

**THE COMMISSIONERS OF FIRE
DISTRICT NO. 1
IN THE TOWNSHIP OF SOUTH
BRUNSWICK**

REPORT OF AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2009**

THE COMMISSIONERS OF FIRE DISTRICT NO.1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009

TABLE OF CONTENTS

<u>Exhibit Number</u>		<u>Page Number</u>
 FINANCIAL SECTION		
	Independent Auditor's Report	1-2
	Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	3-4
	Management Discussion & Analysis	5-8
 <u>BASIC FINANCIAL STATEMENTS</u>		
A-1	Governmental Funds Balance Sheet/ Statement of Net Assets	
A-2	Statement of Governmental Funds Revenues, Expenditures And changes in Fund Balance/ Statement of Net Assets	
	Notes to Financial Statements	9-16
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>		
B	General Fund	
C	Capital Projects Fund	
D	Debt Service Fund	
E	Fixed Assets	
F	Long Term Debt	
 STATISTICAL SECTION		
	Property Tax Levies	17
	Unreserved Fund Balance	17



McENERNEY, BRADY & CO., LLC

293 Eisenhower Parkway, Suite 270, Livingston, NJ 07039

973-535-2880 * 973-535-5893 (fax) * jezyske@mbccpa.com

John L. Ezyske, CPA, RMA
Francis M. McEnerney, CPA, RMA
Edmond P. Brady, CPA
John Lauria, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1
Township of South Brunswick
Kendall Park, New Jersey

We have audited the accompanying financial statements of the governmental activities, each major fund of the Commissioner of Fire District No. 1, in the Township of South Brunswick, County of Middlesex, State of New Jersey, as of and for the fiscal year ended December 31, 2009 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fire District's management. Our responsibility is to express opinions on these financial statements on our audit.

We conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to, *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with audit requirements prescribed by the Local Finance Board, 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose 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 my 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 Commissioners of Fire District No. 1, in the Township of South Brunswick as of December 31, 2009 and the results of 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*, I have also issued a report dated March 22, 2010 on our consideration of The Commissioners of Fire District No. 1, in the Township of South Brunswick's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations and contracts.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The Management Discussion and Analysis section 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.

McEnerney, Brady & Co., LLC

McEnerney, Brady & Co., LLC

March 22, 2010



McENERNEY, BRADY & CO., LLC

293 Eisenhower Parkway, Suite 270, Livingston, NJ 07039

973-535-2880 * 973-535-5893 (fax) * jezyske@mbccpa.com

John L Ezyske, CPA, RMA
Francis M. McEnerney, CPA, RMA
Edmond P. Brady, CPA
John Lauria, RMA, PSA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Fire Commissioners
Fire District 1
Township of South Brunswick
Kendall Park, New Jersey

We have audited the financial statements of The Commissioners of Fire District 1, in the Township of South Brunswick, as of and for the year ended December 31, 2009, and have issued our report thereon dated March 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Commissioners of Fire District 1, in the Township of South Brunswick'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 Commissioners of Fire District 1, in the Township of South Brunswick's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Commissioners of Fire District 1, in the Township of South Brunswick's internal control over financial reporting.

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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Commissioners of Fire District 1, in the Township of South Brunswick's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the State of New Jersey.

This report is intended for the information of The Commissioners of Fire District 1, in the Township of South Brunswick's management, and the Department of Community Affairs, State of New Jersey and is not intended to be used by anyone other than these specified parties.


McEnerney, Brady & Company, LLC

March 22, 2010

THE COMMISSIONERS OF FIRE DISTRICT NO.1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
MANAGEMENTS DISCUSSION AND ANALYSIS

This section of The Commissioners of Fire District No. 1, in the Township of South Brunswick (the "District") annual financial report presents a discussion and analysis of the Fire District's financial performance during the fiscal year that ended on December 31, 2009. Please read it in conjunction with the District's financial statements, which immediately follow this section. This report represents the third year the District's financial report is prepared in the GASB 34 format, so some comparative data may not be available.

Financial Highlights

Total assets were \$4,079,279, and total liabilities were \$896,213 resulting in net assets of \$3,183,060 at December 31, 2009.

The Fire district's unrestricted net assets were \$1,035,947 for the year ended December 31, 2009.

