

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**

**COUNTY OF MIDDLESEX, NEW JERSEY**

**REPORT OF AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

Prepared by:  
Gerard Stankiewicz, CPA  
Of the Firm of:  
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Certified Public Accountants  
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Freehold, New Jersey 07728

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**

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## INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners  
Borough of Jamesburg Fire District #1  
County of Middlesex  
State of New Jersey

We have audited the accompanying financial statements of the Borough of Jamesburg Fire District #1 (the "District") as of December 31, 2011. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides 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 District as of December 31, 2011, and the results of its operations for the year 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 our report dated August 1, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreement 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 considered in assessing the results of our audit.

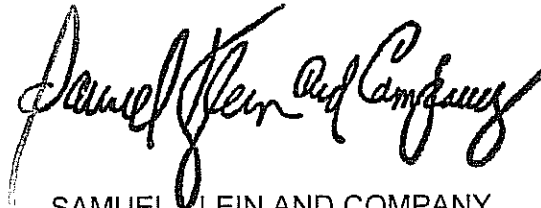
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Management's Discussion and Analysis on pages 5 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements of the District taken as a whole. The information included in the supplementary schedules is presented for purposes of additional analysis and is not a required part of the financial statements, but is presented as additional analytical data as required by the Local Finance Board. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Gerard Stankiewicz  
Certified Public Accountant



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
August 1, 2012

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS – STATUTORY BASIS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Fire Commissioners  
Borough of Jamesburg Fire District #1  
County of Middlesex  
State of New Jersey

We have audited the financial statements of the Borough of Jamesburg Fire District #1, County of Middlesex, State of New Jersey (the "District"), as of and for the year ended December 31, 2011, and have issued our report thereon dated August 1, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of the Jamesburg Fire District Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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 deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

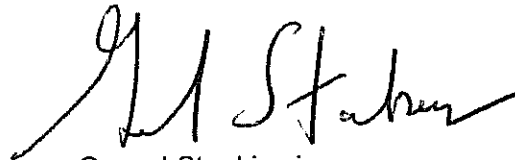
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS – STATUTORY BASIS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

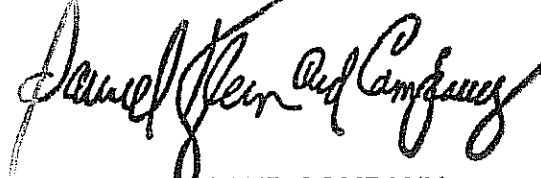
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District's financial statements - statutory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Fire District's in the "General Comments and Recommendations" section of this report.

This report is intended solely for the information of the Board of Fire Commissioners of the Borough of Jamesburg Fire District #1 management and for filing with the State of New Jersey, Department of Community Affairs, Division of Local Government Services, Bureau of Authority Regulations and is not intended to be and should not be used by anyone other than these specified parties.



Gerard Stankiewicz  
Certified Public Accountant



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
August 1, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Borough of Jamesburg Fire District's (District) annual financial report, the management of the District provides narrative discussion and analysis of the financial activities of the District for the audit year ending December 31, 2011.

The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and notes following this section.

### Discussion of Financial Statements Included in Annual Audit

The District prepares and presents its financial statements on several different bases, because of accounting requirements and for internal use purposes.

The first set of statements which consist of the Statement of Net Assets, the Statement of Activities and Changes in Net Assets is prepared on an accrual basis and is in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. These statements are the official financial statements of the Borough of Jamesburg Fire District #1.

After the first set of statements and the "Notes to the Financial Statements" that follow is the second set of statements. These statements are considered "Supplemental Information".

The District has historically presented its financial statements on a "GAAP Basis", and continues to do so because it relates more fairly to the annual budget for the same period. The annual budget records all encumbrances as charges against the adopted appropriation even if the items or services have not been received.

Contained in the supplemental information are statements that report the Statement of Net Assets, Statement of Revenues, Expenditures and Changes in Net Assets and Statement of Expenditures Compared to Budget. These statements compare the "Budget" revenues and expenses to "Actual" revenues and expenses. They include operating revenues and expenses, non-operating revenues and non-operating expenses. Principal and Interest are reported in this statement as Debt Service expense, and depreciation is not reported as an expense. On the "GAAP" based and "Modified GAAP" based, Depreciation Expense is included, and only the Interest Expense component of the Debt Service expense is reported.

The Budget to Actual statement is a very important statement to the District management, because it is how we measure our financial performance, particularly as it compares to the approved and adopted annual budget and how it relates to the operational performance.

Other information or statements incorporated within the annual audit report are the Schedules of Cash and Cash Equivalents – Restricted and Unrestricted and the Schedule of General Obligation Bonds Payable.

