

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1
Monmouth County, New Jersey
Financial Statements
December 31, 2020 and 2019
With Independent Auditor's Report

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
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December 31, 2020 and 2019

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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, 2020 and 2019.

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, 2020 and 2019, net position changed as follows:

	<u>2020 Total</u>	<u>Increase (Decrease) Over 2019</u>	<u>Percentage Increase (Decrease)</u>
Assets			
Current and other assets	\$ 1,166,585	\$ 92,478	8.61%
Capital assets	<u>603,640</u>	<u>(94,798)</u>	-13.57%
Total assets	<u>\$ 1,770,225</u>	<u>\$ (2,320)</u>	-0.13%
Total liabilities	\$ 944,253	\$ (6,595)	-0.69%
Net position			
Net investment in capital assets	482,561	(12,288)	-2.48%
Unrestricted	<u>343,411</u>	<u>16,563</u>	5.07%
Total net position	<u>825,972</u>	<u>4,275</u>	0.52%
Total liabilities and net position	<u>\$ 1,770,225</u>	<u>\$ (2,320)</u>	-0.13%

	<u>2019 Total</u>	<u>Increase (Decrease) Over 2018</u>	<u>Percentage Increase (Decrease)</u>
Assets			
Current and other assets	\$ 1,074,107	\$ 95,895	9.80%
Capital assets	<u>698,438</u>	<u>(90,093)</u>	-11.43%
Total assets	<u>\$ 1,772,545</u>	<u>\$ 5,802</u>	0.33%
Total liabilities	\$ 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%

The District's decrease in net position in 2020 signifies a diminished financial condition, and the increase in net position in 2019 signifies an improved financial condition.

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

Statements of Activities

For the year ended December 31, 2020, the District experienced a decrease in total revenue of approximately \$101,000 or 17%. The decrease relates to a decrease in the cancellation of reserve for LOSAP.

	<u>FYE 2020 Amount</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) Over 2019</u>	<u>Percentage Increase (Decrease)</u>
Revenues				
District taxes	\$ 492,000	97.17%	\$ -	0.00%
Supplemental fire services grant	444	0.09%	-	0.00%
Interest income	256	0.05%	(18)	-6.57%
Uniform fire safety act revenues	8,351	1.65%	(4,935)	-37.14%
Cancellation of reserve for LOSAP	-	0.00%	(100,000)	-100.00%
Miscellaneous income	5,279	1.04%	3,726	239.92%
	<u>\$ 506,330</u>	<u>100.00%</u>	<u>\$ (101,227)</u>	<u>-16.66%</u>

Some expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. For the year ended December 31, 2020, the District experienced a decrease in total expenditures of approximately \$14,000 or 3% mainly due to the decrease in maintenance and repairs, and training, offset by an increase in non-bondable firefighting equipment.

	<u>FYE 2020 Amount</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2019</u>	<u>Percentage Increase (Decrease)</u>
Expenditures				
Elections	\$ 997	0.20%	\$ 189	23.39%
Office expenses	2,234	0.44%	(4,679)	-67.68%
Professional services	44,796	8.92%	2,720	6.46%
Advertising	455	0.09%	(697)	-60.50%
Commissioners	21,367	4.26%	2,326	12.22%
Fringe benefits	38,741	7.72%	1,083	2.88%
Training	1,315	0.26%	(20,397)	-93.94%
Uniform fire safety act expenses	54,503	10.86%	5,647	11.56%
Insurance	76,930	15.28%	104	0.14%
Dues and subscriptions	3,283	0.65%	(225)	-6.41%
Maintenance and repairs	40,279	8.02%	(22,555)	-35.90%
Rental charges	30,000	5.98%	-	0.00%
Non-bondable fire fighting equipment	47,778	9.52%	31,866	200.26%
Fuel purchase	3,792	0.76%	(1,633)	-30.10%
Utilities	34,947	6.96%	(2,464)	-6.59%
Bond interest	104	0.02%	(2,431)	-95.90%
Capital lease interest	5,736	1.14%	(1,022)	-15.12%
Depreciation expense	94,798	18.88%	(1,491)	-1.55%
	<u>\$ 502,055</u>	<u>99.96%</u>	<u>\$ (13,659)</u>	<u>-2.65%</u>

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

For the year ended December 31, 2019, the District experienced an increase in total revenue of approximately \$93,000 or 18%. Most of the increase is related to the cancellation of LOSAP and District tax revenue, offset by decreases in miscellaneous income and uniform fire safety account revenues.

