

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

**Financial Statements**

**December 31, 2009 and 2008**

**With Independent Auditors' Report**

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Table of Contents**  
**December 31, 2009**

---

	<b>Page(s)</b>
<b>Management's Discussion and Analysis</b> .....	A1-A4
<b>Independent Auditors' Report</b> .....	1-2
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	3-4
<b>Financial Statements</b>	
Statements of Net Assets and Governmental Funds Balance Sheet.....	5-6
Statements of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances.....	7-8
Notes to Basic Financial Statements .....	9-17
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – All Governmental Fund Types.....	18-19
Notes to Required Supplementary Information.....	20-21
<b>Other Schedules</b>	
Schedules of Improvement Authorizations – Capital Fund.....	22-23
Schedules of Deferred Charges to Future Taxation .....	24-25
<b>Supplemental Information</b>	
Statistical Information.....	26
Roster of Officials.....	27
Comments and Recommendations .....	28-29
Schedule of Findings and Recommendations .....	30
Schedule of Prior Year Findings and Recommendations.....	31

# **BOROUGH OF ENGLISHTOWN FIRE DISTRICT NO. 1**

**P. O. BOX 1  
ENGLISHTOWN, NEW JERSEY 07726**

**732-446-4818  
Fax: 732-446-8285**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Borough of Englishtown Fire District No. 1's financial performance provides an overview of the District's financial activities for the year ended December 31, 2009.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provides information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how district services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a Board for the benefit of those outside of the government.

### **Reporting on the District as a Whole**

#### **The Statement of Net Assets and the Statement of Activities**

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's equipment to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities;

- General Fund activities – Most of the District's basic services are reported here. Property Tax Levies finance most of these activities.
- Capital Fund activities – The District's equipment acquisitions are financed by prior levies and approved by the taxpayers. The District's acquisitions are reported here.

## Reporting on the District's Most Significant Funds

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants.

- General funds – Most of the District's basic services are reported in general funds, which focus on how money flows into and out of those funds and the balances left at year-end that are 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 general fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. General fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between general fund activities (reported in the Statement of Net Assets and the Statement of Activities) and capital funds in reconciliation at the bottom of the fund financial statements.

### The District as a Board

#### Reporting on the District's Fiduciary Responsibilities

The District is a board of commissioners formed for the safety and protection of the residents within its boundaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### THE DISTRICT AS A WHOLE

For the year ended December 31, 2009, net assets changed as follows:

	2009 GAAP Basis		Total	Increase (Decrease) over 2008	Percentage Increase (Decrease)
	General Fund Activities	Capital Fund Activities			
Assets					
Current and other assets	\$ 330,803	\$ -	\$ 330,803	\$ 77,738	30.72%
Capital assets	-	609,555	609,555	(39,695)	(6.11%)
Total assets	<u>\$ 330,803</u>	<u>\$ 609,555</u>	<u>\$ 940,358</u>	<u>\$ 38,043</u>	4.22%
Total liabilities	\$ 169,805	\$ 80,000	\$ 249,805	\$ 1,893	0.76%
Net assets					
Invested in capital assets, net of accumulated depreciation and related debt			461,169	30,305	7.03%
Restricted for capital acquisitions			104,251	(5,126)	(4.69%)
Unrestricted			125,133	10,971	9.61%
			<u>\$ 690,553</u>	<u>\$ 36,150</u>	5.52%

The District's increase in net assets signifies an improved financial condition.

### Governmental Activities

The General Fund is used mainly to provide fire protection to its residents, educate the public as to fire prevention and precaution, and to train qualified personnel. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose. Capital Fund Activities is used mainly to provide for the acquisition of major fire equipment for fire extinguishment.

## THE DISTRICT'S FUNDS

The following schedule presents a summary of general, capital fund revenues and expenditures for the fiscal year ended December 31, 2009 and the amount and percentage of increases and decreases in relation to the prior year.

	2009 GAAP Basis	Percentage of Total Revenues	Increase (Decrease) over 2008	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 373,091	96.98%	\$ 14,791	4.13%
Interest income	827	0.21%	(6,676)	(88.98%)
Supplemental fire services grant	645	0.17%	-	0.00%
Miscellaneous income	10,144	2.64%	1,394	15.93%
	<u>\$ 384,707</u>	<u>100.00%</u>	<u>\$ 9,509</u>	<u>2.53%</u>

The District revenues experienced a moderate increase this year.

