

**FIRE DISTRICT NO. 4
OF THE TOWNSHIP OF JACKSON**

Financial Statements

For the year ended December 31, 2011

(With Independent Auditors' Report thereon)

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For the year ended December 31, 2011
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Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Fire Commissioners
Fire District No. 4 of the Township of Jackson:

We have audited the accompanying financial statements of the governmental activities of each major fund of Fire District No. 4 of the Township of Jackson, County of Ocean, State of New Jersey, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fire District No. 4 of the Township of Jackson's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the New Jersey Department of Treasury, Office of Management and Budget and in compliance with audit requirements as 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 are 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 governmental activities of each major fund of Fire District No. 4 of the Township of Jackson, County of Ocean, State of New Jersey, as of December 31, 2011, and the respective changes in financial position, thereof 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 March 16, 2012, on our consideration of the Jackson Board of Fire Commissioners No. 4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule on pages 5 through 14 and 39 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jackson Board of Fire Commissioners No. 4 financial statements as a whole. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


HOLMAN & FRENIA, P.C.
Certified Public Accountants

March 16, 2012
Toms River, New Jersey



Certified Public Accountants & Consultants

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

Board of Fire Commissioners
Fire District No. 4 of the Township of Jackson:

We have audited the financial statements of Fire District No. 4 of the Township of Jackson, County of Ocean, State of New Jersey, as of and for the year ended December 31, 2011, which collectively comprise Fire District No. 4 of the Township of Jackson's basic financial statements and have issued our report thereon dated March 16, 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, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fire District No. 4 of the Township of Jackson's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fire District No. 4 of the Township of Jackson's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Fire District No. 4 of the Township of Jackson'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire District No. 4 of the Township of Jackson's 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 Division of Local Government Services, Department of Community Affairs, State of New Jersey.

This report is intended solely for the information of Fire District No. 4 of the Township of Jackson's management and respective state agencies and is not intended to be and should not be used by anyone other than these specified parties.


HOLMAN & FRENIA, P.C.
Certified Public Accountants

March 16, 2012
Toms River, New Jersey

**JACKSON TOWNSHIP FIRE DISTRICT NO. 4
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

As management of Jackson Township Fire District No. 4, we offer readers of the Jackson Fire District No. 4 financial statements this narrative overview and analysis of the financial activities of the Jackson Township Fire District No. 4 for the year ended December 31, 2011. The intent of this narrative is to look at Jackson Township Fire District No. 4's overall financial performance in terms easily understood by the lay person. Please read this in conjunction with the transmittal letters beginning on page 1 and the District's financial statements which begin on page 15. Notes to the financial statements will provide the reader with additional useful information and they begin on page 23.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at December 31, 2011 by approximately \$3.17 million. In 2010 the excess was \$2.99 million. This is an increase of approximately \$173,300
- During 2011 Jackson Township Fire District No. 4 operated at a surplus of approximately \$173,300. The surplus in 2010 was approximately \$299,200. This is a decrease of approximately \$125,900.
- The District reduced their liabilities by approximately \$48,600 in 2011, and increased their assets by approximately \$124,700.
- As of December 31, 2011 the Board's only debt was a three year balance on bonds issued to purchase fire apparatus.
- The Board continued to enroll qualified volunteer firefighters in the Length of Service Awards Program (LOSAP).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. Jackson Township Fire District No. 4's basic financial statements are comprised of three components: district-wide financial statements; fund financial statements; and notes to the basic financial statements.

Reporting on the District as a Whole

Our analysis of the District as a whole begins on page 7. District-wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The Statement of Net Assets presents information on all the assets and liabilities of Jackson Township Fire District No. 4. The difference between the assets and liabilities is reported as the District's net assets. Significant increases or decreases in the District's net assets can be an indication of the financial health of the District.

The Statement of Activities presents financial information about activities that result in the District's net assets increasing or decreasing during the year. Financial activities are recorded when the transactions occur rather than when the cash is received or disbursed. As a result, there could be activities that result in cash flow in a future period.

The district-wide financial statements report on the financial data by function. Jackson Township Fire District No. 4 has two basic functions: activities that are supported by property taxes; and activities supported by other governmental activities. Jackson Township Fire District No. 4 provides firefighting services to the citizens of Jackson Township. The District also provides services for the enforcement of the state and local fire codes and fire prevention education.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Jackson Township Fire District No. 4 uses fund accounting to document compliance with finance-related legal matters. Jackson Township Fire District No. 4 has two types of fund groups, and that is governmental funds and fiduciary funds.

Governmental Funds

Jackson Township Fire District No. 4's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

Jackson Township Fire District No. 4 maintains three separate government funds, the General Fund, the Debt Service Fund, and the Capital Projects Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and the capital fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by N.J.S.A. 40A:14:78-3, Jackson Township Fire District No. 4 adopts an annual budget which is voted on by the legal voters of the district on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District on behalf of outside third parties, or other funds within the District. There are two fiduciary funds in the District. One is the Payroll Agency which is used for the payment of wages and payroll liabilities. The second fiduciary fund is the Length of Service Award Program (LOSAP). LOSAP is an annuity program for the volunteer firefighters (see Note 11).

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements are an integral part of the financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS

Jackson Township Fire District No. 4's net assets are a useful indicator of the District's financial condition. At the end of 2011, the District's assets exceeded its liabilities by approximately \$3.17 million. The largest portion of Jackson Township Fire District No. 4's net assets (57%) is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. Jackson Township Fire District No. 4's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt. As of December 31, 2011 the District had \$149,000 of long term debt.