	FYE 2019 Amount	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%	-	0.00%
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	-	0.00%	376	100.00%
Miscellaneous income	1,553	0.25%	(14,502)	-90.33%
Cancellation of reserve for LOSAP	<u>100,000</u>	<u>16.45%</u>	<u>100,000</u>	<u>100.00%</u>
	<u>\$ 607,557</u>	<u>100.00%</u>	<u>\$ 92,655</u>	<u>17.99%</u>

Some expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. For the year ended December 31, 2019, the District experienced a decrease in total expenditures of approximately \$4,000 or 1% mainly due to the decrease in depreciation expense, fringe benefits, and commissioners expenses, offset by increases in uniform fire safety act expenses, rental charges, and office expenses.

	FYE 2019 Amount	Percentage of Total Expenditures	Increase (Decrease) Over 2018	Percentage Increase (Decrease)
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%
Commissioners	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	<u>96,289</u>	<u>18.67%</u>	<u>(16,094)</u>	<u>-14.32%</u>
	<u>\$ 515,714</u>	<u>100.00%</u>	<u>\$ (4,096)</u>	<u>-0.79%</u>

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

THE DISTRICT'S FUNDS

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

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

Governmental Funds Balance Sheets

	<u>General Fund Activities</u>	<u>Capital Fund Activities</u>	<u>2020 Total</u>	<u>Increase (Decrease) Over 2019</u>	<u>Percentage Increase (Decrease)</u>
Assets					
Current and other assets	\$ 659,364	\$ 295,296	<u>\$ 954,660</u>	<u>\$ 9,850</u>	1.04%
Liabilities					
	\$ 408,243	\$ 194,589	\$ 602,832	\$ (10,462)	-1.71%
Fund Balance					
Committed			100,707	50,000	98.61%
Assigned			197,570	45,727	30.11%
Unassigned			<u>53,551</u>	<u>(75,415)</u>	-58.48%
Total fund balance			<u>351,828</u>	<u>20,312</u>	6.13%
Total liabilities and fund balance			<u>\$ 954,660</u>	<u>\$ 9,850</u>	1.04%

	<u>General Fund Activities</u>	<u>Capital Fund Activities</u>	<u>2019 Total</u>	<u>Increase (Decrease) Over 2018</u>	<u>Percentage Increase (Decrease)</u>
Assets					
Current and other assets	\$ 613,253	\$ 331,557	<u>\$ 944,810</u>	<u>\$ (15,991)</u>	-1.66%
Liabilities					
	\$ 332,444	\$ 280,850	\$ 613,294	\$ (122,635)	-16.66%
Fund Balance					
Committed			50,707	25,000	97.25%
Assigned			151,843	5,118	3.49%
Unassigned			<u>128,966</u>	<u>76,526</u>	145.93%
Total fund balance			<u>331,516</u>	<u>106,644</u>	47.42%
Total liabilities and fund balance			<u>\$ 944,810</u>	<u>\$ (15,991)</u>	-1.66%

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

Statements of Revenues, Expenditures, and Changes in Fund Balances

	<u>2020 Amount</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) Over 2019</u>	<u>Percentage Increase (Decrease)</u>
Revenues				
District taxes	\$ 492,000	97.17%	\$ -	0.00%
Supplemental fire services grant	444	0.09%	-	0.00%
Interest income	256	0.05%	(18)	-6.57%
Uniform fire safety act revenues	8,351	1.65%	(4,935)	-37.14%
Miscellaneous income	5,279	1.04%	3,726	239.92%
	<u>\$ 506,330</u>	<u>100%</u>	<u>\$ (1,227)</u>	<u>-0.24%</u>

	<u>2020 Amount</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2019</u>	<u>Percentage Increase (Decrease)</u>
Expenditures				
Elections	\$ 997	0.19%	\$ 189	23.39%
Office expenses	2,234	0.42%	(4,679)	-67.68%
Professional services	44,796	8.36%	2,720	6.46%
Advertising	455	0.08%	(697)	-60.50%
Commissioners	21,367	3.99%	2,326	12.22%
Fringe benefits	38,741	7.23%	1,083	2.88%
Training	1,315	0.25%	(20,397)	-93.94%
Uniform fire safety act expenses	54,503	10.17%	5,647	11.56%
Insurance	76,930	14.35%	104	0.14%
Dues and subscriptions	3,283	0.61%	(225)	-6.41%
Maintenance and repairs	36,530	6.82%	(26,304)	-41.86%
Rental charges	30,000	5.60%	-	0.00%
Non-bondable fire fighting equipment	47,778	8.91%	31,866	200.26%
Fuel purchase	3,792	0.71%	(1,633)	-30.10%
Utilities	34,947	6.52%	(2,464)	-6.59%
Bond principal	55,000	10.27%	-	0.00%
Bond interest	104	0.02%	(2,431)	-95.90%
Capital lease principal	27,510	5.13%	1,022	3.86%
Capital lease interest	5,736	1.07%	(1,022)	-15.12%
Reserve for future capital outlays	50,000	9.33%	25,000	100.00%
	<u>\$ 536,018</u>	<u>100.03%</u>	<u>\$ 10,105</u>	<u>1.92%</u>