Operating income was \$770,705 for the year ended December 31, 2009.

Operating expenses were \$808,242 for the year ended December 31, 2009. The single largest expense, excluding debt service, was for operations and maintenance, which was \$389,476.

Outstanding bonded debt decreased by \$70,000 during 2009. Total outstanding bonded debt was \$585,000 at December 31, 2009. Capital leases decreased by \$120,672 resulting in a balance at December 31, 2009 of \$267,977.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplemental information. The MD&A represents management's examination and analysis of the Fire District's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Fire District's capital plan, budget, and other management tools were used for this analysis.

The financial statements report information about the District using the accrual basis of accounting.

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Fire District's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

THE COMMISSIONERS OF FIRE DISTRICT NO.1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
MANAGEMENTS DISCUSSION AND ANALYSIS

Overview of Annual Financial Report (Continued)

Financial Analysis of the Fire District

The following tables and other information are provided as key financial data used by management for monitoring and planning purposes.

Net Assets – Table 1 summarizes the changes in net assets between December 31, 2009 and 2008:

Table 1

Condensed Summary of Net Assets

Years Ended December 31,	<u>2009</u>	<u>2008</u>	Increase/ (Decrease)
Assets:			
Current Assets	\$ 1,079,183	\$ 1,164,875	\$ (85,692)
Capital Assets (Net of Depreciation)	<u>3,000,096</u>	<u>3,144,614</u>	<u>(144,518)</u>
Total Assets	<u>\$ 4,079,279</u>	<u>\$ 4,309,489</u>	<u>\$ (230,210)</u>
Liabilities:			
Current Liabilities	\$ 43,236	\$ 45,235	\$ (1,999)
Non-Current Liabilities	<u>852,977</u>	<u>1,043,649</u>	<u>(190,672)</u>
Total Liabilities	<u>\$ 896,213</u>	<u>\$ 1,088,884</u>	<u>\$ (192,671)</u>
Net Assets:			
Invested in Capital Assets	\$ 2,147,119	\$ 2,100,965	\$ 46,154
Unrestricted	<u>1,035,947</u>	<u>1,119,640</u>	<u>(83,693)</u>
Total Net Assets	<u>\$ 3,183,066</u>	<u>\$ 3,220,605</u>	<u>\$ 37,539</u>

THE COMMISSIONERS OF FIRE DISTRICT NO.1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
MANAGEMENTS DISCUSSION AND ANALYSIS

Operating Activities

Table 2 summarizes the changes in revenues, expenses and net assets between fiscal years December 31, 2009 and 2008.

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Assets

Years Ended December 31,	<u>2009</u>	<u>2008</u>	Increase/ (Decrease)
<u>Revenues</u>			
Operating Revenues:			
District Taxes	\$ 726,500	\$ 694,700	\$ 31,800
Other	<u>44,205</u>	<u>51,110</u>	<u>(6,905)</u>
Total Revenues	<u>770,705</u>	<u>745,810</u>	<u>24,895</u>
<u>Expenses</u>			
Administration	91,104	110,892	(19,788)
Operations & Maintenance	389,476	389,880	(404)
Debt Service	56,073	64,241	(8,168)
Equipment	88,446	-	88,446
Depreciation	<u>183,143</u>	<u>146,186</u>	<u>36,957</u>
Total Expenses	<u>808,242</u>	<u>711,199</u>	<u>97,043</u>
Change in Net Assets	(37,537)	34,611	(72,148)
Total Net Assets, Beginning of Year	<u>3,220,603</u>	<u>3,185,992</u>	<u>34,611</u>
Total Net Assets, End of Year	<u>\$ 3,183,066</u>	<u>\$ 3,220,603</u>	<u>\$ 37,537</u>

The summary of revenues, expenses, and changes in net assets provides information as to the nature and source of changes in financial position.

Debt Outstanding

Principal payments on the outstanding bonded debt are due annually with final maturity on January 1, 2017. The capital lease is fully amortized in 2012. Additional information on the Fire District's long-term debt can be found in Note 4 in the financial statements.

Next Year's Budget

The District adopted a \$1,108,400 operating budget for 2010, an increase of \$165,500 when compared to 2009. The Tax Levy increased \$34,357 from 2009.

