

**TOWNSHIP OF WEYMOUTH
FIRE DISTRICT NO. 1**

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2018

**TOWNSHIP OF WEYMOUTH
FIRE DISTRICT NO. 1**

**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2018**

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**TOWNSHIP OF WEYMOUTH
FIRE DISTRICT NO. 1**

**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2018**

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners
Township of Weymouth
Fire District No. 1
Dorothy, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Weymouth Fire District No. 1, in the County of Atlantic, State of New Jersey as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Fire District'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.

Auditor's Responsibility

Our responsibility is to express opinions 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; and in compliance with requirements as prescribed by the Bureau of Authority Regulation, 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Weymouth Fire District No. 1, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Weymouth Fire District No. 1's basic financial statements. The related major fund supporting statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2019, on our consideration of the Township of Weymouth Fire District No. 1's internal control over financial reporting and 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 Township of Weymouth District No. 1's internal control over financial reporting and compliance.

PREZIOSI ACCOUNTING SERVICES LLC



Matthew J. Preziosi
Certified Public Accountant

Vineland, NJ
December 1, 2019



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

To the Board of Fire Commissioners
Township of Weymouth
Fire District No. 1
Dorothy, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund of the Township of Weymouth Fire District No. 1, in the County of Atlantic, State of New Jersey as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township of Weymouth Fire District No. 1's basic financial statements, and have issued our report thereon dated December 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Weymouth Fire District No. 1's internal control over financial reporting (internal control) 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 the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Recommendations to be material weaknesses:

Finding 2018-1, Finding 2018-2, Finding 2018-3

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of Weymouth Fire District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. The other matter is described in the accompanying Schedule of Findings and Recommendations as:

Finding 2018-2

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 Fire District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PREZIOSI ACCOUNTING SERVICES LLC



Matthew J. Preziosi
Certified Public Accountant

Vineland, NJ

December 1, 2019

REQUIRED SUPPLEMENTARY INFORMATION
Part I

**TOWNSHIP OF WEYMOUTH
FIRE DISTRICT NO. 1**

**Management's Discussion and Analysis
Year Ended December 31, 2018
(Unaudited)**

As management of the Township of Weymouth Fire District No. 1 (Fire District) we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities of the Fire District for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole; readers should also review the information furnished in the notes to the basic financial statements to enhance their understanding of the Fire District's financial performance.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year.

Key financial highlights for 2018 are as follows:

- Total net position as of December 31, 2018 was \$53,729.
- Total revenues for the governmental activity were \$121,939.
- Total spending for the governmental activity was \$146,492 for the year.
- The Fire District did not incur any capital expenditures in 2018.
- The Fire District reserved \$10,000 in funds for future capital expenditures in 2018.
- The Fire District is investigating miscellaneous expenditures of \$28,396 in 2018.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Fire District's basic financial statements. The Fire District's basic financial statements comprise of three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

District-Wide Financial Statements

The district-wide financial statements are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the Fire District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Fire District is improving or deteriorating.

The Statement of Activities presents information showing how the Fire District's net position changed during the most recent year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the Fire District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activity of the Fire District includes firefighting services which are provided to the citizens of the Township of Weymouth.

**TOWNSHIP OF WEYMOUTH
FIRE DISTRICT NO. 1**

**Management's Discussion and Analysis
Year Ended December 31, 2018
(Unaudited)**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The Fire District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire District constitute one fund type, governmental funds.

Governmental Funds

All of the Fire District's activities are reported in governmental funds, which focuses on how money flows into and out of those funds and the balance left at year-end that is available for spending. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the services it provides. Governmental 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 fire-fighting operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. Management would like to draw specific attention to Notes 4 and 6 this year in the financial statements, which discuss an investigation into a possible misappropriation of funds.

District-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position.

**Township of Weymouth
Fire District No. 1
Net Position**

	December 31,	
	2018	2017
Current and Other Assets	\$ 85,545	\$ 82,765
Capital Assets		
Total Assets	82,765	82,765
Long-term Liabilities Outstanding		
Other Liabilities	31,816	4,483
Total Liabilities	31,816	4,483
Net Position		
Invested in Capital Assets, Net of Related Debt	0	0
Restricted	40,000	30,000
Unrestricted	13,729	48,282
Total Net Position	\$ 53,729	\$ 78,282

**TOWNSHIP OF WEYMOUTH
FIRE DISTRICT NO. 1**

**Management's Discussion and Analysis
Year Ended December 31, 2018
(Unaudited)**

The Statement of Activities shows the cost of the governmental activities' program services and the charges for services and grants offsetting those services. Key elements of the increase in governmental activities are as follows:

**Township of Weymouth
Fire District No. 1
Statement of Activities**

	For the Years Ended December 31,	
	2018	2017
Expenses:		
Operating Appropriations		
Administration	\$ 9,109	\$ 13,378
Cost of Operations and Maintenance	108,987	96,656
Miscellaneous	28,396	
Total Program Services	146,492	110,034
General Revenue:		
Taxes		
Levied for General Purposes	105,300	103,300
State Aid Unrestricted		
Unrestricted Investment Income	19	9
Miscellaneous Income	16,620	19,293
Total General Revenues	121,939	122,602
Change in Net Position	(24,553)	12,569
Net Assets, Beginning	78,282	65,713
Net Assets, Ending	\$ 53,729	\$ 78,282

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The actual expenditures of the general fund were \$146,492, which is above the original budget estimate of \$139,300.

**TOWNSHIP OF WEYMOUTH
FIRE DISTRICT NO. 1**

**Management's Discussion and Analysis
Year Ended December 31, 2018
(Unaudited)**

Capital Assets

The Fire District did not have investment in capital assets for its governmental activities as of December 31, 2018.

Debt Administration

The District had no long-term financial obligations outstanding at year end.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to:

Township of Weymouth Fire District No.1
PO Box 175
Dorothy, NJ 08317

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1

Statement of Net Position

December 31, 2018

ASSETS	
Cash and Cash Equivalents	\$ 43,874
Cash Capital Reserve	40,000
Accounts Receivable	1,671
Capital Assets; net of accumulated depreciation	-
Total Assets	<u>85,545</u>
LIABILITIES	
Accounts Payable	\$ 31,816
Total Liabilities	<u>31,816</u>
NET POSITION	
Investment in Capital Assets; net of related debt	\$ -
Restricted	
Capital Reserve	40,000
Unrestricted	13,729
Total Net Position	<u>\$ 53,729</u>

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

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Statement of Activities
Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET REVENUES
		CHARGES FOR SERVICES	OPERATING GRANTS	(EXPENSES) GOVERNMENTAL ACTIVITIES
Governmental Activities				
Administrative	\$ 9,109	\$ -	\$ -	\$ (9,109)
Operating and Maintenance	52,780			(52,780)
Appropriations for Duly Incorporated Rescue Squad	56,207			(56,207)
Miscellaneous	28,396			(28,396)
Interest on Long-Term Debt	-			-
Total Governmental Activities	\$ 146,492	\$ -	\$ -	(146,492)
General Revenues				
Local Tax Levy				105,300
Unrestricted Aid				19
Service Fees				16,620
Total General Revenues				121,939
Change in Net Position				(24,553)
Net Position; January 1				78,282
Net Position; December 31				\$ 53,729

FUND FINANCIAL STATEMENTS

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Governmental Funds
Balance Sheet
December 31, 2018

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
ASSETS					
Cash and Cash Equivalents	\$ 43,874	\$ -	\$ -	\$ -	\$ 43,874
Cash Capital Reserve			40,000		40,000
Accounts Receivable	<u>1,671</u>				<u>1,671</u>
Total Assets	<u>\$ 45,545</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 85,545</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	<u>\$ 31,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,816</u>
Total Liabilities	<u>31,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,816</u>
Fund Balances					
Restricted					
Capital Reserves			40,000		40,000
Assigned					
Subsequent Year's Expenditures					-
Unassigned	<u>13,729</u>				<u>13,729</u>
Total Fund Balances	<u>13,729</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>53,729</u>
Total Liabilities and Fund Balances	<u>\$ 45,545</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 85,545</u>

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Reconciliation of the Statement of the Governmental Fund Balance Sheet
to the District - Wide Statement of Net Assets
December 31, 2018

Total Fund Balances Governmental Funds \$ 53,729

Amounts Reported for Governmental Activity in the Statement of
Activities are different because:

Capital assets used in Governmental Activities are not current financial
resources and, therefore, are not reported in the Governmental
Funds Balance Sheet -

Long-Term liabilities are not due and payable in the current period and,
therefore, are not reported in the Governmental Funds Balance Sheet -