	2009 GAAP Basis	Percentage of Total Expenditures	Increase (Decrease) over 2008	Percentage Increase (Decrease)
Expenditures				
Elections	\$ 797	0.23%	\$ (1,043)	(56.68%)
Office expenses	2,631	0.75%	(1,198)	(31.29%)
Professional services	37,245	10.69%	6,115	19.64%
Advertising	595	0.17%	(191)	(24.30%)
Salary and wages	18,650	5.35%	-	0.00%
Fringe benefits	49,715	14.26%	255	0.52%
Training	5,017	1.44%	(4,802)	(48.91%)
Insurance	49,541	14.21%	9,989	25.26%
Dues and subscriptions	522	0.15%	(313)	(37.49%)
Maintenance and repairs	32,179	9.23%	(3,940)	(10.91%)
Rental charges	20,000	5.74%	-	0.00%
Non-bondable fire fighting equipment	28,858	8.28%	13,311	85.62%
Fuel purchase	6,832	1.96%	(6,181)	(47.50%)
Utilities	32,638	9.36%	(1,367)	(4.02%)
Bond interest	3,172	0.91%	(2,436)	(43.44%)
Bond note interest	1,344	0.39%	(3,384)	(71.57%)
Depreciation expense	58,821	16.88%	904	1.56%
	<u>\$ 348,557</u>	<u>100.00%</u>	<u>\$ 5,719</u>	<u>1.67%</u>

Some expenditures are contractual in nature and/or result from unforeseen litigation matters and, therefore, can vary from year to year depending on the circumstances.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board revised the General Fund budget two times. These budget amendments were transfers within appropriations as a precaution to avoid over expending a line item.

## GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

The budget relied on the expectation of an increase in the district tax base. The district tax base increased, resulting in an increase in the tax rate which produced a revenue increase of \$14,791.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

For the year ended December 31, 2009, capital assets changed as follows:

	<u>GAAP Basis</u>	<u>Additions</u>	<u>Disposals</u>	<u>GAAP Basis</u>	<u>Increase (Decrease)</u>
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000	0.00%
Building Improvements	16,250	19,126	-	35,376	117.70%
Fire Trucks	630,743	-	-	630,743	0.00%
Other Vehicles	58,028	-	-	58,028	0.00%
Equipment	169,738	-	-	169,738	0.00%
	<u>1,274,759</u>	<u>19,126</u>	<u>-</u>	<u>1,293,885</u>	<u>1.50%</u>
Accumulated depreciation	<u>625,509</u>	<u>58,821</u>	<u>-</u>	<u>684,330</u>	<u>9.40%</u>
Capital assets, net	<u>\$ 649,250</u>	<u>\$ (39,695)</u>	<u>\$ -</u>	<u>\$ 609,555</u>	<u>(6.11%)</u>

The District accounted for its improvements in the current year.

### Debt

At year end, the District had \$80,000 in district bond outstanding.

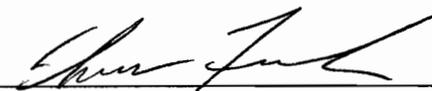
More detailed information about the District's long-term liabilities is presented in Note 9 and 10 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Next year's general fund budget was determined based on a slight increase in the district tax rate. Some of the significant capital asset items approved in this year's budget will be deferred to subsequent years.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our District's citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's office at P. O. Box 1, Englishtown, New Jersey 07726.

  
Thomas Frueh, Chairman  
Board of Fire Commissioners



**WithumSmith+Brown, PC**

**Certified Public Accountants and Consultants**

1144 Hooper Avenue, Suite 202  
Toms River, New Jersey 08753  
732.341.8728 fax: 732.341.8787

[www.withum.com](http://www.withum.com)

Additional offices in New Jersey,  
New York, Pennsylvania, Maryland,  
Colorado and Florida

## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the Borough of Englishtown Fire District No. 1, as of and for the years ended December 31, 2009 and 2008. These general purpose financial statements are the responsibility of the Fire District's management. Our responsibility is to express an opinion on these general-purpose 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Borough of Englishtown Fire District No. 1, as of December 31, 2009 and 2008, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2010 on our consideration of the Borough of Englishtown Fire District No. 1, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report and considered in assessing the results of the audits.



The Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America and the Schedules of Improvement Authorizations – Capital Fund and the Schedules of Deferred Charges to Future Taxation included in the contents of this report are not a required part of the basic financial statements but is supplementary information required by the Division of Local Government Services of New Jersey. Certain limited procedures have been applied to the Management's Discussion and Analysis, primarily consisting of inquiries of management. However, we did not audit the information and express no opinion on it. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual, Schedules of Improvement Authorizations – Capital Fund and Schedules of Deferred Charges to Future Taxation have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audits have been made for the purpose of forming an opinion on the financial statements taken as a whole. The Statistical Information and Roster of Officials are supplementary information presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

---

Ronald C. Petrics  
Registered Municipal Accountant (#474)

November 4, 2010



**WithumSmith+Brown, PC**  
Certified Public Accountants and Consultants

1144 Hooper Avenue, Suite 202  
Toms River, New Jersey 08753  
732.341.8728 fax: 732.341.8787

[www.withum.com](http://www.withum.com)

Additional offices in New Jersey,  
New York, Pennsylvania, Maryland,  
Colorado and Florida

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit Of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

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

We have audited the financial statements of Borough of Englishtown Fire District No. 1 Monmouth County, New Jersey as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated November 4, 2010. We conducted our audits 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.

