

**MARLBORO TOWNSHIP
FIRE DISTRICT NO. 1
MONMOUTH COUNTY, NEW JERSEY**

Financial Statements

December 31, 2009 and 2008

With Independent Auditors' Report

Marlboro Township Fire District No. 1
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December 31, 2009 and 2008

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Township of Marlboro

Fire District #1

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

USING THIS ANNUAL REPORT

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

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

- General funds – Most of the District's basic services are reported in general funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending.

- These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The general fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. General fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between general fund activities (reported in the Statement of Net Assets and the Statement of Activities) and capital funds in reconciliation at the bottom of the fund financial statements.

The District as a Board

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

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

	2009 GAAP Basis		Total	Increase (Decrease) over 2008	Percentage Increase (Decrease)
	General Fund Activities	Capital Fund Activities			
Assets					
Current and other assets	\$ 636,217	\$ -	\$ 636,217	\$ (768,057)	(54.69%)
Capital assets	-	1,109,576	1,109,576	909,090	453.44%
Total assets	<u>636,217</u>	<u>1,109,576</u>	<u>1,745,793</u>	<u>141,033</u>	8.79%
 Other liabilities	69,763	65,000	134,763	(9,812)	(6.79%)
 Net assets					
Invested in capital assets, net of accumulated depreciation			1,109,576	909,090	453.44%
Restricted			32,846	(417,154)	(92.70%)
Unrestricted			468,608	(341,091)	(42.13%)
			<u>\$ 1,611,030</u>	<u>\$ 150,845</u>	10.33%

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

Governmental Activities

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

THE DISTRICT'S FUNDS

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

	FYE 2009 Amount	Percentage of Total Revenues	Increase (Decrease) over 2008	Percentage Increase (Decrease)
Revenues				
District taxes	\$ 883,166	97.19%	\$ 19,225	2.23%
SFSG	5,834	0.64%	-	-
NJ services contract	10,000	1.10%	-	-
Interest on deposits and investments	8,294	0.91%	(4,719)	(36.26%)
Miscellaneous income	1,387	0.16%	(1,318)	(48.72%)
Total revenues	<u>\$ 908,681</u>	<u>100.00%</u>	<u>\$ 13,188</u>	<u>1.47%</u>

District taxes experienced a minimal increase this year. Interest income decreased due to interest rates decreasing in the current year and the district having less cash on hand during the current year.

	FYE 2009 Amount	Percentage of Total Expenditures	Increase (Decrease) over 2008	Percentage Increase (Decrease)
Expenditures				
Commissioners	\$ 30,000	3.96%	\$ -	-
Clerk of the Board	8,500	1.12%	-	-
Elections	1,533	0.20%	(1,031)	(40.21%)
Office expenses	6,281	0.83%	1,875	42.56%
Professional services	41,000	5.41%	(23,544)	(36.48%)
Fringe benefits	137,334	18.12%	31,671	29.97%
Advertising	760	0.10%	(642)	(45.79%)
Insurance	62,035	8.19%	5,441	9.61%
Maintenance and repairs	37,006	4.88%	(7,576)	(16.99%)
Membership/dues	893	0.12%	90	11.21%
Training and education	1,339	0.18%	1,271	1869.12%
Uniforms	4,308	0.57%	(1,225)	(22.14%)
Professional services/medical	875	0.12%	700	400.00%
Rental charges and telephone	115,766	15.28%	64,385	125.31%
Travel expenses	6,317	0.83%	2,817	80.49%
Fire hydrant rentals	204,404	26.97%	3,774	1.88%
New equipment and supplies	29,181	3.85%	24,939	587.91%
Reimbursement of expenses	13,875	1.83%	(3,859)	(21.76%)
Depreciation expense	56,429	7.44%	2,263	4.18%
Total expenditures	<u>\$ 757,836</u>	<u>100.00%</u>	<u>\$ 101,349</u>	<u>15.44%</u>

Because district attorney expenditures are contractual in nature, they can vary from year to year depending on the circumstances.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board revised the General Fund budget one time. This budget amendment was a transfer within appropriations in order to avoid over expending certain line items.

