



**BOROUGH OF ENGLISHTOWN
FIRE DISTRICT NO. 1
MONMOUTH COUNTY, NEW JERSEY**

Financial Statements

December 31, 2013 and 2012

With Independent Auditors' Report

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
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December 31, 2013 and 2012

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Independent Auditors' Report

Board of Fire Commissioners
Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Borough of Englishtown Fire District No. 1, Monmouth County, New Jersey as of and for the years ended December 31, 2013 and 2012, and related notes to the financial statements, which collectively comprise Borough of Englishtown Fire District No. 1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Borough of Englishtown Fire District No. 1's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the 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 that 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Englishtown Fire District No. 1, Monmouth County, New Jersey as of December 31, 2013 and 2012, and the results of its operations for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accounting principles generally accepted in the United States of America required that the Management's Discussion and Analysis on page A1 through A6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Borough of Englishtown Fire District No. 1's basic financial statements. The accompanying financial information listed as Supplementary Information and Other Schedules, as listed in the table of contents, is presented for purposes of additional analysis and are not required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 and 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and Other Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Statistical Information and Roster of Officials have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2014 on our consideration of the Borough of Englishtown Fire District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial



reporting or on compliance. That report is an integral part of an audit performed in accordance with *Auditing Standards* in considering Borough of Englishtown Fire District No. 1's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Ronald C. Petrics".

Ronald C. Petrics
Registered Municipal Accountant (#474)

October 2, 2014



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**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditors' Report

Board of Fire Commissioners
Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Borough of Englishtown Fire District No. 1, Monmouth County, New Jersey, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Borough of Englishtown Fire District No. 1's basic financial statements, and have issued our report thereon dated October 2, 2014.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits 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 Borough of Englishtown Fire District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Ronald C. Petrics".

Ronald C. Petrics
Registered Municipal Accountant (#474)

October 2, 2014

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2013

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets					
Cash	\$ 501,209	\$ -	\$ 501,209	\$ -	\$ 501,209
Prepaid expenses	14,777	-	14,777	-	14,777
Interfund receivable	-	158,523	158,523	(158,523)	-
Deferred charges to future taxation	-	418,386	418,386	(418,386)	-
Capital assets, net	-	-	-	931,587	931,587
Total assets	<u>\$ 515,986</u>	<u>\$ 576,909</u>	<u>\$ 1,092,895</u>	<u>\$ 354,678</u>	<u>\$ 1,447,573</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 32,995	\$ -	\$ 32,995	\$ -	\$ 32,995
Payroll tax liabilities	1,902	-	1,902	-	1,902
Accrued interest on bonds and notes	8,241	-	8,241	-	8,241
Accrued audit expenses	8,690	-	8,690	-	8,690
Fire district bonds payable - current	-	55,000	55,000	-	55,000
Bond anticipation note	-	30,000	30,000	-	30,000
Reserve for SFSG	645	-	645	-	645
Reserve for LOSAP	93,067	-	93,067	-	93,067
Reserve for fire official trust	57,137	-	57,137	35,479	92,616
Interfund payable	158,523	-	158,523	(158,523)	-
Improvement authorizations	-	101,605	101,605	(101,605)	-
Total current liabilities	361,200	186,605	547,805	(224,649)	323,156
Other liabilities:					
Fire district bonds payable - long term	-	330,000	330,000	-	330,000
Total liabilities	361,200	516,605	877,805	(224,649)	653,156
Fund Balances and Net Position					
Fund balances:					
Committed:					
Capital improvements	-	60,304	60,304	(60,304)	-
Assigned:					
Appropriation reserves	15,257	-	15,257	(15,257)	-
Designated for subsequent years' expenditures	66,844	-	66,844	(66,844)	-
Unassigned:					
General fund	72,685	-	72,685	(72,685)	-
Total fund balances	<u>154,786</u>	<u>60,304</u>	<u>215,090</u>	<u>(215,090)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 515,986</u>	<u>\$ 576,909</u>	<u>\$ 1,092,895</u>		
Net position:					
Net investment in capital assets				508,346	508,346
Restricted for capital acquisitions				101,605	101,605
Unrestricted				184,466	184,466
Total net position				<u>\$ 794,417</u>	<u>\$ 794,417</u>