Internal Control Over Financial Reporting

The management of Borough of Englishtown Fire District No. 1 is responsible for establishing and maintaining effective internal control. In planning and performing our audits, we considered Borough of Englishtown Fire District No. 1's internal control over financial reporting as a basis for designing our audit procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Borough of Englishtown Fire District No. 1's internal control over financial reporting.

*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 significant deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Borough of Englishtown Fire District No. 1 Monmouth County, New Jersey 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 audits 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*.

This report is intended solely for the information and use of the Board of Commissioners and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than those specified parties.

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

---

Ronald C. Petrics  
Registered Municipal Accountant (#474)

November 4, 2010

## **FINANCIAL STATEMENTS**

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statement of Net Assets and Governmental Funds Balance Sheet**  
**December 31, 2009**

	General Fund	Capital Fund	Total	Adjustments (Note 2)	Statement of Net Assets
<b>Assets</b>					
Cash	\$ 319,624	\$ -	\$ 319,624	\$ -	\$ 319,624
Prepaid expenses	11,179	-	11,179	-	11,179
Interfund receivable	-	106,169	106,169	(106,169)	-
Deferred charges to future taxation	-	158,386	158,386	(158,386)	-
Capital assets, net	-	-	-	609,555	609,555
Total assets	<u>\$ 330,803</u>	<u>\$ 264,555</u>	<u>\$ 595,358</u>	<u>\$ 345,000</u>	<u>\$ 940,358</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 37,619	\$ -	\$ 37,619	\$ -	\$ 37,619
Payroll tax liabilities	195	-	195	-	195
Accrued interest on bond	1,418	-	1,418	-	1,418
Accrued audit expense	8,000	-	8,000	-	8,000
Bond payable - current	-	20,000	20,000	-	20,000
Reserve for SFSG	645	-	645	-	645
Reserve for LOSAP	121,928	-	121,928	-	121,928
Reserve for debt service	-	10,000	10,000	(10,000)	-
Interfund payable	106,169	-	106,169	(106,169)	-
Improvement authorizations	-	104,251	104,251	(104,251)	-
Total current liabilities	<u>275,974</u>	<u>134,251</u>	<u>410,225</u>	<u>(220,420)</u>	<u>189,805</u>
Other liabilities:					
Bond payable - long term	-	60,000	60,000	-	60,000
Total liabilities	<u>275,974</u>	<u>194,251</u>	<u>470,225</u>	<u>(220,420)</u>	<u>249,805</u>
<b>Fund Balances and Net Assets</b>					
Fund balances:					
Reserved:					
Appropriation reserves	18,654	-	18,654	(18,654)	-
Unreserved:					
Designated for subsequent years' expenditures	34,638	-	34,638	(34,638)	-
Undesignated	1,537	70,304	71,841	(71,841)	-
Total fund balances	<u>54,829</u>	<u>70,304</u>	<u>125,133</u>	<u>(125,133)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 330,803</u>	<u>\$ 264,555</u>	<u>\$ 595,358</u>		
Net assets:					
Invested in capital assets, net of accumulated depreciation and related debt				461,169	461,169
Restricted for capital acquisitions				104,251	104,251
Unrestricted				125,133	125,133
				<u>\$ 690,553</u>	<u>\$ 690,553</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 Assets and Governmental Funds Balance Sheet**  
**December 31, 2008**

