

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1

COUNTY OF HUNTERDON

SYNOPSIS OF AUDIT

2017

SUMMARY OF SYNOPSIS OF AUDIT REPORT FOR PUBLICATION

Attention is directed to the fact that a summary or Synopsis of the audit report, together with the recommendations, is the minimum required to be published.

Synopsis of the 2017 Audit Report of the East Amwell Township Fire District No. 1, County of Hunterdon.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Comparative Statement of Net Position
December 31,

	2017	2016
Assets		
Unrestricted assets		
Cash and cash equivalents	\$ 92,859	\$ 80,256
Certificates of deposit	13,756	11,181
Accounts receivable	-	1,403
Prepaid expenses	15,423	12,208
Total unrestricted assets	122,038	105,048
Restricted assets		
Certificates of deposit	233,913	348,913
Capital assets		
Capital assets	1,457,128	1,391,123
Less: accumulated depreciation	(697,572)	(749,284)
Net capital assets	759,556	641,839
Total assets	\$ 1,115,507	\$ 1,095,800
Liabilities		
Current liabilities		
Accounts payable	\$ 22,482	\$ 9,529
Reserve for Length of Service Award Program (LOSAP)	32,240	28,693
Total liabilities	54,722	38,222
Net position		
Net investment in capital assets	759,556	641,839
Restricted		
Reserve for capital acquisitions	233,913	348,913
Unrestricted	67,316	66,826
Total net position	1,060,785	1,057,578
Total liabilities and net position	\$ 1,115,507	\$ 1,095,800

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Comparative Statement of Activities and Changes in Net Position
For the Years Ended December 31,

	<u>2017</u>	<u>2016</u>
Revenues		
General revenues		
Local tax levy	\$ 238,285	\$ 230,211
Supplemental Fire Services Act	1,490	1,490
Interest income	2,783	3,401
Miscellaneous	-	1,358
Refund of prior year expenses	-	13,165
Total general revenues	<u>242,558</u>	<u>249,625</u>
Expenses		
Operating appropriations		
Administration	14,536	14,920
Cost of operations and maintenance	111,402	109,094
Length of Service Award Program (LOSAP)	31,060	28,693
Deferred charges	-	101
Depreciation expense	87,098	94,170
Total expenses	<u>244,096</u>	<u>246,978</u>
Other financing sources (uses)		
Gain (loss) on disposal of assets	<u>4,745</u>	<u>(20,813)</u>
Change in net position	3,207	(18,166)
Net position - beginning of year	<u>1,057,578</u>	<u>1,075,744</u>
Net position - end of year	<u><u>\$ 1,060,785</u></u>	<u><u>\$ 1,057,578</u></u>

**EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Recommendations**

Recommendations

No recommendations have been developed as a result of this audit.

Status of Prior Year's Audit Findings/Recommendations

A review performed on prior year recommendations and corrective action was taken.

* * * * *

The above summary or synopsis was prepared from the report of audit of the East Amwell Township Fire District No. 1, County of Hunterdon for the calendar year 2017. This report is on file at the Fire District's office and may be inspected by any interest person.



Certified Public Accountants, PC
www.bkc-cpa.com

Memorandum

To: Thomas Ward, East Amwell Township Fire District No. 1
From: William Colantano, CPA
Date: May 9, 2018
Re: Audit Instructions

1. Resolution, group affidavit, and corrective action plan (if applicable) to be passed and signed. Send Certified “original signed” copies to Trenton.
2. Audit synopsis - To be advertised in your official paper.
3. Audit to be included on official website. Copy to be transmitted under separate cover.

5:31-7 Appendix B
LOCAL AUTHORITIES - ACCOUNTING AND AUDITING

AUDIT QUESTIONNAIRE FOR FIRE DISTRICT AUDITS

EACH QUESTION MUST BE ANSWERED.

PLEASE CIRCLE YES OR NO.

IF ANY ARE NOT APPLICABLE, INSERT N/A AS YOUR ANSWER.