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

	<u>2019 Amount</u>	<u>Percentage of Total Revenues</u>	<u>Increase (Decrease) Over 2018</u>	<u>Percentage Increase (Decrease)</u>
Revenues				
District taxes	\$ 492,000	80.98%	\$ 8,000	1.65%
Supplemental fire services grant	444	0.07%	-	0.00%
Interest income	274	0.05%	72	35.64%
Uniform fire safety act revenues	13,286	2.19%	(1,291)	-8.86%
Sale of asset	-	0.00%	(18,000)	-100.00%
Miscellaneous income	1,553	0.26%	(14,502)	-90.33%
Cancellation of reserve for LOSAP	100,000	16.46%	100,000	100.00%
	<u>\$ 607,557</u>	<u>83.55%</u>	<u>\$ 74,279</u>	<u>13.93%</u>

	<u>2019 Amount</u>	<u>Percentage of Total Expenditures</u>	<u>Increase (Decrease) Over 2018</u>	<u>Percentage Increase (Decrease)</u>
Expenditures				
Elections	\$ 808	0.15%	\$ (135)	-14.32%
Office expenses	6,913	1.31%	3,962	134.26%
Professional services	42,076	8.00%	(720)	-1.68%
Advertising	1,152	0.22%	867	304.21%
Commissioners	19,041	3.62%	(4,317)	-18.48%
Fringe benefits	37,658	7.16%	(12,640)	-25.13%
Training	21,712	4.13%	11,316	108.85%
Uniform fire safety act expenses	48,856	9.29%	18,528	61.09%
Insurance	76,826	14.61%	326	0.43%
Dues and subscriptions	3,508	0.67%	(245)	-6.53%
Maintenance and repairs	62,834	11.95%	2,229	3.68%
Rental charges	30,000	5.70%	4,000	15.38%
Non-bondable fire fighting equipment	15,912	3.03%	(2,291)	-12.59%
Fuel purchase	5,425	1.03%	(3,738)	-40.79%
Utilities	37,411	7.11%	(990)	-2.58%
Bond Principal	55,000	10.46%	-	0.00%
Bond interest	2,535	0.48%	(3,170)	-55.57%
Bond note principal	-	0.00%	(20,000)	-100.00%
Capital lease principal	26,488	5.04%	984	3.86%
Capital lease interest	6,758	1.29%	(984)	-12.71%
Reserve for future capital outlays	25,000	4.75%	20,000	400.00%
	<u>\$ 525,913</u>	<u>100.00%</u>	<u>\$ 12,982</u>	<u>2.53%</u>

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget relied on the expectation of an increase in district taxes. For 2020, the District assessed value increased slightly, but was negated by a reduction of the special District tax rate, resulting in no change in tax revenue. For 2019, the District tax revenue increased approximately \$8,000 due to the increase of the assessed valuation per District.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

	January 1, 2020 <u>Balance</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	December 31, 2020 <u>Balance</u>	Percentage Increase <u>(Decrease)</u>
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000	0.00%
Building improvements	94,017	-	-	94,017	0.00%
Fire trucks	1,045,483	-	-	1,045,483	0.00%
Other vehicles	209,243	-	-	209,243	0.00%
Equipment	416,756	-	-	416,756	0.00%
	<u>2,165,499</u>	<u>-</u>	<u>-</u>	<u>2,165,499</u>	<u>0.00%</u>
Accumulated depreciation	1,467,061	94,798	-	1,561,859	6.46%
Capital assets, net	<u>\$ 698,438</u>	<u>\$ (94,798)</u>	<u>\$ -</u>	<u>\$ 603,640</u>	-13.57%

	January 1, 2019 <u>Balance</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	December 31, 2019 <u>Balance</u>	Percentage Increase <u>(Decrease)</u>
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000	0.00%
Building improvements	87,821	6,196	-	94,017	7.06%
Fire trucks	1,045,483	-	-	1,045,483	0.00%
Other vehicles	209,243	-	-	209,243	0.00%
Equipment	416,756	-	-	416,756	0.00%
	<u>2,159,303</u>	<u>6,196</u>	<u>-</u>	<u>2,165,499</u>	<u>0.29%</u>
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%

BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1

Management's Discussion and Analysis

Debts

At December 31, 2020, the District had \$121,079 in capital lease payable, note versus \$203,589 last year in district bonds, capital lease payable, and bond anticipation note, a decrease of 41%.

