's earmarking of fund balance for a specified future project, do not represent liabilities as defined by U.S. generally accepted accounting principles. Therefore, for the years ended December 31, 2019 and 2018, improvement authorizations in the amounts of \$77,261 and \$83,456 have been eliminated in arriving at the government-wide presentation.

Reserve for Fire Official Trust

In the governmental-wide basis of accounting, capital assets purchased with reserve fire official trust fund are accounted as fixed assets. Therefore, for the years ended December 31, 2019 and 2018, capital assets purchased against the reserve fire official trust fund in an amount of \$78,544 and \$78,542 have been returned to reserve in arriving at the government-wide presentation.

Reserve for Debt Service

For budgetary purposes, appropriation for debt principal is reserved until the payment is due. For GAAP purposes, reserve for debt service does not represent a liability. Therefore, for the years ended December 31, 2019 and 2018, reserve for debt service amounted to \$0 for both years, therefore no elimination is needed in arriving at the government-wide presentation.

Investment in LOSAP/Net Assets Available for LOSAP

For GAAP purposes, investment in LOSAP and related net assets available for LOSAP are funds held in the trust for future distribution to retirees. For budgetary purposes, it is not a financial resource for the District's operating expenses. Therefore, for the years ended December 31, 2019 and 2018, the investment in LOSAP and related net assets available for LOSAP in the amounts of \$460,854 and \$411,651, respectively, have been included in the government-wide presentation.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

3. ADJUSTMENTS TO ARRIVE AT THE CHANGES IN NET POSITION

Operating Appropriations

For the year ended December 31, 2019, depreciation expense in the amount of \$96,289 has been included in the government-wide presentation. Additionally, principal payments on serial bonds and capital lease have been decreased by \$81,488. The net effect on operating appropriations is an increase of \$14,801.

For the year ended December 31, 2018, depreciation expense in the amount of \$112,383 has been included in the government-wide presentation. Additionally, principal payments on serial bonds and notes have been decreased by \$100,504. The net effect on operating appropriations is an increase of \$11,879.

Reserve for Future Capital Outlays and Related Transfers

For the years ended December 31, 2019 and 2018, reserve for future capital outlays and related transfers were reduced by \$25,000 and \$5,000, respectively, on the government-wide presentation to eliminate the general fund expenditure and capital fund revenue related to the creation of future improvement authorizations.

Sale of Asset

When an asset is sold, the remaining net book value is recognized with sale proceeds under U.S. generally accepted accounting principles. Under fund basis of accounting, only proceeds from sale of asset are recognized. No assets were sold for the year ended December 31, 2019, and for the year ended December 31, 2018, the net book value of the sold asset in the amount of \$18,376 was netted with \$18,000 sale proceeds, creating a loss of \$376.

4. DEPOSITS AND INVESTMENTS

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.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

As of December 31, 2019 and 2018, the District's cash accounts consisted of:

	<u>2019</u>	<u>2018</u>
Brunswick - Checking	\$ 118,123	\$ 140,890
Brunswick - Savings	253,716	338,442
Brunswick - Trust	<u>86,512</u>	<u>86,512</u>
Total cash	<u>\$ 458,351</u>	<u>\$ 565,844</u>

The carrying amount of the District's cash at December 31, 2019 was \$458,351 and the bank balance was \$479,730. Of the balance, \$250,000 was covered by federal depository insurance and \$229,730 was covered by the Government Unit Deposit Protection Act ("GUDPA"), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units' deposits in excess of the federal deposit maximums.

