

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

**Financial Statements**

**December 31, 2010 and 2009**

**With Independent Auditors' Report**

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Table of Contents**  
**December 31, 2010 and 2009**

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	<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 .....	9-16
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – All Governmental Fund Types.....	17-18
Notes to Required Supplementary Information.....	19-20
<b>Other Schedules</b>	
Schedules of Improvement Authorizations – Capital Fund.....	21-22
Schedules of Deferred Charges to Future Taxation .....	23-24
<b>Supplemental Information</b>	
Statistical Information.....	25
Roster of Officials.....	26
Comments and Recommendations .....	27-28
Schedule of Findings and Recommendations .....	29
Schedule of Prior Year Findings and Recommendations.....	30

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

**P. O. BOX 1  
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## **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, 2010.

### **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, 2010, net assets changed as follows:

	2010 GAAP Basis		Total	Increase (Decrease) over 2009	Percentage Increase (Decrease)
	General Fund Activities	Capital Fund Activities			
Assets					
Current and other assets	\$ 489,760	\$ -	\$ 489,760	\$ 158,957	48.05%
Capital assets	-	1,076,484	1,076,484	466,929	76.60%
Total assets	<u>\$ 489,760</u>	<u>\$ 1,076,484</u>	<u>\$ 1,566,244</u>	<u>\$ 625,886</u>	66.56%
Total liabilities	\$ 142,268	\$ 685,000	\$ 827,268	\$ 577,463	231.17%
Net assets					
Invested in capital assets, net of accumulated depreciation and related debts			391,484	(136,653)	(25.87%)
Restricted for capital acquisitions			114,511	10,260	9.84%
Unrestricted			232,981	174,816	300.55%
			<u>\$ 738,976</u>	<u>\$ 48,423</u>	7.01%

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, 2010 and the amount and percentage of increases and decreases in relation to the prior year.

	2010 GAAP Basis	Percentage of Total Revenues	Increase (Decrease) over 2009	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 389,067	93.71%	\$ 15,976	4.28%
Interest income	324	0.08%	(503)	(60.82%)
Supplemental fire services grant	444	0.11%	(201)	(31.16%)
Miscellaneous income	25,318	6.10%	15,174	149.59%
	<u>\$ 415,153</u>	<u>100.00%</u>	<u>\$ 30,446</u>	<u>7.91%</u>

The District revenues experienced a moderate increase this year.

	2010 GAAP Basis	Percentage of Total Expenditures	Increase (Decrease) over 2009	Percentage Increase (Decrease)
Expenditures				
Elections	\$ 857	0.23%	\$ 60	7.53%
Office expenses	3,224	0.88%	593	22.54%
Professional services	23,877	6.51%	(13,368)	(35.89%)
Advertising	272	0.07%	(323)	(54.29%)
Salary and wages	18,650	5.09%	-	0.00%
Fringe benefits	49,465	13.49%	(250)	(0.50%)
Training	5,807	1.58%	790	15.75%
Insurance	40,477	11.04%	(9,064)	(18.30%)
Dues and subscriptions	840	0.23%	318	60.92%
Maintenance and repairs	42,131	11.49%	9,952	30.93%
Rental charges	20,000	5.45%	-	0.00%
Non-bondable fire fighting equipment	19,489	5.31%	(9,369)	(32.47%)
Fuel purchase	6,513	1.78%	(319)	(4.67%)
Utilities	35,407	9.65%	2,769	8.48%
Bond interest	26,160	7.13%	22,988	724.72%
Bond note interest	750	0.22%	(594)	(44.20%)
Depreciation expense	72,811	19.85%	13,990	23.78%
	<u>\$ 366,730</u>	<u>100.00%</u>	<u>\$ 18,173</u>	<u>5.21%</u>

Some expenditures are contractual in nature and because of market fluctuations, they can vary from year to year depending on the circumstances. Overall, the District experienced an increase in total expenditures of approximately \$18,000 or 5%, due to the increase of bond interest related to new bond issued during the year and the increase of depreciation expense reflecting the purchase of a new pumper.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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 \$15,976.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

For the year ended December 31, 2010, capital assets changed as follows:

	2009 GAAP Basis	Additions	Disposals	2010 GAAP Basis	Percentage Increase (Decrease)
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000	0.00%
Building improvements	35,376	-	-	35,376	0.00%
Fire trucks	630,743	539,740	20,000	1,150,483	82.40%
Other vehicles	58,028	-	-	58,028	0.00%
Equipment	169,738	-	-	169,738	0.00%
	<u>1,293,885</u>	<u>539,740</u>	<u>20,000</u>	<u>1,813,625</u>	<u>40.17%</u>
Accumulated depreciation	<u>684,330</u>	<u>72,811</u>	<u>20,000</u>	<u>737,141</u>	<u>7.72%</u>
Capital assets, net	<u>\$ 609,555</u>	<u>\$ 466,929</u>	<u>\$ -</u>	<u>\$ 1,076,484</u>	<u>76.60%</u>

The District accounted for its purchase of new pumper in the current year.