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2012

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets					
Cash	\$ 626,329	\$ -	\$ 626,329	\$ -	\$ 626,329
Prepaid expenses	8,410	-	8,410	-	8,410
Interfund receivable	-	198,001	198,001	(198,001)	-
Deferred charges to future taxation	-	508,386	508,386	(508,386)	-
Capital assets, net	-	-	-	941,283	941,283
Total assets	<u>\$ 634,739</u>	<u>\$ 706,387</u>	<u>\$ 1,341,126</u>	<u>\$ 234,896</u>	<u>\$ 1,576,022</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 29,933	\$ -	\$ 29,933	\$ -	\$ 29,933
Payroll tax liabilities	1,555	-	1,555	-	1,555
Accrued interest on bonds and notes	9,592	-	9,592	-	9,592
Accrued audit expense	8,520	-	8,520	-	8,520
Fire district bonds payable - current	-	75,000	75,000	-	75,000
Bond anticipation note	-	45,000	45,000	-	45,000
Reserve for SFSG	645	-	645	-	645
Reserve for LOSAP	104,606	-	104,606	-	104,606
Reserve for fire official trust	96,273	-	96,273	-	96,273
Interfund payable	198,001	-	198,001	(198,001)	-
Improvement authorizations	-	146,083	146,083	(146,083)	-
Total current liabilities	449,125	266,083	715,208	(344,084)	371,124
Other Liabilities					
Fire district bonds payable - long term	-	385,000	385,000	-	385,000
Total liabilities	449,125	651,083	1,100,208	(344,084)	756,124
Fund Balances and Net Position					
Fund balances:					
Committed:					
Capital improvements	-	55,304	55,304	(55,304)	-
Assigned:					
Appropriation reserves	56,727	-	56,727	(56,727)	-
Designated for subsequent years' expenditures	53,000	-	53,000	(53,000)	-
Unassigned:					
General fund	75,887	-	75,887	(75,887)	-
Total fund balances	185,614	55,304	240,918	(240,918)	-
Total liabilities and fund balances	<u>\$ 634,739</u>	<u>\$ 706,387</u>	<u>\$ 1,341,126</u>		
Net position					
Net investment in capital assets				426,691	426,691
Restricted for capital acquisitions				146,083	146,083
Unrestricted				247,124	247,124
Total net position				<u>\$ 819,898</u>	<u>\$ 819,898</u>

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Statement of Revenues, Expenses and Changes in Governmental
Fund Balances and Net Position
Year Ended December 31, 2013

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Expenditures:					
Operating appropriations	\$ 472,406	\$ -	\$ 472,406	\$ (347)	\$ 472,059
Reserve for future capital outlays	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total expenditures	477,406	-	477,406	(5,347)	472,059
Revenues and other financing sources:					
Revenues:					
District taxes	429,219	-	429,219	-	429,219
Supplemental fire services grant	444	-	444	-	444
Interest income	241	-	241	-	241
Uniform fire safety act revenues	9,238	-	9,238	-	9,238
Miscellaneous income	<u>7,436</u>	<u>-</u>	<u>7,436</u>	<u>-</u>	<u>7,436</u>
Total revenues	446,578	-	446,578	-	446,578
Transfers					
Reserve for future capital outlays	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total transfers	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total revenues and transfers	<u>446,578</u>	<u>5,000</u>	<u>451,578</u>	<u>(5,000)</u>	<u>446,578</u>
Deficit (excess) of revenues over expenditures	(30,828)	5,000	(25,828)	25,828	-
Changes in net position	-	-	-	(25,481)	(25,481)
Fund balances / net position:					
Beginning of the year	<u>185,614</u>	<u>55,304</u>	<u>240,918</u>	<u>578,980</u>	<u>819,898</u>
End of year	<u>\$ 154,786</u>	<u>\$ 60,304</u>	<u>\$ 215,090</u>	<u>\$ 579,327</u>	<u>\$ 794,417</u>

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Statement of Revenues, Expenses and Changes in Governmental
Fund Balances and Net Position
Year Ended December 31, 2012

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Expenditures:					
Operating appropriations	\$ 412,561	\$ -	\$ 412,561	\$ (6,069)	\$ 406,492
Capital Improvements	<u>65,000</u>	<u>-</u>	<u>65,000</u>	<u>(65,000)</u>	<u>-</u>
Total expenditures	477,561	-	477,561	(71,069)	406,492
Revenues and other financing sources:					
Revenues:					
District taxes	408,596	-	408,596	-	408,596
Supplemental fire services grant	444	-	444	-	444
Interest income	242	-	242	-	242
Unifrom fire safety act revenues	6,150	-	6,150	-	6,150
Miscellaneous income	7,125	-	7,125	-	7,125
Cancellation of reserve for LOSAP	50,000	-	50,000	-	50,000
Fund balance utilized - restricted	<u>65,000</u>	<u>-</u>	<u>65,000</u>	<u>(65,000)</u>	<u>-</u>
Total revenues	537,557	-	537,557	(65,000)	472,557
Transfers:					
Capital fund balance utilized	<u>-</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>65,000</u>	<u>-</u>
Total transfers	<u>-</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>65,000</u>	<u>-</u>
Total revenues and tranfers	<u>537,557</u>	<u>(65,000)</u>	<u>472,557</u>	<u>-</u>	<u>472,557</u>
Excess (deficit) of revenues over expenditures	59,996	(65,000)	(5,004)	5,004	-
Changes in net position	-	-	-	66,065	66,065
Fund balances / net position					
Beginning of the year	<u>125,618</u>	<u>120,304</u>	<u>245,922</u>	<u>507,911</u>	<u>753,833</u>
End of year	<u>\$ 185,614</u>	<u>\$ 55,304</u>	<u>\$ 240,918</u>	<u>\$ 578,980</u>	<u>\$ 819,898</u>