Statement of Net Assets

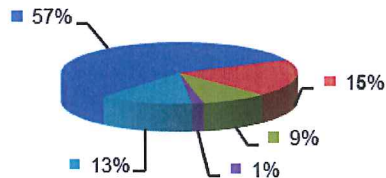
**JACKSON TOWNSHIP FIRE DISTRICT NO. 4
NET ASSETS
DECEMBER 31, 2011**

	<u>2011</u>	<u>2010</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Current and Other Assets	\$1,545,710	\$1,257,576	+288,134	+22.9%
Capital Assets	<u>2,024,649</u>	<u>2,188,102</u>	-163,453	-7.5%
Total Assets	3,570,359	3,445,678	+124,681	+3.6%
Total Liabilities	<u>(402,118)</u>	<u>(450,734)</u>	-48,616	-10.8%
Net Assets	<u><u>\$3,168,241</u></u>	<u><u>\$2,994,944</u></u>	+173,297	+5.8%

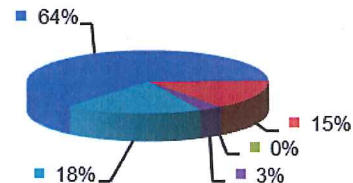
Analysis of Net Assets

Invested in Capital Assets Net of Related Debt	\$1,804,649	\$1,900,102	-95,453	-5.0%
Restricted for Capital Projects	623,146	455,146	+168,000	+36.9%
Restricted for Subsequent Period	285,000	- 0 -	+285,000	+100%
Restricted for Encumbrances	51,095	92,745	-41,650	-44.9%
Unrestricted	<u>404,351</u>	<u>546,951</u>	-142,600	-26.1%
Total Net Assets	<u><u>\$3,168,241</u></u>	<u><u>\$2,994,944</u></u>	+173,297	+5.8%

2011 Net Assets



2010 Net Assets



■ Invested in Net Assets ■ Capital Projects
■ Designated ■ Encumbered
■ Unrestricted

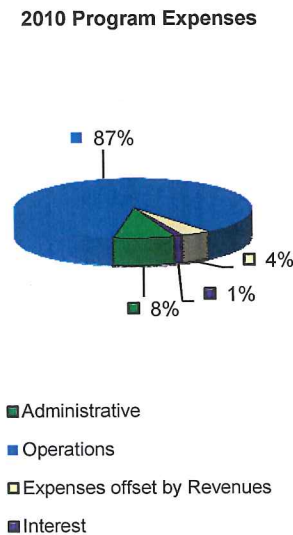
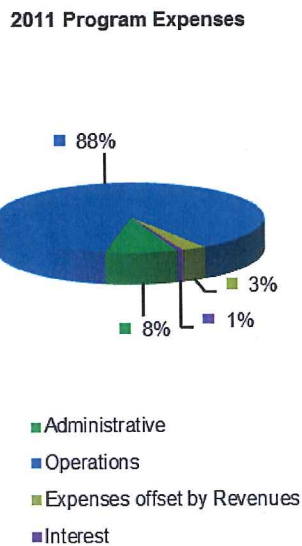
■ Invested in Net Assets ■ Capital Projects
■ Designated ■ Encumbered
■ Unrestricted

The net assets of Jackson Township Fire District No. 4 increased approximately \$173,300 during the 2011 period. This increase was due primarily to the District's excess of revenues over expenditures. Other major changes in net assets at December 31, 2011 were a \$48,600 decrease in liabilities. The District added approximately \$75,700 capital assets during the year. In 2011 the capital assets decreased by approximately \$163,500 after approximately \$239,200 of depreciation expense.

Governmental Activities

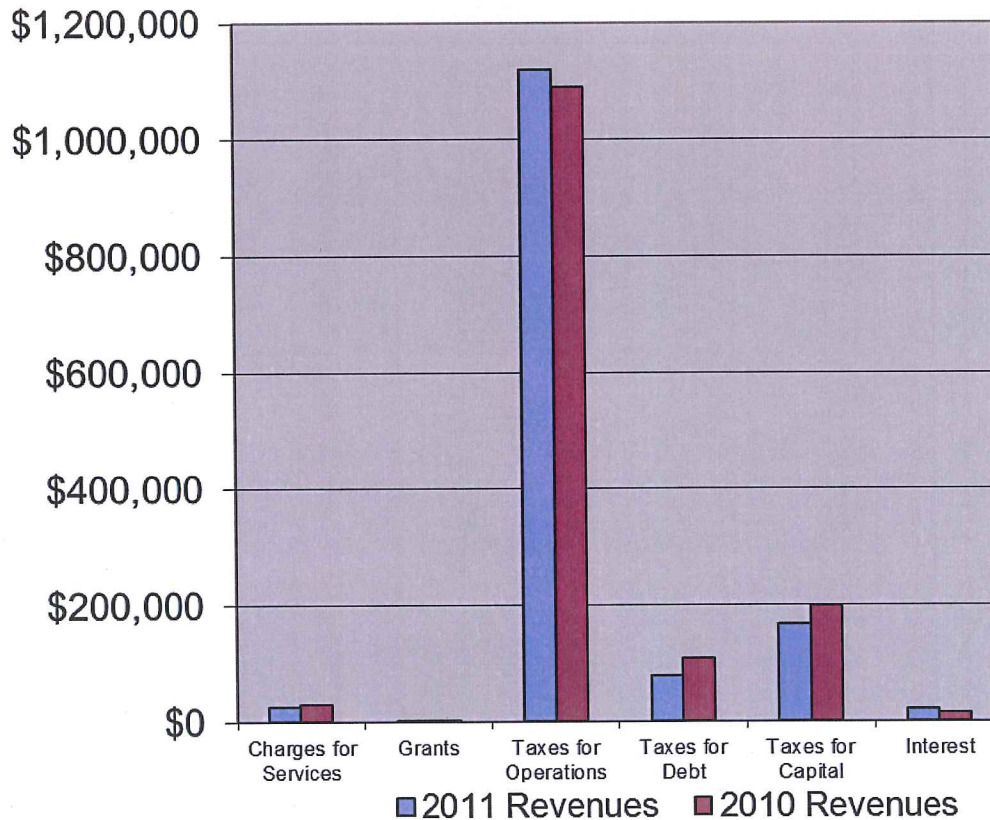
The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