THE COMMISSIONERS OF FIRE DISTRICT NO.1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
MANAGEMENTS DISCUSSION AND ANALYSIS

Capital Assets

Table 3 summarizes the changes in capital assets at December 31, 2009 and 2008.

Table 3

Capital Assets - Net of Depreciation

Years ended December 31,	<u>2009</u>	<u>2008</u>	Increase (Decrease)
Fire Apparatus	\$ 2,493,182	\$ 2,492,582	\$ 600
Equipment	522,225	433,779	88,446
Substation	<u>1,578,315</u>	<u>1,578,915</u>	<u>0</u>
Total Capital Assets	4,593,722	4,505,276	772,418
Less: Accumulated Deprecation	<u>1,593,626</u>	<u>1,360,662</u>	<u>135,052</u>
Total Capital Assets, Net of Deprecation	<u>\$ 3,000,096</u>	<u>\$ 3,144,614</u>	<u>\$637,366</u>

Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances and to demonstrate the Fire District's accountability for the money it receives. If you have any question about this report or need any additional information, contact the Fire District in writing, at PO Box 68, Kendall Park, New Jersey, 08824-0068.

The Commissioners of Fire District No. 1 in the Township of South Brunswick
 Governmental Funds Balance Sheet/ Statement of Net Assets
 December 31, 2009 and 2008

	December 31,	
	2009	2008
ASSETS		
Cash and Cash equivalents	\$ 1,070,811	\$ 1,155,014
Prepaid Insurance	8,372	9,861
Capital assets, net of accumulated depreciation	3,000,096	3,144,614
Total Assets	<u>\$ 4,079,279</u>	<u>\$ 4,309,489</u>
LIABILITIES		
Accounts Payable	\$ 43,236	\$ 45,235
Noncurrent Liabilities:		
General Obligation Bonds	585,000	655,000
Obligations Under Capital Leases	267,977	388,649
Total liabilities	<u>896,213</u>	<u>1,088,884</u>
NET ASSETS		
Invested in capital assets, net of related debt	2,147,119	2,100,965
Unrestricted	1,035,947	1,119,640
Total Net Assets	<u>\$ 3,183,066</u>	<u>\$ 3,220,605</u>

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

The Commissioners of Fire District No. 1 in the Township of South Brunswick
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/Statement of Activities
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
REVENUES		
Local Sources:		
District Taxes	\$ 726,500	\$ 694,700
State Sources:		
Supplemental Fire Services	-	6,300
Miscellaneous Revenues	38,627	23,970
Interest on Deposits and Investments	5,578	20,840
Total Revenues	<u>770,705</u>	<u>745,810</u>
EXPENDITURES		
Administration	91,104	110,892
Cost of Operations & Maintenance	389,476	389,880
Debt Service		
Interest	56,073	64,241
Fixed Assets	88,446	-
Depreciation	<u>183,143</u>	<u>146,186</u>
Total Expenditures/Expense	<u>808,242</u>	<u>711,199</u>
Change in Net Assets	(37,537)	34,611
Fund Balances/Net Assets		
Beginning of the Year	3,220,603	3,185,992
End of the Year	<u>\$ 3,183,066</u>	<u>\$ 3,220,603</u>

THE COMMISSIONERS OF FIRE DISTRICT NO. 1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commissioners of Fire District No. 1, in the Township of South Brunswick (the "District") 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. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

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

B. Basic Financial Statements – Statement of Net Assets and Statement of Activities

The District's basic financial statements include columns to report government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds) in lieu of separate financial statements.

In the combined Governmental Funds/Statement of Net Assets and the combined Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances/Statement of Activities, the Statement of Net Assets and the Statement of Activities columns, are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

THE COMMISSIONERS OF FIRE DISTRICT NO. 1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement of Focus, and Financial Statement Presentation

The basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and are reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

In the combined financial statements, the Statement of Net Assets column and of the Statement of Activities columns, financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The modified accruals basis of accounting is used for measuring financial position and operating results of all governmental fund. 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 long-term debt which are recorded **when due**.

Property Taxes:

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to the district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school 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"

D. Inventories and Prepaid Expenses

The cost of inventory items and prepaid expenses are recorded as expenditures in the governmental fund types. In the enterprise fund, inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

E. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are **reported** in the applicable governmental columns in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000. Donated capital assets are valued at their estimated fair market value on the date received.