**Debts**

At year end, the District had \$685,000 in district bonds and bond anticipation note versus \$80,000 last year. The increase was due to new fire district bond issued during the year.

**Outstanding Debts at Year End  
Government Activities**

	12/31/10	12/31/09
Fire District Bonds	\$ 610,000	\$ 80,000
Bond Anticipation Note	75,000	-
Total Debts	<u>\$ 685,000</u>	<u>\$ 80,000</u>

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



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

## 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, 2010 and 2009. 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, 2010 and 2009, 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 22, 2011 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". The signature is written in a cursive style.

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Ronald C. Petrics  
Registered Municipal Accountant (#474)

November 22, 2011





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Florida, and Colorado

**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, 2010 and 2009, and have issued our report thereon dated November 22, 2011. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.



A *control deficiency* 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 *significant deficiency* is a deficiency or combination of deficiencies in internal control that is less severe than 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 as item 2010-01 to be significant deficiencies in internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### 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".

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Ronald C. Petrics  
Registered Municipal Accountant (#474)

November 22, 2011

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Statement of Net Assets and Governmental Funds Balance Sheet**  
**December 31, 2010**

	General Fund	Capital Fund	Total	Adjustments (Note 2)	Statement of Net Assets
<b>Assets</b>					
Cash	\$ 365,550	\$ -	\$ 365,550	\$ -	\$ 365,550
Prepaid expenses	2,627	-	2,627	-	2,627
Government receivable	121,583	-	121,583	-	121,583
Interfund receivable	-	216,429	216,429	(216,429)	-
Deferred charges to future taxation	-	688,386	688,386	(688,386)	-
Capital assets, net	-	-	-	1,076,484	1,076,484
Total assets	<u>\$ 489,760</u>	<u>\$ 904,815</u>	<u>\$ 1,394,575</u>	<u>\$ 171,669</u>	<u>\$ 1,566,244</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 11,232	\$ -	\$ 11,232	\$ -	\$ 11,232
Payroll tax liabilities	1,657	-	1,657	-	1,657
Accrued interest on bond	15,228	-	15,228	-	15,228
Accrued audit expense	8,160	-	8,160	-	8,160
Fire district bonds payable - current	-	75,000	75,000	-	75,000
Bond anticipation note	-	75,000	75,000	-	75,000
Reserve for SFSG	645	-	645	-	645
Reserve for LOSAP	105,346	-	105,346	-	105,346
Interfund payable	216,429	-	216,429	(216,429)	-
Improvement authorizations	-	114,511	114,511	(114,511)	-
Total current liabilities	<u>358,697</u>	<u>264,511</u>	<u>623,208</u>	<u>(330,940)</u>	<u>292,268</u>
Other liabilities:					
Bonds payable - long term	<u>-</u>	<u>535,000</u>	<u>535,000</u>	<u>-</u>	<u>535,000</u>
Total liabilities	<u>358,697</u>	<u>799,511</u>	<u>1,158,208</u>	<u>(330,940)</u>	<u>827,268</u>
<b>Fund Balances and Net Assets</b>					
Fund balances:					
Reserved:					
Appropriation reserves	85,431	-	85,431	(85,431)	-
Unreserved:					
Designated for subsequent years' expenditures	53,878	10,000	63,878	(63,878)	-
Undesignated	(8,246)	95,304	87,058	(87,058)	-
Total fund balances	<u>131,063</u>	<u>105,304</u>	<u>236,367</u>	<u>(236,367)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 489,760</u>	<u>\$ 904,815</u>	<u>\$ 1,394,575</u>		
Net assets:					
Invested in capital assets, net of accumulated depreciation and related debts				391,484	391,484
Restricted for capital acquisitions				114,511	114,511
Unrestricted				232,981	232,981
				<u>\$ 738,976</u>	<u>\$ 738,976</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, 2009**