The budget relied on the expectation of a minimal increase in district taxes. The district tax base increased slightly, resulting in an increase in the tax rate which produced a revenue increase of approximately \$19,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

	2008 GAAP Basis	Additions	Deletions	2009 GAAP Basis	Percentage Increase (Decrease)
Capital assets					
Equipment	\$ 525,677	\$ 23,365	\$ -	\$ 549,042	4.44%
Trucks and vehicles	1,236,044	942,154	-	2,178,198	76.22%
	1,761,721	965,519	-	2,727,240	54.81%
Accumulated depreciation	1,561,235	56,429	-	1,617,664	3.61%
Capital assets, net	\$ 200,486	\$ 909,090	\$ -	\$ 1,109,576	453.44%

The District accounted for its purchase of the aerial ladder truck and various equipment.

Debt

At year-end, the District had no debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

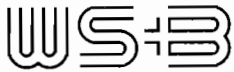
Next year's general fund budget was determined based on a slight increase in the district tax rate.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our District's citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Clerk's office at P.O. Box 462, Marlboro, New Jersey.



Michael MacDonald, Chairman
Board of Fire Commissioners



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Independent Auditors' Report

Board of Fire Commissioners
Marlboro Township Fire District No. 1
Monmouth County, New Jersey

We have audited the accompanying financial statements of the Marlboro Township Fire District No. 1, Monmouth County, New Jersey as of and for the years ended December 31, 2009 and 2008. These general purpose financial statements are the responsibility of the Fire District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated July 13, 2010 on our consideration of the Marlboro Township Fire District No. 1's, Monmouth County, New Jersey internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report and considered in assessing the results of our audits.

The Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual included in the contents of this report are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Certain limited procedures have been applied to the



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

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

A handwritten signature in cursive script that reads 'Ronald C. Petrics'.

Ronald C. Petrics
Registered Municipal Accountant (#474)

July 21, 2010



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**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
Marlboro Township Fire District No. 1
Monmouth County, New Jersey

We have audited the financial statements of Marlboro Township Fire District No. 1, Monmouth County, New Jersey, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 13, 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Marlboro Township Fire District No. 1 is responsible for establishing and maintaining effective internal control. In planning and performing our audit, we considered Marlboro Township Fire District No. 1's, Monmouth County, New Jersey, 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 Marlboro Township Fire District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Marlboro Township Fire District No. 1's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a significant deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Toms River Fire Commissioners, District No. 2 Ocean County, New Jersey financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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*.

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

A handwritten signature in cursive script that reads "Ronald C. Petrics".

Ronald C. Petrics
Registered Municipal Accountant (#474)

July 21, 2010

Township of Marlboro Fire District No. 1
County of Monmouth
Statement of Net Assets and Governmental Funds Balance Sheet
December 31, 2009

	General Fund	Capital Fund	Total	Adjustments (Note 2)	Statement of Net Assets
Assets					
Cash	\$ 596,807	\$ -	\$ 596,807	\$ -	\$ 596,807
Interest receivable	3,735	-	3,735	-	3,735
Prepaid insurance	35,675	-	35,675	-	35,675
Interfund receivable	-	197,846	197,846	(197,846)	-
Capital assets, net	-	-	-	1,109,576	1,109,576
	<u>\$ 636,217</u>	<u>\$ 197,846</u>	<u>\$ 834,063</u>	<u>\$ 911,730</u>	<u>\$ 1,745,793</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 62,626	\$ -	\$ 62,626	\$ -	\$ 62,626
Reserve for encumbrances	-	65,000	65,000	-	65,000
Reserve for unemployment	3,433	-	3,433	-	3,433
Interfund payable	197,846	-	197,846	(197,846)	-
Improvement authorizations	-	32,846	32,846	(32,846)	-
Accrued wages and taxes payable	3,704	-	3,704	-	3,704
	<u>267,609</u>	<u>97,846</u>	<u>365,455</u>	<u>(230,692)</u>	<u>134,763</u>
Fund Balances and Net Assets					
Fund balances					
Reserved					
Appropriation reserves	124,228	-	124,228	(124,228)	-
Unreserved					
Designated for subsequent years' expenditures	121,374	-	121,374	(121,374)	-
Undesignated	123,006	100,000	223,006	(223,006)	-
	<u>368,608</u>	<u>100,000</u>	<u>468,608</u>	<u>(468,608)</u>	<u>-</u>
	<u>\$ 636,217</u>	<u>\$ 197,846</u>	<u>\$ 834,063</u>		
Net assets					
Invested in capital assets, net of accumulated depreciation				1,109,576	1,109,576
Restricted for capital acquisitions				32,846	32,846
Unrestricted				468,608	468,608
				<u>\$ 1,611,030</u>	<u>\$ 1,611,030</u>