THE COMMISSIONERS OF FIRE DISTRICT NO. 1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets are reflected as expenditures in the governmental fund. Capital outlays, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Depreciation of all assets is provided using the straight-line basis over the following estimated useful lives:

Building & Building Improvements	40 years
Fire Vehicles	20 years
Machinery and Equipment	5 years

F. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond insurance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing issues. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

G. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

THE COMMISSIONERS OF FIRE DISTRICT NO. 1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Budgets/Budgetary Control

Annual appropriated budgets are prepared each year. The budgets are submitted to the Division of Local Government Services and are voted upon at the annual election on the third Saturday in February. Budgets are prepared in accordance with statute, which does not differ significantly from budgets prepared in accordance with GAAP. Limited budget amendments may be made during the last two months of the year with Board approval.

I. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

The encumbered appropriation authority carries over into the next fiscal year as appropriation reserves. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Note 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes amounts on deposit, certificates of deposit and short term investments with original maturities of three months or less.

Investments are stated at fair value.

New Jersey municipal units are required by N.J.S.A. 40A: 5-14 to deposit public funds in a **bank** or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities, which may be purchased by New Jersey municipal units.

The District deposits its funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

THE COMMISSIONERS OF FIRE DISTRICT NO. 1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Public funds are defined as the funds of any government unit. Public depositories include Savings and Loan Institutions, banks (both State and National Banks) and savings banks where deposits of which are federally insured. All public depositories must pledge collateral, having a market value of 5% of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories is available to pay the full amount of their deposits to the government units.

As of December 31, 2009, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Demand and Time Deposits	<u>\$ 1,070,811</u>	<u>\$ _____</u>	<u>\$ 1,070,811</u>

The carrying amount of the District's deposits with financial institutions at December 31, 2009 was \$1,070,811 and the bank balance was \$1,162,306. The bank balances was fully covered by federal depository insurance and GUDPA.

The District had no investments at December 31, 2009.

Interest Rate Risk and Credit Risk – The District does not have a formal investment policy addressing categories of risk.

Note 3: CAPITAL ASSETS

The following is a summarization of the changes in capital assets by source for the year ended December 31, 2009:

	<u>Primary Government</u>		
	<u>Balance 12/31/08</u>	<u>Additions</u>	<u>Decreased</u>
Apparatus	\$2,493,182	\$	\$
Equipment	433,779	88,446	0
Substation	1,578,315		
	<u>4,505,276</u>	<u>88,446</u>	<u>4,593,722</u>
Total capital assets	<u>4,505,276</u>	<u>88,446</u>	<u>4,593,722</u>
Less accumulated depreciation	<u>1,360,662</u>	<u>232,964</u>	<u>1,593,626</u>
Capital assets, net	<u>\$3,144,614</u>	<u>\$145,434</u>	<u>\$ 3,000,096</u>

THE COMMISSIONERS OF FIRE DISTRICT NO. 1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 4: LONG-TERM DEBT

Capital Leases

The District entered into a lease agreement for financing the cost of a new fire truck. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

Future minimum lease payments for all leases, along with the present value of the minimum lease payments as of December 31, 2009 are:

<u>Year Ending December 31</u>	<u>Total</u>
2010	\$ 138,553
2011	\$ 76,195
2012	\$ <u>76,195</u>
Total Minimum Lease Payment	\$ 290,943
Less: Amount Representing Interest	<u>22,966</u>
Present Value of Lease Payments	<u>\$ 388,649</u>

THE COMMISSIONERS OF FIRE DISTRICT NO. 1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 4: LONG-TERM DEBT (Continued)

Schedule of Annual Debt Service for principle and interest for Bonded Debt Issued and Outstanding is as follows:

Fiscal Year	General Serial Bonds		Total
	Principal	Interest	
2011	\$70,000	\$31,330	\$101,330
2012	75,000	27,251	102,251
2013	80,000	22,873	102,873
2014	85,000	18,190	103,190
2015	90,000	13,202	103,202
2016	90,000	8,050	98,050
2017	95,000	2,731	97,731
Total	<u>\$ 585,000</u>	<u>\$123,627</u>	<u>\$ 708,627</u>

B. Outstanding Debt at December 31, 2009, bonds payable consisted of the following issue:

1997 General Obligation Bonds, dated January 1,
1997 due in annual installments through 2017
bearing interest rates of 4.0% to 6.25%

\$585,000

THE COMMISSIONERS OF FIRE DISTRICT NO. 1
IN THE TOWNSHIP OF SOUTH BRUNSWICK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

Note 5: FUND BALANCE

The unreserved fund balance in the general fund at December 31, 2009 totaled \$837,462 of which \$340,293 is appropriated and included as anticipated revenue in the 2010 budget.

