

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1

COUNTY OF HUNTERDON

December 31, 2017

**BEDARD, KUROWICKI & CO., CPA'S, PC
CERTIFIED PUBLIC ACCOUNTANTS**

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1

For the Year Ended December 31, 2017

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Certified Public Accountants, PC

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Independent Auditors' Report

Board of Fire Commissioners
East Amwell Township Fire District No. 1
Hunterdon County, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of East Amwell Township Fire District No. 1 in the County of Hunterdon, State of New Jersey, as of and for the years ended December 31, 2017 and 2016 and the related Notes to the Financial Statements, which collectively comprise East Amwell Township Fire District No. 1's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Amwell Township Fire District No. 1, as of December 31, 2017 and December 31, 2016, 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 Budget vs. Actual Revenue and Expenses and Schedule of Officials and Surety Bond identified 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 9, 2018 on our consideration of East Amwell Township Fire District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering East Amwell Township Fire District No. 1's internal control over financial reporting and compliance.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC

May 9, 2018
Flemington, New Jersey

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2017

This section of the East Amwell Township Fire District No. 1 (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ending December 31, 2017. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

1. The District's total assets increased 1.80% and total liabilities increased 43.17% over the course of this year's operations. The increase in total assets is a result of a down payment on a new fire apparatus and the increase in liabilities is a result of increased accounts payables.
2. During the year, the District's revenues decreased by 2.83%. This was due to non-recurring miscellaneous revenues and prior year refunds received in 2016 only.
3. Expenses decreased by 1.17%. The decrease was primarily resulting from a decrease in depreciation expense.
4. Net position increased by .30%. This was primarily due to the gain on disposal of assets.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities and Changes in Net Position (on page 6 and 7) provide information about the activities of the District as a whole. Fund financial statements start on page 8. These statements tell how these services were financed. 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.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The financial statements of the District as a whole begin on page 6. 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 Statement of Net Position and the Statement of Activities and Changes in 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 revenue 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 to them.

You can think of the District's net position - 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.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Reporting the District's Most Significant Funds

Fund Financial Statements

The financial statements of the District's major funds begin on page 8. The fund financial statements provide detailed information about the most significant funds - not the District as a whole.

General Fund - Most of the District's basic services are reported in the General Fund, which focuses on how money flows in and out of the funds and the balances left at year-end that are available for spending. The General Fund statements provide a detailed *short-term view* of the District's general operations and the basic services it provides. General Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District as a Whole

The District's total net position increased \$3,207 to \$ 1,060,785. Details of the changes are reflected on page 7.

Original versus Final Budget

Page 17-18 reflects the variances between the original and final budgeted amounts.

Final Budget versus Actual Results

As reflected on page 17-18, the District operated within budgetary constraints. Actual revenues were over the final budget by \$1,783, while actual expenses were less than the final budget by \$16,777.

Capital Assets

At year-end, the District had \$759,556 in net capital assets, a net increase of \$117,717 from 2016.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Condensed Comparative Information

	2017	2016	Increase (Decrease)
Assets			
Current and other assets	\$ 355,951	\$ 453,961	\$ (98,010)
Capital assets	759,556	641,839	117,717
Total assets	<u>\$ 1,115,507</u>	<u>\$ 1,095,800</u>	<u>\$ 19,707</u>
Liabilities	<u>\$ 54,722</u>	<u>\$ 38,222</u>	<u>\$ 16,500</u>
Net position			
Investment in capital assets	759,556	641,839	117,717
Restricted	233,913	348,913	(115,000)
Unrestricted	67,316	66,826	490
Total net position	<u>\$ 1,060,785</u>	<u>\$ 1,057,578</u>	<u>\$ 3,207</u>
Change in net position			
Revenue	\$ 242,558	\$ 249,625	\$ (7,067)
Expenditures	(244,096)	(246,978)	2,882
Gain (loss) on disposal of assets	4,745	(20,813)	25,558
Change in net position	<u>\$ 3,207</u>	<u>\$ (18,166)</u>	<u>\$ 21,373</u>

Economic Factors and Next Year's Budget and Rates

The District's governing body considers many factors when setting the 2018 budget and tax rates including the economy, the rate of inflation and planned future capital projects. The tax rate will be \$0.036 per \$100 of assessed valuation.