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

Township of Marlboro Fire District No. 1
County of Monmouth
Statement of Net Assets and Governmental Funds Balance Sheet
December 31, 2008

	General Fund	Capital Fund	Total	Adjustments (Note 2)	Statement of Net Assets
Assets					
Cash	\$ 1,321,632	\$ 37,300	\$ 1,358,932	\$ -	\$ 1,358,932
Interest receivable	5,450	-	5,450	-	5,450
Prepaid insurance	34,892	-	34,892	-	34,892
New Jersey services contract receivable	5,000	-	5,000	-	5,000
Interfund receivable	-	862,700	862,700	(862,700)	-
Capital assets, net	-	-	-	200,486	200,486
	<u>\$ 1,366,974</u>	<u>\$ 900,000</u>	<u>\$ 2,266,974</u>	<u>\$ (662,214)</u>	<u>\$ 1,604,760</u>
Liabilities					
Current liabilities					
Accounts payable	\$ 46,375	\$ -	\$ 46,375	\$ -	\$ 46,375
Reserve for encumbrances	94,115	-	94,115	-	94,115
Reserve for unemployment	2,986	-	2,986	-	2,986
Interfund payable	862,700	-	862,700	(862,700)	-
Improvement authorizations	-	450,000	450,000	(450,000)	-
Accrued wages and taxes payable	1,099	-	1,099	-	1,099
	<u>1,007,275</u>	<u>450,000</u>	<u>1,457,275</u>	<u>(1,312,700)</u>	<u>144,575</u>
Fund Balances and Net Assets					
Fund balances					
Reserved					
Appropriation reserves	68,381	-	68,381	(68,381)	-
Unreserved					
Designated for subsequent years' expenditures	135,000	450,000	585,000	(585,000)	-
Undesignated	156,318	-	156,318	(156,318)	-
	<u>359,699</u>	<u>450,000</u>	<u>809,699</u>	<u>(809,699)</u>	<u>-</u>
	<u>\$ 1,366,974</u>	<u>\$ 900,000</u>	<u>\$ 2,266,974</u>		
Net assets					
Invested in capital assets, net of accumulated depreciation				200,486	200,486
Restricted for capital acquisitions				450,000	450,000
Unrestricted				809,699	809,699
				<u>\$ 1,460,185</u>	<u>\$ 1,460,185</u>

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

Township of Marlboro Fire District No. 1**County of Monmouth****Statement of Activities and Governmental Fund Revenues, Expenditures and
Changes in Fund Balances****Year Ended December 31, 2009**

	General Fund	Capital Fund	Total	Adjustments (Note 3)	Statement of Activities
Expenditures					
Operating appropriations	\$ 724,772	\$ -	\$ 724,772	\$ 33,064	\$ 757,836
Capital appropriations	625,000	-	625,000	(625,000)	-
	<u>1,349,772</u>	<u>-</u>	<u>1,349,772</u>	<u>(591,936)</u>	<u>757,836</u>
General revenues					
District taxes	883,166	-	883,166	-	883,166
Interest on deposits and investments	8,294	-	8,294	-	8,294
Supplemental fire services grant	5,834	-	5,834	-	5,834
New Jersey services contract	10,000	-	10,000	-	10,000
Miscellaneous	1,387	-	1,387	-	1,387
Fund balance utilized - restricted	450,000	-	450,000	(450,000)	-
	<u>1,358,681</u>	<u>-</u>	<u>1,358,681</u>	<u>(450,000)</u>	<u>908,681</u>
Transfers					
Reserve for future capital outlays	-	100,000	100,000	(100,000)	-
Capital fund balance utilized	-	(450,000)	(450,000)	450,000	-
Total general revenues and transfers	<u>1,358,681</u>	<u>(350,000)</u>	<u>1,008,681</u>	<u>(100,000)</u>	<u>908,681</u>
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	8,909	(350,000)	(341,091)	341,091	-
Change in net assets	-	-	-	150,845	150,845
Fund balances/ net assets					
Beginning of year	359,699	450,000	809,699	650,486	1,460,185
End of year	<u>\$ 368,608</u>	<u>\$ 100,000</u>	<u>\$ 468,608</u>	<u>\$ 1,142,422</u>	<u>\$ 1,611,030</u>