For the purpose of the Management Discussion and Analysis, the ensuing discussion will review the official statements of the District, those prepared on an accrual basis and in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to enterprise funds of state and local governments. This is the first set of statements included in the annual audit report.

**Borough of Jamesburg Fire District**

**Comparative Statement of Net Assets**

The Borough of Jamesburg Fire District's total Assets increased \$39,897.99 and total liabilities increased \$34,960.08. Assets exceed liabilities by \$346,785.21 compared to 2010 where the assets exceeded liabilities by \$341,847.30.

The Borough of Jamesburg Fire District's Net Assets of \$346,785.21 are comprised of the following:

1. Invested in Capital Assets, Net of Related Debt increased \$6,218.31 and is computed as follows:

	December 31,	
	<u>2011</u>	<u>2010</u>
Capital Assets, Net	\$ 489,347.57	\$ 435,524.08
Less:		
Non - Current Liabilities	63,937.20	75,000.00
Non - Long-term Liabilities	303,667.98	245,000.00
	\$ 121,742.39	\$ 115,524.08

2. Net assets of \$52,057.00 are reserved (assigned) for offsetting 2012 budgeted expenses and \$54,900.20 is restricted for future capital outlay.
3. Unrestricted net assets \$118,085.62 represent the portion available to maintain the District's continuing obligations to the residents of its municipality area, its creditors, employees and bondholders and is available to be budgeted as reserve in subsequent years.



Comparative Statement of Net Assets (Continued)

Net Assets increased by \$4,937.91.

	As of December 31,	
	<u>2011</u>	<u>2010</u>
Total Current Assets	\$ 252,597.17	\$ 292,522.67
Total Restricted Assets	54,900.20	28,900.20
Capital Assets - Net	<u>489,347.57</u>	<u>435,524.08</u>
 Total Assets	 <u>\$ 796,844.94</u>	 <u>\$ 756,946.95</u>
 Total Current Liabilities Payable from Current Assets	 \$ 82,454.55	 \$ 95,099.65
Long-Term Obligations - Net	<u>367,605.18</u>	<u>320,000.00</u>
 Total Liabilities	 <u>\$ 450,059.73</u>	 <u>\$ 415,099.65</u>
 Restricted:		
Invested in Capital Assets, Net of Related Debt	\$ 121,742.39	\$ 115,524.08
Capital Outlay	54,900.20	28,900.20
Unrestricted:		
Assigned	52,057.00	52,057.00
Unassigned	<u>118,085.62</u>	<u>145,366.02</u>
 Total Net Assets	 <u>\$ 346,785.21</u>	 <u>\$ 341,847.30</u>

Total Current Assets for cash and cash equivalents decreased because of an increase in Current Liabilities Payable from Current Assets and increases in reserve for future use.

Depreciation charged has increased by \$6,783.06.

Total Current Liabilities Payable from Current Assets for accrued expenses have decreased because of less unpaid year end obligations than in the prior years.

Total Non-Current Liabilities are up because of additional capital lease obligations incurred.

Comparative Statement of Revenues, Expenses and Changes in Net Assets

There was no change to Operating Revenues from Taxation of the District. This Revenue was approved by the voters of Jamesburg in the annual election.

Total Operating Expenses increased \$7,975.41 or 2.7% from the prior year.

Total Operating Revenues less Total Operating Expenses produced income of \$17,689.45. This was anticipated by the Commissioners in the annual budget.

Total Net Non-Operating Revenue (Expenses) increased by \$88.79.

Total Net Assets as of December 31, 2011 increased \$4,937.91 from \$341,847.30 to \$346,785.21.

	<u>Year Ending December 31,</u>	
	<u>2011</u>	<u>2010</u>
Total Operating Revenues	\$ <u>394,900.00</u>	\$ <u>394,900.00</u>
Operating Expenses	\$ 303,428.86	\$ 295,453.45
Depreciation	<u>73,781.69</u>	<u>66,998.63</u>
Total Expenses	\$ <u>377,210.55</u>	\$ <u>362,452.08</u>
Operating Income	\$ 17,689.45	\$ 32,447.92
Non-Operating Revenues/ (Expenses) - Net	<u>(12,751.54)</u>	<u>(12,662.75)</u>
Change in Net Assets	\$ 4,937.91	\$ 19,785.17
Net Assets, Beginning	<u>341,847.30</u>	<u>322,062.13</u>
Net Assets, Ending	\$ <u><u>346,785.21</u></u>	\$ <u><u>341,847.30</u></u>

### Core Competencies

The District provides fire protection services for the Borough of Jamesburg and is the sole Authority for fire protection in the Borough.