Note 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance for property, liability, and surety bonds.

Property and Liability Insurance - The District maintains commercial insurance for property, liability, and surety bonds.

Note 7: LENGTH OF SERVICE AWARD PROGRAM

The District has created a Length of Service Award Program ("LOSAP") and ratified by the voters of the District. This system provides tax-deferred income benefits to active volunteer members of an emergency service organization.

The District provided \$33,998 and \$70,448 in the 2009 and 2008 budgets, respectively.

All amounts under this plan, all property and rights purchased with those amounts, and all income attributable to those amounts, until paid or made available to the volunteer or to their beneficiary, are solely the property and rights of the District, subject only to the claims of the general creditors of the District.

It is general opinion that the District would have no liability for losses under the plan, but does not have the duty of due-care that would be required of an ordinary investor.

PISCATAWAY TOWNSHIP FIRE DISTRICT NO. 2

Exhibit B-1

General Fund
Comparative Balance Sheet

Assets	December 31,	
	2009	2008
Cash and Cash Equivalents	\$ 243,141	\$ 332,599
Prepays	8,372	9,861
Due From Other Funds	629,185	565,484
Total Assets	\$ 880,698	\$ 907,944
Liabilities and Fund Balances		
Liabilities		
Accounts Payable	\$ 43,236	\$ 45,235
Total Liabilities	43,236	45,235
Fund Balances:		
Unreserved		
Designated for Subsequent Year Expenditure	340,293	199,050
Undesignated	497,169	663,659
Total Fund Balances	837,462	862,709
Total Liabilities and Fund Balances	\$ 880,698	\$ 907,944

General Fund
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

	2009		Variance	(memo only)
	Budget	Actual	Favorable (Unfavorable)	Actual 2008
Revenues				
Local Sources				
Local Tax Levy	\$ 444,250	\$ 449,755	\$ 5,505	\$ 449,170
Interest on Investments	10,800	5,578	(5,222)	20,840
Miscellaneous				23,970
Total - Local Sources	<u>455,050</u>	<u>455,333</u>	<u>283</u>	<u>493,980</u>
State Sources				
Supplemental Fire Services Grant	6,300	-	\$ (6,300)	6,300
Total Revenues	<u>461,350</u>	<u>455,333</u>	<u>(6,017)</u>	<u>500,280</u>
Expenditures				
Administration				
Salary and Wages- Commissioners	11,000	10,833	167	11,000
Salary & Wages - Administrative Assistant	66,300	48,095	18,205	59,067
Taxes	2,000	1,168	832	1,071
Professional Services	23,000	17,665	5,335	22,837
Furnishings	1,000		1,000	-
Medical Services	12,500	6,120	6,380	4,695
Advertising	1,000	1,408	(408)	930
Election	900	303	597	279
Dues and Subscriptions	750	819	(69)	950
Office Expense	9,000	4,693	4,307	10,063
	<u>127,450</u>	<u>91,104</u>	<u>36,346</u>	<u>110,892</u>
Operation and Maintenance				
Fire Protection Services	91,500	91,500	-	87,000
Incentive Program	18,000	12,756	5,244	13,896
Insurance	73,000	55,304	17,696	67,057
Sub Station:	44,500	32,790	11,710	42,226
Communication Costs	10,000	7,945	2,055	7,560
Fire Prevention Program	5,000	7,539	(2,539)	9,766
Travel	10,000	11,448	(1,448)	8,671
Training and Education	4,500	6,488	(1,988)	3,123
Firefighter Fitness	5,000	4,680	320	4,950
Firefighting Support	500	523	(23)	686
Equip Maint & Repairs	20,000	20,571	(571)	21,287
Firefighting Supplies	5,000	3,412	1,588	3,861
Support services - EMS	5,000	5,000	-	5,000
Purchase of Fire Equipment	70,000	75,308	(5,308)	37,362
Purchase of Other Equipment	90,000		90,000	
Ladder/Hose Testing	8,000	4,556	3,444	2,868
Basic Entitlement grant	6,300		6,300	6,300
Public Relations	15,000	13,719	1,281	26,421
Uniforms	650	190	460	512
Maintenance Agreements	4,000	1,749	2,251	
Length of Service Award Program	47,000	33,998	13,002	41,334
	<u>532,950</u>	<u>389,476</u>	<u>143,474</u>	<u>389,880</u>
Total Expenditures	<u>660,400</u>	<u>480,580</u>	<u>179,820</u>	<u>500,772</u>
Excess (deficiency) of Revenues Over Expenditures	(199,050)	(25,247)	173,803	(492)
Fund Balances, January 1	862,709	862,709	-	863,201
Fund Balances, December 31	<u>\$ 663,659</u>	<u>\$ 837,462</u>	<u>\$ 173,803</u>	<u>\$ 862,709</u>