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>					
Cash	\$ 248,274	\$ -	\$ 248,274	\$ -	\$ 248,274
Prepaid expenses	4,791	-	4,791	-	4,791
Interfund receivable	-	71,295	71,295	(71,295)	-
Deferred charges to future taxation	-	218,386	218,386	(218,386)	-
Capital assets, net	-	-	-	649,250	649,250
Total assets	<u>\$ 253,065</u>	<u>\$ 289,681</u>	<u>\$ 542,746</u>	<u>\$ 359,569</u>	<u>\$ 902,315</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 22,548	\$ -	\$ 22,548	\$ -	\$ 22,548
Payroll tax liabilities	1,657	-	1,657	-	1,657
Accrued interest on bonds and notes	1,134	-	1,134	-	1,134
Accrued audit expense	8,000	-	8,000	-	8,000
Bond anticipation note	-	100,000	100,000	-	100,000
Serial bond payable	-	40,000	40,000	-	40,000
Reserve for LOSAP	73,928	-	73,928	-	73,928
Reserve for SFSG	645	-	645	-	645
Interfund payable	71,295	-	71,295	(71,295)	-
Improvement authorizations	-	109,377	109,377	(109,377)	-
Total current liabilities	<u>179,207</u>	<u>249,377</u>	<u>428,584</u>	<u>(180,672)</u>	<u>247,912</u>
<b>Fund Balances and Net Assets</b>					
Fund balances:					
Reserved:					
Appropriation reserves	24,928	-	24,928	(24,928)	-
Unreserved:					
Designated for subsequent years' expenditures	48,654	-	48,654	(48,654)	-
Undesignated	276	40,304	40,580	(40,580)	-
Total fund balances	<u>73,858</u>	<u>40,304</u>	<u>114,162</u>	<u>(114,162)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 253,065</u>	<u>\$ 289,681</u>	<u>\$ 542,746</u>		
Net assets:					
Invested in capital assets, net of accumulated depreciation and related debt				430,864	430,864
Restricted for capital acquisitions				109,377	109,377
Unrestricted				114,162	114,162
				<u>\$ 654,403</u>	<u>\$ 654,403</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 Activities and Governmental Fund Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Year Ended December 31, 2009**

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Expenditures:					
Operating appropriations	\$ 359,736	\$ -	\$ 359,736	\$ (11,179)	\$ 348,557
Capital improvement - security system	14,000	-	14,000	(14,000)	-
Reserve for future capital outlays	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>
Total expenditures	403,736	-	403,736	(55,179)	348,557
Revenues and other financing sources:					
Revenues:					
District taxes	373,091	-	373,091	-	373,091
Supplemental fire services grant	645	-	645	-	645
Interest income	827	-	827	-	827
Miscellaneous income	<u>10,144</u>	<u>-</u>	<u>10,144</u>	<u>-</u>	<u>10,144</u>
Total general revenues	384,707	-	384,707	-	384,707
Transfers					
Reserve for future capital outlays	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>
(Deficiency) excess of revenue over expenditures	(19,029)	30,000	10,971	(10,971)	-
Change in net assets	-	-	-	36,150	36,150
Fund balances/net assets:					
Beginning of the year	<u>73,858</u>	<u>40,304</u>	<u>114,162</u>	<u>540,241</u>	<u>654,403</u>
End of year	<u>\$ 54,829</u>	<u>\$ 70,304</u>	<u>\$ 125,133</u>	<u>\$ 565,420</u>	<u>\$ 690,553</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 Activities and Governmental Fund Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Year Ended December 31, 2008**

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Expenditures:					
Operating appropriations	\$ 389,921	\$ -	\$ 389,921	\$ (47,083)	\$ 342,838
Revenues and other financing sources:					
General revenues:					
District taxes	358,300	-	358,300	-	358,300
Supplemental fire services grant	645	-	645	-	645
Interest income	7,503	-	7,503	-	7,503
Miscellaneous income	8,750	-	8,750	-	8,750
Total general revenues	<u>375,198</u>	<u>-</u>	<u>375,198</u>	<u>-</u>	<u>375,198</u>
Deficiency of revenue over expenditures	(14,723)	-	(14,723)	14,723	-
Change in net assets	-	-	-	32,360	32,360
Fund balances/net assets:					
Beginning of the year	<u>88,581</u>	<u>40,304</u>	<u>128,885</u>	<u>493,158</u>	<u>622,043</u>
End of year	<u>\$ 73,858</u>	<u>\$ 40,304</u>	<u>\$ 114,162</u>	<u>\$ 540,241</u>	<u>\$ 654,403</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, 2009 and 2008**

---

**1. Summary of Significant Accounting Policies**

The accounting policies of the Borough of Englishtown Fire District No. 1 (District) conform to the accounting principles 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, 2009 and 2008, the financial statements of the Borough of Englishtown Fire District No. 1 have been prepared in conformity with generally accepted accounting principles (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 fiscal 2009 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. 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.

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 assets.

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

---

**1. Summary of Significant Accounting Policies (Continued)**

**B. Basis of Presentation (Continued)**

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 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.

**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.

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

---

**1. Summary of Significant Accounting Policies (Continued)**

**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 that do not add the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Depreciation of all fixed assets is recorded as an operating expense in the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances with accumulated depreciation reflected in the Statement of Net Assets 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 Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances.

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 Assets and Governmental Funds Balance Sheet.