FIRE DISTRICT East Amwell Township Fire District No. 1

YEAR UNDER AUDIT 2017

AUDITOR SIGNATURE *William Cofrancesco*

AUDITOR FIRM Bedard, Kurowicki & Co. CPA's

AUDITOR ADDRESS 114 Broad Street, Flemington, NJ 08822

AUDITOR PHONE # (908)782-7900

"NO" ANSWERS MUST BE EXPLAINED IN DETAIL. ATTACH ADDITIONAL SHEETS IF MORE SPACE IS REQUIRED. ANSWERS TO QUESTIONS WHICH INDICATE CORRECTIONS OR IMPROVEMENTS ARE REQUIRED MUST BE COVERED BY COMMENT AND RECOMMENDATION IN THE AUDIT REPORT. IF NOT COVERED, EXPLAIN IN DETAIL.

AUDIT QUESTIONNAIRE

FIRE DISTRICT

General

1. Is a general ledger maintained by the district? YES NO
2. Are key employees bonded in amounts required by organization policy YES NO
3. Is insurance coverage in force for at least the following:
 - Loss or damage to assets from fire and other hazards? YES NO
 - Public liability and property damage? YES NO
 - Robbery, burglary, theft and disappearance? YES NO
 - Worker's compensation? YES NO No employees
4. Are loans to employees prohibited? YES NO
5. Has the Bureau of Authority Regulation been notified of deficiencies in the accounting system or records? YES NO N/A
6. Has a corrective action plan been filed for the previous year audit report? YES NO N/A

Cash and Investments

1. Has the district adopted a cash management plan? YES NO
2. Are all depositories and accounts authorized by resolution of the governing body? YES NO
3. Are receipts deposited within 48 hours? YES NO
4. Are the duties of personnel who receive and deposit cash separate from investments, cash disbursing, and bookkeeping? YES NO See note #1, below
5. Are cash receipts adequately safeguarded before deposit? YES NO
6. Is responsibility for the petty cash fund vested in only one person? YES NO N/A
7. Are petty cash disbursements supported by signed receipts which are attached to reimbursement vouchers? YES NO N/A
8. Are check signers designated by resolution? YES NO
9. If a mechanical check signer is used, is the signature plate under adequate control? YES NO N/A
 - A. Are there procedures to control and record the check numbers and amount of checks signed? YES NO N/A
10. Is there adequate security over blank checks? YES NO
11. Are the duties of personnel who disburse cash separate from the function of approving vouchers? YES NO See note #1
12. Are bank statements reconciled monthly? YES NO
 - A. Is the sequence of check numbers accounted for? YES NO
 - B. Are check endorsements scrutinized? YES NO
13. Are outstanding checks older than 6 months investigated? YES NO

Note #1: Compensating controls are in place to offset the lack of segregation of duties.

- | | | |
|--|--------------------------------------|-------------------------------------|
| 14. Are investments under the control of a responsible official who does not receive or disburse cash? | YES | <input checked="" type="radio"/> NO |
| 15. Are all investments issued in the name of the district? | YES | NO N/A |
| 16. Are all investment transactions approved by the governing body? | YES | NO N/A |
| 17. Are all investments permitted by law or bond agreement? | YES | NO N/A |
| 18. Are perpetual records of investments reflecting all pertinent information maintained? | YES | NO N/A |
| 19. Is interest income verified? | <input checked="" type="radio"/> YES | NO |
| A. Is it promptly recorded in the accounting records? | <input checked="" type="radio"/> YES | NO |
| 20. Are investments examined periodically and verified with the detail record and control account? | YES | NO N/A |
| 21. Are investments protected against loss or theft? | YES | NO N/A |

Accounts Receivable and Income
(District Taxes, User Charges and Miscellaneous)