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

Township of Marlboro Fire District No. 1**County of Monmouth****Statement of Activities and Governmental Fund Revenues, Expenditures and
Changes in Fund Balances****Year Ended December 31, 2008**

	General Fund	Capital Fund	Total	Adjustments (Note 3)	Statement of Activities
Expenditures					
Operating appropriations	\$ 731,394	\$ -	\$ 731,394	\$ (74,907)	\$ 656,487
Reserve for future capital outlays	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>
	931,394	-	931,394	(274,907)	656,487
General revenues					
District taxes	863,941	-	863,941	-	863,941
Interest on deposits and investments	13,013	-	13,013	-	13,013
Supplemental fire services grant	5,834	-	5,834	-	5,834
New Jersey services contract	10,000	-	10,000	-	10,000
Miscellaneous	<u>2,705</u>	<u>-</u>	<u>2,705</u>	<u>-</u>	<u>2,705</u>
	895,493	-	895,493	-	895,493
Transfers					
Reserve for future capital outlays	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>
Total general revenues and transfers	<u>895,493</u>	<u>200,000</u>	<u>1,095,493</u>	<u>(200,000)</u>	<u>895,493</u>
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	(35,901)	200,000	164,099	(164,099)	-
Change in net assets	-	-	-	239,006	239,006
Fund balances/ net assets					
Beginning of year	<u>395,600</u>	<u>250,000</u>	<u>645,600</u>	<u>575,579</u>	<u>1,221,179</u>
End of year	<u>\$ 359,699</u>	<u>\$ 450,000</u>	<u>\$ 809,699</u>	<u>\$ 650,486</u>	<u>\$ 1,460,185</u>

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

Marlboro Township Fire District No. 1
Notes to Financial Statements
December 31, 2009 and 2008

1. Summary of Significant Accounting Policies

The accounting policies of the Marlboro Township Fire District No. 1 (District) conform to the accounting principles applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. For the years ended December 31, 2009 and 2008 the financial statements of the Marlboro Township Fire District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

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

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

B. Basis of Presentation

Combined Fund and Government-wide Financial Statements

As a special purpose governmental entity engaged in a single governmental program the District has opted to present its financial data in the form of combined fund and government-wide financial statements to simplify their annual financial reporting process.

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

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Capital Fund: The capital fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities.

In conformity with GASB 34, the District's combined fund and government-wide financial statements present adjustments to reconcile the general and capital fund balances to net assets.

Marlboro Township Fire District No. 1
Notes to Financial Statements
December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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

C. Basis of Accounting

Fund Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its fire districts the entire balance of taxes in the amount voted upon or certified prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

Government-wide Basis of Accounting

The government-wide statements are presented using the accrual basis of accounting. Under the full accrual basis, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

D. Budgets/Budgetary Control

Annual budgets are prepared each year for the operations of the fire districts. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budgets are then voted upon by the public.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and the fund basis of accounting previously described. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

E. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds 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.

The encumbered appropriation authority carries over into the following year. The balance of unencumbered appropriations is recorded as a reserve to fund balance for unrecorded expenditures and commitments that pertain to the prior year. At the end of the following year, an entry will be made to fund balance for expended appropriations of the prior year.

Marlboro Township Fire District No. 1
Notes to Financial Statements
December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (Continued)

F. Fixed Assets

In the fund financial statements, fixed assets used in governmental operations are accounted for as expenditures of the government fund upon acquisition.