	Outstanding Debts at Year End	
	Government Activities	
	<u>2020</u>	<u>2019</u>
Fire District Bond	\$ -	\$ 55,000
Capital Lease Payable	121,079	148,589
Total Debts	<u>\$ 121,079</u>	<u>\$ 203,589</u>

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

Management's Responsibility for the Financial Statements

The 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; 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 State of New Jersey, Division of Local Government Services, Department of Community Affairs. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 fund of the Borough of Englishtown Fire District No. 1, Monmouth County, New Jersey as of December 31, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

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

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

The statistical information and roster of officials have not been subjected to the auditing procedures applied in the 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 March 8, 2022 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Englishtown Fire District No. 1's internal control over financial reporting and compliance.

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

March 8, 2022

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

	Governmental Funds Balance Sheet			Adjustments (Note 2)	Statement of Net Position
	General Fund	Capital Fund	Total		
Assets					
Cash	\$ 504,573	\$ -	\$ 504,573	\$ -	\$ 504,573
Accounts receivable	154,194	-	154,194	-	154,194
Prepaid expenses	597	-	597	-	597
Interfund receivable	-	170,832	170,832	(170,832)	-
Investment in LOSAP	-	-	-	507,221	507,221
Deferred charges to future taxation	-	124,464	124,464	(124,464)	-
Capital assets, net	-	-	-	603,640	603,640
Total assets	<u>\$ 659,364</u>	<u>\$ 295,296</u>	<u>\$ 954,660</u>	<u>\$ 815,565</u>	<u>\$ 1,770,225</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 35,746	\$ -	\$ 35,746	\$ -	\$ 35,746
Payroll tax liabilities	625	-	625	-	625
Reserve for supplemental fire service grant	645	-	645	-	645
Reserve for LOSAP	117,481	-	117,481	-	117,481
Defined LOSAP benefit liability, net	-	-	-	507,221	507,221
Reserve for fire official trust	82,914	-	82,914	78,542	161,456
Interfund payable	170,832	-	170,832	(170,832)	-
Improvement authorizations	-	73,510	73,510	(73,510)	-
Capital lease payable - current	-	28,572	28,572	-	28,572
Total current liabilities	408,243	102,082	510,325	341,421	851,746
Other liabilities					
Capital lease payable - long-term	-	92,507	92,507	-	92,507
Total other liabilities	-	92,507	92,507	-	92,507
Total liabilities	408,243	194,589	602,832	341,421	944,253
Fund Balances and Net Position					
Fund balances					
Committed					
Capital improvements	-	100,707	100,707	(100,707)	-
Assigned					
Appropriation reserves	102,717	-	102,717	(102,717)	-
Designated for subsequent years' expenditures	94,853	-	94,853	(94,853)	-
Unassigned					
General fund	53,551	-	53,551	(53,551)	-
Total fund balances	251,121	100,707	351,828	(351,828)	-
Total liabilities and fund balances	<u>\$ 659,364</u>	<u>\$ 295,296</u>	<u>\$ 954,660</u>		
Net position					
Net investment in capital assets				482,561	482,561
Unrestricted				343,411	343,411
Total net position				825,972	825,972
Total liabilities and net position				<u>\$ 815,565</u>	<u>\$ 1,770,225</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, 2019

	Governmental Funds Balance Sheet			Adjustments (Note 2)	Statement of Net Position
	General Fund	Capital Fund	Total		
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
Defined LOSAP benefit liability, net	-	-	-	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	-	27,510	27,510	-	27,510
Total current liabilities	332,444	159,771	492,215	337,554	829,769
Other liabilities					
Capital lease payable - long-term	-	121,079	121,079	-	121,079
Total other liabilities	-	121,079	121,079	-	121,079
Total liabilities	332,444	280,850	613,294	337,554	950,848
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
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 Revenues, Expenses, and Changes in Governmental
Fund Balances and Net Position
Year Ended December 31, 2020

	Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances			Adjustments (Note 3)	Statement of Activities
	General Fund	Capital Fund	Total		
Expenditures					
Operating appropriations	\$ 486,018	\$ -	\$ 486,018	\$ 16,037	\$ 502,055
Reserve for future capital outlays	50,000	-	50,000	(50,000)	-
Total expenditures	536,018	-	536,018	(33,963)	502,055
Revenues and other financing sources					
Revenues					
District taxes	492,000	-	492,000	-	492,000
Supplemental fire services grant	444	-	444	-	444
Interest income	256	-	256	-	256
Uniform fire safety act revenues	8,351	-	8,351	-	8,351
Miscellaneous income	5,279	-	5,279	-	5,279
Total revenues	506,330	-	506,330	-	506,330
Transfers					
Reserve for future capital outlays	-	50,000	50,000	(50,000)	-
Total transfers	-	50,000	50,000	(50,000)	-
Total revenues and transfers	506,330	50,000	556,330	(50,000)	506,330
Excess (deficit) of revenues and transfers over expenditures	(29,688)	50,000	20,312	(20,312)	-
Changes in net position	-	-	-	4,275	4,275
Fund balances / net position					
Beginning of the year	280,809	50,707	331,516	490,181	821,697
End of year	\$ 251,121	\$ 100,707	\$ 351,828	\$ 474,144	\$ 825,972

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

	Statement of Revenues, Expenditures, and Changes in Governmental Fund Balances			Adjustments (Note 3)	Statement of Activities
	General Fund	Capital Fund	Total		
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	1,553	-	1,553	-	1,553
Cancellation of reserve for LOSAP	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total revenues	607,557	-	607,557	-	607,557
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 (deficit) 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
Notes to Financial Statements
December 31, 2020 and 2019

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 State of New Jersey, Division of Local Government Services, Department of Community Affairs. For the years ended December 31, 2020 and 2019 the financial statements of the District have been prepared in conformity with 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 2020 and 2019. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

Combined Fund and Government-wide Financial Statements

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

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

Governmental Fund Types

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

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 Financial Statements
December 31, 2020 and 2019

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 State of New Jersey, Division of Local Government Services, Department of Community Affairs. 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.

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 Financial Statements
December 31, 2020 and 2019

Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

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 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, 2020 and 2019, management has determined that there was no impairment of capital assets.

Interfund Transactions and Balances

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

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 Financial Statements
December 31, 2020 and 2019

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.

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.

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 Financial Statements
December 31, 2020 and 2019

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

2. ADJUSTMENTS TO ARRIVE AT NET POSITION

Capital Assets - Net and Net Investment in Capital Assets

For the years ended December 31, 2020 and 2019, capital assets, net in the amount of \$603,640 and \$698,438, respectively, and net investment in capital assets in the amount of \$482,561 and \$494,849, respectively, have been included in the government-wide presentation.

Interfund Receivable and Payable

For the years ended December 31, 2020 and 2019, interfund receivables and payables in the amount of \$170,832 and \$124,583, respectively, have been eliminated in arriving at the government-wide presentation.

Deferred Charges to Future Taxation

For the years ended December 31, 2020 and 2019, deferred charges to future taxation in the amount of \$124,464 and \$206,974, 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, 2020 and 2019, fund balances in the amounts of \$351,828 and \$331,516, respectively, have been eliminated. Unrestricted net position in the amounts of \$343,411 and \$326,848, respectively, and net position restricted for capital acquisitions in the amounts of \$0 for both years, 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 accounting principles generally accepted in the United States of America. Therefore, for the years ended December 31, 2020 and 2019, improvement authorizations in the amounts of \$73,510 and \$77,261 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, 2020 and 2019, capital assets purchased against the reserve fire official trust fund in an amount of \$78,542 and \$78,544 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, 2020 and 2019, reserve for debt service amounted to \$0 for both years, therefore no elimination is needed in arriving at the government-wide presentation.

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 Financial Statements
December 31, 2020 and 2019

Investment in LOSAP/Defined LOSAP benefit liability, net

For GAAP purposes, investment in LOSAP and defined LOSAP benefit liability, net 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, 2020 and 2019, the investment in LOSAP and related net assets available for LOSAP in the amounts of \$507,221 and \$460,854, respectively, have been included in the government-wide presentation.

3. ADJUSTMENTS TO ARRIVE AT THE CHANGES IN NET POSITION

Operating Appropriations

For the year ended December 31, 2020, depreciation expense in the amount of \$94,798 has been included in the government-wide presentation. Additionally, principal payments on serial bonds and capital lease have been decreased by \$82,510 and maintenance and repairs has increased \$3,749. The net effect on operating appropriations is an increase of \$16,037.

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 notes have been decreased by \$81,488. The net effect on operating appropriations is an increase of \$14,801.

Reserve for Future Capital Outlays and Related Transfers

For the years ended December 31, 2020 and 2019, reserve for future capital outlays and related transfers were reduced by \$50,000 and \$25,000, respectively, on the government-wide presentation to eliminate the general fund expenditure and capital fund revenue related to the creation of future improvement authorizations.

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.

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 Financial Statements
December 31, 2020 and 2019

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.