Total Net Position Governmental Activities \$ 53,729

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended December 31, 2018

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
REVENUES					
Local Revenues					
Local Tax Levy	\$ 105,300	\$ -	\$ -	\$ -	\$ 105,300
Municipal Service Fees	16,620				16,620
Total Local Revenues	<u>121,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,920</u>
Federal and State					
State Revenues					-
Total Federal and State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue					
Interest Earned	19			-	-
Miscellaneous Revenue				-	-
Total Miscellaneous Revenue	<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>
Total Revenues	<u>121,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,939</u>
Administrative	9,109				9,109
Operating and Maintenance	52,780				52,780
Appropriation for Duly					-
Incorporated Rescue Squad	56,207				56,207
Miscellaneous	28,396				28,396
Capital Outlay					
Total Expenditures	<u>146,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,492</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(24,553)	-	-	-	(24,553)
Other Financing Sources (Uses)	(10,000)		10,000		-
Net Changes in Fund Balance	<u>(34,553)</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(24,553)</u>
Fund Balances; January 1	48,282		30,000		78,282
Fund Balances; December 31	<u>\$ 13,729</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 53,729</u>

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2018

Net Change in Fund Balance-Governmental Fund \$ (24,553)

Amounts Reported for Governmental Activity in the Statement of Activities is Different because:

Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation Expense	-
Capital Outlay Expenditures	-

Governmental Funds report Debt Service payments as expenditures. However, in the Statement of Activities, repayment of principal of indebtedness reduces long-term liabilities in the statement of net assets.

Principal Payments on Long-Term Debt	-
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Governmental Funds report Interest on Long-Term Debt when the interest payment is due. However, in the Statement of Activities, interest on Long-Term Debt is accrued.

Change in Accrued Interest	-
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Governmental Funds report Debt Issues as financing sources. However, in the Statement of Activities, debt issues are not revenues.

Debt Issued	-
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Change in Net Position of Governmental Activities	\$ (24,553)
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NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Notes to Financial Statements
Year Ended December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

Fire District No. 1 of the Township of Weymouth (District) is a political subdivision of the Township of Weymouth, Atlantic County, New Jersey. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

Fire Districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location.

The primary criterion for including activities within the Fire District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Fire 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 of the Fire District over which the Board of Commissioners exercises operating control.

Component Units

In evaluating how to define the District for financial reporting purposes, management has considered all potential units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB No. 39, Determining Whether Certain Organizations are Component Units, and GASB No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion from reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within reporting entity.

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Notes to Financial Statements
Year Ended December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial statements of the District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with provisions of N.J.A.C. 5:31-7-1. The Governmental Accounting Standards Board (GASB) is the accepted standard.

The basic financial statements report using the economic resources management focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The tax revenues are recognized in the year for which they are levied while the grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon thereafter, within 60 days of the end of the fiscal year.

District-Wide Statements

The district-wide financial statements include statement of net position and the statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. The policy of the District is to not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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. For the District, only one category of funds exists, that being governmental.

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Notes to Financial Statements
Year Ended December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds.

General Fund – The General Fund is the general operating fund of the District and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as firefighting apparatus and equipment, is accounted for in the General Fund when it is responsible for the financing of such expenditures.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, such as firehouses and firefighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the voters as a separate question of the ballot either during the annual election or at a special election.

Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflow of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources and uses of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditure.

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Notes to Financial Statements
Year Ended December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et al.

The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

Amendments may be made to the Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval.

Subsequent to the adoption of the Fire District budget, the amount of money to be raised by taxation in support of the Fire District budget must appear on the ballot for the annual election for approval of the legal voters.

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments in U.S. obligations are stated at cost, which approximates market value. Fire Districts 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 with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by Fire Districts.

N.J.S.A. 17:9-42 requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from these estimates.

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Notes to Financial Statements
Year Ended December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Fire Trucks	15 years
Fire Fighting Equipment	10 years
Office Equipment	5 years
Furniture and Equipment	5 years

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for Fire Districts, and N.J.S.A. 40A:14-85 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase fire fighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000. or 2 percent of the assessed valuation of property, whichever is larger.

Compensated Absences

The District does not have compensated absences.

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. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the Fire District has received advances are reflected in the balance sheet as deferred revenues at year end.

Encumbered appropriations carry over into the next year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amount as of the current year end.

Long-Term Obligations

In the government-wide financial statements, debt principal payments of both government and business type-activities are reported as decreases in the balance of the liability in the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Net Position

Net position represents the difference between the summation of assets and the deferred outflows of resources, and the liabilities and deferred inflows of resources. Net position is classified into the following three components:

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Notes to Financial Statements
Year Ended December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

The District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The District's classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. The "not spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which, for the District, is the Board of Commissioners. Such formal action consists of an affirmative vote by the Board of Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Commissioners removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned – The assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the Board of Commissioners.

Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other government funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Notes to Financial Statements
Year Ended December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the District to spend fund balances, if appropriated, in the following order: committed, assigned, then unassigned.