Contacting the District's Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. This discussion and analysis is based upon information that was available as of May 9, 2018.

If you have questions about this report or need additional financial information, contact the District office located at 22 County Rd 579, Ringoes, NJ 08551.

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

	<u>2017</u>	<u>2016</u>
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	<u>122,038</u>	<u>105,048</u>
Restricted assets		
Certificates of deposit	<u>233,913</u>	<u>348,913</u>
Capital assets		
Capital assets	1,457,128	1,391,123
Less: accumulated depreciation	<u>(697,572)</u>	<u>(749,284)</u>
Net capital assets	<u>759,556</u>	<u>641,839</u>
Total assets	<u><u>\$ 1,115,507</u></u>	<u><u>\$ 1,095,800</u></u>
Liabilities		
Current liabilities		
Accounts payable	\$ 22,482	\$ 9,529
Reserve for Length of Service Award Program (LOSAP)	32,240	28,693
Total liabilities	<u>54,722</u>	<u>38,222</u>
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	<u>1,060,785</u>	<u>1,057,578</u>
Total liabilities and net position	<u><u>\$ 1,115,507</u></u>	<u><u>\$ 1,095,800</u></u>

See accompanying notes to financial statements.

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

	2017	2016
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	242,558	249,625
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	244,096	246,978
Other financing sources (uses)		
Gain (loss) on disposal of assets	4,745	(20,813)
Change in net position	3,207	(18,166)
Net position - beginning of year	1,057,578	1,075,744
Net position - end of year	\$ 1,060,785	\$ 1,057,578

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Comparative Balance Sheet - Governmental Funds

	December 31, 2017			December 31, 2016		
	General	Capital	Total	General	Capital	Total
	Fund	Fund		Fund	Fund	
Assets						
Cash and cash equivalents	\$ 92,859	\$ -	\$ 92,859	\$ 80,256	\$ -	\$ 80,256
Certificates of deposit	13,756	-	13,756	11,181	-	11,181
Accounts receivable	-	-	-	1,403	-	1,403
Prepaid expenses	15,423	-	15,423	12,208	-	12,208
Restricted certificates of deposit	-	233,913	233,913	-	348,913	348,913
Total assets	\$ 122,038	\$ 233,913	\$ 355,951	\$ 105,048	\$ 348,913	\$ 453,961
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 22,482	\$ -	\$ 22,482	\$ 9,529	\$ -	\$ 9,529
Reserve for Length of Service Award Program (LOSAP)	32,240	-	32,240	28,693	-	28,693
Total liabilities	54,722	-	54,722	38,222	-	38,222
Fund balances						
Restricted fund balance						
Capital acquisitions	-	233,913	233,913	-	148,913	148,913
Designated for subsequent year's expenditures	20,000	-	20,000	18,000	200,000	218,000
Unassigned fund balance	47,316	-	47,316	48,826	-	48,826
Total fund balances	67,316	233,913	301,229	66,826	348,913	415,739
Total liabilities and fund balances	\$ 122,038	\$ 233,913	\$ 355,951	\$ 105,048	\$ 348,913	\$ 453,961

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Reconciliation of Governmental Fund Position to the
District-Wide Statement of Net Position
For the Years Ended December 31,

	2017	2016
Amounts reported in the governmental activities in the Statement of Net Position are different because:		
District-wide, government fund, net position	\$ 301,229	\$ 415,739
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$1,457,128 and the accumulated depreciation is \$697,572 for 2017. The cost of the assets are \$1,391,123 and the accumulated depreciation is \$749,284 for 2016.	759,556	641,839
Total net position of governmental activities	\$ 1,060,785	\$ 1,057,578

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Comparative Statement of Revenue, Expenses, and Changes in Fund Balances
For the Years Ended