The District's offices are contained within a building owned by the Jamesburg Fire Company, Inc. Public meetings are held in accordance with the open public meetings law and as needed special meetings. The Board consists of five (5) members elected by the voters at the annual Fire District Election held on the third Saturday of February. The terms are three years and are staggered terms (2, 2 and 1).

The District's budget is voted on at the Annual Fire District Election. The budget process begins in October with preparing the details and is finalized and introduced in December. A public hearing is held in January. If the voters defeat the budget, then the Mayor and Council of the Borough have the right to set the budget. The budget is prepared on a calendar year basis.

The District has a contract with the fire company for use of their building and for them to provide fire protection services. The Fire Company has approximately 40 volunteer members. The District also participates on a mutual aid consortium for assistance to and from neighboring municipalities.

The main revenue of the District is property taxes which are subject to the annual fire district election. The other sources of revenue are surplus and miscellaneous revenue which accrues to the fund balance of the District.

The majority of the budget relates to insurance, hydrant rentals and repair and maintenance of fire trucks.

Debt Service is appropriated to repay the debt for the purchase of a fire truck approved by the voters of the District. The District every several years acquires a new fire truck.

The District real estate base for 2012 of \$239,102,903 consists mostly of 1,562 residential units with assessed valuation of \$194,102,700 and 107 commercial units valued at \$31,589,700 and are within close proximity to the NJ Turnpike Exit 8A.

## **Accountability**

The Borough of Jamesburg Fire District's mission statement is:

### **The Mission Statement:**

Our mission for the Borough of Jamesburg Fire District is to provide the ultimate in fire protection services. Always responsive to the residents' needs and the growing community, in compliance with the applicable laws, rules and regulations, the District will continue to set and exceed the standards for the protection of the property, while operating the most efficient system and maintaining a cost effective budget.

As the mission reads, this is who and what the District is accountable to. The District's accountability, first and foremost, is to protect the property. The goal is to provide a cost effective and reliable service, and at the same time to protect the property. This means the District is accountable to the residents, the agencies and people served using the same principals: cost effective, efficient, reliable and protective.

As a district, the District is also guided by or accountable to state government and the applicable rules and regulations that govern the Borough of Jamesburg Fire District. More specifically, the District is accountable to the Department of Community Affairs, Division of Local Government Services.

## **Management of the District**

The Commissioner's manage the daily operations of the District in conjunction with the Chief of Fire. The District employs an accountant to handle the bookkeeping operations.

## **Funding of Infrastructure and Debt Management**

The District is required by statute to present it's capital projects or capital assets acquisition to the voters of the District for approval. Once approved, the District can proceed to put the required financing in place; however, subject to the Local Finance Board's approval.

## **Auditors**

The District Auditor is Gerard Stankiewicz, CPA of Samuel Klein and Company.

Audits can be obtained by contacting the Borough of Jamesburg Fire District.

**FINANCIAL STATEMENTS**

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**COUNTY OF MIDDLESEX**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2011**

	Balance December 31, <u>2011</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ <u>252,597.17</u>
Total Current Assets	\$ <u>252,597.17</u>
Restricted Assets:	
Cash and Cash Equivalents	\$ <u>54,900.20</u>
Total Restricted Assets	\$ <u>54,900.20</u>
Noncurrent Assets:	
Capital Assets, Net	\$ <u>489,347.57</u>
Total Noncurrent Assets	\$ <u>489,347.57</u>
Total Assets	\$ <u><u>796,844.94</u></u>
<b><u>LIABILITIES</u></b>	
Current Liabilities Payable from Current Assets:	
Accounts Payable	\$ 29,270.69
Accrued Expenses	52,257.87
Accrued Interest on Bonds Payable	<u>925.99</u>
Total Current Liabilities Payable from Current Assets	\$ <u>82,454.55</u>
Noncurrent Liabilities:	
Due within one year	\$ 63,937.20
Due beyond one year	<u>303,667.98</u>
Total Noncurrent Liabilities	\$ <u>367,605.18</u>
Total Liabilities	\$ <u><u>450,059.73</u></u>

See Accompanying Notes to Financial Statements

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**COUNTY OF MIDDLESEX**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2011**

	Balance December 31, <u>2011</u>
<u>NET ASSETS</u>	
Restricted -	
Invested in Capital Assets, Net of Related Debt	\$ 121,742.39
Capital Outlay	54,900.20
Unrestricted -	
Assigned	52,057.00
Unassigned	<u>118,085.62</u>
 Total Net Assets	 \$ <u><u>346,785.21</u></u>