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

Category 1	Deposits which are covered by FDIC, or collateralized by securities held by the District or its agent, in the District's name	\$ 250,000
Category 2	Deposits which are collateralized with securities held by the pledging financial institution's trust department, or Agent in the District's name	229,730
Category 3	Cash on hand which is not collateralized or insured	-

Investments

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

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

During the year, the District had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of 2019 and 2018, no such investments were held by the District.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

5. ASSESSMENT AND COLLECTION OF MONEY AUTHORIZED BY VOTERS

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

The collector or treasurer of the municipality, in which said district is situated, shall pay over all monies so assessed to the treasurer or custodian of funds of said fire district as follows; on or before April 1, an amount equaling 21.25% of all monies so assessed; on or before July 1, an amount equaling 22.50% 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 municipal governing body may authorize, in the cash management plan adopted by it pursuant to N.J.S. 40A:5-14, a schedule of payments of the fire districts monies by which an amount greater than required on any of the first three payment dates cited herein may be paid over. The municipal governing body and board of fire commissioners may, by concurrent resolution, adopt a schedule of payments of the fire district monies by which an amount less than required in any of the first three payment dates, cited herein may be paid over. Such resolution shall be included in the cash management plan adopted by the municipal governing body pursuant to N.J.S. 40A:5-14.

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

6. FUNDING

The activities of the Borough of Englishtown Fire District No. 1 are primarily funded by the striking of a fire tax on the property owners of the Fire District, as provided for by state statute. For the years ended December 31, 2019 and 2018, the fire tax rate was \$0.192 and \$0.196, respectively, per \$100 of assessed valuation.

The tax revenue is supplemented by income earned on surplus funds invested in savings during the year. Additionally, revenues are generated by the fire bureau through participation in the Uniform Fire Safety Act.

The District also participates in the Supplemental Fire Services Program. For each of the years ended December 31, 2019 and 2018, the District received \$444.

7. LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”)

The District maintains a LOSAP in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Program permits the District to provide tax-deferred income benefits to active volunteer members of an emergency service organization. The tax-deferred income benefits come from contributions made solely by the governing body of the District, on behalf of those volunteers who meet the criteria of the Plan created by the governing body. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

Contributions

If an active member meets the year of active service agreement, a length of service award program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,717 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40a:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. Contributions by the District to this program have been made each year since its inception. The District elected to contribute \$1,717 for the year ended December 31, 2019, per eligible volunteer, into the Plan.

For 2019 and 2018, the budgeted amount of the contribution was \$35,000 and \$48,000, respectively, and the contributions made for the years ended December 31, 2019 and December 31, 2018 were \$0 and \$27,344, respectively. The remaining budget is reserved for future distribution. Participants direct the investment of the contributions into various investment options offered by the Plan. The District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The type of investment options, and the administering of such investments, rests solely with the third-party, Lincoln Financial Group ("Plan Administrator"), an approved LOSAP provider.

Participant Accounts

Each participant's account is credited with the District's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The District has placed the amounts deferred, including earnings, in a trust maintained by the Plan Administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the District's creditors until distributed as benefit payments, are not available for funding the operations of the District. The funds may also be used to pay the administrative fees charged by the Plan Administrator.

The District's practical involvement in the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting

Benefits, plus actual earnings thereon, are 100% vested after five (5) years of service.

Payment of Benefits

Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the Plan Administrator to payout a portion of vested accumulated deferrals. During the years ended December 31, 2019 and 2018, payments of \$24,022 and \$0, respectively, were made to vested participants.

Forfeited Accounts

There were no forfeitures during the years ended December 31, 2019 and 2018.

Investments in LOSAP

The investments of the LOSAP are recorded at fair value on the government-wide presentation statements of net position and governmental funds balance sheets.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

The District uses a fair value hierarchy established by GAAP that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are:

- Level 1 – Valuation is based upon quoted prices for identical assets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable instruments in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant unobservable inputs.

The following tables set forth by level, within the value hierarchy, the District's assets at fair value at December 31, 2019 and 2018.

