

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1

COUNTY OF HUNTERDON

December 31, 2018



EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1

For the Year Ended December 31, 2018

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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, 2018 and 2017 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, 2018 and December 31, 2017, 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 April 15, 2019 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.



BKC, CPAs, PC

April 15, 2019
Flemington, New Jersey

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2018

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, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

1. The District's total assets increased 11.21% and total liabilities increased 242.81% over the course of this year's operations. The increase in total assets is a result of the addition of the new fire apparatus and the increase in liabilities is a result of the lease payable for the financing of the fire apparatus.
2. During the year, the District's revenues increased by 2.76%. This was due to an increase in interest income.
3. Expenses increased by 5.34%. The increase was primarily resulting from an increase in cost of operations and maintenance costs.
4. Net position decreased by 0.74%. This was primarily due to the increase in liabilities for the financing for the fire apparatus.

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.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2018

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.

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 decreased \$7,865 to \$1,052,920. 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 \$3,283, while actual expenses were less than the final budget by \$12,705.

Capital Assets

At year-end, the District had \$824,948 in net capital assets, a net increase of \$65,392 from 2017.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2018

Condensed Comparative Information

	2018	2017	Increase (Decrease)
Assets			
Current and other assets	\$ 415,566	\$ 355,951	\$ 59,615
Capital assets	824,948	759,556	65,392
Total assets	<u>\$ 1,240,514</u>	<u>\$ 1,115,507</u>	<u>\$ 125,007</u>
Liabilities	<u>\$ 187,594</u>	<u>\$ 54,722</u>	<u>\$ 132,872</u>
Net position			
Investment in capital assets	674,948	759,556	(84,608)
Restricted	314,668	233,913	80,755
Unrestricted	63,304	67,316	(4,012)
Total net position	<u>\$ 1,052,920</u>	<u>\$ 1,060,785</u>	<u>\$ (7,865)</u>
Change in net position			
Revenue	\$ 249,258	\$ 242,558	\$ 6,700
Expenditures	(257,123)	(244,096)	(13,027)
Gain (loss) on disposal of assets	-	4,745	(4,745)
Change in net position	<u>\$ (7,865)</u>	<u>\$ 3,207</u>	<u>\$ (11,072)</u>

Economic Factors and Next Year's Budget and Rates

The District's governing body considers many factors when setting the 2019 budget and tax rates including the economy, the rate of inflation and planned future capital projects. The tax rate will be \$0.037 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 April 15, 2019.

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
Statements of Net Position
December 31,

	2018	2017
Assets		
Unrestricted assets		
Cash and cash equivalents	\$ 84,153	\$ 92,859
Certificates of deposit	-	13,756
Prepaid expenses	16,745	15,423
Total unrestricted assets	100,898	122,038
Restricted assets		
Cash and cash equivalents	12,933	-
Certificates of deposit	301,735	233,913
Total restricted assets	314,668	233,913
Capital assets		
Capital assets	1,611,373	1,457,128
Less: accumulated depreciation	(786,425)	(697,572)
Net capital assets	824,948	759,556
Total assets	\$ 1,240,514	\$ 1,115,507
Liabilities		
Current liabilities		
Accounts payable	\$ 3,305	\$ 22,482
Reserve for Length of Service Award Program (LOSAP)	34,289	32,240
Long-term liabilities		
Due within one year	27,858	-
Due beyond one year	122,142	-
Total liabilities	187,594	54,722
Net position		
Net investment in capital assets	674,948	759,556
Restricted		
Reserve for capital acquisitions	314,668	233,913
Unrestricted	63,304	67,316
Total net position	1,052,920	1,060,785
Total liabilities and net position	\$ 1,240,514	\$ 1,115,507

See accompanying notes to financial statements.

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

	2018	2017
Revenues		
General revenues		
Local tax levy	\$ 243,485	\$ 238,285
Supplemental Fire Services Act	1,490	1,490
Interest income	4,283	2,783
Total general revenues	249,258	242,558
Expenses		
Operating appropriations		
Administration	11,718	14,536
Cost of operations and maintenance	121,615	111,402
Length of Service Award Program (LOSAP)	34,938	31,060
Depreciation expense	88,853	87,098
Total expenses	257,124	244,096
Other financing sources (uses)		
Gain (loss) on disposal of assets	-	4,745
Change in net position	(7,866)	3,207
Net position - beginning of year	1,060,785	1,057,578
Net position - end of year	\$ 1,052,919	\$ 1,060,785

See accompanying notes to financial statements.