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

1. Summary of Significant Accounting Policies

The accounting policies of the Borough of Englishtown Fire District No. 1 (District) conform to the accounting principles generally accepted in the United States of America and the standards applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. For the years ended December 31, 2013 and 2012, the financial statements of the Borough of Englishtown Fire District No. 1 have been prepared in conformity with accounting principles generally accepted in United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

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

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

B. Basis of Presentation

Combined Fund and Government-wide Financial Statements

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

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

Governmental Fund Types

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

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

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

The District also adopted the provisions of Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement No. 65 "Items Previously Reported as Assets and Liabilities". Statement No. 63 requires that Deferred Outflows of Resources be reported in a separate section after the assets, Deferred Inflows of Resources be reported in a separate section after liabilities, and replaces the term "Statement of Net Assets" with "Statement of Net Position". Statement No. 65 amends the financial statement classification of certain items to be included in the deferred inflows and outflow categories.

The adoption of Governmental Accounting Standards Board Statements 34, 63 and 65 have no significant effect on the basic financial statements, except for changing the term "Net Assets" to "Net Position" throughout the financial statements in accordance with Statement No. 63.

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

C. Basis of Accounting

Fund Basis of Accounting

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

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

Government-wide Basis of Accounting

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

D. Budgets/Budgetary Control

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and the fund basis of accounting previously described. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Financial Statements
December 31, 2013 and 2012

E. Encumbrances

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

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

F. Fixed Assets

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

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

The cost of normal maintenance and repairs do not add value to the asset or materially extend the lives of assets.

Major outlays for capital assets and improvements are capitalized when projects are constructed. Interest incurred during construction is capitalized.

Depreciation of all fixed assets is recorded as an operating expense in the Statement of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position with accumulated depreciation reflected in the Statement of Net Position and Governmental Funds Balance Sheet. Depreciation is provided over the assets' estimated useful lives using the straight line method of depreciation, generally 10-20 years for fire trucks, 5 years for other vehicles, 10 years for equipment, 20 years for building improvements, and 40 years for buildings.

G. Interfund Transactions and Balances

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers between the general and capital fund of the District net to zero on the Statement of Revenues, Expenses and Changes in Governmental Fund Balances and Net Position.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those transactions are reported as interfund receivables and payables on the fund basis of accounting. Interfund payables and receivables between funds are eliminated in the Statement of Net Position and Governmental Funds Balance Sheet.

H. Long-Term Obligations

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

I. Net Position

Fund Basis

Fund balance is reported in classifications depicting the relative strength of the constraint that controls how specific amounts can be spent. Classifications are as follow:

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- Nonspendable – includes amounts that are not in a spendable form or not expected to be converted to cash (inventory, for example) or are legally and contractually required to be maintained intact (principal of an endowment fund, for example).
- Restricted – includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors, contributors, creditors, or law or regulations of other governments or through enabling legislation that creates a new revenue source and restricts its use. Restrictions may be changed or lifted with the consent of resource providers.
- Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority, the Board of Commissioners. The constraint can only be removed or changed by taking the same type of action the District employed to commit those amounts. Such formal action consists of an affirmative vote by the Board of Commissioners.
- Assigned – comprises amounts intended to be used by the District for specific purposes, but are neither restricted nor committed. Intent is expressed by the District Board of Commissioners.
- Unassigned – this is the residual amount for the General Fund, and represents fund balance that has not been restricted, committed, or assigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned, it may be necessary to report a negative unassigned fund balance.

Government-wide Basis

Net position is classified in three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and related debt.
- Restricted for capital acquisitions – Current balance consists of net position restricted for the expansion of the fire house, purchase of real property, fire truck, brush truck and equipment.
- Unrestricted net position – All net position that do not meet the definition of “restricted” or “net investment in capital assets”.

2. Adjustments to Arrive at Net Position

A. Capital Assets - Net and Net Investment in Capital Assets

For the years ended December 31, 2013 and 2012 capital assets, net in the amount of \$931,587 and \$941,283, respectively, and net investment in capital assets in the amount of \$508,346 and \$426,691, respectively, have been included in the government-wide presentation.

B. Interfund Receivable and Payable

For the years ended December 31, 2013 and 2012 interfund receivables and payables in the amount of \$158,523 and \$198,001, respectively, have been eliminated in arriving at the government-wide presentation.

C. Deferred Charges to Future Taxation

For the years ended December 31, 2013 and 2012 deferred charges to future taxation in the amount of \$418,386 and \$508,386, respectively, have been eliminated in arriving at the government-wide presentation.