	2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Growth	\$ 35,827	\$ -	\$ -	\$ 35,827
Bond	1,042	-	-	1,042
Small cap index	2,087	-	-	2,087
S&P 500 index	143,281	-	-	143,281
International value	10,804	-	-	10,804
Allocation/diversified income	14,815	-	-	14,815
Fixed account	121,149	-	-	121,149
Delaware REIT	39,684	-	-	39,684
T Rowe price	77,586	-	-	77,586
MFS utilities	9,947	-	-	9,947
Contra-fund	4,632	-	-	4,632
Total assets at fair value	<u>\$ 460,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,854</u>

	2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Growth	\$ 27,264	\$ -	\$ -	\$ 27,264
Bond	970	-	-	970
Small cap index	1,696	-	-	1,696
S&P 500 index	124,699	-	-	124,699
International value	9,062	-	-	9,062
Allocation/diversified income	13,348	-	-	13,348
Fixed account	127,984	-	-	127,984
Delaware REIT	31,720	-	-	31,720
T Rowe Price	63,265	-	-	63,265
MFS utilities	8,068	-	-	8,068
Contra-Fund	3,575	-	-	3,575
Total assets at fair value	<u>\$ 411,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,651</u>

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

Risks and Uncertainties

The Plan invests in various investment securities and is exposed to various risks such as interest rate, market, and credit risks due to the level of risk associated with certain investment securities. It is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net position and governmental funds balance sheets.

Plan Information

Additional information about the District's LOSAP can be obtained by contacting the Plan Administrator.

8. CAPITAL ASSETS

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

<u>Description</u>	<u>January 1, 2019</u>	<u>Additions</u>	<u>Transfer/ Deletions</u>	<u>December 31, 2019</u>
Capital assets being depreciated				
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000
Buildings improvements	87,821	6,196	-	94,017
Fire trucks	1,045,483	-	-	1,045,483
Other vehicles	209,243	-	-	209,243
Equipment	<u>416,756</u>	<u>-</u>	<u>-</u>	<u>416,756</u>
Total	2,159,303	6,196	-	2,165,499
Less accumulated depreciation				
Buildings	245,000	10,000	-	255,000
Buildings improvements	33,498	5,565	-	39,063
Fire trucks	735,133	26,987	-	762,120
Other vehicles	137,963	20,439	-	158,402
Equipment	<u>219,178</u>	<u>33,298</u>	<u>-</u>	<u>252,476</u>
Total	<u>1,370,772</u>	<u>96,289</u>	<u>-</u>	<u>1,467,061</u>
Net capital assets	<u>\$ 788,531</u>	<u>\$ (90,093)</u>	<u>\$ -</u>	<u>\$ 698,438</u>

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

Description	January 1, 2018	Additions	Transfer/ Deletions	December 31, 2018
Capital assets being depreciated				
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000
Buildings improvements	87,821	-	-	87,821
Fire trucks	1,150,483	-	(105,000)	1,045,483
Other vehicles	166,180	43,063	-	209,243
Equipment	416,756	-	-	416,756
Total	2,221,240	43,063	(105,000)	2,159,303
Less accumulated depreciation				
Buildings	235,000	10,000	-	245,000
Buildings improvements	28,243	5,255	-	33,498
Fire trucks	781,876	39,881	(86,624)	735,133
Other vehicles	114,014	23,949	-	137,963
Equipment	185,880	33,298	-	219,178
Total	1,345,013	112,383	(86,624)	1,370,772
Net capital assets	<u>\$ 876,227</u>	<u>\$ (69,320)</u>	<u>\$ (18,376)</u>	<u>\$ 788,531</u>

Depreciation expense for the years ended December 31, 2019 and 2018 amounted to \$96,289 and \$112,383, respectively.

Equipment acquired through capital lease obligations, included in the table above, consisted of the following at December 31:

	2019	2018
Equipment	\$ 200,581	\$ 200,581
Less accumulated depreciation	(57,309)	(28,655)
Equipment, net	<u>\$ 143,272</u>	<u>\$ 171,926</u>

9. LONG-TERM DEBT

Fire District Bond – Series 2010

On January 20, 2010, the District issued a \$550,000 Fire District Bond to Brunswick Bank and Trust to finance the purchase of a custom built Class A pumper fire engine. The bond bears an interest rate of 4.50% and matures on January 15, 2020.