Interfund Transactions

All interfund transactions, except quasi external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

Fire District Taxes

Upon the proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be raised in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

Impact of Recently Issued Accounting Principles

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85 "Omnibus 2017." This statement effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86 "Certain Debt Extinguishment Issues". This statement effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases." This statement effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." This statement effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction period." This statement effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Notes to Financial Statements
Year Ended December 31, 2018

NOTE 2 DEPOSITS AND INVESTMENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. Although the District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). 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 District in excess of FDIC insured amounts are protected by GUDPA. At year-end, the carrying amount of the District's deposits and the balance on bank records was \$83,874. At December 31, 2018, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

NOTE 3 RESERVE ACCOUNT

Capital reserve accounts may be established for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the capital projects fund and its activity is included in the general fund annual budget. Capital reserve activity for the year ended December 31, 2018 was as follows:

	Beginning Balance <u>12-31-17</u>	<u>Additions</u>	Capital <u>Purchases</u>	Ending Balance <u>12-31-18</u>
Capital Reserve	\$ 30,000	\$ 10,000	\$ _____	\$ 40,000

NOTE 4 MISCELLANEOUS EXPENDITURES

The District incurred \$28,396 in miscellaneous expenditures for the current year. These expenditures are currently being criminally investigated as possible misappropriation of funds by the former treasurer. In the event these expenditures are confirmed to be misappropriated, the district has significant doubt about the recoverability of the funds. See note 6 entitled subsequent events for more information.

NOTE 5 FUND BALANCES

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Specific restrictions of the District's fund balance are summarized as follows:

For Future Capital Outlays – The District has established a capital reserve in the amount of \$40,000 as of December 31, 2018. These funds are restricted for capital expenditures to be made in future years. When the District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The District's unassigned fund balance is summarized as follows:

General Fund – As of December 31, 2018, \$13,729 of general fund balance was unassigned.

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Notes to Financial Statements
Year Ended December 31, 2018

NOTE 6 SUBSEQUENT EVENTS

Subsequent to December 31, 2018 the Fire District believes to have discovered that its former Treasurer caused approximately \$40,541 in disbursements to be made during late 2018 and early 2019. These disbursements consisted of checks and bank transfers from the District's bank accounts and lacked proper backup support and authorization. These disbursements are currently being criminally investigated.

REQUIRED SUPPLEMENTARY INFORMATION
Part II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1

General Fund

Budgetary Comparison Schedule

Year Ended December 31, 2018

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Local Tax Levy	\$ 105,300	\$ 105,300	\$ 105,300	\$ -
Municipal Service Fees	19,300	19,300	16,620	(2,680)
Total Taxes	124,600	124,600	121,920	(2,680)
Federal and State Supplemental Fire Service				-
Total Federal and State	-	-	-	-
Miscellaneous Revenue				
Interest Earned			19	19
Miscellaneous Revenue				-
Total Miscellaneous Revenue	-	-	19	19
Total Revenues	124,600	124,600	121,939	(2,661)
EXPENDITURES				
Administrative				
Advertising				-
Professional Fees	4,000	4,000	3,318	683
Telephone	2,800	2,800	1,529	1,271
Fire Prevention	4,000	4,000	3,812	188
Office	1,000	1,000	451	549
	11,800	11,800	9,109	2,691
Operating and Maintenance				
Insurance	15,000	15,000	8,011	6,989
Electric	5,000	5,000	7,393	(2,393)
Heating Fuel	4,000	4,000	4,573	(573)
Fuel	5,000	5,000	6,962	(1,962)
Maintenance and Repairs:				-
Building	4,500	4,500	3,885	615
Radio	3,000	3,000	2,502	498
Equipment	15,000	15,000	7,041	7,959
Supplies	13,000	13,000	12,413	587
Non-Bondable Assets	6,000	6,000	-	6,000
	70,500	70,500	52,780	17,720
Appropriations For Duly Incorporated Rescue Squad Association	57,000	57,000	56,207	793
	57,000	57,000	56,207	793

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
General Fund
Budgetary Comparison Schedule
Year Ended December 31, 2018

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<i>(Continued from Prior Page)</i>				
Other Expenditures				
Miscellaneous	-	-	28,396	(28,396)
	-	-	28,396	(28,396)
Capital Outlay				
Reserve for Equipment	10,000	10,000	10,000	-
	10,000	10,000	10,000	-
Total Expenditures	149,300	149,300	156,492	(7,192)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,700)	(24,700)	(34,553)	(9,853)
Other Financing Sources (Uses) Operating Transfers				
Net Changes in Fund Balance	(24,700)	(24,700)	(34,553)	(9,853)
Fund Balances; January 1	48,282	48,282	48,282	
Fund Balances; December 31	<u>\$ 23,582</u>	<u>\$ 23,582</u>	<u>\$ 13,729</u>	<u>\$ (9,853)</u>