As of December 31, 2020 and 2019, the District's cash accounts consisted of:

	<u>2020</u>	<u>2019</u>
Brunswick - Checking	\$ 163,074	\$ 118,123
Brunswick - Savings	258,585	253,716
Brunswick - Trust	<u>82,914</u>	<u>86,512</u>
Total cash	<u>\$ 504,573</u>	<u>\$ 458,351</u>

The carrying amount of the District's cash at December 31, 2020 was \$504,573 and the bank balance was \$528,022. Of the balance, \$250,000 was covered by federal depository insurance and \$278,022 was covered by the Government Unit Deposit Protection Act ("GUDPA"), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units' deposits in excess of the federal deposit maximums.

The carrying amount of the 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:

	<u>2020</u>	<u>2019</u>
Category 1 Deposits which are covered by FDIC, or collateralized by securities held by the District or its agent, in the District's name	\$ 250,000	\$ 250,000
Category 2 Deposits which are collateralized with securities held by the pledging financial institution's trust department, or Agent in the District's name	278,022	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.

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
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Notes to Financial Statements
December 31, 2020 and 2019

- (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 2020 and 2019, no such investments were held by the District.

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, 2020 and 2019, the fire tax rate was \$0.187 and \$0.192, respectively, per \$100 of assessed valuation.

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
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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, 2020 and 2019, 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.

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 \$1,742 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.

For 2020 and 2019, the budgeted amount of the contribution was \$35,000 for each year, and the contributions made for the years ended December 31, 2020 and December 31, 2019 were \$0 for each year. 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.

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 Financial Statements
December 31, 2020 and 2019

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, 2020 and 2019, payments of \$0 and \$24,022, respectively, were made to vested participants.

Forfeited Accounts

There were no forfeitures during the years ended December 31, 2020 and 2019.

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.

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.

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 Financial Statements
December 31, 2020 and 2019

The following tables set forth by level, within the value hierarchy, the District's assets at fair value at December 31, 2020 and 2019.

	2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Growth	\$ 45,420	\$ -	\$ -	\$ 45,420
Bond	1,125	-	-	1,125
Small cap index	2,451	-	-	2,451
S&P 500 index	166,554	-	-	166,554
International value	11,274	-	-	11,274
Allocation/diversified income	15,941	-	-	15,941
Fixed account	123,884	-	-	123,884
Delaware REIT	35,066	-	-	35,066
T Rowe price	89,171	-	-	89,171
MFS utilities	10,379	-	-	10,379
Contra-fund	5,956	-	-	5,956
Total assets at fair value	<u>\$ 507,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,221</u>

	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>

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.

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 Financial Statements
December 31, 2020 and 2019

8. CAPITAL ASSETS

The following schedules are a summary of the capital assets by source for the years ended December 31, 2020 and 2019:

<u>Description</u>	<u>January 1, 2020</u>	<u>Additions</u>	<u>Transfer/ Deletions</u>	<u>December 31, 2020</u>
Capital assets being depreciated				
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000
Buildings improvements	94,017	-	-	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	2,165,499	-	-	2,165,499
Less accumulated depreciation				
Buildings	255,000	10,000	-	265,000
Buildings improvements	39,063	4,073	-	43,136
Fire trucks	762,120	26,987	-	789,107
Other vehicles	158,402	20,440	-	178,842
Equipment	<u>252,476</u>	<u>33,298</u>	<u>-</u>	<u>285,774</u>
Total	<u>1,467,061</u>	<u>94,798</u>	<u>-</u>	<u>1,561,859</u>
Net capital assets	<u>\$ 698,438</u>	<u>\$ (94,798)</u>	<u>\$ -</u>	<u>\$ 603,640</u>

<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>

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 Financial Statements
December 31, 2020 and 2019

Depreciation expense for the years ended December 31, 2020 and 2019 amounted to \$94,798 and \$96,289, respectively.

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

	<u>2020</u>	<u>2019</u>
Equipment	\$ 200,581	\$ 200,581
Less accumulated depreciation	<u>(85,963)</u>	<u>(57,309)</u>
Equipment, net	<u>\$ 114,618</u>	<u>\$ 143,272</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 bore an interest rate of 4.50% and matured 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 bears an interest rate of \$3.80%. The final payment is due on December 29, 2024.

Interest expense on long-term debt amounted to \$5,840 and \$9,293 for the years ended December 31, 2020 and 2019, respectively.