	<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	\$ 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 bonds and notes	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
Interfund payable	106,169	-	106,169	(106,169)	-
Improvement authorizations	-	104,251	104,251	(104,251)	-
Total current liabilities	<u>275,974</u>	<u>124,251</u>	<u>400,225</u>	<u>(210,420)</u>	<u>189,805</u>
Other Liabilities					
Bond payable - long term	-	60,000	60,000	-	60,000
Total liabilities	<u>275,974</u>	<u>184,251</u>	<u>460,225</u>	<u>(210,420)</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	80,304	81,841	(81,841)	-
Total fund balances	<u>54,829</u>	<u>80,304</u>	<u>135,133</u>	<u>(135,133)</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 debts				528,137	528,137
Restricted for capital acquisitions				104,251	104,251
Unrestricted				58,165	58,165
				<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 Activities and Governmental Fund Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Year Ended December 31, 2010**

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Expenditures:					
Operating appropriations	\$ 313,919	\$ -	\$ 313,919	\$ 52,811	\$ 366,730
Reserve for future capital outlays	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>
Total expenditures	338,919	-	338,919	27,811	366,730
Revenues and other financing sources:					
Revenues:					
District taxes	389,067	-	389,067	-	389,067
Supplemental fire services grant	444	-	444	-	444
Interest income	324	-	324	-	324
Miscellaneous income	<u>25,318</u>	<u>-</u>	<u>25,318</u>	<u>-</u>	<u>25,318</u>
Total general revenues	415,153	-	415,153	-	415,153
Transfers					
Reserve for future capital outlays	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>
Total revenues and transfers	<u>415,153</u>	<u>25,000</u>	<u>440,153</u>	<u>(25,000)</u>	<u>415,153</u>
Excess of revenues over expenditures	76,234	25,000	101,234	(101,234)	-
Change in net assets	-	-	-	48,423	48,423
Fund balances/net assets:					
Beginning of the year	<u>54,829</u>	<u>80,304</u>	<u>135,133</u>	<u>555,420</u>	<u>690,553</u>
End of year	<u>\$ 131,063</u>	<u>\$ 105,304</u>	<u>\$ 236,367</u>	<u>\$ 502,609</u>	<u>\$ 738,976</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:					
General 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 debt service	-	10,000	10,000	(10,000)	-
Reserve for future capital outlays	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>
Total transfers	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>
Total general revenues and transfers	<u>384,707</u>	<u>40,000</u>	<u>424,707</u>	<u>(40,000)</u>	<u>384,707</u>
Excess (deficit) of revenues over expenditures	(19,029)	40,000	20,971	(20,971)	-
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>\$ 80,304</u>	<u>\$ 135,133</u>	<u>\$ 555,420</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**  
**Notes to Financial Statements**  
**December 31, 2010 and 2009**

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**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, 2010 and 2009, 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 2010 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, 2010 and 2009**

---

**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, 2010 and 2009**

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**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 debts.
- 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, 2010 and 2009 capital assets, net in the amount of \$1,076,484 and \$609,555, respectively, and invested in capital assets, net in the amount of \$391,484 and \$528,137, 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, 2010 and 2009**

---

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

**B. Interfund Receivable and Payable**

For the years ended December 31, 2010 and 2009 interfund receivables and payables in the amount of \$216,429 and \$106,169, respectively, have been eliminated in arriving at the government-wide presentation.

**C. Deferred Charges to Future Taxation**

For the years ended December 31, 2010 and 2009 deferred charges to future taxation in the amount of \$688,386 and \$158,386, 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, 2010 and 2009 fund balances in the amounts of \$236,367 and \$135,133, respectively, have been eliminated. Unrestricted net assets in the amounts of \$232,981 and \$58,165, respectively, and net assets restricted for capital acquisitions in the amounts of \$114,511 and \$104,251, 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, 2010 and 2009, improvement authorizations in the amounts of \$114,511 and \$104,251, respectively, have 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, 2010, depreciation expense in the amount of \$72,811 has been included in the government-wide presentation. Additionally, principal debts have been decreased by \$20,000. The net effect on operating appropriations is an increase of \$52,811.

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.

**B. Capital Improvements**

For the years ended December 31, 2010 and 2009, capital improvements in the amount of \$0 and \$14,000, respectively, have been decreased for budgetary expense purpose.

**C. Reserve for Future Capital Outlays and Related Transfers**

For the years ended December 31, 2010 and 2009 reserve for future capital outlays and related transfer were reduced by \$25,000 and \$40,000, respectively, on the government-wide presentation to eliminate the general fund expenditure and capital fund revenue related to the creation of future improvement authorizations.