	December 31, 2017			December 31, 2016		
	General	Capital	Total	General	Capital	Total
	Fund	Fund		Fund	Fund	
Revenues						
Local sources						
Local tax levy	\$ 238,285	\$ -	\$ 238,285	\$ 230,211	\$ -	\$ 230,211
Supplemental Fire Services Act	1,490	-	1,490	1,490	-	1,490
Interest income	2,783	-	2,783	3,401	-	3,401
Miscellaneous	-	-	-	1,358	-	1,358
Refund of prior year expenses	-	-	-	13,165	-	13,165
Total revenues	<u>242,558</u>	<u>-</u>	<u>242,558</u>	<u>249,625</u>	<u>-</u>	<u>249,625</u>
Expenses						
Operating appropriations						
Administration	14,536	-	14,536	14,920	-	14,920
Operations and maintenance	111,402	-	111,402	109,094	-	109,094
Length of Service						
Award Program (LOSAP)	31,060	-	31,060	28,693	-	28,693
Deferred charges	-	-	-	101	-	101
Capital acquisitions	70	200,000	200,070	-	-	-
Total expenses	<u>157,068</u>	<u>200,000</u>	<u>357,068</u>	<u>152,808</u>	<u>-</u>	<u>152,808</u>
Excess (deficit) of revenues over (under) expenditures	<u>85,490</u>	<u>(200,000)</u>	<u>(114,510)</u>	<u>96,817</u>	<u>-</u>	<u>96,817</u>
Other financing sources (uses)						
Transfers in	-	85,000	85,000	-	81,000	81,000
Transfers out	(85,000)	-	(85,000)	(81,000)	-	(81,000)
Total other financing sources (uses)	<u>(85,000)</u>	<u>85,000</u>	<u>-</u>	<u>(81,000)</u>	<u>81,000</u>	<u>-</u>
Net change in fund balance	490	(115,000)	(114,510)	15,817	81,000	96,817
Fund balances - beginning of year	<u>66,826</u>	<u>348,913</u>	<u>415,739</u>	<u>51,009</u>	<u>267,913</u>	<u>369,265</u>
Fund balances - end of year	<u>\$ 67,316</u>	<u>\$ 233,913</u>	<u>\$ 301,229</u>	<u>\$ 66,826</u>	<u>\$ 348,913</u>	<u>\$ 466,082</u>

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Reconciliation of Statement of Revenues, Expenditures, and Changes
to the District-Wide Changes of Net Position
For the Years Ended December 31,

	2017	2016
Total net changes in fund balances - governmental fund	\$(114,510)	\$ 96,817
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in Governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital acquisitions	200,070	-
Gain (Loss) on disposal of assets	4,745	(20,813)
Depreciation expense	(87,098)	(94,170)
	117,717	(114,983)
Change in net position of governmental activities	\$ 3,207	\$ (18,166)

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

Nature of activities

The East Amwell Township Fire District No. 1 (the District) is a political subdivision of the Township of East Amwell, Hunterdon County, New Jersey. A five-member Board governs the District. Members are elected annually on a rotating basis to three-year terms. The District provides fire protection, prevention, safety and education services to the Township of East Amwell.

Financial reporting/principles of accounting

The accompanying 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 Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The implementation of GASB has created additional statements, schedules, reports and notes disclosures as follows:

- Financial statements are prepared using accrual accounting methods, including recording of depreciation on capital assets and recording those assets net of accumulated depreciation.
- The basic financial statements include District-wide Statements and Fund Financial Statements, as explained in the following note disclosures:

District-wide Statements: The Statement of Net Position and the Statement of Activities display information about the District. The District activities are financed through taxes. The government-wide financial statements are reported using the accrual basis of accounting. Revenue is recorded when earned and expenses recorded at the time liabilities are incurred, regardless of when the cash flows take place.

Fund Financial Statements: The fund financial statements provide information about the District's activities, which are reported in the General Fund. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. Expenditures are recorded when the related fund liabilities are incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

General Fund: This is the District's operating fund. It accounts for all financial resources of the District except those required to be accounted for in other funds.

Capital Fund: This fund accounts for expenditures for acquisitions of capital assets.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

Budget and budgetary accounting

Annual budgets are prepared each year for the operations of the District. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, and the State of New Jersey. The budgets are then voted upon by the public. Budget amendments are passed on an as-needed basis, and a balanced budget is required. Appropriations lapse at the end of the year, unless encumbered.

Use of estimates

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Capital assets

Capital assets are recorded as expenditures at the time of purchase and the related assets are capitalized at cost. It is the District's policy to capitalize assets with costs in excess of \$5,000 and an estimated useful life in excess of one year. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Trucks and vehicles	20 years
Firefighting equipment	5 - 10 years

Income taxes

The District, under existing statute, is not required to file tax returns. Accordingly, no provision for income taxes has been made in the financial statements.