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

	December 31, 2018			December 31, 2017		
	General	Capital	Total	General	Capital	Total
	Fund	Fund		Fund	Fund	
Assets						
Unrestricted assets						
Cash and cash equivalents	\$ 84,153	\$ -	\$ 84,153	\$ 92,859	\$ -	\$ 92,859
Certificates of deposit	-	-	-	13,756	-	13,756
Prepaid expenses	16,745	-	16,745	15,423	-	15,423
Restricted assets						
Cash and cash equivalents	-	12,933	12,933	-	-	-
Certificates of deposit	-	301,735	301,735	-	233,913	233,913
Total assets	\$ 100,898	\$ 314,668	\$ 415,566	\$ 122,038	\$ 233,913	\$ 355,951
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 3,305	\$ -	\$ 3,305	\$ 22,482	\$ -	\$ 22,482
Reserve for Length of Service						
Award Program (LOSAP)	34,289	-	34,289	32,240	-	32,240
Total liabilities	37,594	-	37,594	54,722	-	54,722
Fund balances						
Restricted fund balance						
Capital acquisitions	-	314,668	314,668	-	233,913	233,913
Designated for subsequent						
year's expenditures	20,000	-	20,000	20,000	-	20,000
Unassigned fund balance	43,304	-	43,304	47,316	-	47,316
Total fund balances	63,304	314,668	377,972	67,316	233,913	301,229
Total liabilities and fund balances	\$ 100,898	\$ 314,668	\$ 415,566	\$ 122,038	\$ 233,913	\$ 355,951

See accompanying notes to financial statements.

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

	2018	2017
Amounts reported in the governmental activities in the Statement of Net Position are different because:		
District-wide, government fund, net position	\$ 377,972	\$ 301,229
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets are \$1,611,373 and the accumulated depreciation is \$786,425 for 2018. The cost of the assets are \$1,457,128 and the accumulated depreciation is \$697,572 for 2017.	824,948	759,556
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(150,000)	-
Total net position	\$ 1,052,920	\$ 1,060,785

See accompanying notes to financial statements.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Statements of Revenue, Expenses, and Changes
in Fund Balances - Governmental Funds
For the Years Ended

	December 31, 2018			December 31, 2017		
	General	Capital	Total	General	Capital	Total
	Fund	Fund		Fund	Fund	
Revenues						
Local sources						
Local tax levy	\$ 243,485	\$ -	\$ 243,485	\$ 238,285	\$ -	\$ 238,285
Supplemental Fire Services Act	1,490	-	1,490	1,490	-	1,490
Interest income	4,283	-	4,283	2,783	-	2,783
Total revenues	249,258	-	249,258	242,558	-	242,558
Expenses						
Operating appropriations						
Administration	11,718	-	11,718	14,536	-	14,536
Operations and maintenance	121,615	-	121,615	111,402	-	111,402
Length of Service						
Award Program (LOSAP)	34,938	-	34,938	31,060	-	31,060
Capital acquisitions	-	4,245	4,245	70	200,000	200,070
Total expenses	168,271	4,245	172,516	157,068	200,000	357,068
Excess (deficit) of revenues						
over (under) expenditures	80,987	(4,245)	76,742	85,490	(200,000)	(114,510)
Other financing sources (uses)						
Transfers in	-	85,000	85,000	-	85,000	85,000
Transfers out	(85,000)	-	(85,000)	(85,000)	-	(85,000)
Total other financing sources (uses)	(85,000)	85,000	-	(85,000)	85,000	-
Net change in fund balance	(4,013)	80,755	76,742	490	(115,000)	(114,510)
Fund balances - beginning of year	67,316	233,913	301,229	66,826	348,913	415,739
Fund balances - end of year	\$ 63,303	\$ 314,668	\$ 377,971	\$ 67,316	\$ 233,913	\$ 301,229

See accompanying notes to financial statements.

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

	2018	2017
Total net changes in fund balances - governmental fund	\$ 76,742	\$ (114,510)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital lease proceeds as financing sources whereas issuing debt increased long-term liabilities in the government-wide statements.</p>		
Proceeds from capital leases	(150,000)	-
<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 capital outlays exceeds depreciation in the period and capital outlays exceeds depreciation in the prior period:</p>		
Capital acquisitions	154,245	200,070
Gain (loss) on disposal of assets	-	4,745
Depreciation expense	(88,853)	(87,098)
Change in net position of governmental activities	\$ (7,866)	\$ 3,207

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, 2018 and 2017, 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.