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

<u>Purpose</u>	<u>Balance at</u>			<u>Balance at</u>		
	<u>1/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/20</u>	<u>Current</u>	<u>Non-current</u>
Fire district bond - pumper	\$ 55,000	\$ -	\$ 55,000	\$ -	\$ -	\$ -
Capital lease - communication equipment	<u>148,589</u>	<u>-</u>	<u>27,510</u>	<u>121,079</u>	<u>28,572</u>	<u>92,507</u>
	<u>\$ 203,589</u>	<u>\$ -</u>	<u>\$ 82,510</u>	<u>\$ 121,079</u>	<u>\$ 28,572</u>	<u>\$ 92,507</u>

<u>Purpose</u>	<u>Balance at</u>			<u>Balance at</u>		
	<u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/19</u>	<u>Current</u>	<u>Non-current</u>
Fire district bond - pumper	\$ 110,000	\$ -	\$ 55,000	\$ 55,000	\$ 55,000	\$ -
Capital lease - communication equipment	<u>175,078</u>	<u>-</u>	<u>26,489</u>	<u>148,589</u>	<u>27,510</u>	<u>121,079</u>
	<u>\$ 285,078</u>	<u>\$ -</u>	<u>\$ 81,489</u>	<u>\$ 203,589</u>	<u>\$ 82,510</u>	<u>\$ 121,079</u>

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 Financial Statements
December 31, 2020 and 2019

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

Fiscal Year	Payment	Interest	Principal	Principal Balance
2021	33,246	4,674	28,572	92,507
2022	33,246	3,571	29,675	62,832
2023	33,247	2,425	30,822	32,010
2024	33,246	1,236	32,010	-
	<u>\$ 132,985</u>	<u>\$ 11,906</u>	<u>\$ 121,079</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, 2020 and 2019, the balance of the reserve for the fire official trust was \$161,456 and \$165,054, respectively.

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 March 8, 2022, 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.

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

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, 2020

	<u>Budgeted Amounts</u>		<u>Total Actual</u>	<u>Budgetary Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
District taxes	\$ 492,000	\$ 492,000	\$ 492,000	\$ -
Supplemental fire services grant	444	444	444	-
Interest income	-	-	256	256
Uniform fire safety act revenues	24,000	24,000	8,351	(15,649)
Miscellaneous income	-	-	5,279	5,279
Fund balance utilized - unrestricted	122,291	122,291	-	(122,291)
Total revenues	<u>638,735</u>	<u>638,735</u>	506,330	(132,405)
Transfers				
Reserve for future capital outlays	-	-	50,000	50,000
Total transfers	<u>-</u>	<u>-</u>	50,000	50,000
Total revenues and transfers	638,735	638,735	556,330	(82,405)
Expenditures				
Operating appropriations				
Administration				
Elections	1,500	1,500	997	503
Office expenses	8,000	8,000	2,234	5,766
Professional services	55,000	55,000	44,796	10,204
Advertising	1,500	1,500	455	1,045
Total administration	<u>66,000</u>	<u>66,000</u>	48,482	17,518
Operations and maintenance				
Salary and wages	-	-	-	-
Commissioners	36,150	36,150	21,367	14,783
Total salary and wages	<u>36,150</u>	<u>36,150</u>	21,367	14,783

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, 2020

	<u>Budgeted Amounts</u>		<u>Total Actual</u>	<u>Budgetary Variance</u>
	<u>Original</u>	<u>Final</u>		
Fringe benefits				
LOSAP	35,000	35,000	35,000	-
Fringe benefits	4,100	4,100	3,741	359
Total fringe benefits	39,100	39,100	38,741	359
Other expenses				
Training	18,000	18,000	1,315	16,685
Uniform fire safety act expenses	44,000	44,000	54,503	(10,503)
Insurance	90,000	90,000	76,930	13,070
Dues and subscriptions	5,000	5,000	3,283	1,717
Maintenance and repairs	70,000	70,000	36,530	33,470
Rental charges	36,000	36,000	30,000	6,000
Non-bondable - fire fighting equipment	35,000	35,000	47,778	(12,778)
Fuel purchase	15,000	15,000	3,792	11,208
Utilities	45,000	45,000	34,947	10,053
Bond principal	55,000	55,000	55,000	-
Bond interest	1,238	1,238	104	1,134
Capital lease principal	27,398	27,398	27,510	(112)
Capital lease interest	5,849	5,849	5,736	113
Total other expenses	447,485	447,485	377,428	70,057
Total operations and maintenance	522,735	522,735	437,536	85,199
Total operating appropriations	588,735	588,735	486,018	102,717

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, 2020

	<u>Budgeted Amounts</u>		<u>Total Actual</u>	<u>Budgetary Variance</u>
	<u>Original</u>	<u>Final</u>		
Capital appropriations				
Reserve for future capital outlays	50,000	50,000	50,000	-
Total capital appropriations	50,000	50,000	50,000	-
Total expenditures	638,735	638,735	536,018	102,717
Excess of revenues and transfers				
over expenditures	\$ -	\$ -	20,312	\$ 20,312
Adjustment to reserve for LOSAP			-	
Changes in net position			-	
Fund balances/net position, beginning of year			331,516	
Fund balances/net position, end of year			\$ 351,828	

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 Required Supplementary Information
Year Ended December 31, 2020

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.”