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

For the years ended December 31, 2013 and 2012 fund balances in the amounts of \$215,090 and \$240,918, respectively, have been eliminated. Unrestricted net position in the amounts of \$184,466 and \$247,124, respectively, and net position restricted for capital acquisitions in the amounts of \$101,605 and \$146,083, respectively, has been included in the government-wide presentation.

E. Improvement Authorizations

Improvement authorizations, which are liabilities that represent the District's earmarking of fund balance for a specified future project, do not represent liabilities as defined by U.S. generally accepted accounting principles. Therefore, for the years ended December 31, 2013 and 2012, improvement authorizations in the amounts of \$101,605 and \$146,083, respectively, have been eliminated in arriving at the government-wide presentation.

F. Reserve for Fire Official Trust

In the governmental-wide basis of accounting, capital assets purchased with reserve fire official trust fund are accounted for fixed assets. Therefore, for the year ended December 31, 2013, capital assets purchased against the reserve fire official trust fund in an amount of \$35,479 has been returned to reserve in arriving at the government-wide presentation. There were no capital assets purchased against the reserve fire official trust in prior year.

3. Adjustments to Arrive at the Changes in Net Position

A. Operating Appropriations

For the year ended December 31, 2013, depreciation expense in the amount of \$87,862 has been included in the government-wide presentation. Additionally, principal payments on serial bonds and notes have been decreased by \$90,000. In addition, maintenance and repairs have been increased by \$1,791 for non-capital assets purchased through improvement authorizations. The net effect on operating appropriations is a decrease of \$347.

For the year ended December 31, 2012, depreciation expense in the amount of \$83,931 has been included in the government-wide presentation. Additionally, principal payments on serial bonds and notes have been decreased by \$90,000. The net effect on operating appropriations is a decrease of \$6,069.

B. Reserve for Future Capital Outlays and Related Transfers

For the years ended December 31, 2013 and 2012 reserve for future capital outlays and related transfers were reduced by \$5,000 and \$-, respectively, on the government-wide presentation to eliminate the general fund expenditure and capital fund revenue related to the creation of future improvement authorizations.

C. Capital Improvements

For the years ended December 31, 2013 and 2012 capital improvements have been reduced by \$- and \$65,000, respectively, to eliminate the general fund expenditure related to the creation of improvement authorizations.

D. Fund Balance Utilized - Restricted and Capital Fund Balance Utilized

For the years ended December 31, 2013 and 2012 fund balance utilized - restricted and capital fund balance utilized were reduced by \$- and \$65,000, respectively, on the government-wide presentation to eliminate the general fund revenue and capital fund expenditure related to budget anticipation and appropriation.

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4. Deposits and Investments

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (“FDIC”), or by any other agency of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The State of New Jersey Cash Management fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of fund investments is generally not required.

The cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., which insures all New Jersey governmental units’ deposits in excess of the federal deposit insurance maximums. Cash determined by the Board of Commissioners consists of all bank accounts including short term certificates of deposits.

As of December 31, 2013 and 2012 the District’s cash accounts consisted of:

	<u>2013</u>	<u>2012</u>
Brunswick – Checking	\$ 141,233	\$ 207,539
Brunswick – Savings	302,839	322,517
Brunswick – Trust	<u>57,137</u>	<u>96,273</u>
Total Cash	<u>\$ 501,209</u>	<u>\$ 626,329</u>

The carrying amount of the Board’s cash at December 31, 2013 was \$501,209 and the bank balance was \$503,354. Of the balance, \$250,000 was covered by federal depository insurance and \$253,354 was covered by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units’ deposits in excess of the federal deposit maximums.

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

Category 1	Deposits which are covered by FDIC, or collateralized by securities held by the District or its agent, in the District’s name	\$ 250,000
Category 2	Deposits which are collateralized with securities held by the pledging financial institution’s trust department, or Agent in the District’s name	253,354
Category 3	Deposits which are not collateralized or insured	-

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Investments

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

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

During the year, the District had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of 2013, no such investments were held by the District.

5. Assessment and Collection of Money Authorized By Voters

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

The collector or treasurer of the municipality, in which said district is situate, shall pay over all moneys so assessed to the treasurer or custodian of funds of said fire district as follows; on or before April 1, an amount equaling 21.25% of all moneys so assessed; on or before July 1, an amount equaling 22.50% of all monies so assessed; on or before October 1, an amount equaling 25% of all monies so assessed; and on or before December 31, an amount equaling the difference between the total of all monies so assessed and the total amount of such monies previously paid over, to be held and expended for the purpose of providing and maintaining means for extinguishing fires in such district.

Notwithstanding anything herein to the contrary, the municipal governing body may authorize, in the cash management plan adopted by it pursuant to N.J.S. 40A:5-14, a schedule of payments of fire districts moneys by which an amount greater than required on any of the first three payment dates cited herein may be paid over. The municipal governing body and board of fire commissioners may, by concurrent resolution, adopt a schedule of payments of fire district moneys by which an amount less than required in any of the first three payment dates, cited herein may be paid over. Such resolution shall be included in the cash management plan adopted by the municipal governing body pursuant to N.J.S. 40A:5-14.