**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, 2010 and 2009**

**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, 2010 and 2009 the District's cash accounts consisted of:

	<u>2010</u>	<u>2009</u>
Brunswick – Checking	\$ 139,596	\$ 211,008
Brunswick – Savings	221,964	108,616
Sovereign – Savings	<u>3,990</u>	<u>-</u>
Total Cash	<u>\$ 365,550</u>	<u>\$ 319,624</u>

The carrying amount of the Board's cash at December 31, 2010 was \$365,550 and the bank balance was \$365,850. Of the balance, \$250,000 was covered by federal depository insurance and \$115,850 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	115,850
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, 2010 and 2009**

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**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 2010, 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 21.2% of all moneys so assessed; on or before July 1, an amount equaling 22.5% of all monies so assessed; on or before October 1, an amount equaling 25.1% 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, 2010 and 2009**

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**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, 2010 and 2009, the fire tax rate on Fire District No. 1 was \$.150 and \$.143, respectively, per \$100 of assessed valuation.

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

The District also participates in the Supplemental Fire Services Program. For the years ended December 31, 2010 and 2009, the District received amount of \$444 and \$645, respectively.

**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 2010 and 2009 was \$64,582 and \$0, 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, 2010:

	Balance As Of December 31, 2009	2010 Additions	2010 Deletions	Balance As Of December 31, 2010
Buildings	\$ 400,000	\$ -	\$ -	\$ 400,000
Building improvements	35,376	-	-	35,376
Fire trucks	630,743	539,740	20,000	1,150,483
Other vehicles	58,028	-	-	58,028
Equipment	169,738	-	-	169,738
	<u>\$ 1,293,885</u>	<u>\$ 539,740</u>	<u>\$ 20,000</u>	<u>\$ 1,813,625</u>
Accumulated depreciation	\$ 684,330	\$ 72,811	\$ 20,000	\$ 737,141

Depreciation expense for the year ended December 31, 2010 and 2009 was \$72,811 and \$58,821, respectively.

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes to Financial Statements**  
**December 31, 2010 and 2009**

**9. Long Term Debts**

The District's long-term debts consisted of the following at December 31, 2010:

Purpose	Date of Issue	Original Issue	Interest Rate	As of 12/31/10
Fire district bond - SCBA equipment	07/21/2009	\$ 80,000	4.000%	\$ 60,000
Fire district bond - pumper	01/20/2010	550,000	4.500%	550,000
				610,000
Less: current maturity				75,000
Fire district bond payable - long-term				<u>\$ 535,000</u>

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

Fiscal Year	Principal	Interest	Total
2011	\$ 75,000	\$ 25,913	\$ 100,913
2012	75,000	22,637	97,637
2013	75,000	19,363	94,363
2014	55,000	16,087	71,087
2015	55,000	13,613	68,613
2016 and after	275,000	30,938	305,938
Total	<u>\$ 610,000</u>	<u>\$ 128,551</u>	<u>\$ 738,551</u>

**10. Bond Anticipation Note**

On October 8, 2010, the District issued a \$75,000 bond anticipation note bearing interest rate of 4.00%. The note matured on October 10, 2011. The note was issued for the repairs and improvements to fire house property and parking area.

**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.

**13. Reclassifications**

Certain amounts reported on the December 31, 2009 financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no effect on net assets as previously reported.

**14. Subsequent Events**

The District has evaluated subsequent events occurring after December 31, 2010 through the date of November 22, 2011, which is the date the financial statements were available to be issued. Based on this evaluation, the District has determined no subsequent events have occurred which require disclosure in the financial statements.

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - All Governmental Fund Types**  
**Year Ended December 31, 2010**