Expenses	<u>2011</u>	<u>2010</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Program Expenses				
Administrative Expenses	\$ 111,693	\$ 96,275	+15,418	+16.0%
Cost of Operations & Maintenance	1,136,181	994,207	+141,974	+14.3%
Operating Appropriations Offset With Revenues	37,845	45,652	-7,807	-17.1%
Interest on Long-Term Debt	<u>10,168</u>	<u>13,780</u>	-3,612	-26.2%
 Total Program Expenses	 1,295,887	 1,149,914	 +145,973	 +12.7%



	<u>2011</u>	<u>2010</u>	\$ Increase (Decrease)	% Increase (Decrease)
Program Revenues				
Charges for Services	25,827	29,931	-4,104	-13.7%
Operating Grants & Contributions	<u>3,257</u>	<u>3,257</u>	- 0 -	- 0 -%
Net Program Expenses	<u>1,266,803</u>	<u>1,116,726</u>	+150,077	+13.4%
General Revenues				
Property Taxes Levied for General Purposes	1,120,047	1,090,593	+29,454	2.7%
Property Taxes Levied for Future Capital Purchases	168,000	200,000	-32,000	-16.0%
Property Taxes Levied for Debt Service	78,897	108,854	-29,957	-27.5%
Unrestricted Investment Earnings	22,359	15,975	+6,384	+40.0%
Miscellaneous Income(Loss)	<u>50,797</u>	<u>522</u>	+50,275	9631.2%
Total General Revenues	<u>1,440,100</u>	<u>1,415,944</u>	+24,156	+1.7%
Increase in Net Assets	173,297	299,218	-125,921	-42.1%
Net Assets, January 1	<u>2,994,944</u>	<u>2,695,726</u>	+299,218	+11.1%
Net Assets, December 31	<u>\$3,168,241</u>	<u>\$2,994,944</u>	+173,297	+5.8%

Revenues



Property tax revenue constituted 93% of the total governmental activities revenues received by Jackson Township Fire District No. 4 in 2011. In 2010 the property tax revenue constituted 97% of total revenues.

The Cost of Operations & Maintenance was 88% and 87% of the District's total expenses in 2011 and 2010 respectively. Administration expenses equaled 8% and 8% of the total expenses in 2011 and 2010 respectively.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Jackson Township Fire District No. 4 uses fund accounting to document compliance with finance-related legal requirements.

Government Fund

The primary objective of the District's governmental funds is to report on cash flows in and out during the period and the ending balances of the spendable resources. This information is useful to evaluate the performance of the District and to assess its future needs and available resources.

As of December 31, 2011, the combined balance of the governmental cash funds of Jackson Township Fire District No. 4 was approximately \$1,492,200. This balance is approximately \$279,800 higher than last year's combined governmental funds balance. The increase is due primarily to the net effect of surplus generated in the General Fund, capital appropriation and transfer from LOSAP.

The combined balance of the governmental funds of Jackson Township Fire District No. 4 was approximately \$1,398,200. Unreserved fund balance amounted to \$438,900 of that total. Funds have been designated for use in the 2012 Budget in the amount of \$285,000, and \$51,095 of the balance has been designated for additional 2011 purchase orders (encumbrances).

The general fund is the main operating fund of Jackson Township Fire District No. 4. At the end of 2011, the total fund balance of the general fund was approximately \$775,000. Of this balance, approximately \$438,900 was unreserved.

During 2011 the general fund balance of Jackson Township Fire District No. 4 increased by approximately \$106,200. The primary reasons for this increase are as follows:

- The Board received revenues in excess of the anticipated 2011 Budget by approximately \$106,200.

At the end of 2011, the District had a capital projects fund balance of approximately \$623,100. This balance increased from 2010 by approximately \$168,000. The major change in this fund balance was:

- A capital appropriation from the general fund of \$168,000.

General Fund Budgetary Highlights

In 2009 the Board assumed the responsibilities of the Uniform Fire Safety Act (UFSA) in the District. UFSA revenues are a factor of enforcement. The fees charged in 2011 were approximately 1.8% of the operating revenues.

The 2011 Budget had revenues equal to expenditures and did not require the utilization of unrestricted surplus accumulated from prior years. The unused surplus becomes available for future budget periods as undesignated surplus in the General Fund.

The District had total actual revenues in excess of budgeted revenues of approximately \$274,200 in 2011. Any excess in 2012 is expected to be similar.

Overall, the District spent approximately \$366,900 less than originally anticipated in the budget for 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2011 Jackson Township Fire District No. 4 had invested in capital assets for government activities of approximately \$2,024,600 (net of accumulated depreciation). Capital assets consist of firehouse improvements, fire apparatus, fire equipment, and office equipment. They purchased approximately \$75,700 of apparatus and equipment in 2011.

JACKSON TOWNSHIP FIRE DISTRICT NO. 4
 CAPITAL ASSETS
 (NET OF ACCUMULATED DEPRECIATION)
 DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>	<u>Change</u>
Firehouse & Land	\$ 2,334,023	\$ 2,280,783	+53,240
Vehicles & Apparatus	1,922,135	1,922,135	- 0 -
Equipment	<u>505,432</u>	<u>482,949</u>	+22,483
 Total Capital Assets	 4,761,590	 4,685,867	 +75,723
 Accumulated Depreciation	 <u>(2,736,941)</u>	 <u>(2,497,765)</u>	 +239,176
 Investment in Capital Assets – net	 <u>\$ 2,024,649</u>	 <u>\$ 2,188,102</u>	 -163,453

Additional information on Jackson Township Fire District No. 4's capital assets can be found in note 7 in the notes to the financial statements.

Long-Term Obligations

Jackson Township Fire District No. 4 currently has one lease purchase outstanding at 12/31/2011.

The District bonded the purchase of a ladder truck in 2010 in the amount of \$475,000 for seven years. These bonds will be paid off in 2014.

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2011, Jackson Township Fire District No. 4 was able to cover all its appropriations through the fire tax levy and other revenues. In 2011 the fire tax levy amounted to 92% of total revenue collected.