Note 2 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, cash and certificates of deposit in banks. As of December 31, 2017 and 2016, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Financial Statements

Note 2 - Deposits and cash equivalents and investments (continued)

New Jersey Governmental Units are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey Governmental Units.

N.J.S.A. 17:9-41 e.t. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the Authority relative to the happening of a future condition.

As of December 31, 2017 and 2016, the District's bank balances were exposed to custodial credit risk as follows:

	2017	2016
Deposits insured by the FDIC	\$ 250,000	\$ 250,000
Deposits insured by the GUDPA	92,019	190,350
Total bank balances	\$ 342,019	\$ 440,350

The District's carrying (Statement of Net Position) amounts were \$340,528 and \$440,350 for December 31, 2017 and 2016, respectively.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Financial Statements

Note 3 - Capital assets

A summary of changes in capital assets and accumulated depreciation at December 31, 2017 and 2016 is as follows:

December 31, 2017	Beginning Balance	Additions	Disposals	Ending Balance
Deposit on truck	\$ -	\$ 216,070	\$ -	\$ 216,070
Trucks and vehicles	1,197,863	-	150,065	1,047,798
Firefighting equipment	193,260	-	-	193,260
Total capitalized assets	1,391,123	216,070	150,065	1,457,128
Accumulated depreciation	(749,284)	(87,098)	(138,810)	(697,572)
Net capital assets	<u>\$ 641,839</u>	<u>\$ 128,972</u>	<u>\$ 11,255</u>	<u>\$ 759,556</u>

December 31, 2016	Beginning Balance	Additions	Disposals	Ending Balance
Trucks and vehicles	\$ 1,223,110	\$ -	\$ 25,247	\$ 1,197,863
Firefighting equipment	215,384	-	22,124	193,260
Total capitalized assets	1,438,494	-	47,371	1,391,123
Non-capitalized assets	20,813	-	20,813	-
Total assets	1,459,307	-	68,184	1,391,123
Accumulated depreciation	(702,485)	(94,170)	(47,371)	(749,284)
Net capital assets	<u>\$ 756,822</u>	<u>\$ (94,170)</u>	<u>\$ 20,813</u>	<u>\$ 641,839</u>

During the year ended December 31, 2017, The District entered into a contract to purchase a new fire truck with an approximate value of \$359,000. The expected delivery date of the truck is in June of 2018. The contract required a \$200,000 down payment. The District secured financing for the truck in the amount of \$150,000 with Republic First National Corporation. The financing is due in five annual installments of \$33,679, including interest at 4.03%, beginning March 1, 2019, through March 1, 2023.

Note 4 - Levied taxes

The total tax levied by the Township of East Amwell to fund the operations of the District for the years ended December 31, 2017 and December 31, 2016 was \$238,285 and \$230,211, respectively. The tax rate per \$100 of assessed valuation for 2017 was \$0.036, based on the assessed valuation of \$672,109,457. The tax rate per \$100 of assessed valuation for 2016 was \$0.035, based on the assessed valuation of \$668,339,996.

Note 5 - Risk management

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

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Notes to the Financial Statements

Note 6 - Rental charges

The District contracts with the Volunteer Fire Company on an annual basis for rental of building space. The total charges for the year ended December 31, 2017 and December 31, 2016 were \$9,000 and \$9,000, respectively.

Note 7 - Retirement plan

The District has a Length of Service Award Program (LOSAP). Members qualify based on various criteria determined by the District. LOSAP expenditures for the year ended December 31, 2017 and December 31, 2016 were \$31,060 and \$28,693, respectively.