The commissioners may also pay back, or cause to be paid back to such municipality, any funds or any part thereof paid to the treasurer or custodian of funds of such fire district by the collector or

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treasurer of the municipality, representing taxes levied for fire district purposes but not actually collected in cash by said collector or treasurer.

6. Funding

The activities of the Borough of Englishtown Fire District No. 1 are primarily funded by the striking of a fire tax on the property owners of the Fire District, as provided for by state statute. For the years ended December 31, 2013 and 2012, the fire tax rate on Fire District No. 1 was \$.169 and \$.164, respectively, per \$100 of assessed valuation.

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

The District also participates in the Supplemental Fire Services Program. For each of the years ended December 31, 2013 and 2012, the District received \$444.

7. Length of Service Award Program (LOSAP)

The Fire District offers its employees a Length of Service Award Program in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Program permits the District to provide tax-deferred income benefits to active volunteer members of an emergency service organization. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Program and all income attributed to those amounts are the exclusive property of the Fire District, subject to the claims of its general creditors. Participants' rights under the Program are equal to those of a general creditor of the Fire District in an amount equal to the fair market value of the deferred account for each participant. It is unlikely that the Fire District would use Program assets to satisfy claims of the general creditors in the future.

The District has selected The Variable Annuity Life Insurance Company (VALIC) to administer its LOSAP program. Contributions by the district to this program have been made each year since its inception. The amount of contributions for 2013 and 2012 was \$59,539 and \$46,740, respectively. The contribution is made out of the District's reserve for LOSAP. In 2012, the District canceled \$50,000 in this account due to excess. Since this plan is administered by an outside insurance company, it was not made part of this audit. Details of this program can be obtained from Borough of Englishtown Fire District No. 1 upon request.

8. Capital Assets

The following schedule is a summarization of the capital assets by source for the year ended December 31, 2013:

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Description	January 1, 2013	Additions	Deletions	December 31, 2013
Capital assets being depreciated:				
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000
Buildings improvements	49,122	-	-	49,122
Fire trucks	1,150,483	-	-	1,150,483
Other vehicles	58,028	78,166	(29,147)	107,047
Equipment	192,012	-	-	192,012
Total	1,849,645	78,166	(29,147)	1,898,664
Less accumulated depreciation:				
Buildings	185,000	10,000	-	195,000
Buildings improvements	9,635	3,320	-	12,955
Fire trucks	544,256	47,524	-	591,780
Other vehicles	58,028	7,817	(29,147)	36,698
Equipment	111,443	19,201	-	130,644
Total	908,362	87,862	(29,147)	967,077
Total capital assets being depreciated, net	\$ 941,283	\$ (9,696)	\$ -	\$ 931,587

Description	January 1, 2012	Additions	Deletions	December 31, 2012
Capital assets being depreciated:				
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000
Buildings improvements	49,122	-	-	49,122
Fire trucks	1,150,483	-	-	1,150,483
Other vehicles	58,028	-	-	58,028
Equipment	169,737	22,275	-	192,012
Total	1,827,370	22,275	-	1,849,645
Less accumulated depreciation:				
Buildings	175,000	10,000	-	185,000
Buildings improvements	6,315	3,320	-	9,635
Fire trucks	491,732	52,524	-	544,256
Other vehicles	58,028	-	-	58,028
Equipment	93,356	18,087	-	111,443
Total	824,431	83,931	-	908,362
Total capital assets being depreciated, net	\$ 1,002,939	\$ (61,656)	\$ -	\$ 941,283

Depreciation expense for the years ended December 31, 2013 and 2012 was \$87,862 and \$83,931, respectively.

9. Long Term Debts

The District's long-term debts consisted of the following at December 31, 2013:

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Purpose	Date of Issue	Original Issue	Interest Rate	As of 12/31/13
Fire district bond - pumper	01/20/2010	\$ 550,000	4.500%	\$ 385,000
Less: current maturity				<u>55,000</u>
Fire district bond payable - long-term				<u>\$ 330,000</u>

Future debt service requirements for fire district bond are as follows:

Fiscal Year	Principal	Interest	Total
2014	\$ 55,000	\$ 16,087	\$ 71,087
2015	55,000	13,613	68,613
2016	55,000	11,138	66,138
2017	55,000	8,663	63,663
2018	55,000	6,188	61,188
2019 and after	<u>110,000</u>	<u>4,950</u>	<u>114,950</u>
Total	<u>\$ 385,000</u>	<u>\$ 60,639</u>	<u>\$ 445,639</u>

Interest expense for 2013 and 2012 amounted to \$17,862 and \$21,137, respectively.