Jackson Township Fire District No. 4 adopted their 2012 budget on January 12, 2012. The voters subsequently voted to approve the budget at the February election. The 2012 adopted budget reflected an increase in the tax levy of \$50,296. The Board anticipates no significant change in the fire tax rate. It is projected that a family with a home assessed at \$250,000 will pay approximately \$160 in 2012 for fire protection.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Jackson Township Fire District No. 4's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to William Allman, Jackson Township Fire District No. 4, 465A North County Line Road, Jackson, New Jersey, 08527.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Statement of Net Assets
December 31, 2011
(With comparative totals for December 31, 2010)

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>(Memorandum Only)</u> <u>2010</u>
Assets:		
Current assets:		
Cash	\$ 638,531	\$ 747,064
Investments	853,686	465,331
Due from others	5,897	11,709
Interfund receivable	37,411	20,642
Prepaid expenses	10,185	12,830
Total current assets	<u>1,545,710</u>	<u>1,257,576</u>
Fixed assets (net of depreciation)	<u>2,024,649</u>	<u>2,188,102</u>
Total assets	<u>3,570,359</u>	<u>3,445,678</u>
Liabilities:		
Current liabilities:		
Accounts payable	30,369	24,331
Accrued professional fees	12,700	12,500
Accrued interest	2,360	3,089
Accrued payroll	12,657	11,109
Accrued pension	43,979	-
Interfund payable	37,646	72,797
Bonds payable	71,000	68,000
Total current liabilities	<u>210,711</u>	<u>191,826</u>
Noncurrent liabilities:		
Bonds payable	149,000	220,000
Compensated absences	42,407	38,908
Total noncurrent liabilities	<u>191,407</u>	<u>258,908</u>
Total liabilities	<u>402,118</u>	<u>450,734</u>
Net assets:		
Investment in general fixed assets, net of related debt	1,804,649	1,900,102
Restricted net assets:		
Encumbrances	51,095	92,745
Capital	623,146	455,146
Designated for subsequent year's expenditures	285,000	-
Unreserved	404,351	546,951
Total net assets	<u>\$ 3,168,241</u>	<u>\$ 2,994,944</u>

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Statement of Activities
For the year ended December 31, 2011
(With comparative totals for the year ended December 31, 2010)

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>	
			<u>2011</u>	<u>(Memorandum Only) 2010</u>
Government activities:				
Operation appropriations:				
Administration	\$ 111,693	\$ -	\$ (111,693)	\$ (96,275)
Costs of operations and maintenance	1,140,535	25,827	(1,114,708)	(989,928)
Interest expense	10,168	-	(10,168)	(13,780)
Length of service award program	33,491	-	(33,491)	(20,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total government activities	1,295,887	25,827	(1,270,060)	(1,119,983)
	<hr/>	<hr/>	<hr/>	<hr/>
General revenues:				
Miscellaneous revenue			38,005	16,497
Operating grant revenues			3,257	3,257
Amount raised by taxation			1,366,944	1,399,447
Transfer from other funds			35,151	-
			<hr/>	<hr/>
Total general revenues			1,443,357	1,419,201
			<hr/>	<hr/>
Excess of revenues over expenditures			173,297	299,218
			<hr/>	<hr/>
Net assets, January 1			2,994,944	2,695,726
			<hr/>	<hr/>
Net assets, December 31			\$ 3,168,241	\$ 2,994,944
			<hr/>	<hr/>

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Balance Sheet
Governmental Funds
December 31, 2011
(With comparative totals for December 31, 2010)

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>	
				<u>December 31, 2011</u>	<u>(Memorandum Only) December 31, 2010</u>
Assets:					
Cash	\$ 638,531	\$ -	\$ -	\$ 638,531	\$ 747,064
Investments	853,686	-	-	853,686	465,331
Due from others	5,897	-	-	5,897	11,709
Interfund receivable	37,411	623,146	-	660,557	475,788
Total assets	<u>1,535,525</u>	<u>623,146</u>	<u>-</u>	<u>2,158,671</u>	<u>1,699,892</u>
Liabilities, equity and other credits:					
Accounts payable	30,369	-	-	30,369	24,331
Accrued professional fees	12,700	-	-	12,700	12,500
Accrued payroll	12,657	-	-	12,657	11,109
Accrued pension	43,979	-	-	43,979	-
Interfund payable	660,792	-	-	660,792	527,943
Total liabilities	<u>760,497</u>	<u>-</u>	<u>-</u>	<u>760,497</u>	<u>575,883</u>
Fund balances					
Restricted for:					
Capital	-	623,146	-	623,146	455,146
Assigned for:					
Subsequent year's expenditures	285,000	-	-	285,000	-
Other purposes	51,095	-	-	51,095	92,745
Unassigned, reported in:					
General fund	438,933	-	-	438,933	576,118
Total fund balance	<u>775,028</u>	<u>623,146</u>	<u>-</u>	<u>1,398,174</u>	<u>1,124,009</u>
Total liabilities and fund balance	<u>\$ 1,535,525</u>	<u>\$ 623,146</u>	<u>\$ -</u>		
Amounts reported for governmental activities in the statement of net assets (A-1) are different because:					
Prepaid insurance is reported in governmental funds as expenditures. However, in the statement of net assets, the cost of those assets is expensed over the term of the policy as insurance expense.				10,185	12,830
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,761,590 and the accumulated depreciation is \$2,736,941.				2,024,649	2,188,102
Accrued interest not recorded in current financial statements.				(2,360)	(3,089)
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported as liabilities in the funds.				(262,407)	(326,908)
Net assets of governmental activities				<u>\$ 3,168,241</u>	<u>\$ 2,994,944</u>

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended December 31, 2011
(With comparative totals for the year ended December 31, 2010)