**H. Fund Equity**

*Fund Basis*

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

*Government-wide Basis*

Equity is classified as net assets and is displayed in three components:

- a. Invested in capital assets, net – Consists of capital assets, net of accumulated depreciation and related debt.
- b. Restricted for capital acquisitions – Current balance consists of net assets restricted for the expansion of the fire house, purchase of real property, fire truck, brush truck and equipment.
- c. Unrestricted net assets – All net assets that do not meet the definition of "restricted" or "invested in capital assets, net".

**2. Adjustments to Arrive at Net Assets**

**A. Capital Assets - Net and Invested in Capital Assets - Net**

For the years ended December 31, 2009 and 2008 capital assets, net in the amount of \$609,555 and \$649,250, respectively, and invested in capital assets, net in the amount of \$461,169 and \$430,864, respectively, have been included in the government-wide presentation.

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

---

**2. Adjustments to Arrive at Net Assets (Continued)**

**B. Interfund Receivable and Payable**

For the years ended December 31, 2009 and 2008 interfund receivables and payables in the amount of \$106,169 and \$71,295, respectively, have been eliminated in arriving at the government-wide presentation.

**C. Deferred Charges to Future Taxation**

For the years ended December 31, 2009 and 2008 deferred charges to future taxation in the amount of \$158,386 and \$218,386, respectively, have been eliminated in arriving at the government-wide presentation.

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

For the years ended December 31, 2009 and 2008 fund balances in the amounts of \$125,133 and \$114,162, respectively, have been eliminated. Unrestricted net assets in the amounts of \$125,133 and \$114,162, respectively, and net assets restricted for capital acquisitions in the amounts of \$104,251 and \$109,377, respectively, have 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, 2009 and 2008, improvement authorizations in the amounts of \$104,251 and \$109,377, respectively, have been eliminated in arriving at the government-wide presentation.

**F. Reserve for Debt Service**

Reserve for debt service is not an expense for GAAP purposes; therefore, for the years ended December 31, 2009 and 2008 the reserve for debt service in the amount of \$ 10,000 and \$0, respectively, has been eliminated in arriving at the government-wide presentation.

**3. Adjustments to Arrive at the Change in Net Assets**

**A. Operating Appropriations**

For the year ended December 31, 2009, depreciation expense in the amount of \$58,821 has been included in the government-wide presentation. Additionally, principal debts have been decreased by \$70,000. The net effect on operating appropriations is a decrease of \$11,179.

For the year ended December 31, 2008, depreciation expense in the amount of \$57,917 has been included in the government-wide presentation. Additionally, principal debts have been decreased by \$105,000. The net effect on operating appropriations is a decrease of \$47,083.

**B. Capital Appropriations**

For the years ended December 31, 2009 and 2008, capital improvements in the amount of \$14,000 and \$0, respectively, have been decreased for budgetary expense purpose.

**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:

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

**4. Deposits, Investments, and Fair Value Measurements (Continued)**

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, 2009 and 2008 the District's cash accounts consisted of:

	<u>2009</u>	<u>2008</u>
Sovereign – Checking	\$ 211,008	\$ 140,017
Sovereign – Savings	108,616	108,257
Total Cash	<u>\$ 319,624</u>	<u>\$ 248,274</u>

The carrying amount of the Board's cash at December 31, 2009 was \$319,624 and the bank balance was \$323,369. Of the balance, \$250,000 was covered by federal depository insurance and \$73,369 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	73,369
Category 3	Deposits which are not collateralized or insured	-

**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.

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

---

**4. Deposits and Investments (Continued)**

**Investments (Continued)**

- (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 2009, 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]:14-78.5), 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 --% of all moneys so assessed; on or before July 1, an amount equaling 21.3% of all monies so assessed; on or before October 1, an amount equaling 22.5% 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 treasurer of the municipality, representing taxes levied for fire district purposes but not actually collected in cash by said collector or treasurer.

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

---

**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, 2009 and 2008, the fire tax rate on Fire District No. 1 was \$.143 and \$.138, respectively, per \$100 of assessed valuation.

The tax revenue is supplemented by income earned on surplus funds invested in certificates of deposit and savings during the year.

The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of \$645 for 2009 and 2008.

**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 have 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 amount 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' right 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 2009 and 2008 was \$0 and \$39,327, respectively. 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, 2009:

	Balance As Of December 31, 2008	2009 Additions	Balance As Of December 31, 2008
Buildings	\$ 400,000	\$ -	\$ 400,000
Building Improvements	16,250	19,126	35,376
Fire Trucks	630,743	-	630,743
Other Vehicles	58,028	-	58,028
Equipment	169,738	-	169,738
	<u>\$ 1,274,759</u>	<u>\$ 19,126</u>	<u>\$ 1,293,885</u>
Accumulated Depreciation	<u>\$ 625,509</u>	<u>\$ 58,821</u>	<u>\$ 684,330</u>

Depreciation expense for the year ended December 31, 2009 and 2008 was \$58,821 and \$57,917, respectively.