Capital Lease Payable

On December 29, 2017, the District entered into a lease purchase agreement with Motorola Solutions, Inc. to finance the purchase of portable and mobile radio equipment and accessories. The financed amount for this communication equipment was \$200,581, and bore an interest rate of \$3.80%. The final payment is due on December 29, 2024.

Interest expense on the long-term debt amounted to \$9,293 and \$12,810 for the years ended December 31, 2019 and 2018, respectively.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2019 and 2018

The tables that follow provide information about the change in long-term debt over the past two years for the District:

Purpose	Balance at			Balance at		
	1/1/2019	Additions	Reductions	12/31/19	Current	Non-current
Fire district bond - pumper	\$ 110,000	\$ -	\$ 55,000	\$ 55,000	\$ 55,000	\$ -
Capital lease - communication equipment	175,077	-	26,488	148,589	27,511	121,078
	<u>\$ 285,077</u>	<u>\$ -</u>	<u>\$ 81,488</u>	<u>\$ 203,589</u>	<u>\$ 82,511</u>	<u>\$ 121,078</u>

Purpose	Balance at			Balance at		
	1/1/2018	Additions	Reductions	12/31/18	Current	Non-current
Fire district bond - pumper	\$ 165,000	\$ -	\$ 55,000	\$ 110,000	\$ 55,000	\$ 55,000
Capital lease - communication equipment	200,581	-	25,504	175,077	26,488	148,589
	<u>\$ 365,581</u>	<u>\$ -</u>	<u>\$ 80,504</u>	<u>\$ 285,077</u>	<u>\$ 81,488</u>	<u>\$ 203,589</u>

Future debt service requirements for the fire district bond and capital lease are as follows:

Fiscal Year	Payment	Interest	Principal	Principal Balance
2020	\$ 33,246	\$ 5,735	\$ 27,511	\$ 176,078
2021	33,246	4,674	28,572	147,506
2022	33,246	3,571	29,675	117,831
2023	33,246	2,425	30,821	87,010
2024	33,246	1,236	32,010	55,000
	<u>\$ 166,230</u>	<u>\$ 17,641</u>	<u>\$ 148,589</u>	

10. RESERVE FOR FIRE OFFICIAL TRUST

In March 2012, an ordinance was adopted for the District to take over the duty of bureau fire inspection. The District received approximately \$98,000 from the Borough of Englishtown. The fund is to be utilized for expenditures in compliance with the New Jersey Uniform Fire Safety Act. For the years ended December 31, 2019 and 2018, the balance of the reserve for the fire official trust was \$165,054.

11. LITIGATION

As of the date of this report, there is no litigation pending which, if decided adversely to the District, would have a material impact on the District.

12. RISK ASSESSMENT

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.

13. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the statement of net position and governmental fund balance sheet date through the date of February 4, 2021, which is the date the financial statements were available to be issued. Based on this evaluation, the District has determined that no subsequent events require disclosure in the financial statements.

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1
Monmouth County, New Jersey

SUPPLEMENTARY INFORMATION

Borough of Englishtown 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, 2019