	Totals				
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>December 31, 2011</u>	<u>(Memorandum Only) December 31, 2010</u>
Revenues:					
Miscellaneous anticipated revenue:					
Annual registration fees	\$ 25,827	\$ -	\$ -	\$ 25,827	\$ 29,931
Investment income	22,359	-	-	22,359	15,975
Other revenue	15,646	-	-	15,646	522
Total miscellaneous revenues	<u>63,832</u>	<u>-</u>	<u>-</u>	<u>63,832</u>	<u>46,428</u>
Operating grant revenues:					
Supplemental fire service act	3,257	-	-	3,257	3,257
Total operating grant revenue	<u>3,257</u>	<u>-</u>	<u>-</u>	<u>3,257</u>	<u>3,257</u>
Total revenues	<u>67,089</u>	<u>-</u>	<u>-</u>	<u>67,089</u>	<u>49,685</u>
Amount raised by taxation to support district budget	1,120,047	168,000	78,897	1,366,944	1,399,447
Total anticipated revenues	<u>1,187,136</u>	<u>168,000</u>	<u>78,897</u>	<u>1,434,033</u>	<u>1,449,132</u>
Expenditures:					
Operating appropriations:					
Administration:					
Salaries and wages	20,000	-	-	20,000	20,000
Other expenditures:					
Professional fees	80,821	-	-	80,821	67,371
Elections	812	-	-	812	715
Office supplies and postage	6,561	-	-	6,561	3,518
Total administration	<u>108,194</u>	<u>-</u>	<u>-</u>	<u>108,194</u>	<u>91,604</u>
Cost of operations and maintenance:					
Salaries and wages	269,809	-	-	269,809	244,611
Fringe benefits	141,031	-	-	141,031	120,147
Other expenditures:					
Rental charges	61,015	-	-	61,015	60,375
Gear	29,953	-	-	29,953	23,427
Supplies	35,094	-	-	35,094	23,059
Insurance	88,255	-	-	88,255	69,257
SCBA	11,385	-	-	11,385	11,922
Emergency First Aid equipment	-	-	-	-	3,224
Advertising	442	-	-	442	483
Fire prevention	1,054	-	-	1,054	4,004
Training and education	8,461	-	-	8,461	9,405
Utilities	59,298	-	-	59,298	55,805
Maintenance and repairs	153,892	-	-	153,892	98,703
Firefighter expenses	12,475	-	-	12,475	10,977
Other non-bondable assets	64,428	-	-	64,428	147,391
Total cost of operations and maintenance	<u>936,592</u>	<u>-</u>	<u>-</u>	<u>936,592</u>	<u>882,790</u>

See accompanying notes to financial statements.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended December 31, 2011
(With comparative totals for the year ended December 31, 2010)

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>	
				<u>December 31, 2011</u>	<u>(Memorandum Only) December 31, 2010</u>
Operating appropriations offset with revenues:					
Salaries and wages	33,554	-	-	33,554	38,429
USFA supplies	4,291	-	-	4,291	7,223
Total operating appropriations offset with revenues	37,845	-	-	37,845	45,652
Length of service award program	33,491	-	-	33,491	20,000
Capital appropriations	-	-	-	-	-
Debt service for capital appropriations:					
Bond principal	-	-	68,000	68,000	65,000
Interest on bonds	-	-	10,897	10,897	13,750
Capital leases	-	-	-	-	28,360
Interest on capital leases	-	-	-	-	1,744
Total debt service for capital appropriations	-	-	78,897	78,897	108,854
Total operating appropriations	1,116,122	-	78,897	1,195,019	1,148,900
Other financing sources and uses:					
Transfer of unrestricted funds from LOSAP	35,151	-	-	35,151	-
Total other financing sources and uses	35,151	-	-	35,151	-
Excess (efficiency) of revenues over (under) expenditures	106,165	168,000	-	274,165	300,232
Fund balance, January 1	668,863	455,146	-	1,124,009	823,777
Fund balance, December 31	\$ 775,028	\$ 623,146	\$ -	\$ 1,398,174	\$ 1,124,009

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance in
the Governmental Funds to the Statement of Activities
December 31, 2011

Total net changes in Fund Balance-Governmental Funds (B-2) \$ 274,165

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

	75,723	
Capital Outlays-General Fund		
Depreciation Expense	(239,176)	(163,453)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 68,000

Accrual of interest on bonds is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the statement of activities.

	3,089	
Prior year		
Current year	(2,360)	729

Prepaid insurance is reported in governmental funds as expenditures. However, in the statement of net assets, the cost of those assets is expensed over the term of the policy as insurance expense.

	(12,830)	
Prior year		
Current year	10,185	(2,645)

In the statement of activities, certain operating expenses, e.g., compensated absences (sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used, essentially, the amounts actually paid. This year, the increase in sick leave paid was \$3,499.

(3,499)

Changes in net assets of governmental activities \$ 173,297

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Fiduciary Funds
Statement of Net Assets
December 31, 2011
(With comparative totals for December 31, 2010)

	<u>Payroll Agency</u>	<u>Length of Service Award Program</u>	<u>Totals</u>	
			<u>December 31, 2011</u>	<u>(Memorandum Only) December 31, 2010</u>
Assets:				
Cash	\$ 37,411	\$ 57,254	\$ 94,665	\$ 76,093
Investments	-	86,250	86,250	95,928
Interfund receivable	-	37,646	37,646	72,797
Total assets	<u>37,411</u>	<u>181,150</u>	<u>218,561</u>	<u>244,818</u>
Liabilities:				
Interfund liabilities	<u>37,411</u>	-	<u>37,411</u>	<u>20,642</u>
Total liabilities	<u>37,411</u>	-	<u>37,411</u>	<u>20,642</u>
Net Assets:				
Reserved:				
For Length of Service Award Program	-	181,150	181,150	147,983
Unreserved	-	-	-	76,193
Total net assets	<u>\$ -</u>	<u>\$ 181,150</u>	<u>\$ 181,150</u>	<u>\$ 224,176</u>

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Length of Service Award
For the year ended December 31, 2011
(With comparative totals for the year ended December 31, 2010)