- | | | |
|--|--------------------------------------|---|
| 1. Has the district tax levy been verified with the Abstract of Ratables | <input checked="" type="radio"/> YES | NO |
| 2. Does the district tax revenue agree to the tax levy? | <input checked="" type="radio"/> YES | NO |
| 3. Are billings to users independently verified? | YES | NO N/A |
| 4. Is there segregation of duties between accounts receivable, record maintenance, billing, and receipt of cash? | YES | <input checked="" type="radio"/> NO See note #1 |
| 5. Are total accounts receivable balances verified with the accounts receivable control periodically? | <input checked="" type="radio"/> YES | NO |
| 6. Are delinquent accounts receivable reviewed and collection procedures initiated by a responsible official? | <input checked="" type="radio"/> YES | NO |
| 7. Are accounts receivable records promptly posted? | <input checked="" type="radio"/> YES | NO |
| A. Billings to users? | YES | NO N/A |
| B. Cash receipts? | <input checked="" type="radio"/> YES | NO |
| 8. Are adjustments to accounts receivable approved by a responsible official? | YES | NO - No adjustments |
- N/A only receive income from levy and interest income primarily

Inventory

N/A - No inventory.

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|--|-----|--------|
| 1. Is the storage area properly safeguarded to prevent damage to materials and unauthorized removal? | YES | NO N/A |
| 2. Do quantities appear reasonable for normal consumption? | YES | NO N/A |
| 3. Are physical inventories taken annually? | YES | NO N/A |

Accounts Payable and Purchasing

- | | | |
|---|--------------------------------------|----|
| 1. Are the following requirements of the Local Public Contracts Law (40A:11) being followed and documented: | | |
| A. Competitive bidding and contract award? | <input checked="" type="radio"/> YES | NO |

- | | | |
|--|----------------------------------|--------|
| B. Informal quotations on purchases not requiring public bidding (40A:11-6.1)? | <input checked="" type="radio"/> | NO |
| C. Certificate of availability of funds prior to award of contracts (Reg. 5:30-14.5)? | <input checked="" type="radio"/> | NO |
| D. Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)? | <input checked="" type="radio"/> | NO |
| E. Emergency purchases and contracts (40A:11-6)? | YES | NO N/A |
| 2. Are prenumbered purchase orders issued for all purchases, except petty cash purchases? | <input checked="" type="radio"/> | NO |
| 3. Is there a record of all purchase orders issued? | <input checked="" type="radio"/> | NO |
| 4. Are quantities and descriptions of materials and supplies received: | <input checked="" type="radio"/> | NO |
| A. Compared to purchase orders? | <input checked="" type="radio"/> | NO |
| B. Compared to vendors' invoices? | <input checked="" type="radio"/> | NO |
| C. Verified with packing or delivery slips? | <input checked="" type="radio"/> | NO |
| 5. Are open purchase orders reviewed periodically? | <input checked="" type="radio"/> | NO |
| 6. Do vouchers approved for payment contain: | | |
| A. Signature of person who verified quantities and description of materials received or services rendered? | <input checked="" type="radio"/> | NO |
| B. Copies of purchase order, delivery slips, etc. | <input checked="" type="radio"/> | NO |
| 7. Were all vouchers approved by the governing body? | <input checked="" type="radio"/> | NO |
| 8. Is there segregation of duties between the purchasing, receiving and cash disbursement functions? | <input checked="" type="radio"/> | NO |
| 9. Are total accounts payable balances verified with the accounts payable control periodically? | <input checked="" type="radio"/> | NO |

Payroll

N/A - No employees

- | | | |
|--|-----|----|
| 1. Are the functions of payroll preparation and distribution separated? | YES | NO |
| 2. Are names added to and deleted from payroll and rates of pay changed only upon written authorization? | YES | NO |
| 3. Are new employees, employee promotions and rates of pay approved by the governing body? | YES | NO |
| 4. Are payroll deductions promptly paid to the proper agencies? | YES | NO |
| 5. Are records maintained to control and verify vacation time, sick leave, etc. taken and accumulated? | YES | NO |
| 6. Are all employees paid by check? | YES | NO |
| 7. Is there a separate bank account for payroll disbursements? | YES | NO |
| A. Are deposits in exact amount of payroll? | YES | NO |
| B. Is the payroll bank balance reconciled monthly by someone independent of payroll preparation? | YES | NO |
| C. Are payroll procedures established by resolution of the governing body? | YES | NO |