10. Bond Anticipation Note

On October 10, 2011, the District issued a \$60,000 bond anticipation note for the repairs and improvements to the fire house property and parking area. The District paid down the note \$15,000 each year and rolled over the balance. For the year ended December 31, 2013, the balance on the note was \$30,000. The bond anticipation note bears interest rate of 4.00% and matures on October 4, 2014. The interest expense for 2013 and 2012 amounted to \$1,950, each year, respectively.

11. Reserve for Fire Official Trust

In March 2012, an ordinance was adopted for the District to take over the duty of bureau fire inspection. The District received approximately \$98,000 from the Borough of Englishtown. The fund is to be utilized for expenditures in compliance with the New Jersey Uniform Fire Safety Act. For the year ended December 31, 2013 and 2012, the balance of reserve for fire official trust was \$57,137 and \$96,273, respectively.

12. Litigation

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

13. Risk Assessment

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

Borough of Englishtown Fire District No. 1
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14. Subsequent Events

The District has evaluated subsequent events occurring after December 31, 2013 through the date of October 2, 2014, which is the date the financial statements were available to be issued. Based on this evaluation, the District has determined that no subsequent events have occurred, which require disclosure in the financial statements.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - All Governmental Fund Types
Year Ended December 31, 2013

	Governmental Fund Type		Total Actual Amounts			Budgeted Amounts		Budgetary Variance
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original	Final	
Revenues:								
District taxes	\$ 429,219	\$ -	\$ 429,219	\$ -	\$ 429,219	\$ 429,219	\$ 429,219	\$ -
Supplemental fire services grant	444	-	444	-	444	444	444	-
Interest income	241	-	241	-	241	-	-	241
Uniform fire safety act revenues	9,238	-	9,238	-	9,238	10,000	10,000	(762)
Miscellaneous income	7,436	-	7,436	-	7,436	-	-	7,436
Fund balance utilized - unrestricted	-	-	-	-	-	53,000	53,000	(53,000)
Total revenues	446,578	-	446,578	-	446,578	492,663	492,663	(46,085)
Transfers:								
Reserve for future capital outlays	-	5,000	5,000	(5,000)	-	-	-	5,000
Total transfers	-	5,000	5,000	(5,000)	-	-	-	5,000
Total revenues and transfers	446,578	5,000	451,578	(5,000)	446,578	492,663	492,663	(41,085)
Expenditures:								
Operating appropriations:								
Administration:								
Elections	891	-	891	-	891	1,500	1,500	609
Office expenses	2,080	-	2,080	-	2,080	4,000	4,000	1,920
Professional services	35,623	-	35,623	-	35,623	35,000	35,000	(623)
Advertising	339	-	339	-	339	1,700	1,700	1,361
Total administration	38,933	-	38,933	-	38,933	42,200	42,200	3,267
Operations and maintenance:								
Salary and wages:								
Commissioners	21,354	-	21,354	-	21,354	21,650	21,650	296
Total salary and wages	21,354	-	21,354	-	21,354	21,650	21,650	296
Fringe benefits:								
LOSAP	48,000	-	48,000	-	48,000	48,000	48,000	-
Fringe benefits	1,675	-	1,675	-	1,675	2,300	2,300	625
Total fringe benefits	49,675	-	49,675	-	49,675	50,300	50,300	625

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

Borough of Englishtown Fire District No. 1
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Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - All Governmental Fund Types
Year Ended December 31, 2013

	Governmental Fund Type		Total Actual Amounts			Budgeted Amounts		Budgetary Variance
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original	Final	
Other expenses:								
Training	12,605	-	12,605	-	12,605	20,000	20,000	7,395
Uniform fire safety act expenses	14,616	-	14,616	-	14,616	15,750	15,750	1,134
Insurance	58,546	-	58,546	-	58,546	58,000	58,000	(546)
Dues and subscriptions	1,150	-	1,150	-	1,150	1,500	1,500	350
Maintenance and repairs	51,132	-	51,132	1,791 (1)	52,923	53,000	53,000	1,868
Rental charges	25,500	-	25,500	-	25,500	25,500	25,500	-
Non-bondable - fire fighting equipment	50,562	-	50,562	-	50,562	35,000	35,000	(15,562)
Fuel purchase	9,685	-	9,685	-	9,685	15,600	15,600	5,915
Utilities	28,836	-	28,836	-	28,836	38,000	38,000	9,164
Bond principal	75,000	-	75,000	(75,000) (1)	-	75,000	75,000	-
Bond interest	17,862	-	17,862	-	17,862	19,363	19,363	1,501
Bond note principal	15,000	-	15,000	(15,000) (1)	-	15,000	15,000	-
Bond note interest	1,950	-	1,950	-	1,950	1,800	1,800	(150)
Depreciation expense	-	-	-	87,862 (1)	87,862	-	-	-
Total other expenses	<u>362,444</u>	<u>-</u>	<u>362,444</u>	<u>(347)</u>	<u>362,097</u>	<u>373,513</u>	<u>373,513</u>	<u>11,069</u>
Total operations and maintenance	<u>433,473</u>	<u>-</u>	<u>433,473</u>	<u>(347)</u>	<u>433,126</u>	<u>445,463</u>	<u>445,463</u>	<u>11,990</u>
Total operating appropriations	<u>472,406</u>	<u>-</u>	<u>472,406</u>	<u>(347)</u>	<u>472,059</u>	<u>487,663</u>	<u>487,663</u>	<u>15,257</u>
Capital appropriations:								
Reserve for future capital outlays	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total capital appropriations	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total expenditures	<u>477,406</u>	<u>-</u>	<u>477,406</u>	<u>(5,347)</u>	<u>472,059</u>	<u>492,663</u>	<u>492,663</u>	<u>15,257</u>
Deficit of revenues over expenditures	(30,828)	5,000	(25,828)	25,828	-	\$ -	\$ -	\$ (25,828)
Changes in net position	-	-	-	(25,481)	(25,481)			
Fund balances, beginning of the year	<u>185,614</u>	<u>55,304</u>	<u>240,918</u>	<u>578,980</u> (2)	<u>819,898</u>			
Fund balances, end of year	<u>\$ 154,786</u>	<u>\$ 60,304</u>	<u>\$ 215,090</u>	<u>\$ 579,327</u>	<u>\$ 794,417</u>			