See Accompanying Notes to Financial Statements

BOROUGH OF JAMESBURG FIRE DISTRICT #1  
COUNTY OF MIDDLESEX  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

<u>Functions/Programs</u>	<u>Total Government Activities</u> Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:	
Operating Appropriations:	
Administration:	
Paid Positions	\$ 13,400.00
Professional Services	34,041.82
Elections	2,875.52
Office Supplies and Postage	3,803.04
Operations and Maintenance:	
Fire Hydrant Rentals	54,726.58
Insurance Premiums	38,092.00
Advertising	584.66
Training and Education	1,045.00
Uniforms and Personal Equipment	10,880.04
Utilities and Related Services	22,510.00
Maintenance and Repairs	52,652.32
Contingent	10,709.84
Firefighting Supplies	6,490.86
Miscellaneous Truck Supplies	31,617.18
LOSAP	20,000.00
Unallocated Depreciation	73,781.69
Interest on Long-Term Debt	13,579.79
Total Government Activities	<u>\$ 390,790.34</u>
 <u>General Revenues</u>	
Taxes:	
General Purposes	\$ 301,393.75
Debt Service	93,506.25
Investment Earnings	828.25
	<u>\$ 395,728.25</u>
 Change in Net Assets	 <u>\$ 4,937.91</u>
Net Assets - Beginning	<u>\$ 341,847.30</u>
Net Assets - Ending	<u><u>\$ 346,785.21</u></u>

See accompanying Notes to Financial Statements.



**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

BOROUGH OF JAMESBURG FIRE DISTRICT #1  
COUNTY OF MIDDLESEX  
GOVERNMENTAL FUND  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	<u>December 31,</u> <u>2011</u>
<u>ASSETS</u>	
Current Assets:	
Unrestricted Assets:	
Cash and Cash Equivalents	\$ <u>252,597.17</u>
Total Unrestricted Assets	<u>252,597.17</u>
Restricted Assets:	
Cash and Cash Equivalents	\$ <u>54,900.20</u>
Total Restricted Assets	<u>54,900.20</u>
Total Current Assets	<u>\$ 307,497.37</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities Payable from Unrestricted Assets:	
Accounts Payable	\$ 29,270.69
Accrued Expenses	<u>52,257.87</u>
Total Current Liabilities	<u>\$ 81,528.56</u>
Net Assets:	
Assigned - Designated for Subsequent Years Expenditures	\$ 52,057.00
Unassigned	119,011.61
Restricted:	
Capital Outlay	<u>54,900.20</u>
Total Net Assets	<u>\$ 225,968.81</u>
Total Net Assets above	\$ 225,968.81
Amounts reported for <i>governmental activities</i> in the Statement of Net Assets (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$1,484,551.20 and the accumulated depreciation is \$995,203.63 (see Note 4).	489,347.57
Long-term liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (see Note 5).	367,605.18
Certain liabilities are not due and payable in the current period, and therefore, are not reported in funds:	
Accrued Interest on Bonds Payable	
(Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance.)	<u>(925.99)</u>
Net assets of governmental activities (A-1)	<u>\$ 346,785.21</u>

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**COUNTY OF MIDDLESEX**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2011**

	General Fund			Debt Service Fund			Capital Projects Fund			Total	
	Budget as Modified	Actual	Variance Favorable/ (Unfavorable)	Budget as Modified	Actual	Variance Favorable/ (Unfavorable)	Budget as Modified	Actual	Variance Favorable/ (Unfavorable)	Budget as Modified	Actual
Revenues and Other Financing Sources:											
Unreserved Net Assets Utilized	\$ 52,057.00	\$ 52,057.00								\$ 52,057.00	\$ 52,057.00
Miscellaneous Revenues:											
Other Items of Miscellaneous Revenues:											
Interest on Investments	\$ 828.25	\$ 828.25								\$ 828.25	\$ 828.25
Total Miscellaneous Revenues	\$ 828.25	\$ 828.25								\$ 828.25	\$ 828.25
Amount to be Raised by Taxation	\$ 275,393.75	\$ 275,393.75		\$ 93,506.25	\$ 93,506.25		\$ 26,000.00	\$ 26,000.00		\$ 394,900.00	\$ 394,900.00
Total Revenues and Other Credits	\$ 327,450.75	\$ 328,279.00	\$ 828.25	\$ 93,506.25	\$ 93,506.25		\$ 26,000.00	\$ 26,000.00		\$ 420,957.00	\$ 421,785.25
Expenditures:											
Budget:											
Operating Appropriations	\$ 327,450.00	\$ 303,428.86	\$ 24,021.14							\$ 327,450.00	\$ 303,428.86
Debt Service				\$ 93,507.00	\$ 93,506.25	\$ 0.75				\$ 93,507.00	\$ 93,505.25
Total Expenditures	\$ 327,450.00	\$ 303,428.86	\$ 24,021.14	\$ 93,507.00	\$ 93,506.25	\$ 0.75				\$ 420,957.00	\$ 396,935.11
Excess of Revenues Over Expenditures	\$ 24,850.14	\$ 24,850.14					\$ 26,000.00	\$ 26,000.00		\$ 50,850.14	\$ 50,850.14
Net Assets, January 1, 2011	198,275.47	198,275.47					28,900.20	28,900.20		227,175.67	227,175.67
	\$ 223,125.61	\$ 223,125.61					\$ 54,900.20	\$ 54,900.20		\$ 278,025.81	\$ 278,025.81
Less: Unreserved Net Assets Utilized	52,057.00	52,057.00								52,057.00	52,057.00
Net Assets, December 31, 2011	\$ 171,068.61	\$ 171,068.61					\$ 54,900.20	\$ 54,900.20		\$ 225,968.81	\$ 225,968.81