Property, Plant and Equipment

- | | | | | |
|--|----------------------------------|-----|----------------------------------|--------|
| 1. Are detailed fixed asset records maintained? | <input checked="" type="radio"/> | YES | <input type="radio"/> | NO |
| A. Are fixed assets properly identified with the fixed asset records? | <input checked="" type="radio"/> | YES | <input type="radio"/> | NO |
| B. Are additions and deletions properly authorized and promptly recorded? | <input checked="" type="radio"/> | YES | <input type="radio"/> | NO |
| 2. Is the documentation substantiating the cost of fixed assets permanently filed? | <input checked="" type="radio"/> | YES | <input type="radio"/> | NO |
| 3. Is there a written policy defining items to be capitalized and those to be expensed? | <input type="radio"/> | YES | <input checked="" type="radio"/> | NO |
| 4. Does the capitalization of interest and other indirect costs conform to accounting principles? | <input type="radio"/> | YES | <input type="radio"/> | NO N/A |
| 5. Do fixed asset additions conform to the adopted or amended capital budget? | <input type="radio"/> | YES | <input type="radio"/> | NO N/A |
| 6. Are fixed assets carried on the accounting records at cost or, if acquired by gift, at fair market value at date of gift? | <input checked="" type="radio"/> | YES | <input type="radio"/> | NO |
| 7. Is a physical inventory of fixed assets taken periodically and verified to fixed asset records? | <input checked="" type="radio"/> | YES | <input type="radio"/> | NO |
| 8. Are dispositions of fixed assets properly recorded and sales proceeds promptly accounted for in the accounting records? | <input checked="" type="radio"/> | YES | <input type="radio"/> | NO |
| 9. Are fixed assets properly safeguarded against loss by fire, unauthorized use or theft? | <input checked="" type="radio"/> | YES | <input type="radio"/> | NO |

Long and Short Term Debt

N/A - No debt

- | | | | | |
|--|-----------------------|-----|-----------------------|----|
| 1. Is a detailed record such as a bond or note register maintained of debt issued and outstanding? | <input type="radio"/> | YES | <input type="radio"/> | NO |
| A. Are principal and interest due dates and amounts reflected and date of payment recorded? | <input type="radio"/> | YES | <input type="radio"/> | NO |
| 2. Are debt issues properly authorized by the governing body? | <input type="radio"/> | YES | <input type="radio"/> | NO |
| 3. Does the expenditure of borrowed funds conform to the purposes authorized? | <input type="radio"/> | YES | <input type="radio"/> | NO |
| 4. Are paid bonds and notes properly cancelled and accounted for? | <input type="radio"/> | YES | <input type="radio"/> | NO |
| 5. Are required sinking fund deposits promptly made? | <input type="radio"/> | YES | <input type="radio"/> | NO |

Capital Leases

- | | | | | |
|---|----------------------------------|-----|----------------------------------|----|
| 1. Have all capital leases been approved by the voters? | <input checked="" type="radio"/> | YES | <input type="radio"/> | NO |
| 2. Has the project financing for capital leases been approved by the Local Finance Board? | <input type="radio"/> | YES | <input checked="" type="radio"/> | NO |

Budget System

1. Were the adopted operating budget and amendments thereto approved by the Director of Local Government Services? YES NO
2. Were the adopted budgets and amendments recorded in the minutes? YES NO
3. Are there sufficient controls to monitor expenses and revenues against budgeted amounts? YES NO
4. Is a budget status report periodically furnished to the governing body? YES NO
5. Are appropriations encumbered when purchase orders are issued? YES NO
6. Are fixed assets acquired through budget appropriations properly capitalized? YES NO

Grant Management

N/A - No Grants

1. Is a permanent file of each grant maintained? YES NO
2. Does the accounting system provide details of eligible expenditures to be reimbursed from each grant? YES NO
3. Is each expenditure reviewed for compliance with the terms of the applicable grant? YES NO
4. Are all required reports promptly filed with the grantor agency? YES NO
5. Were grant reimbursement requests filed promptly? YES NO
6. Are assets acquired from grant funds properly identified? YES NO
7. If indirect costs are chargeable to grants, has the method of allocation been approved? YES NO