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

**9. Long Term Debts**

The District's long-term debts consisted of the following at December 31, 2009:

Purpose	Date of Issue	Original Issue	Interest Rate	As of 12/31/09
Fire District Bond - SCBA Equipment	07/21/2009	\$ 80,000	4.000%	\$ 80,000
Less: Current Maturity				<u>20,000</u>
Fire District Bond Payable - Long Term				<u>\$ 60,000</u>

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

Fiscal Year	Principal	Interest	Total
2010	\$ 20,000	\$ 3,147	\$ 23,147
2011	20,000	2,400	22,400
2012	20,000	1,600	21,600
2013	<u>20,000</u>	<u>800</u>	<u>20,800</u>
Total	<u>\$ 80,000</u>	<u>\$ 7,947</u>	<u>\$ 87,947</u>

**10. Bond Anticipation Notes**

Date Issue	Original Issue	Interest Rate	Matured Date	Balance 12/31/08	New Issue	Paid	Balance 12/31/09
7/25/2008	100,000	2.40%	7/24/2009	\$ 100,000	\$ -	\$ 100,000	\$ -

On July 26, 2006 the District issued a \$175,000 bond anticipation note for the purchase of a self contained breathing apparatus. When the bond matured on July 26, 2007, the District paid down \$17,500 by budget appropriation and rollover the balance of \$157,500. Again, the District paid down \$57,500 when the note matured on July 25, 2008 and rollover the balance of \$100,000. When the note came due in July 24, 2009, the District paid down \$100,000 with interest using funds from \$80,000 fire district bond as describe above and \$20,000 from 2009 budget appropriation.

**11. 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.

**12. 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**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

---

**13. Subsequent Events**

The District has evaluated subsequent events occurring after the balance sheet through the date of this report, which is the date the financial statements were available to be issued. Based on this evaluation, the District has determined the following subsequent events require disclosure in the financial statements.

Bond

On September 4, 2008, the District adopted a resolution authorizing a \$550,000 bond referendum for the purchase of a new custom built class A Pumper fire apparatus. On December 20, 2008, it got approved by the voters. Bonds were issued dated January 20, 2010.

Pumper Fire Apparatus

On September 3, 2009, the District entered into a contract with Crimson Fire Inc. for constructing, manufacturing and delivering one pumper fire engine. The contract amount for this fire engine is \$517,101. The truck has not been completed and delivered.

**REQUIRED SUPPLEMENTARY INFORMATION**

**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, 2009**

	Governmental Fund Type		Total Actual Amounts			Budgeted Amounts		Budgetary Variance
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original	Final	
<b>Revenues:</b>								
District taxes	\$ 373,091	\$ -	\$ 373,091	\$ -	\$ 373,091	\$ 373,091	\$ 373,091	\$ -
Supplemental fire services grant	645	-	645	-	645	645	645	-
Interest income	827	-	827	-	827	-	-	827
Miscellaneous income	10,144	-	10,144	-	10,144	-	-	10,144
Surplus anticipated unreserved	-	-	-	-	-	48,654	48,654	(48,654)
<b>Total revenues</b>	<b>384,707</b>	<b>-</b>	<b>384,707</b>	<b>-</b>	<b>384,707</b>	<b>422,390</b>	<b>422,390</b>	<b>(37,683)</b>
<b>Transfers:</b>								
Reserve for future capital outlays	-	30,000	30,000	(30,000)	-	-	-	30,000
<b>Total transfers</b>	<b>-</b>	<b>30,000</b>	<b>30,000</b>	<b>(30,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>
<b>Total revenues and transfers</b>	<b>384,707</b>	<b>30,000</b>	<b>414,707</b>	<b>(30,000)</b>	<b>384,707</b>	<b>422,390</b>	<b>422,390</b>	<b>(7,683)</b>
<b>Expenditures:</b>								
Operating appropriations:								
Administration:								
Elections	797	-	797	-	797	1,500	1,500	703
Office expenses	2,631	-	2,631	-	2,631	2,500	5,500	2,869
Professional services	37,245	-	37,245	-	37,245	27,000	37,000	(245)
Advertising	595	-	595	-	595	700	700	105
<b>Total administration</b>	<b>41,268</b>	<b>-</b>	<b>41,268</b>	<b>-</b>	<b>41,268</b>	<b>31,700</b>	<b>44,700</b>	<b>3,432</b>
Operations and maintenance:								
Salary and wages:								
Commissioners	18,650	-	18,650	-	18,650	18,650	18,650	-
<b>Total salary and wages</b>	<b>18,650</b>	<b>-</b>	<b>18,650</b>	<b>-</b>	<b>18,650</b>	<b>18,650</b>	<b>18,650</b>	<b>-</b>
Fringe benefits:								
LOSAP	48,000	-	48,000	-	48,000	48,000	48,000	-
Fringe benefits	1,715	-	1,715	-	1,715	2,300	2,300	585
<b>Total fringe benefits</b>	<b>49,715</b>	<b>-</b>	<b>49,715</b>	<b>-</b>	<b>49,715</b>	<b>50,300</b>	<b>50,300</b>	<b>585</b>
Other expenses:								
Training	5,017	-	5,017	-	5,017	15,000	5,000	(17)
Insurance	49,541	-	49,541	-	49,541	50,000	50,000	459
Dues and subscriptions	522	-	522	-	522	1,500	1,500	978
Maintenance and repairs	32,179	-	32,179	-	32,179	40,000	40,000	7,821
Rental charges	20,000	-	20,000	-	20,000	20,000	20,000	-
Non-bondable - fire fighting equipment	28,858	-	28,858	-	28,858	30,000	30,000	1,142
Fuel purchase	6,832	-	6,832	-	6,832	12,000	9,000	2,168