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND, SPECIAL REVENUE FUND AND DEBT SERVICE FUND**  
**STATEMENT OF EXPENDITURES COMPARED TO BUDGET**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>Budget as</u> <u>Adopted</u>	<u>Budget as</u> <u>Modified</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>General Fund</u>				
Operating Appropriations:				
Administration:				
Paid Positions	\$ 16,500.00	\$ 16,500.00	\$ 13,400.00	\$ 3,100.00
Professional Services	31,000.00	31,000.00	34,041.82	(3,041.82)
Elections	1,500.00	1,500.00	2,875.52	(1,375.52)
Office Supplies and Postage	6,200.00	6,200.00	3,803.04	2,396.96
Operations and Maintenance:				
Fire Hydrant Rentals	56,000.00	56,000.00	54,726.58	1,273.42
Insurance Premiums	39,000.00	39,000.00	38,092.00	908.00
Advertising	500.00	500.00	584.66	(84.66)
Training and Education	5,000.00	5,000.00	1,045.00	3,955.00
Uniforms and Personal Equipment	10,000.00	10,000.00	10,880.04	(880.04)
Utilities and Related Services	30,000.00	30,000.00	22,510.00	7,490.00
Maintenance and Repairs	61,300.00	61,300.00	52,652.32	8,647.68
Firefighting Supplies	13,000.00	13,000.00	6,490.86	6,509.14
Contingent	10,000.00	10,000.00	10,709.84	(709.84)
Miscellaneous Truck Supplies	27,450.00	27,450.00	31,617.18	(4,167.18)
LOSAP	20,000.00	20,000.00	20,000.00	
Total General Fund Appropriations	<u>\$ 327,450.00</u>	<u>\$ 327,450.00</u>	<u>\$ 303,428.86</u>	<u>\$ 24,021.14</u>
<u>Debt Service Fund</u>				
Principal on Bonds	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	
Interest on Bonds	<u>13,507.00</u>	<u>13,507.00</u>	<u>13,506.25</u>	<u>\$ 0.75</u>
Total Debt Service Fund Appropriations	<u>\$ 93,507.00</u>	<u>\$ 93,507.00</u>	<u>\$ 93,506.25</u>	<u>\$ 0.75</u>
<u>Capital Outlay</u>				
Reserve for Future Capital Outlays	<u>\$ 26,000.00</u>	<u>\$ 26,000.00</u>	<u>\$ 26,000.00</u>	
	<u>\$ 26,000.00</u>	<u>\$ 26,000.00</u>	<u>\$ 26,000.00</u>	
Total Appropriation	<u>\$ 446,957.00</u>	<u>\$ 446,957.00</u>	<u>\$ 422,935.11</u>	<u>\$ 24,021.89</u>
<u>Analysis of Actual:</u>				
Cash Disbursed:				
Operating		\$ 264,866.95		
Debt Service		<u>93,506.25</u>	\$ 358,373.20	
Reserved for Future Capital Outlay			26,000.00	
Contra Receipts			(12,508.78)	
Prior Year Accounts Payable - Adjusted			(2,400.00)	
Accounts Payable			28,770.69	
Accrued Expenses			<u>24,700.00</u>	
			<u>\$ 422,935.11</u>	

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 1. REPORTING ENTITY

This report includes the financial statements of the Borough of Jamesburg Fire District #1 (the "District"), within the County of Middlesex, in the State of New Jersey and reflects the activities for the District that are under the control of the Board of Fire Commissioners.

The District was established in accordance with the provisions of N.J.S.A. 40A:14-70.