B. BUDGET CANCELLATION

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

Adopted Budget	\$ 638,735
Expenditures	<u>536,018</u>
Favorable Variance	102,717
Canceled	<u>-</u>
Fund Balance Reserve	<u>\$ 102,717</u>

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Improvement Authorizations – Capital Fund
Year Ended December 31, 2020

Purpose	Authorized Appropriation		Balance January 1, 2020	2020 Authorization	2020 Paid/Charged	Balance December 31, 2020	December 31, 2020	
	Date	Amount					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	-	(3,751)	17,062	17,062	-
Class A pumper	2008	550,000	265	-	-	265	265	-
Mechanical room and washer & dryer	2015	60,000	20,804	-	-	20,804	20,804	-
Utility truck	2016	60,000	867	-	-	867	867	-
		<u>\$ 790,000</u>	<u>\$ 77,261</u>	<u>\$ -</u>	<u>\$ (3,751)</u>	<u>\$ 73,510</u>	<u>\$ 70,124</u>	<u>\$ 3,386</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>\$ 73,875</u>	<u>\$ 3,386</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, 2020

<u>Purpose</u>	<u>Balance January 1, 2020</u>	<u>2020 Additions</u>	<u>2020 Budget Appropriation</u>	<u>Balance December 31, 2020</u>
Funded				
Fire district bond - pumper	\$ 55,000	\$ -	\$ 55,000	\$ -
Total funded	<u>55,000</u>	<u>-</u>	<u>55,000</u>	<u>-</u>
Unfunded				
SCBA - BAN	3,385	-	-	3,385
Motorola communication equipment - capital lease	<u>148,589</u>	<u>-</u>	<u>27,510</u>	<u>121,079</u>
Total unfunded	<u>151,974</u>	<u>-</u>	<u>27,510</u>	<u>124,464</u>
Total	<u>\$ 206,974</u>	<u>\$ -</u>	<u>\$ 82,510</u>	<u>\$ 124,464</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

Purpose	Balance January 1, 2019	2019 Additions	2019 Budget Appropriation	Balance December 31, 2019
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	3,385	-	-	3,385
Motorola communication equipment - capital lease	175,078	-	26,489	148,589
Total unfunded	<u>178,463</u>	<u>-</u>	<u>26,489</u>	<u>151,974</u>
	<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
Statistical Information
Years Ended December 31, 2020 and 2019

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>
2020	\$ 263,644,700	\$ 492,000	0.187
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

General Fund – Fund Balance before Current Year Appropriation Reserves

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2020	\$ 148,404	\$ 94,853
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

See Independent Auditor's Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Statistical Information
Years Ended December 31, 2020 and 2019

Capital Fund – Fund Balance

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2020	\$ 100,707	\$ -
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

See Independent Auditor's Report.

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

<u>Board of Commissioners</u>	<u>Position</u>	<u>Term Expiration</u>	<u>Amount of Surety Bond*</u>
Peter Cooke	Chairperson	2023	\$1,000,000*
Gerald Maresca	Vice Chairman	2023	1,000,000*
Melisa Scorone	Treasurer	2024	1,000,000*
Victoria Sarti	Clerk	2022	1,000,000*
Thomas Kirkland	Assistant Clerk	2024	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
Comments and Recommendations
Year Ended December 31, 2020

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, 2020 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
Year Ended December 31, 2020

Prior Year Comments

None

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

Respectfully submitted,

William Smith + Brown, PC

March 8, 2022

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, 2020, 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 March 8, 2022

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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2020-001.

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

The Borough of Englishtown Fire District No. 1's response to the finding 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".

March 8, 2022

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Findings and Responses Under Generally Accepted Government Auditing
Standards
Year Ended December 31, 2020

Finding 2020-001

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, 2021. This is a repeat finding from the prior year.

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, 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 prior to 2019. Due to various delays, the District was unable to comply with the filing deadlines for the year ended December 31, 2020.

Management's Response: Management is in agreement with the need to resolve the above-mentioned findings and are in the process of working with the outside accountant to resolve issues which have led to previously mentioned delays to audit procedures

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Prior Year Findings and Responses
Year Ended December 31, 2020

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.

2019-01 Compliance Finding

Due to various delays, 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 33. 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.