	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	\$ 389,067	\$ -	\$ 389,067	\$ -	\$ 389,067	\$ 389,067	\$ 389,067	\$ -
Supplemental fire services grant	444	-	444	-	444	645	645	(201)
Interest income	324	-	324	-	324	-	-	324
Miscellaneous income	25,318	-	25,318	-	25,318	-	-	25,318
Surplus anticipated unreserved	-	-	-	-	-	34,638	34,638	(34,638)
Total revenues	415,153	-	415,153	-	415,153	424,350	424,350	(9,197)
<b>Transfers:</b>								
Reserve for future capital outlays	-	25,000	25,000	(25,000)	-	-	-	25,000
Total transfers	-	25,000	25,000	(25,000)	-	-	-	25,000
Total revenues and transfers	415,153	25,000	440,153	(25,000)	415,153	424,350	424,350	15,803
<b>Expenditures:</b>								
Operating appropriations:								
Administration:								
Elections	857	-	857	-	857	1,500	1,500	643
Office expenses	3,224	-	3,224	-	3,224	2,500	2,500	(724)
Professional services	23,877	-	23,877	-	23,877	31,000	31,000	7,123
Advertising	272	-	272	-	272	700	700	428
Total administration	28,230	-	28,230	-	28,230	35,700	35,700	7,470
Operations and maintenance:								
Salary and wages:								
Commissioners	18,650	-	18,650	-	18,650	18,650	18,650	-
Total salary and wages	18,650	-	18,650	-	18,650	18,650	18,650	-
Fringe benefits:								
LOSAP	48,000	-	48,000	-	48,000	48,000	48,000	-
Fringe benefits	1,465	-	1,465	-	1,465	2,300	2,300	835
Total fringe benefits	49,465	-	49,465	-	49,465	50,300	50,300	835
Other expenses:								
Training	5,807	-	5,807	-	5,807	15,000	15,000	9,193
Insurance	40,477	-	40,477	-	40,477	50,000	50,000	9,523
Dues and subscriptions	840	-	840	-	840	1,500	1,500	660
Maintenance and repairs	42,131	-	42,131	-	42,131	40,000	40,000	(2,131)
Rental charges	20,000	-	20,000	-	20,000	20,000	20,000	-
Non-bondable - fire fighting equipment	19,489	-	19,489	-	19,489	30,000	30,000	10,511
Fuel purchase	6,513	-	6,513	-	6,513	10,000	10,000	3,487

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, 2010**

	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	35,407	-	35,407	-	35,407	35,000	35,000	(407)
Bond principal	20,000	-	20,000	(20,000) (1)	-	20,000	20,000	-
Bond interest	26,160	-	26,160	-	26,160	3,200	3,200	(22,960)
Bond note principal	-	-	-	-	-	48,000	48,000	48,000
Bond note interest	750	-	750	-	750	22,000	22,000	21,250
Depreciation expense	-	-	-	72,811 (1)	72,811	-	-	-
Total other expenses	<u>217,574</u>	<u>-</u>	<u>217,574</u>	<u>52,811</u>	<u>270,385</u>	<u>294,700</u>	<u>294,700</u>	<u>77,126</u>
Total operations and maintenance	<u>285,689</u>	<u>-</u>	<u>285,689</u>	<u>52,811</u>	<u>338,500</u>	<u>363,650</u>	<u>363,650</u>	<u>77,961</u>
Total operating appropriations	<u>313,919</u>	<u>-</u>	<u>313,919</u>	<u>52,811</u>	<u>366,730</u>	<u>399,350</u>	<u>399,350</u>	<u>85,431</u>
Capital appropriations:								
Reserve for future capital outlays	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total capital appropriations	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total expenditures	<u>338,919</u>	<u>-</u>	<u>338,919</u>	<u>27,811</u>	<u>366,730</u>	<u>424,350</u>	<u>424,350</u>	<u>85,431</u>
Excess of revenues over expenditures	76,234	25,000	101,234	(101,234)	-	\$ -	\$ -	\$ 101,234
Change in net assets	-	-	-	48,423	48,423			
Fund balances, beginning of the year	<u>54,829</u>	<u>80,304</u>	<u>135,133</u>	<u>555,420 (2)</u>	<u>690,553</u>			
Fund balances, end of year	<u>\$ 131,063</u>	<u>\$ 105,304</u>	<u>\$ 236,367</u>	<u>\$ 502,609</u>	<u>\$ 738,976</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, 2010 and 2009**

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**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.	\$ 20,000
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.	<u>(72,811)</u>
Net decrease in fund balance – budget to GAAP	(52,811)
(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>555,420</u>
	<u>\$ 502,609</u>

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Notes To Required Supplementary Information**  
**Years Ended December 31, 2010 and 2009**

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**C. Budget Cancellation**

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the year ended December 31, 2010, the District canceled \$-0- of appropriations resulting in a reservation of fund balance as follows:

Adopted Budget	\$ 424,350
Expenditures	<u>338,919</u>
Favorable Variance	85,431
Canceled	<u>-</u>
Fund Balance Reserve	<u><u>\$ 85,431</u></u>