	Totals	
	December 31, <u>2011</u>	(Memorandum Only) December 31, <u>2010</u>
Revenues and Other Financing Sources:		
District contributions	\$ 33,491	\$ 20,000
Interest income	298	11,821
Total revenues and other financing sources	<u>33,789</u>	<u>31,821</u>
Expenditures:		
Administrative fees and refunds	3,116	133
Lump sum distributions	38,548	9,209
Total expenditures	<u>41,664</u>	<u>9,342</u>
Other financing sources and uses:		
Transfer of unrestricted funds from LOSAP	<u>(35,151)</u>	<u>-</u>
Total other financing sources and uses	<u>(35,151)</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	(43,026)	22,479
Net assets, January 1	<u>224,176</u>	<u>201,697</u>
Net assets, December 31	<u>\$ 181,150</u>	<u>\$ 224,176</u>

See accompanying notes to financial statements.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements
For the year ended December 31, 2011

NOTE 1: GENERAL INFORMATION

A. Description of Reporting Entity

Fire District No. 4 of the Township of Jackson is a political subdivision of the Township of Jackson, County of Ocean, State of New Jersey. A board of five commissioners oversees all of the operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

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

Fire District No. 4 of the Township of Jackson is not a component unit of any other financial reporting entity nor does the Fire District have any component units to be presented in accordance with Governmental Accounting Standards Board Statement No. 14.

B. District Officials

The District is governed by a board of five commissioners. The following were in office at December 31, 2011:

<u>Officials</u>	<u>Term Expires</u> <u>March</u>
William Allmann	2014
John Bollentin	2012
Kenneth Byrnes	2014
Richard Leonard	2013
John Sherry	2012

C. Accounting Records

The official accounting records of the Fire District No. 4 of the Township of Jackson are maintained in the office of the District.

D. Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the Fire District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with the provisions of N.J.A.C. 5:31-7-1. 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 Board's accounting policies are described below.

The basic financial statements report using the economic resources measurement focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using the same focus. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The tax revenues are recognized in the year for which they are levied (see Note 2 N) while grants are recognized when grantor eligibility requirements are met.

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

B. Fund Accounting

The accounts of the district are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate "fund types."

Governmental Funds:

General Fund

The General Fund is the general operating fund of the Fire District and is used to account for the 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.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities such as firehouses and 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, which must be authorized by the voters as a separate question of 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 debt.

Fiduciary Funds:

Trust and Agency Fund

The Trust and Agency Fund is used to account for assets held by the Fire District on behalf of outside parties, including other governments, or on behalf of other funds within the Fire District.

C. District Wide and Fund Financial Statements

District Wide Financial Statements

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments as of January 1, 2004. The District’s basic financial statements reflect the implementation.

The district-wide financial statements (A-1 and A-2) include the statement of net assets and the statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity, excluding the fiduciary funds, has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

Fund Financial Statements

The fund financial statements provide detail of the governmental and fiduciary funds.

D. Budgets and Budgetary Accounting

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

The fire commissioners must introduce and approve the annual budget no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Accounting (continued)

hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the fire district. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

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

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

Fire Districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the Fire Districts general-purpose financial statements.

E. Encumbrances

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

Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. The encumbrance at December 31, 2011 totaled \$51,095.

F. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks. Fire Districts are required by N.J.S.A. 40A: 5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A: 5-15.1 provides a list of investments that may be purchased by fire districts.

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

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents and Investments (continued)

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

G. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase.

H. Debt Limitation

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

I. Capital Assets

Capital assets, which include land, building, improvements, and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of \$2,000.

Depreciation is recorded on the straight-line method (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Station and Improvements	10 to 30 Years
Equipment	5 to 15 Years
Mobile Equipment	5 to 10 Years

J. Inventory, Materials and Supplies

The inventory on hand at any time is small. Accordingly, purchases are charged directly to fixed assets or to maintenance costs, as applicable.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Interfund Receivable/Payable

Interfund receivables and payables that arise from transactions between funds that are due within one year are recorded by all funds affected by such transactions in the periods in which the transaction is executed.

L. Compensated Absences

Fire District employees are entitled to vacation and sick leave. Unused vacation and sick leave may be accumulated up to a maximum payment of \$15,000. Benefits paid in any future year will be calculated according to formulas outlined in the Fire District's agreement with the employee's union and included in the current year's budget.

The liability for vested compensated absences is recorded as a non-current liability in the governmental activities fund. The current portion of the compensated absence balance is not considered material to the applicable fund's total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences.

M. Revenues and Expenditures

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when qualifying expenditures are incurred.

Expenditures are recorded when the related liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

N. Fire District Taxes

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

O. 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.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. Unrealized Gains and Losses

Governmental Accounting Standards Board (GASB) has established GASB-31, which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of December 31, 2011, the unrealized gains for the Fire District were not considered to be material to the financial statements taken as a whole, and accordingly, have not been reflected in the financial statements.

R. Subsequent Events

Jackson Board of Fire Commissioners No. 4 has evaluated subsequent events occurring after December 31, 2011 through the date of March 16, 2012, which is the date the financial statements were available to be issued.

NOTE 3: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

The Fire District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at December 31, 2011, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ <u>733,196</u>
Total deposits	\$ <u><u>733,196</u></u>
Reconciliation to Governmental and Fiduciary Fund Statements:	
Governmental Funds	\$ 638,531
Fiduciary Funds	<u>94,665</u>
Total	\$ <u><u>733,196</u></u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2011, the District's bank balance of \$747,763 was insured or collateralized as follows:

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 3: CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk (continued)

Insured		\$ 250,000
Collateralized in the District's name under GUDPA (See Note 5)		<u>497,763</u>
Total		<u><u>\$ 747,763</u></u>

NOTE 4: INVESTMENTS

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Fire District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fire District, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fire District's name. All of the District's investments are held in the name of the District and are collateralized by GUDPA.

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Fire District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2011, are provided in the above schedule.