See Independent Auditors' Report.

The accompanying Notes to Required Supplementary Information are an integral part of this schedule.

**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, 2009**

	Governmental Fund Type		Total Actual Amounts			Budgeted Amounts		Budgetary Variance
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original	Final	
Operations and maintenance:								
Other expenses (continued):								
Utilities	32,638	-	32,638	-	32,638	35,000	35,000	2,362
Bond principal	40,000	-	40,000	(40,000) (1)	-	40,000	40,000	-
Bond interest	3,172	-	3,172	-	3,172	1,840	1,840	(1,332)
Bond note principal	30,000	-	30,000	(30,000) (1)	-	30,000	30,000	-
Bond note interest	1,344	-	1,344	-	1,344	2,400	2,400	1,056
Depreciation expense	-	-	-	58,821 (1)	58,821	-	-	-
Total other expenses	<u>250,103</u>	<u>-</u>	<u>250,103</u>	<u>(11,179)</u>	<u>238,924</u>	<u>277,740</u>	<u>264,740</u>	<u>14,637</u>
Total operations and maintenance	<u>318,468</u>	<u>-</u>	<u>318,468</u>	<u>(11,179)</u>	<u>307,289</u>	<u>346,690</u>	<u>333,690</u>	<u>15,222</u>
Total operating appropriations	<u>359,736</u>	<u>-</u>	<u>359,736</u>	<u>(11,179)</u>	<u>348,557</u>	<u>378,390</u>	<u>378,390</u>	<u>18,654</u>
Capital appropriations:								
Capital improvement - security system	14,000	-	14,000	(14,000) (1)	-	14,000	14,000	-
Reserve for future capital outlays	30,000	-	30,000	(30,000)	-	30,000	30,000	-
Total capital appropriations	<u>44,000</u>	<u>-</u>	<u>44,000</u>	<u>(44,000)</u>	<u>-</u>	<u>44,000</u>	<u>44,000</u>	<u>-</u>
Total expenditures	<u>403,736</u>	<u>-</u>	<u>403,736</u>	<u>(55,179)</u>	<u>348,557</u>	<u>422,390</u>	<u>422,390</u>	<u>18,654</u>
(Deficiency) excess of revenues over expenditure	(19,029)	30,000	10,971	25,179	36,150	\$ -	\$ -	\$ 10,971
Fund balances, beginning of the year	73,858	40,304	114,162	540,241 (2)	654,403			
Fund balances, end of year	<u>\$ 54,829</u>	<u>\$ 70,304</u>	<u>\$ 125,133</u>	<u>\$ 565,420</u>	<u>\$ 690,553</u>			

See Independent Auditors' Report.

The accompanying Notes to Required Supplementary Information are an integral part of this schedule.