	Governmental Fund Type		Total Actual Amounts			Budgeted Amounts		Budgetary Variance
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original	Final	
Revenues								
District taxes	\$ 492,000	\$ -	\$ 492,000	\$ -	\$ 492,000	\$ 492,000	\$ 492,000	\$ -
Supplemental fire services grant	444	-	444	-	444	444	444	-
Interest income	274	-	274	-	274	-	-	274
Uniform fire safety act revenues	13,286	-	13,286	-	13,286	24,000	24,000	(10,714)
Miscellaneous income	101,553	-	101,553	(100,000)	1,553	-	-	101,553
Cancellation of reserve for LOSAP	-	-	-	100,000	100,000	-	-	-
Fund balance utilized - unrestricted	-	-	-	-	-	80,656	80,656	(80,656)
Total revenues	607,557	-	607,557	-	607,557	597,100	597,100	10,457
Transfers								
Reserve for future capital outlays	-	25,000	25,000	(25,000)	-	-	-	25,000
Total transfers	-	25,000	25,000	(25,000)	-	-	-	25,000
Total revenues and transfers	607,557	25,000	632,557	(25,000)	607,557	597,100	597,100	35,457
Expenditures								
Operating appropriations								
Administration								
Elections	808	-	808	-	808	1,500	1,500	692
Office expenses	6,913	-	6,913	-	6,913	7,610	7,610	697
Professional services	42,076	-	42,076	-	42,076	55,000	55,000	12,924
Advertising	1,152	-	1,152	-	1,152	700	700	(452)
Total administration	50,949	-	50,949	-	50,949	64,810	64,810	13,861
Operations and maintenance								
Salary and wages								
Commissioners	19,041	-	19,041	-	19,041	27,500	27,500	8,459
Total salary and wages	19,041	-	19,041	-	19,041	27,500	27,500	8,459

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

Borough of Englishtown 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, 2019

	<u>Governmental Fund Type</u>		<u>Total Actual Amounts</u>			<u>Budgeted Amounts</u>		<u>Budgetary Variance</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Budgetary Basis</u>	<u>Adjustments Note B</u>	<u>GAAP Basis</u>	<u>Original</u>	<u>Final</u>	
Fringe benefits								
LOSAP	35,000	-	35,000	-	35,000	35,000	35,000	-
Fringe benefits	2,658	-	2,658	-	2,658	3,330	3,330	672
Total fringe benefits	37,658	-	37,658	-	37,658	38,330	38,330	672
Other expenses								
Training	21,712	-	21,712	-	21,712	18,000	18,000	(3,712)
Uniform fire safety act expenses	48,856	-	48,856	-	48,856	44,000	44,000	(4,856)
Insurance	76,826	-	76,826	-	76,826	90,000	90,000	13,174
Dues and subscriptions	3,508	-	3,508	-	3,508	5,000	5,000	1,492
Maintenance and repairs	62,834	-	62,834	-	62,834	67,500	67,500	4,666
Rental charges	30,000	-	30,000	-	30,000	30,000	30,000	-
Non-bondable - fire fighting equipment	15,912	-	15,912	-	15,912	35,000	35,000	19,088
Fuel purchase	5,425	-	5,425	-	5,425	15,000	15,000	9,575
Utilities	37,411	-	37,411	-	37,411	45,000	45,000	7,589
Bond principal	55,000	-	55,000	(55,000) (1)	-	55,000	55,000	-
Bond interest	2,535	-	2,535	-	2,535	3,713	3,713	1,178
Capital lease principal	26,488	-	26,488	(26,488) (1)	-	26,362	26,362	(126)
Capital lease interest	6,758	-	6,758	-	6,758	6,885	6,885	127
Depreciation expense	-	-	-	96,289 (1)	96,289	-	-	-
Total other expenses	393,265	-	393,265	14,801	408,066	441,460	441,460	48,195
Total operations and maintenance	449,964	-	449,964	14,801	464,765	507,290	507,290	57,326
Total operating appropriations	500,913	-	500,913	14,801	515,714	572,100	572,100	71,187

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

Borough of Englishtown 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, 2019