C. Investment Credit Risk

The Fire District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Fire District or bonds or other obligations of the local unit or units within which the Fire District is located;

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 4: INVESTMENTS (continued)

C. Investment Credit Risk (continued)

- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Fire District;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

As of December 31, 2011, the Fire District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
Certificate of Deposit	7/22/2014	N/A	\$ 268,681
Certificate of Deposit	3/8/2015	N/A	\$ 212,099
Certificate of Deposit	6/20/2016	N/A	<u>\$ 372,906</u>
Total General Fund			<u>\$ 853,686</u>
LOSAP Annuity Contract			<u>\$ 86,250</u>

The Fire District has received a letter from Shore Community Bank allowing Jackson Board of Fire Commissioners No. 4 to withdraw from the Certificate of Deposit's at any time without penalties.

NOTE 5: GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA)

The Fire District has deposited cash in 2011 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 5: GOVERNMENTAL UNIT DEPOSIT PROTECTION ACT (GUDPA) (continued)

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The Fire District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

NOTE 6: DUE FROM OTHERS

As December 31, 2011, the District was owed \$2,442 and \$3,821 from the State of New Jersey for LEA fees and from Jackson Twp, respectively.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 7: FIXED ASSETS

Fixed assets consisted of the following at December 31, 2011:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Equipment	\$ 482,949	\$ 22,483	\$ -	\$ 505,432
Buildings and improvements	2,280,783	53,240	-	2,334,023
Trucks and vehicles	1,922,135	-	-	1,922,135
	<u>4,685,867</u>	<u>75,723</u>	<u>-</u>	<u>4,761,590</u>
Totals at historical cost				
Less: accumulated depreciation				
Equipment	(269,395)	(54,669)	-	(324,064)
Buildings and improvements	(1,449,860)	(104,510)	-	(1,554,370)
Trucks and vehicles	(778,510)	(79,997)	-	(858,507)
	<u>(2,497,765)</u>	<u>(239,176)</u>	<u>-</u>	<u>(2,736,941)</u>
Total accumulated depreciation				
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 2,188,102</u>	<u>\$ (163,453)</u>	<u>\$ -</u>	<u>\$ 2,024,649</u>

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

NOTE 8: NONCURRENT LIABILITIES

During the fiscal year ended December 31, 2011 the following changes occurred in liabilities reported in long-term debt:

	Balance 12/31/10	Accrued/ increases	Retired/ decreases	Balance 12/31/11	Due within one year
Bonds payable	\$ 288,000	\$ -	\$ 68,000	\$ 220,000	\$ 71,000
Compensated absences	<u>38,908</u>	<u>3,499</u>	<u>-</u>	<u>42,407</u>	<u>-</u>
Total	<u>\$ 326,908</u>	<u>\$ 3,499</u>	<u>\$ 68,000</u>	<u>\$ 262,407</u>	<u>\$ 71,000</u>

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 8: NONCURRENT LIABILITIES (continued)

Bonds Payable

The following is a schedule of future minimum bond payments at December 31, 2011:

Fiscal Year			
<u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 71,000	\$ 7,915	\$ 78,915
2013	74,000	4,805	78,805
2014	<u>75,000</u>	<u>1,609</u>	<u>76,609</u>
Total	<u>\$ 220,000</u>	<u>\$ 14,329</u>	<u>\$ 234,329</u>

NOTE 9: VESTED EMPLOYEE BENEFITS

In accordance with GASB-16 and NCGA-1 (Governmental Accounting and Financial Reporting Principles), the portion of estimated future payments for compensated absences that will use current expendable resources is reported as a current fund liability in the governmental activities fund and the balance of the liability is reported as non-current liability in the governmental activities fund. For the year ended December 31, 2011, the District did not have a current liability for compensated absences. The amounts included in the long-term liabilities consists of the following:

	<u>2011</u>
Total Compensated Absences	<u>\$42,407</u>

NOTE 10: PENSION

A. Custodial Credit Risk

Jackson Board of Fire Commissioners No. 4 contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.) and the Police and Fireman's Retirement System (P.F.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. It provides retirement, disability, medical and death benefits to plan members and beneficiaries.

The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of *N.J.S.A.43:15A*, and the Public Fireman's Retirement System (P.F.R.S.) was established as of July 1, 1944 under the provisions of *N.J.S.A.43:16A*. Both plans were set up to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plans. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 10: PENSION (continued)

A. Custodial Credit Risk (continued)

The State of New Jersey P.F.R.S. program as established as of July 1, 1944. The program was established under the provisions of N.J.S.A.43:16A, which assigns authority to establish and amend, benefit provisions to the plans' board of trustees. P.F.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625, or calling (609) 984-1684.

B. Vesting and Benefit Provisions

The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B*. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 10C below.

C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for PERS were reduced.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 10: PENSION (continued)

C. Significant Legislation (continued)

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the PFRS and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service. Tier 3 was added to PFRS for enrollees after June 28, 2011. Tier 3 retirees will have a maximum retirement benefit of 65% of final compensation after 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

D. Contribution Requirements

The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both PFRS and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits and post-retirement medical premiums.

Plan members are required to contribute 10%, effective October 1, 2011, of their annual covered salary for P.F.R.S. and Jackson Board of Fire Commissioners No. 4 is required to contribute at an actuarially determined rate. The contribution requirements of plan members and are established and may be amended by the plan's board of trustees. The District contributed to P.F.R.S. for the year ended December 31, 2011.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 11: LENGTH OF SERVICE AWARDS PROGRAM

The District has a contractual agreement to award an annuity to volunteer firefighters based on length of service to insure continued service.

The contribution for the year ended December 31, 2010 and paid in the fiscal year ended December 31, 2011 is \$33,491.

This is not a pension plan as described under the Employee Retirement Security Act, and therefore is not guaranteed to the volunteers until they reach the age 65.

NOTE 12: INTERFUND RECEIVABLE/PAYABLE

As of December 31, 2011, the following interfund balances remained on the balance sheet:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 37,411	\$ 660,792
Capital projects	623,146	-
Payroll agency	-	37,411
Length of Service Program	<u>37,646</u>	<u>-</u>
Total	<u>\$ 698,203</u>	<u>\$ 698,203</u>

The purpose of interfunds is for short-term borrowings.