The District is not a component unit of any other financial reporting entity nor does the District have any component units to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

Basis of Accounting

The accrual basis of accounting is followed. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

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

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources, such as state or federal government grants and appropriations that are legally restricted to expenditures for specified purposes. There was no activity in this fund for 2011.

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

Debt Service Fund – The Debt Service Fund is used to account for resources that will be used to service general long-term liabilities recorded in the General Long-Term Debt Account Group.

Fixed Assets – Property, plant and equipment purchased by the general fund and the capital projects fund are recorded as expenditures at the time of purchase. The historical cost, or if such cost is not practically determinable, the estimated historical cost, of such fixed assets is reflected in the Capital Assets account.

Fund Equity

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

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement on Net Assets.

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus (Continued)

Fund Financial Statements

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

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the fall of each preceding year for the general, special revenue, and debt service funds. The budgets are submitted to the State, Department of Community Affairs, Division of Local Government Services, Bureau of Authority Regulation for approval and are voted upon by the registered voters of the Borough at the annual fire district election on the third Saturday in February. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts. Transfers of appropriations may be made by District resolution at any time during the last three months of the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.



**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 3. **CASH AND CASH EQUIVALENTS AND INVESTMENTS**

A. **Cash**

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 any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

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 that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, fire districts are allowed to deposit funds in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five 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 \$25,000,000.00.

The amount on deposit of District's cash and cash equivalents at December 31, 2011 was \$311,704.45.

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 3. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

New Jersey statutes permit the District to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. Risk Analysis

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act.

As of December 31, 2011, there were no securities categorized as Investments as defined by GASB Statement No. 3 as amended by No. 40.

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 4. CAPITAL ASSETS, NET

All reported capital assets except for land are depreciated. At December 31, 2011, capital assets and the useful lives used for determination of annual depreciation were as follows:

	Balance	<u>Current Year's Activity</u>		Balance	
	<u>December 31, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2011</u>	<u>Useful Life</u>
Improvements	\$ 207,096.87			\$ 207,096.87	10-15 Years
Trucks	887,768.03			887,768.03	10-15 Years
Equipment	189,898.27	\$ 127,605.18		317,503.45	10 Years
Vehicles	<u>72,182.85</u>			<u>72,182.85</u>	5 Years
	\$ 1,356,946.02	127,605.18		\$ 1,484,551.20	
Less: Accumulated Depreciation	<u>921,421.94</u>	<u>\$ 73,781.69</u>		<u>995,203.63</u>	
	<u>\$ 651,003.63</u>	<u>\$ 53,823.49</u>		<u>\$ 489,347.57</u>	

Accumulated depreciation at December 31, 2011 was \$995,203.63.

Depreciation expense for the years ended December 31, 2011 and 2010 were \$73,781.69 and \$66,998.63, respectively.

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 5. LONG TERM DEBT

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. The full faith and credit of the Fire District are hereby irrevocably pledged for the punctual payment of the principal of and the interest on the bonds according to its terms.

The bonds are not subject to redemption prior to maturity.

Serial bonds outstanding as of December 31, 2011 consisted of the following:

2006 Series Bonds

On February 17, 2005, the voters of the District approved a referendum authorizing the purchase of a new fire truck. The referendum approved the issuance of bonds or notes in the amount of \$395,000.00. On December 15, 2006, General Obligation Bonds were sold to provide permanent funding for the new fire truck. Repayment of these bonds will be accomplished over a period of ten years and funds will be provided in the annual budget to meet the annual debt service requirements. Interest is payable semi-annually on the 15<sup>th</sup> day of June and December at an interest rate of 4.49%. The bonds are due annually on December 15<sup>th</sup>.

A. Schedule of Annual Debt Service for Principal and Interest  
for Bonded Debt Issued and Outstanding

<u>Year</u>	<u>2006 Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
Next Five Years			
2012	\$ 40,000.00	\$ 10,776.00	\$ 50,776.00
2013	40,000.00	8,980.00	\$ 48,980.00
2014	50,000.00	7,184.00	57,184.00
2015	50,000.00	4,939.00	54,939.00
2016	60,000.00	2,694.00	62,694.00
	<u>\$ 240,000.00</u>	<u>\$ 34,573.00</u>	<u>\$ 274,573.00</u>
		Principal	\$ 240,000.00
		Interest	34,573.00
			<u>\$ 274,573.00</u>

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 5. LONG TERM DEBT (CONTINUED)

B. Capital Lease Obligations Payable

The District is leasing equipment \$127,605.18 under capital leases. All capital leases are for terms of five (5) years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 2011:

Year Ending June 30,	Equipment
Next Five Years	
2012	\$ 28,025.67
2013	28,025.67
2014	28,025.67
2015	28,025.67
2016	28,025.67
Total Minimum Lease Payment	\$ 140,128.35
Less: Amount representing interest and maintenance	12,523.17
Minimum Lease Payment	\$ 127,605.18

Note 6. LENGTH OF SERVICE AWARDS PROGRAM

On February 20, 1999, the voters of the District approved a referendum authorizing the establishment of a Length of Service Awards Program (LOSAP). The LOSAP will provide tax-deferred income benefits to the active volunteer fire fighters who are eligible to participate.