	<u>Governmental Fund Type</u>		<u>Total Actual Amounts</u>			<u>Budgeted Amounts</u>		<u>Budgetary Variance</u>
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Budgetary Basis</u>	<u>Adjustments Note B</u>	<u>GAAP Basis</u>	<u>Original</u>	<u>Final</u>	
Capital appropriations								
Reserve for future capital outlays	25,000	-	25,000	(25,000)	-	25,000	25,000	-
Total capital appropriations	25,000	-	25,000	(25,000)	-	25,000	25,000	-
Total expenditures	525,913	-	525,913	(10,199)	515,714	597,100	597,100	71,187
Excess of revenues and transfers								
over expenditures	81,644	25,000	106,644	(106,644)	-	\$ -	\$ -	\$ 106,644
Changes in net position	-	-	-	91,843	91,843			
Fund balances/net position, beginning of year	199,165	25,707	224,872	504,982 ⁽²⁾	729,854			
Fund balances/net position, end of year	\$ 280,809	\$ 50,707	\$ 331,516	\$ 490,181	\$ 821,697			

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Supplementary Information
Year Ended December 31, 2019

A. BUDGETARY BASIS OF ACCOUNTING

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

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

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute. The 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."

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Supplementary Information
Year Ended December 31, 2019

B. BUDGETARY TO GAAP RECONCILIATION

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

	<u>Change in Fund Balance</u>
(1) Principal debt payments are reported as budgetary expenditures in the year payment is made. For GAAP purposes debt payments are not expenses, but are applied toward the reduction of debt.	\$ 81,488
Depreciation expense is not recorded on the budgetary basis of accounting. For GAAP purposes, capitalized assets are depreciated on a straight line basis over their respective useful lives.	<u>(96,289)</u>
Net decrease in fund balance – budget to GAAP	(14,801)
(2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the District's budget. (See Note A for a description of the District's budgetary accounting method.) This amount differs from the fund balance reported in the statement of revenues, expenditures and changes in fund balances because of the cumulative effect of transactions such as those described above.	<u>504,982</u>
	<u>\$ 490,181</u>

C. BUDGET CANCELLATION

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2019, the District canceled \$-0- of appropriations resulting in a reservation of fund balance as follows:

Adopted Budget	\$ 597,100
Expenditures	<u>525,913</u>
Favorable Variance	71,187
Canceled	<u>-</u>
Fund Balance Reserve	<u>\$ 71,187</u>

See Independent Auditor's Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Improvement Authorizations – Capital Fund
Year Ended December 31, 2019

Purpose	Authorized Appropriation		Balance	2019	2019	Balance	December 31, 2019	
	Date	Amount	January 1, 2019	Authorization	Paid/Charged	December 31, 2019	Funded	Unfunded
Self contained breathing apparatus compressor system	2006	\$ 45,000	\$ 34,512	\$ -	\$ -	\$ 34,512	\$ 31,126	\$ 3,386
Paving of the parking lot, repairs to overhead doors	2008	75,000	20,813	-	-	20,813	20,813	-
Class A pumper	2008	550,000	265	-	-	265	265	-
Mechanical room and washer & dryer	2015	60,000	26,999	-	(6,195)	20,804	-	20,804
Utility truck	2016	60,000	867	-	-	867	867	-
		<u>\$ 790,000</u>	<u>\$ 83,456</u>	<u>\$ -</u>	<u>\$ (6,195)</u>	<u>\$ 77,261</u>	<u>\$ 53,071</u>	<u>\$ 24,190</u>

See Independent Auditor's Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Improvement Authorizations – Capital Fund
Year Ended December 31, 2018

<u>Purpose</u>	<u>Authorized Appropriation</u>		<u>Balance</u>	<u>2018</u>	<u>2018</u>	<u>Balance</u>	<u>December 31,</u>	
	<u>Date</u>	<u>Amount</u>	<u>January 1,</u>			<u>2018</u>	<u>December 31,</u>	<u>Funded</u>
			<u>2018</u>	<u>Authorization</u>	<u>Paid/Charged</u>	<u>2018</u>		
Self contained breathing apparatus compressor system	2006	\$ 45,000	\$ 34,512	\$ -	\$ -	\$ 34,512	\$ 31,126	\$ 3,386
Paving of the parking lot, repairs to overhead doors	2008	75,000	20,813	-	-	20,813	20,813	-
Class A pumper	2008	550,000	265	-	-	265	265	-
Mechanical room and washer & dryer	2015	60,000	26,999	-	-	26,999	-	26,999
Utility truck	2016	60,000	867	-	-	867	867	-
		<u>\$ 790,000</u>	<u>\$ 83,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,456</u>	<u>\$ 53,071</u>	<u>\$ 30,385</u>