NOTE 13: FUNDING

The activities of the fire district are primarily funded by the striking of the fire tax on the property owners of the fire district, as provided for by the state statute. For the year ended December 31, 2011, the fire tax rate on the Fire District No. 4 was approximately \$.063 per \$100 of assessed valuation.

The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of approximately \$3,257. As a condition of this grant, the Board must match the grant by 10%.

NOTE 14: GASB #54 FUND BALANCE DISCLOSURE

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Notes to Financial Statements (continued)
For the year ended December 31, 2011

NOTE 14: GASB #54 FUND BALANCE DISCLOSURE (continued)

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the District.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

General Fund – Of the \$775,028 General Fund fund balance at December 31, 2011, \$51,095 has been assigned for other purposes, \$285,000 has been assigned for subsequent year's expenditures and \$438,933 is unassigned.

Capital Projects Fund – Of the \$623,146 Capital Projects Fund fund balance at December 31, 2011, the entire balance is restricted for Capital.

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Budgetary Comparison Schedule
For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue:				
Annual registration fees	\$ 10,000	\$ 10,000	\$ 25,827	\$ 15,827
Investment income	2,500	2,500	22,359	19,859
Other revenue	10,000	10,000	15,646	5,646
Total miscellaneous revenues	<u>22,500</u>	<u>22,500</u>	<u>63,832</u>	<u>41,332</u>
Operating grant revenues:				
Supplemental fire service act	4,226	4,226	3,257	(969)
Total operating grant revenue	<u>4,226</u>	<u>4,226</u>	<u>3,257</u>	<u>(969)</u>
Total revenues	<u>26,726</u>	<u>26,726</u>	<u>67,089</u>	<u>40,363</u>
Amount raised by taxation to support district budget	<u>1,366,944</u>	<u>1,366,944</u>	<u>1,366,944</u>	<u>-</u>
Total anticipated revenues	<u>1,393,670</u>	<u>1,393,670</u>	<u>1,434,033</u>	<u>40,363</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	20,000	20,000	20,000	-
Other expenditures:				
Professional fees	86,500	84,500	80,821	3,679
Elections	1,500	1,500	812	688
Office supplies and postage	9,000	9,000	6,561	2,439
Paying agent fees	4,100	4,100	-	4,100
Total administration	<u>121,100</u>	<u>119,100</u>	<u>108,194</u>	<u>10,906</u>
Cost of operations and maintenance:				
Salaries and wages	259,253	266,463	269,809	(3,346)
Fringe benefits	128,720	144,320	141,031	3,289
Other expenditures:				
Rental charges	65,000	65,000	61,015	3,985
Gear	35,000	35,000	29,953	5,047
Supplies	30,000	36,804	35,094	1,710
Insurance	80,000	88,500	88,255	245
SCBA	5,000	11,500	11,385	115
Emergency First Aid equipment	7,000	7,000	-	7,000
Advertising	2,000	2,000	442	1,558
Fire prevention	5,000	5,000	1,054	3,946
Training and education	14,000	14,000	8,461	5,539
Contingencies	2,000	2,000	-	2,000

EXHIBIT C-1
(continued)

FIRE DISTRICT NO. 4 OF THE TOWNSHIP OF JACKSON
Budgetary Comparison Schedule
For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Utilities	60,000	60,000	59,298	702
Maintenance and repairs	127,000	154,090	153,892	198
Firefighter expenses	10,000	13,750	12,475	1,275
Other non-bondable assets	130,000	149,291	64,428	84,863
Total cost of operations and maintenance	<u>959,973</u>	<u>1,054,718</u>	<u>936,592</u>	<u>118,126</u>
Operating appropriations offset with revenues:				
Salaries and wages	37,700	37,700	33,554	4,146
USFA supplies	8,000	8,000	4,291	3,709
Total operating appropriations offset with revenues	<u>45,700</u>	<u>45,700</u>	<u>37,845</u>	<u>7,855</u>
Length of service award program	20,000	20,000	33,491	(13,491)
Capital appropriations	<u>168,000</u>	<u>168,000</u>	<u>-</u>	<u>168,000</u>
Debt service for capital appropriations:				
Bond principal	68,000	68,000	68,000	-
Interest on bonds	10,897	10,897	10,897	-
Total debt service for capital appropriations	<u>78,897</u>	<u>78,897</u>	<u>78,897</u>	<u>-</u>
Total operating appropriations	<u>1,393,670</u>	<u>1,486,415</u>	<u>1,195,019</u>	<u>291,396</u>
Other financing sources and uses:				
Transfer of unrestricted funds from LOSAP	<u>-</u>	<u>-</u>	<u>35,151</u>	<u>35,151</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>35,151</u>	<u>35,151</u>
Excess (efficiency) of revenues over (under) expenditures	-	(92,745)	274,165	366,910
Fund balance, January 1	<u>1,124,009</u>	<u>1,124,009</u>	<u>1,124,009</u>	<u>-</u>
Fund balance, December 31	<u>\$ 1,124,009</u>	<u>\$ 1,031,264</u>	<u>\$ 1,398,174</u>	<u>\$ 366,910</u>



Certified Public Accountants & Consultants

Board of Fire Commissioners
Fire District No. 4 of the Township of Jackson
Jackson, New Jersey 08527

We have audited the basic financial statements of the Fire District No. 4 of the Township of Jackson, County of Ocean, State of New Jersey for the year ended December 31, 2011. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

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

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or 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 by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$36,000, except by contract or agreement.

It is pointed out that the Board of Fire Commissioners has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Inasmuch as the system of records did not provide for an 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.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$5,400 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Examination of Investments

An examination of investments held by the District was conducted to ensure all certificate of deposit balances as stated on the general ledger were accurate.

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

Acknowledgment

We received the complete cooperation of all the staff of the District and we greatly appreciate the courtesies extended to the members of the audit team.

During our review, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions, please contact us.


HOLMAN & FRENIA, P.C.
Certified Public Accountants

March 16, 2012
Toms River, New Jersey