**The Commissioners of Fire District No. 1
In the Township of South Brunswick
Capital Projects
Comparative Balance Sheet**

Exhibit C-1

<u>Assets</u>	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Cash and Cash Equivalents	\$ 827,670	\$ 822,415
Total Assets	<u>\$ 827,670</u>	<u>\$ 822,415</u>
<u>Liabilities and Fund Balances</u>		
Liabilities		
Due to Other Funds	\$ 629,185	\$ 565,484
Total Liabilities	<u>629,185</u>	<u>565,484</u>
Fund Balances		
Designated for Subsequent Years Expenditures		
Commissioners Designated		-
Undesignated	198,485	256,931
Total Fund Balances	<u>198,485</u>	<u>256,931</u>
Total Liabilities and Fund Balances	<u>\$ 827,670</u>	<u>\$ 822,415</u>

Budget and Actual
For the Year Ended December 31, 2009
Comparative Totals for the Year Ended December 31, 2008

	<u>2009</u>		<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>(memo only)</u> <u>Actual</u> <u>2008</u>
	<u>Budget</u>	<u>Actual</u>		
Revenues				
Local Sources				
Local Tax Levy	\$ 30,000	\$ 30,000	\$ -	\$ -
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>-</u>	
Expenditures				
Purchase of Vehicles	88,446	88,446	0	
Total Expenditures	<u>88,446</u>	<u>88,446</u>	<u>-</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,446)	(58,446)	-	-
Other Financing Sources and (Uses)				
Transfer in - Cover Deficit	-	-	-	
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and other Uses	(58,446)	(58,446)	-	-
Fund Balances, January 1	<u>256,931</u>	<u>256,931</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 198,485</u>	<u>\$ 198,485</u>	<u>\$ -</u>	<u>\$ -</u>

The Commissioners of Fire District No. 1
In the Township of South Brunswick
Debt Service Fund
Comparative Balance Sheet

Exhibit D-1

<u>Assets</u>	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Due From General Fund	<u>\$ -</u>	<u>\$ -</u>
<u>Fund Balance</u>		
Unreserved Fund Balances	<u>\$ -</u>	<u>\$ -</u>

The Commissioners of Fire District No. 1
In the Township of South Brunswick

Debt Service Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual
For the Year Ended December 31, 2009
Comparative Totals for the Year Ended December 31, 2008

	2009				(memo only)
	Budget	Actual	Variance Favorable (Unfavorable)	Actual 2008	
Revenues					
Local Sources					
Local Tax Levy	\$ 252,500	\$ 246,745	\$ (5,755)	\$ 245,530	
Total Revenues	<u>252,500</u>	<u>246,745</u>	<u>(5,755)</u>	<u>245,530</u>	
Expenditures					
Debt Service:					
Interest on Bonds	40,000	37,715	2,285	40,750	
Bond Principal	67,500	70,000	(2,500)	65,750	
Lease Interest	24,328	18,358	5,970	23,491	
Lease Principal	120,672	120,672	-	115,539	
Total Expenditures	<u>252,500</u>	<u>246,745</u>	<u>5,755</u>	<u>245,530</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	
Other Financing Sources and (Uses)					
Transfer in - Cover Deficit					
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and other Uses	-	-	-	-	
Fund Balances, January 1	-	-	-	-	
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