See Independent Auditor's Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Deferred Charges to Future Taxation
Year Ended December 31, 2019

<u>Purpose</u>	<u>Balance January 1, 2019</u>	<u>2019 Additions</u>	<u>2019 Budget Appropriation</u>	<u>Balance December 31, 2019</u>
Funded				
Fire district bond - pumper	\$ 110,000	\$ -	\$ 55,000	\$ 55,000
Total funded	<u>110,000</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>
Unfunded				
SCBA - BAN	3,386	-	-	3,386
Motorola communication equipment - capital lease	175,077	-	26,489	148,588
Total unfunded	<u>178,463</u>	<u>-</u>	<u>26,489</u>	<u>151,974</u>
Total	<u>\$ 288,463</u>	<u>\$ -</u>	<u>\$ 81,489</u>	<u>\$ 206,974</u>

See Independent Auditor's Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Deferred Charges to Future Taxation
Year Ended December 31, 2018

Purpose	Balance January 1, 2018	2018 Additions	2018 Budget Appropriation	Balance December 31, 2018
Funded				
Fire district bond - pumper	\$ 165,000	\$ -	\$ 55,000	\$ 110,000
Total funded	<u>165,000</u>	<u>-</u>	<u>55,000</u>	<u>110,000</u>
Unfunded				
SCBA - BAN	3,386	-	-	3,386
Mechanical room and washer & dryer - BAN	45,000	-	45,000	-
Motorola communication equipment - capital lease	200,581	-	25,504	175,077
Total unfunded	<u>248,967</u>	<u>-</u>	<u>70,504</u>	<u>178,463</u>
	<u>\$ 413,967</u>	<u>\$ -</u>	<u>\$ 125,504</u>	<u>\$ 288,463</u>

See Independent Auditor's Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Statistical Information
Years Ended December 31, 2019 and 2018

Property Tax Levies

The following is a tabulation of the district's assessed valuations, tax levies, and property tax rates per \$100 of assessed valuation for the current and preceding nine (9) years:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2019	\$ 256,456,600	\$ 492,000	0.192
2018	248,186,000	484,000	0.196
2017	242,616,500	472,925	0.195
2016	240,537,900	469,000	0.195
2015	239,850,700	460,000	0.192
2014	249,645,900	448,000	0.180
2013	254,020,900	429,219	0.169
2012	249,869,200	408,596	0.164
2011	252,343,900	397,771	0.158
2010	259,713,563	389,067	0.150

General Fund – Fund Balance before Current Year Appropriation Reserves

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2019	\$ 209,622	\$ 80,656
December 31, 2018	133,096	80,656
December 31, 2017	94,508	70,556
December 31, 2016	79,592	62,894
December 31, 2015	87,147	62,894
December 31, 2014	98,295	66,070
December 31, 2013	139,529	66,844
December 31, 2012	128,887	53,000
December 31, 2011	85,681	53,878
December 31, 2010	45,632	53,878

Capital Fund – Fund Balance

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2019	\$ 50,707	\$ -
December 31, 2018	25,707	-
December 31, 2017	20,707	-
December 31, 2016	15,707	-
December 31, 2015	70,707	55,000
December 31, 2014	65,707	-
December 31, 2013	60,304	-
December 31, 2012	55,304	-
December 31, 2011	120,304	65,000
December 31, 2010	105,304	10,000

See Independent Auditor's Report.