The LOSAP funds are administered independently and distinct from the District and are subject to a review in accordance with the American Institute of Certified Public Accountants Standards for Accounting and Review Services. The annual review reports as of December 31, 2011 and December 31, 2010 are in process as of the date of this report. A separate valuation report as of December 31, 2011 revealed cash and cash equivalent (assets) available for benefits of \$186,435.52 (unaudited) exclusive of the 2011 contributions. The accrued contribution for December 31, 2011 is \$20,000.00.

**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 7. CONTINGENT LIABILITIES

The District's Attorney representation has revealed no material contingent liability for the District.

Note 8. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt to the extent expended consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Note 9. FUND BALANCE APPROPRIATED

General Fund – Of the \$171,068.61 General Fund balance at December 31, 2011, \$52,057.00 is assigned and has been designated for subsequent years expenditures and appropriated and included as anticipated revenue for the year ended December 31, 2010, and \$119,011.61 is unassigned.

Capital Projects Fund – Of the \$54,900.20 Restricted Fund balance at December 31, 2011, \$3,065.20 to be utilized for equipment for a fire truck purchased in the prior years and \$51,835.00 is reserved for future capital outlays.

Note 10. SUBSEQUENT EVENT

On February 10, 2012 the Fire District, entered into a ten (10) year lease agreement in the amount of \$273,341.00 for the acquisition of a new fire engine. First payment is scheduled for February 10, 2013 in the amount of \$33,449.29.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**INDIVIDUAL FUND AND ACCOUNT GROUP STATEMENTS**



BOROUGH OF JAMESBURG FIRE DISTRICT #1  
COUNTY OF MIDDLESEX  
GENERAL FUND, SPECIAL REVENUE FUND, DEBT SERVICE FUND AND CAPITAL PROJECTS FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH AND CASH EQUIVALENTS  
YEAR ENDED DECEMBER 31, 2011

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Receipts:				
District Taxes	\$ 275,393.75	\$ 93,506.25	\$ 26,000.00	\$ 394,900.00
Interest on Investments	828.25			828.25
Contra Receipt	<u>12,508.78</u>			<u>12,508.78</u>
	\$ 288,730.78	\$ 93,506.25	\$ 26,000.00	\$ 408,237.03
Disbursements:				
Accounts Payable	\$ 39,768.25			\$ 39,768.25
Accrued Expenses	24,021.08			24,021.08
Operating Appropriations	264,866.95			264,866.95
Principal on Bonds		80,000.00		80,000.00
Interest on Bonds		<u>13,506.25</u>		<u>13,506.25</u>
	\$ 328,656.28	\$ 93,506.25		\$ 422,162.53
Increase in Cash and Cash Equivalents	\$ (39,925.50)		\$ 26,000.00	\$ (13,925.50)
Cash and Cash Equivalents, January 1, 2011	<u>292,522.67</u>		<u>28,900.20</u>	<u>321,422.87</u>
Cash and Cash Equivalents, December 31, 2011	<u>\$ 252,597.17</u>		<u>\$ 54,900.20</u>	<u>\$ 307,497.37</u>
Analysis of Cash and Cash Equivalents:				
Cash - Checking	\$ 230,097.17			\$ 230,097.17
Money Market	22,400.00		\$ 54,900.20	77,300.20
Petty Cash	<u>100.00</u>			<u>100.00</u>
	\$ 252,597.17		\$ 54,900.20	\$ 307,497.37

BOROUGH OF JAMESBURG FIRE DISTRICT #1  
COUNTY OF MIDDLESEX  
SCHEDULE OF GENERAL OBLIGATION BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2011	Interest Rate	Balance December 31, 2010	Paid	Balance December 31, 2011
Purchase of Fire Apparatus and Renovations to Roof	3/15/1999	\$ 425,000.00		5.15%	\$ 45,000.00	\$ 45,000.00	
Purchase of Mid Mount Pumper	12/15/2006	395,000.00	12/15/2012-13 \$ 40,000.00 12/15/2014-15 50,000.00 12/15/2016 60,000.00	4.49%	275,000.00	35,000.00	\$ 240,000.00
					\$ 320,000.00	\$ 80,000.00	\$ 240,000.00