Electronic Data Processing

1. Does the district utilize electronic data processing for accounting or financial functions? YES NO
(If "no," disregard items 2 through 10).
2. If "yes," was the system approved by the Division of Local Government Services? YES NO QuickBooks & Excel
3. Are there sufficient audit trails to identify documents being processed and identify output? YES NO
4. Are master files updated periodically and on schedule to prevent loss of data in transaction files? YES NO
5. Are there periodic printouts of updated files by E.D.P. transactions? YES NO
6. Are authorized users validated by user codes and passwords? YES NO
7. Are terminals located in a secure area, to prevent access by unauthorized personnel? YES NO
8. Are there copies of all critical materials such as programs, master files, transaction files, etc.? YES NO
9. Are these copies stored in a safe location (offsite or in a fireproof vault onsite)? YES NO

10. Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.?

YES NO

THE FOREGOING QUESTIONNAIRE MUST BE SEPARATELY FILED WITH THE DIVISION OF LOCAL GOVERNMENT SERVICES FOR EACH REPORT OF AUDIT. IT IS NOT TO BE BOUND IN THE REPORT.

RESOLUTION

WHEREAS, N.J.S.A.40A:5A-15 requires the governing body of each local fire district to cause an annual audit of its accounts to be made, and

WHEREAS, the annual audit report for the fiscal year ended December 31, 2017 has been completed and filed with the East Amwell Township Fire District No. 1 pursuant to N.J.S.A.40 A:5A-15 and

WHEREAS, N.J.S.A.40A:5A-17, requires the governing body of each fire district to, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, and specifically the sections of the audit report entitled **“General Comments”** and **“Recommendations”**, and has evidenced same by group affidavit in the form prescribed by the Local Finance Board, and

WHEREAS, the members of the governing body have received the annual audit and have personally reviewed the annual audit, and have specifically reviewed the sections of the annual audit report entitled **“General Comments”** and **“Recommendations”**, in accordance with N.J.S.A.40A:5A-17,

NOW, THEREFORE BE IT RESOLVED that the governing body of the East Amwell Township Fire District No. 1 hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended December 31, 2017, and specifically has reviewed the sections of the audit report entitled **“General Comments”** and **“Recommendations”**, and has evidenced same by group affidavit in the form prescribed by the Local Finance Board.

BE IT FURTHER RESOLVED that the secretary of the fire district is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this resolution.

IT IS HEREBY CERTIFIED THAT THIS IS A TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING HELD ON _____

Secretary

Date

**LOCAL FIRE DISTRICT
GROUP AFFIDAVIT FORM**

**PRESCRIBED BY
THE NEW JERSEY LOCAL FINANCE BOARD**

AUDIT REVIEW CERTIFICATE

We, the members of the governing body of the East Amwell Township Fire District No. 1 being of full age being duly sworn according to law, upon our oath depose and say:

1. We are duly appointed/elected (cross out one) members of the
East Amwell Township Fire District No. 1

2. We certify, pursuant to N.J.S.A.40A:5A-17, that we have each reviewed the annual audit report for the fiscal year ended December 31, 2017, and specifically the sections of the audit report entitled "General Comments" and "Recommendations."

(PRINT – NAME)

(SIGNATURE)

Thomas Ward

John J. Chiesa

Robert J. Jason

Marc LaRowe

Ralph Melbourn

SWORN to and subscribed before me

this _____ day of _____, 2018.

Notary Public of New Jersey



Certified Public Accountants, PC
www.bkc-cpa.com

May 9, 2018

NJ Department of Community Affairs
Division of Local Government Services
Bureau of Authority Regulation
101 South Broad St
P.O. Box 803
Trenton, NJ 08625-0803

Dear Division of Local Government Services:

This is to certify that the within report is a true and exact copy of that furnished the East Amwell Township Fire District No. 1.

I further certify that the original report was filed with the Treasurer on May 9, 2018 and 11 copies were furnished for members of the governing body and other officials.

Sincerely,

A handwritten signature in black ink that reads "William Colantano". The signature is written in a cursive style and is positioned above a horizontal line.

William M. Colantano, Jr., CPA RMA
BEDARD, KUROWICKI & CO., CPA'S, PC