**The Commissioners of Fire District No. 1
In the Township of South Brunswick
Comparative Schedule of General Fixed Assets**

Exhibit E-1

<u>Assets</u>	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Fire Apparatus	\$ 2,493,182	\$ 2,493,182
Equipment	522,225	433,779
Substation	<u>1,578,315</u>	<u>1,578,315</u>
Total Assets	<u><u>\$ 4,593,722</u></u>	<u><u>\$ 4,505,276</u></u>
<u>Fund Balance</u>		
Investment in General Fixed Assets	<u><u>\$ 4,593,722</u></u>	<u><u>\$ 4,505,276</u></u>

The Commissioners of Fire District No. 1
In the Township of South Brunswick
Schedule of Changes in General Fixed Assets by Source

Exhibit E-2

	Balance December 31, 2008	Additions	Retirements	Balance December 31, 2009
General Fund	\$ 604,058		\$ -	\$ 604,058
Bond Proceeds	1,250,000			1,250,000
Capital Leases	856,992			856,992
Capital Projects Fund	1,794,226	88,446		1,882,672
Total	\$ 4,505,276	\$ 88,446	\$ -	\$ 4,593,722

**The Commissioners of Fire District No. 1
In the Township of South Brunswick
Comparative Statement of General Long-Term Debt**

Exhibit F-1

<u>Assets</u>	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Amount to be Provided for Retirement of Long-Term Debt	<u>\$ 852,977</u>	<u>\$ 1,043,649</u>
 <u>Liabilities and Fund Balance</u>		
Serial Bonds Payable	\$ 585,000	\$ 655,000
Capital Lease Payable	267,977	388,649
	<u>\$ 852,977</u>	<u>\$ 1,043,649</u>

The Commissioners of the District No. 1
 In the Township of South Brunswick
 General Long-Term Debt Account Group
 Statement of Serial Bonds Payable

Purpose	Date of Issue	Original Issue	Maturities			Interest Rate	Balance December 31, 2008	Retired	Balance December 31, 2009
			Bonds Outstanding						
			Date	Amount					
Construction of New Fire Station	1/1/1997	\$ 1,250,000	1/1/2011	70,000	Var.				
			1/1/2012	75,000	Var.				
			1/1/2013	80,000	Var.				
			1/1/2014	85,000	Var.				
			1/1/15-16	90,000	Var.				
			1/1/2017	95,000	Var.		655,000	70,000	585,000
						\$ 655,000	\$ 70,000	\$ 585,000	

Exhibit F-3

STATEMENT OF CAPITAL LEASE PAYABLE

	Maturities									
	Date of Issue	Original Issue	Outstanding			Interest Rate	Balance December 31, 2008	Increase	Decrease	Balance December 31, 2009
			Date	Amount						
Pumper Truck	12/8/2003	\$ 392,441	2010	59,972	3.98%	\$ 117,647		\$ 57,675	\$ 59,972	
Pumper	7/28/2006	464551	2010	66,065	4.87%	271,002		62,997		208,005
			2011	69,283						
			2012	72,657						
						\$ 388,649	\$ -	\$ 120,672	\$ 267,977	

OTHER

THE COMMISSIONES OF FIRE DISTRICT NO. 1

IN THE TOWNSHIP OF SOUTH BRUNSWICK

STATISTICAL INFORMATION

December 31, 2009

Property Tax Levies

Following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding ten years.

<u>Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2009	\$ 960,870,010	\$ 726,750	0.076
2008	951,380,443	694,700	0.073
2007	952,100,000	712,500	0.075
2006	941,761,838	703,500	0.07
2005	937,406,043	655,000	0.07
2004	923,884,463	599,100	0.06
2003	924,067,498	550,190	0.06
2002	913,157,445	527,584	0.06
2001	896,674,400	526,121	0.06
2000	859,596,264	504,691	0.06

Unreserved Fund Balance - General Fund

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization In Subsequent Budget</u>
2009	\$ 837,462	\$ 340,293
2008	862,709	199,050
2007	863,201	95,448
2006	769,979	65,000
2005	271,046	30,000
2004	278,957	50,000
2003	269,399	28,000