BOROUGH OF JAMESBURG FIRE DISTRICT #1  
COUNTY OF MIDDLESEX  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE  
YEAR ENDED DECEMBER 31, 2011

<u>Series</u>	<u>Interest</u> <u>Rate Payable</u>	<u>Amount of</u> <u>Original Issue</u>	<u>Issued</u> <u>Current Year</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>
Fire Equipment (ScottAir Packs)	3.204%	\$ 127,605.18	\$ 127,605.18	\$ 127,605.18
			<u>\$ 127,605.18</u>	<u>\$ 127,605.18</u>

**SUPPLEMENTARY INFORMATION**

**BOARD OF FIRE COMMISSIONERS**  
**BOROUGH OF JAMESBURG FIRE DISTRICT #1**  
**STATISTICAL INFORMATION**  
**DECEMBER 31, 2011**

Property Tax Levies

Following is a tabulation of the district's assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years:

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2012	\$ 239,102,903	\$ 393,944.00	\$ 0.165
2011	239,131,156	394,900.00	0.166
2010	238,902,453	394,900.00	0.164
2009	241,059,741	394,900.00	0.165
2008	240,408,095	394,900.00	0.165

Unreserved Net Assets

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2011	\$ 171,068.61	\$ 52,057.00
December 31, 2010	198,275.47	52,057.00
December 31, 2009	213,058.73	52,086.00
December 31, 2008	213,028.32	52,085.00
December 31, 2007	199,457.91	30,621.00

Reserved Net Assets

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
December 31, 2011	\$ 54,900.20	\$ None
December 31, 2010	28,900.20	None

BOARD OF FIRE COMMISSIONERS  
BOROUGH OF JAMESBURG FIRE DISTRICT #1

ROSTER OF OFFICIALS

DECEMBER 31, 2011

<u>Board of Commissioners</u>	<u>Position</u>	<u>Amount of Surety Bond</u>
Patrick J. Connelly, Jr.	Chairman	
Brian Wright	Vice Chairman	
Dina Walker	Treasurer	\$ 50,000.00 *
Joseph Howard	Vice Treasurer	
Nancy Linke	Secretary/Clerk	

Other Officials

Joseph D. Youssouf, Esq.	Board Attorney
PNC Bank	Official Depository

\* Surety Company

First Responder Insurance Fund

Bond #FIR110104-97

**GENERAL COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**  
**DECEMBER 31, 2011**

Scope of Examination and Conditions of Records

Our examination covered the funds of the Board of Fire Commissioners, Fire District #1, Borough of Jamesburg handled by the Treasurer.

The financial records were maintained in good condition.

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

Cash and Cash Equivalents

The balances in banks at December 31, 2011 were verified with the bank and reconciliations and/or statements issued by the depositories.

Our examination revealed that the Fire District maintains its funds in a money market fund.

Examination of Claims

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Claims paid during the period under audit were examined on a test basis to determine that they are submitted on Board vouchers, audit, itemized, signed by the officials as to approval for payment, allocation to the proper accounts and charged to the proper fiscal period, and in agreement with bill lists set forth in the approved minutes of the Board. There were minor exceptions with regards to invoices dated before purchase orders. Change in the policy/procedures with regards to purchasing has taken place to enhance the process.

There were also five (5) budget detail line items overexpended. The overexpenditures do not represent a violation of law; however, they should be monitored for compliance and where necessary budget transfers made to cure the deficiencies.

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (as amended)

N.J.S. 40A:11-4 (as amended) 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 aggregate \$17,500.00 in the absence of a Qualified Purchasing Agent ("QPA"), except by contract or agreement."



**GENERAL COMMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4 (as amended)  
(Continued)

The members of the Borough of Jamesburg Fire District #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.

Inasmuch as the system of records did not provide for any accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were 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 no advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21.

The District has purchased firefighting equipment utilizing the state contract method during the year.

LOSAP

The Length of Service Awards Program as Accountants Review for December 31, 2011 and December 31, 2010 are in process as of the date of the audit report.

Capital Outlay

There is \$3,065.20 receipt from the 2006 bond issue should be canceled to the General Fund.

Miscellaneous

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

An exit conference was held in accordance with Auditing Standards Generally Accepted in the United States of America for governmental entities.

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**  
**DECEMBER 31, 2011**

None.

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

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "G Stankiewicz". The signature is written in a cursive, flowing style.

Gerard Stankiewicz, CPA, RMA  
For The Firm  
SAMUEL KLEIN AND COMPANY