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes To Required Supplementary Information**  
**Years Ended December 31, 2009 and 2008**

---

**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.	\$ 70,000
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.	(58,821)
Capital improvements are reported as budgetary expenditures in the year the year approved. For GAAP purposes capital improvements are not expenses.	<u>14,000</u>
Net increase in fund balance – budget to GAAP	25,179
(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>540,241</u>
	<u>\$ 565,420</u>

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes To Required Supplementary Information**  
**Years Ended December 31, 2009 and 2008**

---

**C. Budget Cancellation**

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2009, the District canceled \$-0- of appropriations resulting in a reservation of fund balance as follows:

Adopted Budget	\$	422,390
Expenditures		<u>403,736</u>
Favorable Variance		18,654
Canceled		<u>-</u>
Fund Balance Reserve	\$	<u><u>18,654</u></u>

**OTHER SCHEDULES**

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Improvement Authorizations - Capital Fund**  
**Year Ended December 31, 2009**

Purpose	Authorized Appropriation		Balance	2009 Authorization	2009 Paid	Balance
	Date	Amount	December 31, 2008			December 31, 2009
Purchase of heavy rescue fire engine and utility vehicle	2001	\$ 150,000	\$ 365	\$ -	\$ -	\$ 365
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	58,750	-	9,185	49,565
Security System	2009	14,000	-	14,000	9,941	4,059
<b>Total</b>		<u>\$ 459,000</u>	<u>\$ 109,377</u>	<u>\$ 14,000</u>	<u>\$ 19,126</u>	<u>\$ 104,251</u>
	Funded		\$ 45,365			\$ 54,686
	Unfunded		64,012			49,565
			<u>\$ 109,377</u>			<u>\$ 104,251</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, 2008**

Purpose	Authorized Appropriation		Balance	2008	2008	Balance
	Date	Amount	December 31, 2007	Authorization	Paid	December 31, 2008
Purchase of heavy rescue fire engine and utility vehicle	2001	\$ 150,000	\$ 365	\$ -	\$ -	\$ 365
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	-	75,000	16,250	58,750
Total		<u>\$ 445,000</u>	<u>\$ 50,627</u>	<u>\$ 75,000</u>	<u>\$ 16,250</u>	<u>\$ 109,377</u>
	Funded		\$ 45,365			\$ 45,365
	Unfunded		5,262			64,012
			<u>\$ 50,627</u>			<u>\$ 109,377</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, 2009**

---

Purpose	Balance December 31, 2008	2009 Additions	2009 Budget Appropriation	2009 Other Paid Down	Balance December 31, 2009
Funded:					
Serial bonds - fire truck	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -
Fire district bond - SCBA	-	80,000	-	-	80,000
Total funded	40,000	80,000	40,000	-	80,000
Unfunded:					
SCBA - BAN	103,386	-	20,000	80,000	3,386
Building improvements	75,000	-	-	-	75,000
Total unfunded	178,386	-	20,000	80,000	78,386
Total	<u>\$ 218,386</u>	<u>\$ 80,000</u>	<u>\$ 60,000</u>	<u>\$ 80,000</u>	<u>\$ 158,386</u>

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Deferred Charges to Future Taxation**  
**Year Ended December 31, 2008**

---

Purpose	Balance December 31, 2007	2008 Additions	2008 Budget Appropriation	Balance December 31, 2008
Funded:				
Serial bonds - firehouse	\$ 45,000	\$ -	\$ 45,000	\$ -
Serial bonds - fire truck	<u>80,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Total funded	125,000	-	85,000	40,000
Unfunded:				
SCBA - BAN	123,386	-	20,000	103,386
Building improvements	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total unfunded	<u>123,386</u>	<u>75,000</u>	<u>20,000</u>	<u>178,386</u>
Total	<u>\$ 248,386</u>	<u>\$ 75,000</u>	<u>\$ 105,000</u>	<u>\$ 218,386</u>

**SUPPLEMENTAL INFORMATION**

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statistical Information**  
**Years Ended December 31, 2009 and 2008**

---

**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 six years:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2009	\$ 261,214,259	\$ 373,091	\$ .0143
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
2004	94,551,582	321,000	0.340
2003	96,066,387	306,800	0.320

**Unreserved Fund Balance – General Fund**

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2009	\$ 54,829	\$ 34,638
December 31, 2008	73,858	48,654
December 31, 2007	88,581	55,904
December 31, 2006	103,336	43,163

**Unreserved Fund Balance – Designated – Capital Fund**

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2009	\$ 70,304	\$ -
December 31, 2008	40,304	-
December 31, 2007	40,304	-
December 31, 2006	40,304	-

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Roster of Officials**  
**Years Ended December 31, 2009 and 2008**

---

<u>Board of Commissioners</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Thomas Frueh	Chairman	\$ 225,000 *
Peter Cooke	Vice Chairman	225,000 *
Thomas Kirkland	Secretary	225,000 *
Gerald Maresca	Treasurer	225,000 *
Matthew Galasso	Assistant Secretary	225,000 *

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, 2009 and 2008**

---

**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 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, 2009 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 \$21,000 except by contract or agreement".

The quotation threshold is currently \$3,150.

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, 2009 and 2008**

---

**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, 2009 and 2008**

---

**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, 2009 and 2008**

---

**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.