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

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Notes to Supplementary Information
Year Ended December 31, 2013

A. Budgetary Basis of Accounting

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

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

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

B. Budgetary to GAAP Reconciliation

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

	<u>Change in Fund Balance</u>
(1) Principal debt payments are reported as budgetary expenditures in the year payment is made. For GAAP purposes debt payments are not expenses, but are applied toward the reduction of debt.	\$ 90,000
Encumbrances for equipment and vehicle purchases are reported as expense in the year orders are placed for budgetary purposes. For GAAP purposes, equipment purchases are capitalized in the year received.	(1,791)
Depreciation expense is not recorded on the budgetary basis of accounting. For GAAP purposes, capitalized assets are depreciated on a straight line basis over their respective useful lives.	<u>(83,931)</u>
Net increase in fund balance - budget to GAAP	347
(2) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the District's budget. (See Note A for a description of the District's budgetary accounting method.) This amount differs from the fund balance reported in the statement of revenues, expenditures and changes in fund balances because of the cumulative effect of transactions such as those described above.	<u>578,980</u>
	<u>\$ 579,327</u>

Borough of Englishtown Fire District No. 1
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Notes to Supplementary Information
Year Ended December 31, 2013

C. Budget Cancellation

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2013, the District canceled \$-0- of appropriations resulting in a reservation of fund balance as follows:

Adopted Budget	\$	492,663
Expenditures		<u>477,406</u>
Favorable Variance		15,257
Canceled		<u>-</u>
Fund Balance Reserve	\$	<u>15,257</u>

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Improvement Authorizations - Capital Fund
Year Ended December 31, 2013

Purpose	Authorized Appropriation		Balance	2013	2013	Balance
	Date	Amount	December 31, 2012	Authorization	Paid	December 31, 2013
Purchase of heavy rescue fire engine and utility vehicle	2001	\$ 150,000	\$ 364	\$ -	\$ -	\$ 364
Self contained breathing apparatus	2006	175,000	5,262	-	-	5,262
Self contained breathing apparatus compressor system	2006	45,000	45,000	-	-	45,000
Paving of the parking lot, repairs to overhead doors	2008	75,000	43,149	-	-	43,149
Class A pumper	2008	550,000	9,583	-	1,792	7,791
Fire hose/chiefs truck	2012	65,000	42,725	-	42,686	39
Total		<u>\$ 1,060,000</u>	<u>\$ 146,083</u>	<u>\$ -</u>	<u>\$ 44,478</u>	<u>\$ 101,605</u>
	Funded		\$ 99,548			\$ 68,219
	Unfunded		46,535			33,386
			<u>\$ 146,083</u>			<u>\$ 101,605</u>

See Independent Auditors' Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Improvement Authorizations - Capital Fund
Year Ended December 31, 2012

Purpose	Authorized Appropriation		Balance	2012	2012	Balance
	Date	Amount	December 31, 2011	Authorization	Paid	December 31, 2012
Purchase of heavy rescue fire engine and utility vehicle	2001	\$ 150,000	\$ 364	\$ -	\$ -	\$ 364
Self contained breathing apparatus	2006	175,000	5,262	-	-	5,262
Self contained breathing apparatus compressor system	2006	45,000	45,000	-	-	45,000
Paving of the parking lot, repairs to overhead doors	2008	75,000	43,149	-	-	43,149
Class A pumper	2008	550,000	9,583	-	-	9,583
Fire hose/chief's truck	2012	<u>65,000</u>	<u>-</u>	<u>65,000</u>	<u>22,275</u>	<u>42,725</u>
Total		<u>\$ 1,060,000</u>	<u>\$ 103,358</u>	<u>\$ 65,000</u>	<u>\$ 22,275</u>	<u>\$ 146,083</u>
	Funded		\$ 56,823			\$ 99,548
	Unfunded		<u>46,535</u>			<u>46,535</u>
			<u>\$ 103,358</u>			<u>\$ 146,083</u>