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, 2018 and 2017, the District's bank balances were exposed to custodial credit risk as follows:

	2018	2017
Deposits insured by the FDIC	\$ 250,000	\$ 250,000
Deposits insured by the GUDPA	148,821	92,019
Total bank balances	\$ 398,821	\$ 342,019

The District's carrying (Statement of Net Position) amounts were \$398,821 and \$340,528 for December 31, 2018 and 2017, respectively.

Note 3 - 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, 2018 and December 31, 2017 was \$243,485 and \$238,285, respectively. The tax rate per \$100 of assessed valuation for 2018 was \$0.037, based on the assessed valuation of \$674,359,185. The tax rate per \$100 of assessed valuation for 2017 was \$0.036, based on the assessed valuation of \$672,109,457.

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

Note 4 - Capital assets

A summary of changes in capital assets and accumulated depreciation at December 31, 2018 and 2017 is as follows:

December 31, 2018	Beginning Balance	Additions	Transfers	Ending Balance
Construction in progress	\$ 216,070	\$ 154,245	\$ (370,315)	\$ -
Trucks and vehicles	1,047,798	-	370,315	1,418,113
Firefighting equipment	193,260	-	-	193,260
Total capitalized assets	1,457,128	154,245	-	1,611,373
Accumulated depreciation	(697,572)	(88,853)	-	(786,425)
Net capital assets	<u>\$ 759,556</u>	<u>\$ 65,392</u>	<u>\$ -</u>	<u>\$ 824,948</u>

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>

Note 5 - Long-term debt

At December 31, 2018 and December 31, 2017, long-term debt consisted of the following:

	2018	2017
On March 6, 2018 the District entered into a lease-purchase agreement bearing interest at 4.03% with Republic First National Corporation to finance the purchase of a new fire apparatus for \$359,000, less a down-payment of \$200,000, due in five annual installments of \$33,679, including interest, beginning March 1, 2019, through March 1, 2023.	\$ 150,000	\$ -
Less: current maturities of long-term debt	27,858	-
Long-term debt, net of current maturities	<u>\$ 122,142</u>	<u>\$ -</u>

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

Note 5 - Long-term debt (continued)

The debt service requirements as of December 31, 2018, including interest are as follows:

	Principal	Interest	Total
2019	\$ 27,858	\$ 5,821	\$ 33,679
2020	28,747	4,932	33,679
2021	29,908	3,771	33,679
2022	31,115	2,564	33,679
2023	32,372	1,307	33,679
	\$ 150,000	\$ 18,395	\$ 168,395

Note 6 - 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.

Note 7 - 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, 2018 and December 31, 2017 were \$9,000 and \$9,000, respectively.

Note 8 - 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, 2018 and December 31, 2017 were \$34,938 and \$31,060, respectively.

Note 9 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the date of this report:

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. This statement, which is effective for reporting periods beginning after June 15, 2019, is not expected to have a material impact on the District's financial reporting.

Note 10 - Subsequent events

The District's management has determined that no material events or transactions occurred subsequent to December 31, 2018 and through April 15, 2019, 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 Revenues and Expenses
For the Years Ended December 31,

	2018				2017			
	Unaudited Budget	Final Budget	Actual	Variance Final Budget	Unaudited Budget	Final Budget	Actual	Variance Final Budget
Revenues								
Fund balance utilized								
Restricted fund balance utilized	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Unrestricted fund balance utilized	-	-	-	-	200,000	200,000	200,000	-
Total fund balance utilized	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>218,000</u>	<u>218,000</u>	<u>218,000</u>	<u>-</u>
Operating revenues								
Local tax levy	243,485	243,485	243,485	-	238,285	238,285	238,285	-
Supplemental Fire Services Act	1,490	1,490	1,490	-	1,490	1,490	1,490	-
Interest income	1,000	1,000	4,283	3,283	1,000	1,000	2,783	(1,783)
Total operating revenues	<u>245,975</u>	<u>245,975</u>	<u>249,258</u>	<u>3,283</u>	<u>240,775</u>	<u>240,775</u>	<u>242,558</u>	<u>(1,783)</u>
Total revenues	<u>\$ 265,975</u>	<u>\$ 265,975</u>	<u>\$ 269,258</u>	<u>\$ 3,283</u>	<u>\$ 458,775</u>	<u>\$ 458,775</u>	<u>\$ 460,558</u>	<u>\$ (1,783)</u>
Expenditures								
Administration								
Election expense	\$ 400	\$ 400	\$ 341	\$ 59	\$ 400	\$ 400	\$ 340	\$ 60
Professional services	12,800	12,800	9,580	3,220	12,800	12,800	11,800	1,000
Other outside services	2,400	1,800	1,797	3	2,400	2,400	2,396	4
Total administration	<u>15,600</u>	<u>15,000</u>	<u>11,718</u>	<u>3,282</u>	<u>15,600</u>	<u>15,600</u>	<u>14,536</u>	<u>1,064</u>