Note 8 - Subsequent events

The District's management has determined that no material events or transactions occurred subsequent to December 31, 2017 and through May 9, 2018, the date of the District's financial statement issuance, which require additional disclosure in the District's financial statements.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Budget vs. Actual Revenue and Expenses
For the Years Ended December 31,

	2017		2016	
	Unaudited Budget	Actual	Unaudited Budget	Actual
Revenues				
Fund balance utilized				
Restricted fund balance utilized	\$ 18,000	\$ 18,000	\$ 21,000	\$ 21,000
Unrestricted fund balance utilized	200,000	200,000	-	-
Total fund balance utilized	<u>218,000</u>	<u>218,000</u>	<u>21,000</u>	<u>21,000</u>
Operating revenues				
Local tax levy	238,285	238,285	230,211	230,211
Supplemental Fire Services Act	1,490	1,490	1,490	1,490
Interest income	1,000	2,783	1,000	3,401
Miscellaneous revenue	-	-	-	1,358
Total operating revenues	<u>240,775</u>	<u>242,558</u>	<u>232,701</u>	<u>236,460</u>
Non-operating revenues				
Refund of prior year expenses	-	-	-	13,165
Total revenues	<u>\$ 458,775</u>	<u>\$ 460,558</u>	<u>\$ 253,701</u>	<u>\$ 270,625</u>
Expenditures				
Administration				
Election expense	\$ 400	\$ 340	\$ 400	\$ 343
Professional services	12,800	11,800	12,800	12,780
Other outside services	2,400	2,396	2,400	1,797
Total administration	<u>15,600</u>	<u>14,536</u>	<u>15,600</u>	<u>14,920</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Budget vs. Actual Revenue and Expenses (continued)
For the Years Ended December 31,

	2017		2016	
	Unaudited Budget	Actual	Unaudited Budget	Actual
Expenditures (continued)				
Operations and maintenance				
Advertising	\$ 400	\$ 295	\$ 400	\$ 207
Insurance	44,575	37,685	48,000	44,817
Communication and information	2,000	1,620	-	-
Maintenance and repairs	25,000	26,020	26,000	23,120
Rental charges	9,000	9,000	9,000	9,000
Supplies	400	85	400	379
Training and education	1,800	315	2,500	275
Uniforms	10,000	4,882	8,000	4,805
Utilities	7,000	3,968	7,000	4,060
Health and safety	1,000	792	1,700	570
Small equipment	25,000	26,740	25,000	21,861
Total operations and maintenance	<u>126,175</u>	<u>111,402</u>	<u>128,000</u>	<u>109,094</u>
Length of Service Award Program (LOSAP)	<u>32,000</u>	<u>31,060</u>	<u>29,000</u>	<u>28,693</u>
Reserves and capital outlay				
Capital acquisition down payment	200,000	200,000	-	-
Capital reserve	85,000	85,000	81,000	81,000
Total reserves and capital outlay	<u>285,000</u>	<u>285,000</u>	<u>81,000</u>	<u>81,000</u>
Deferred charges	<u>-</u>	<u>-</u>	<u>101</u>	<u>101</u>
Total expenditures	<u>\$ 458,775</u>	<u>\$ 441,998</u>	<u>\$ 253,701</u>	<u>\$ 233,808</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Officials and Surety Bond
December 31, 2017

Board of Fire Commissioners

Members	Title	Term Ends	Amount of Surety Bond
Thomas Ward	Chairman	2018	\$50,000 total coverage per loss
John J. Chiesa	Treasurer	2019	
Robert J. Jason	Secretary	2020	
Marc LaRowe	Vice Chairman	2019	
Ralph Melbourn	Commissioner	2018	

See independent auditors' report



Certified Public Accountants, PC

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**Independent Auditors' 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**

Board of Fire Commissioners
East Amwell Township Fire District No. 1
Hunterdon County, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the East Amwell Township Fire District No. 1, as of and for the year ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise East Amwell Township Fire District No. 1's basic financial statements, and have issued our report thereon dated May 9, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the East Amwell Township Fire District No. 1's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstance 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 and therefore material weaknesses or significant deficiencies may exist that were not identified. 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 East Amwell Township Fire District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. The report is an integral part of any 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.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC

May 9, 2018
Flemington, New Jersey

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Schedule of General Comments and Recommendations

Significant Deficiencies

None noted.

Recommendations

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

Status of Prior Year's Audit Findings / Recommendations

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

We would be pleased to confer on questions that might arise with respect to any matters in this report.

We wish to express our appreciation for the assistance and courtesies rendered by the District officials and employees during the course of the examination.

Respectfully submitted,

Bedard, Kurowicki & Co.

BEDARD, KUROWICKI & CO., CPA'S, PC