See Independent Auditors' Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Deferred Charges to Future Taxation
Year Ended December 31, 2013

Purpose	Balance December 31, 2012	2013 Additions	2013 Budget Appropriation	Balance December 31, 2013
Funded:				
Fire district bond - SCBA	\$ 20,000	\$ -	\$ 20,000	\$ -
Fire district bond - pumper	440,000	-	55,000	385,000
Total funded	460,000	-	75,000	385,000
Unfunded:				
SCBA - BAN	3,386	-	-	3,386
Building improvements	45,000	-	15,000	30,000
Total unfunded	48,386	-	15,000	33,386
Total	\$ 508,386	\$ -	\$ 90,000	\$ 418,386

See Independent Auditors' Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Deferred Charges to Future Taxation
Year Ended December 31, 2012

Purpose	Balance December 31, 2011	2012 Additions	2012 Budget Appropriation	Balance December 31, 2012
Funded:				
Serial bonds - firehouse	\$ 40,000	\$ -	\$ 20,000	\$ 20,000
Fire disrict bond - SCBA	<u>495,000</u>	<u>-</u>	<u>55,000</u>	<u>440,000</u>
Total funded	535,000	-	75,000	460,000
Unfunded:				
SCBA - BAN	3,386	-	-	3,386
Building improvements	<u>60,000</u>	<u>-</u>	<u>15,000</u>	<u>45,000</u>
Total unfunded	<u>63,386</u>	<u>-</u>	<u>15,000</u>	<u>48,386</u>
Total	<u>\$ 598,386</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 508,386</u>

See Independent Auditors' Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Statistical Information
Years Ended December 31, 2013 and 2012

Property Tax Levies

The following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 of assessed valuation for the current and preceding eight (8) years:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2013	\$ 254,020,900	\$ 429,219	\$ 0.169
2012	249,869,200	408,596	0.164
2011	252,343,900	397,771	0.158
2010	259,713,563	389,067	0.150
2009	261,214,259	373,091	0.143
2008	259,882,117	358,300	0.138
2007	101,845,431	383,000	0.377
2006	97,273,374	345,000	0.355
2005	95,237,609	337,000	0.354

General Fund – Fund Balance Before Current Year Appropriation Reserves

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2013	\$ 139,529	\$ 66,844
December 31, 2012	128,887	53,000
December 31, 2011	85,681	53,878
December 31, 2010	45,632	53,878
December 31, 2009	36,175	34,638
December 31, 2008	48,930	48,654
December 31, 2007	88,581	55,904
December 31, 2006	103,336	43,163

Capital Fund – Fund Balance

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2013	\$ 60,304	\$ -
December 31, 2012	55,304	-
December 31, 2011	120,304	65,000
December 31, 2010	105,304	10,000
December 31, 2009	80,304	-
December 31, 2008	40,304	-
December 31, 2007	40,304	-
December 31, 2006	40,304	-

See Independent Auditors' Report.

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Roster of Officials
Years Ended December 31, 2013 and 2012

<u>Board of Commissioners</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Peter Cooke	Chairman	\$ 175,000 *
Gerald Maresca	Vice Chairman	175,000 *
Matthew Galasso	Secretary	175,000 *
Thomas Frueh	Treasurer	175,000 *
Ryan Reale	Assistant Secretary	175,000 *

Other Officials

Joseph D. Youssouf Board Attorney

* Blanket Bond Coverage

Surety Company

VFIS

**Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Comments and Recommendations
Years Ended December 31, 2013 and 2012**

Scope of Examination and Conditions of Records

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

The financial records were adequately maintained in good condition.

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

Cash in Banks

The balances in banks at December 31, 2013 were reconciled with statements issued by the depositories.

Examination of Claims

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

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

Contracts and Agreements Required to be Advertised

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

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

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

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

Miscellaneous

An exit conference was held in accordance with the generally accepted governmental auditing standards.

Acknowledgment

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

Recommendations

None

See Independent Auditors' Report.

**Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Comments and Recommendations
Years Ended December 31, 2013 and 2012**

Prior Year Comments

None

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

Respectfully submitted,



Ronald C. Petrics
Registered Municipal Accountant #474

For the Firm
WithumSmith & Brown, PC

**Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Findings and Recommendations
Years Ended December 31, 2013 and 2012**

Schedule of Financial Statement Findings

This section identifies the material weaknesses and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulations, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Material Weaknesses

None

Borough of Englishtown Fire District No. 1
Monmouth County, New Jersey
Schedule of Prior Year Findings and Recommendations
Years Ended December 31, 2013 and 2012

Schedule of Prior Year Financial Statement Findings

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

Material Weaknesses

None