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Improvement Authorizations - Capital Fund**  
**Year Ended December 31, 2010**

Purpose	Authorized Appropriation		Balance	2010 Authorization	2010 Paid	Balance
	Date	Amount	December 31, 2009			December 31, 2010
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	49,565	-	-	49,565
Security system	2009	14,000	4,059			4,059
Class A pumper	2008	<u>550,000</u>	<u>-</u>	<u>550,000</u>	<u>539,740</u>	<u>10,260</u>
Total		<u>\$ 1,009,000</u>	<u>\$ 104,251</u>	<u>\$ 550,000</u>	<u>\$ 539,740</u>	<u>\$ 114,511</u>
	Funded		\$ 54,686			\$ 64,946
	Unfunded		<u>49,565</u>			<u>49,565</u>
			<u>\$ 104,251</u>			<u>\$ 114,511</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, 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 Deferred Charges to Future Taxation**  
**Year Ended December 31, 2010**

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Purpose	Balance December 31, 2009	2010 Additions	2010 Budget Appropriation	Balance December 31, 2010
Funded:				
Fire district bond - SCBA	\$ 80,000	\$ -	\$ 20,000	\$ 60,000
Fire district bond - pumper	-	550,000	-	550,000
Total funded	80,000	550,000	20,000	610,000
Unfunded:				
SCBA - BAN	3,386	-	-	3,386
Building improvements	75,000	-	-	75,000
Total unfunded	78,386	-	-	78,386
Total	<u>\$ 158,386</u>	<u>\$ 550,000</u>	<u>\$ 20,000</u>	<u>\$ 688,386</u>

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Deferred Charges to Future Taxation**  
**Year Ended December 31, 2009**

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Purpose	Balance December 31, 2008	2009 Additions	2009 Budget Appropriation	2009 Other Paid Down	Balance December 31, 2009
Funded:					
Serial bonds - firehouse	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ -
Fire district bond - SCBA	-	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Total funded	40,000	80,000	40,000	-	80,000
Unfunded:					
SCBA - BAN	103,386	-	20,000	80,000	3,386
Building improvements	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>
Total unfunded	<u>178,386</u>	<u>-</u>	<u>20,000</u>	<u>80,000</u>	<u>78,386</u>
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**  
**Statistical Information**  
**Years Ended December 31, 2010 and 2009**

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**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>
2010	\$ 259,713,563	\$ 389,067	\$ 0.150
2009	261,214,259	373,091	0.143
2008	259,882,117	358,300	0.138
2007	101,845,431	383,000	0.377
2006	97,273,374	345,000	0.355
2005	95,237,609	337,000	0.354
2004	94,551,582	321,000	0.340

**Unreserved Fund Balance – General Fund**

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2010	\$ 45,632	\$ 53,878
December 31, 2009	36,175	34,638
December 31, 2008	48,930	48,654
December 31, 2007	88,581	55,904
December 31, 2006	103,336	43,163

**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, 2010	\$ 105,304	\$ 10,000
December 31, 2009	80,304	-
December 31, 2008	40,304	-
December 31, 2007	40,304	-
December 31, 2006	40,304	-

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Roster of Officials**  
**Years Ended December 31, 2010 and 2009**

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<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
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\* Blanket Bond Coverage

Surety Company

VFIS



**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Comments and Recommendations**  
**Years Ended December 31, 2010 and 2009**

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**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 not adequately maintained in good condition.

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

**Cash in Banks**

The balances in banks at December 31, 2010 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 bid threshold increased to \$26,000 on July 1, 2010 and decreased to \$17,500 on January 1, 2011.

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**

See schedule findings and recommendations.

See Independent Auditors' Report.

**Borough of Englishtown Fire District No. 1  
Monmouth County, New Jersey  
Comments and Recommendations  
Years Ended December 31, 2010 and 2009**

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**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,



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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, 2010 and 2009**

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**Schedule of Financial Statement Findings**

This section identifies the significant deficiencies 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.

**Other Matters**

Finding #2010-01

During the conduct of our audit we concluded that the District's books and records were not adequately maintained and kept on a timely basis. We consider this to be a significant deficiency in the District's controls.

In order to improve controls over the District's books and records, we recommend that the District review its books and records on monthly basis and keep them current in order to have them ready for audit in timely manner.

**Borough of Englishtown Fire District No. 1**  
**Monmouth County, New Jersey**  
**Schedule of Prior Year Findings and Recommendations**  
**Years Ended December 31, 2010 and 2009**

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**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