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended December 31, 2018

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Federal and State Revenue				
FEMA Grant	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Operating and Maintenance				-
Operating Supplies and Services				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Operating Transfers				
Net Changes in Fund Balance	-	-	-	-
Fund Balances; January 1				
Fund Balances; December 31	\$ -	\$ -	\$ -	\$ -

OTHER SUPPLEMENTARY INFORMATION

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
Year Ended December 31, 2018

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources / Inflows of Resources		
Actual amounts (budgetary basis) "Revenue" from the Budgetary Comparison Schedule	\$ 121,939	\$ -
Grant accounting budgetary basis differed from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Total Revenue as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 121,939	\$ -
Uses / Outflows of Resources		
Actual amounts (budgetary basis) "Expenditures" from the Budgetary Comparison Schedule	\$ 156,492	\$ -
Transfers to other funds are presented as outflows of budgetary resources and are not expenditures for financial reporting	(10,000)	
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 146,492	\$ -

CAPITAL PROJECTS FUND

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
 Capital Projects Fund
 Schedule Of Project Revenues, Expenditures, Balances and Status
 Year Ended December 31, 2018

	CAPITAL RESERVE
REVENUES AND OTHER SOURCES	
Operating Transfer	\$ 10,000
Total Revenues and Other Financing Sources	10,000
EXPENDITURES:	
Capital Outlay	-
Total Expenditures	-
Excess (Deficiency) of Revenues	10,000
Fund Balances; January 1	30,000
Fund Balances; December 31	\$ 40,000

FINDINGS AND RECOMMENDATIONS

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Schedule of Findings and Recommendations
Year Ended December 31, 2018

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

This section identifies the significant deficiencies, 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 Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding No. 2018-1

Criteria or Specific Requirement

The maintenance of a general ledger accounting record is required by the State of New Jersey, Division of Community Affairs. This record summarizes all account balances of the Fire District and should be reconciled on a monthly basis to subsidiary control records.

Condition

The Fire District did not maintain and reconcile a general ledger to other subsidiary records.

Context

A general ledger accounting system was not maintained or reconciled.

Effect

As a result, financial information provided throughout the year may not have accurately reflected the financial activity of the Fire District.

Cause

Unknown

Recommendation

That the Fire District maintain a general ledger accounting system that is reconciled monthly.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 5
Schedule of Findings and Recommendations
Year Ended December 31, 2018

SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding No. 2018-2

Criteria or Specific Requirement

The Fire District did not maintain adequate segregation of duties with respect to the cash handling and recording of financial activity.

Condition

The treasurer of the district was responsible for handling and overseeing all financial functions.

Context

Proper backup support and authorization could not be found for miscellaneous expenditures in the approximate amount of \$28,865.

Effect

District funds may have been missappropriated. A criminal investigation has been launched.

Cause

Unknown

Recommendation

Management should monitor and review the financial area and analytically review significant fluctuations between actual and budgeted results of operations. Cash reconciliations should be reviewed monthly. All variances should be investigated and resolved in a timely manner.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 5
Schedule of Findings and Recommendations
Year Ended December 31, 2018

SCHEDULE OF FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding No. 2018-3

Criteria or Specific Requirement

The Fire District treasurer shall be bonded by a surety company, authorized to do business in New Jersey, in accordance with N.J.S.A. 40A:14-89.

Condition

The treasurer of the fire district was not bonded.

Context

Unauthorized funds may have been disbursed by the treasurer for personal use.

Effect

If funds were misappropriated, they may be unrecoverable.

Cause

Unknown

Recommendation

The board of fire commissioners shall ensure treasurer is bonded in accordance with N.J.S.A. 40A: 14-89.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1
Summary Schedule of Prior Year Audit Findings and
Questioned Costs as Prepared by Management
Year Ended December 31, 2018

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, and with audit requirements as prescribed by the Bureaus of Authority Regulations, Division of Local Government Services, Department of Community Affairs, State of New Jersey

STATUS OF PRIOR YEAR FINDINGS

Finding No. 2017-1

Condition

The Fire District did not maintain and reconcile a general ledger to other subsidiary records.

Current Status

The condition continued to exist for the year ended December 31, 2018.

TOWNSHIP OF WEYMOUTH FIRE DISTRICT NO. 1

Year Ended December 31, 2018

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the District officials during the course of the audit.

PREZIOSI ACCOUNTING SERVICES LLC



Matthew J. Preziosi
Certified Public Accountant