See independent auditors' report.

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

	2018				2017			
	Unaudited Budget	Final Budget	Actual	Variance Final Budget	Unaudited Budget	Final Budget	Actual	Variance Final Budget
Expenditures (continued)								
Operations and maintenance								
Advertising	\$ 400	\$ 400	\$ 68	\$ 332	\$ 200	\$ 400	\$ 295	\$ 105
Insurance	49,575	45,109	43,786	1,323	49,575	44,575	37,685	6,890
Communication and information	4,000	4,000	3,839	161	2,000	2,000	1,620	380
Maintenance and repairs	25,000	27,890	29,863	(1,973)	25,000	25,000	26,020	(1,020)
Rental charges	9,000	9,000	9,000	-	9,000	9,000	9,000	-
Supplies	400	400	409	(9)	400	400	85	315
Training and education	2,000	600	600	-	2,000	1,800	315	1,485
Uniforms	15,000	11,466	11,095	371	10,000	10,000	4,882	5,118
Utilities	7,000	7,000	5,162	1,838	7,000	7,000	3,968	3,032
Health and safety	1,000	110	110	-	1,000	1,000	792	208
Small equipment	25,000	25,000	17,683	7,317	25,000	25,000	26,740	(1,740)
Total operations and maintenance	<u>138,375</u>	<u>130,975</u>	<u>121,615</u>	<u>9,360</u>	<u>131,175</u>	<u>126,175</u>	<u>111,402</u>	<u>14,773</u>
Length of Service Award Program	<u>27,000</u>	<u>35,000</u>	<u>34,938</u>	<u>62</u>	<u>27,000</u>	<u>32,000</u>	<u>31,060</u>	<u>940</u>
Reserves and capital outlay								
Capital acquisition down payment	-	-	-	-	200,000	200,000	200,000	-
Capital reserve	85,000	85,000	85,000	-	85,000	85,000	85,000	-
Total reserves and capital outlay	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>285,000</u>	<u>285,000</u>	<u>285,000</u>	<u>-</u>
Total expenditures	<u>\$ 265,975</u>	<u>\$ 265,975</u>	<u>\$ 253,271</u>	<u>\$ 12,704</u>	<u>\$ 458,775</u>	<u>\$ 458,775</u>	<u>\$ 441,998</u>	<u>\$ 16,777</u>

See independent auditors' report.

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Officials and Surety Bond
December 31, 2018

Board of Fire Commissioners

Members	Title	Term Ends	Amount of Surety Bond
Thomas Ward	Chairman	2021	\$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, 2018 and 2017, 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 April 15, 2019.

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 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 Questioned Costs as finding number 2018-001.

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.


BKC, CPAs, PC

April 15, 2019
Flemington, New Jersey

EAST AMWELL TOWNSHIP FIRE DISTRICT NO. 1
Schedule of Findings and Questioned Costs

General Comments and Recommendations

Finding 2018-001

Criteria: A resolution should be approved for the introduction and adoption of the budget and recorded in the minutes.

Condition: The District did not appropriately record in the minutes a resolution for the introduction and adoption of the budget.

Context: The resolution recorded in the minutes was incomplete or not evident.

Cause: Unknown

Effect: Minutes does not comply with state regulations.

Questioned costs: Not applicable.

Recommendation: Appropriate resolutions for introduction and adoption of budgets should be recorded in the minutes.

Views of Responsible Officials and Planned Corrective Action (unaudited): The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Status of Prior Year's Audit Findings / Recommendations

There were not prior year findings, questioned costs, or recommendations.

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,



BKC, CPAs, PC

See independent auditors' report.