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

<u>Board of Commissioners</u>	<u>Position</u>	<u>Term Expiration</u>	<u>Amount of Surety Bond*</u>
Peter Cooke	Chairperson	2020	\$1,000,000*
Gerald Maresca	Vice Chairman	2020	1,000,000*
Ryan Reale	Treasurer	2021	1,000,000*
Brian Stonaker	Commissioner	2021	1,000,000*
Victoria Sarti	Commissioner/Clerk	2022	1,000,000*

Other Officials

Joseph D. Youssouf Board Attorney

* Blanket Bond Coverage

Surety Company

First Responder Insurance Fund

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Findings and Responses Under Generally Accepted Government Auditing
Standards
Years Ended December 31, 2019 and 2018

Finding 2019-001

Lateness in Filing of Audited Financial Statements

Criteria: The timeliness of filing the audited financial statements as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, is needed to ensure compliance with state regulations.

Condition: The audit was not received timely from the Borough of Englishtown Fire District No. 1 (the "District") in order to meet the Division of Local Government Services, Department of Community Affairs, State of New Jersey, filing deadline of December 31, 2020.

Context: During the course of audit procedures, it was determined the audited financial statements could not be submitted to the Division of Local Government Services, Department of Community Affairs, State of New Jersey, on a timely basis.

Effect or Potential Effect: Without the timely filing of the audited financial statements, the District could be in violation of not acting within the terms of its agreement with the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Cause: Due to various delays caused by the Covid-19 Pandemic, the information needed to complete the audit of the District's financial statements was not available in a timely manner.

Recommendation: The Commissioners should implement procedures to ensure information is made available to the certified public accountant to enable the completion of a timely audit.

Views of Responsible Official(s) and Planned Corrective Actions: The Commissioners are aware of the regulatory requirements of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and have always been in compliance in the past. Due to the factors noted above, the District was unable to comply with the filing deadlines for the year ended December 31, 2019.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Comments and Recommendations
Years Ended December 31, 2019 and 2018

Scope of Examination and Conditions of Records

Our examination covered the funds of the Board of Fire Commissioners, the Borough of Englishtown Fire District No. 1 handled by the Treasurer.

The financial records were adequately maintained in good condition.

Minutes of Board meetings were properly maintained by the Recording Secretary.

Cash in Banks

The balances in banks at December 31, 2019 were reconciled with statements issued by the depositories.

Examination of Claims

Claims paid during the period under review were examined on a test basis to determine that they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, allocated to the proper accounts and charged to the proper fiscal period, and in agreement with the bill list set forth in the approved minutes of the Board.

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

Contracts and Agreements Required to be Advertised

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

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

The members of the Borough of Englishtown Fire District No. 1 have the responsibility of determining whether any contract or agreement might result in violation of the statute and, when necessary, the Board Attorney's opinion should be sought before a commitment is made.

The results of our examination indicated that no individual payment, contract, or agreement was made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21.

Miscellaneous

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

Acknowledgment

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

Recommendations

None

See Independent Auditor's Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Comments and Recommendations
Years Ended December 31, 2019 and 2018

Prior Year Comments

None

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

Respectfully submitted,

Wilhelm Smith + Brown, PC

February 4, 2021

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

Schedule of Financial Statement Findings

This section identifies the 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, and State of New Jersey.

Material Weaknesses

None reported.

Instances of Noncompliance

Due to various delays caused by the Covid-19 Pandemic, the information needed to complete the audit of the District's financial statements was not available in a timely manner as noted on the schedule of findings and responses under generally accepted government auditing standards on page 35. During the course of audit procedures, it was determined the audited financial statements could not be submitted to the Division of Local Government Services, Department of Community Affairs, State of New Jersey, on a timely basis. Without the timely filing of the audited financial statements, the District could be in violation of not acting within the terms of its agreement with the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

Schedule of Financial Statement Findings

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

Material Weaknesses

None reported.