In the government-wide basis of accounting, fixed assets are accounted for as capital assets. The District generally capitalizes assets with a cost of \$1,000 or more as outlays occur. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all fixed assets is recorded as an operating expense in the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances with accumulated depreciation reflected in the Statement of Net Assets and Governmental Funds Balance Sheet. Depreciation is provided over the assets' estimated useful lives using the straight line method of depreciation, generally 5 years for fire fighting equipment and general purpose vehicles and 12 years for fire fighting vehicles.

G. Interfund Transactions and Balances

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers between the general and capital fund of the District net to zero on the Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those loans are reported as interfund receivables and payables on the fund basis of accounting. Interfund payables and receivables between funds are eliminated in the Statement of Net Assets and Governmental Funds Balance Sheet.

H. Fund Equity

Fund Basis

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

Government-wide Basis

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

- a. Invested in capital assets, net – Consists of capital assets, net of accumulated depreciation.
- b. Restricted for capital acquisitions – Current balance consists of net assets restricted to the acquisition of a fire truck.
- c. Unrestricted net assets – All net assets that do not meet the definition of "restricted" or "invested in capital assets, net".

I. Advertising

The District expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2009 and 2008 approximated \$800 and \$1,400, respectively.

2. Adjustments to Arrive At Net Assets

A. Interfund Receivables and Payables

For the years ended December 31, 2009 and 2008 interfund receivables and payables in the amount of \$197,846 and \$862,700, respectively have been eliminated in arriving at the government-wide presentation.

Marlboro Township Fire District No. 1
Notes to Financial Statements
December 31, 2009 and 2008

2. Adjustments to Arrive At Net Assets (Continued)

B. Capital Assets and Net Assets Invested in Capital Assets

For the years ended December 31, 2009 and 2008 capital assets, net and net assets invested in capital assets, net in the amount of \$1,109,576 and \$200,486, respectively have been included in the government-wide presentation.

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

For the years ended December 31, 2009 and 2008, fund balances in the amount of \$468,608 and \$809,699, respectively have been eliminated. Unrestricted net assets in the amount of \$468,608 and \$809,699, respectively and net assets restricted for capital acquisitions in the amount of \$32,846 and \$450,000, respectively have been included in the government-wide presentation.

D. Improvement Authorizations

Improvement authorizations, which are liabilities that represent the District's earmarking of fund balance for a specified future project, do not represent liabilities as defined by U.S. generally accepted accounting principles. Therefore, for the years ended December 31, 2009 and 2008 improvement authorizations in the amount of \$32,846 and \$450,000 have been eliminated in arriving at the government-wide presentation.

3. Adjustments to Arrive at the Change in Net Assets

A. Operating Appropriations

For the year ended December 31, 2009, depreciation expense in the amount of \$56,429 has been included in the government-wide presentation. Additionally, to account for fixed asset purchases expensed under the fund basis of accounting, equipment and supplies expense has been decreased by \$18,259 and maintenance and repairs expense has been decreased by \$5,106. The effect on operating appropriations is an increase of \$33,064.

For the year ended December 31, 2008, depreciation expense in the amount of \$54,166 has been included in the government-wide presentation. Additionally, to account for fixed asset purchases expensed under the fund basis of accounting, equipment and supplies expense has been decreased by \$117,338 and maintenance and repairs expense has been decreased by \$11,735. The effect on operating appropriations is a decrease of \$74,907.

B. Capital Appropriations and Related Transfers

For the year ended December 31, 2009 capital appropriations were reduced by \$625,000 and related transfers were reduced by \$100,000 on the government-wide presentation to eliminate the general and capital fund revenue and expenditure related to the creation of improvement authorizations.

For the year ended December 31, 2008 reserve for future capital outlays and related transfer were reduced by \$200,000 on the government-wide presentation to eliminate the general fund expenditure and capital fund revenue related to the creation of improvement authorizations.

4. Deposits and Investments

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agency of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or, if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

Marlboro Township Fire District No. 1
Notes to Financial Statements
December 31, 2009 and 2008

4. Deposits and Investments (continued)

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of fund investments is generally not required.

The cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums. Cash determined by the Board of Commissioners, consists of all bank accounts including certificates of deposits.

Investments

New Jersey statutes establish the following securities as eligible for the investment of District funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Associates or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- (c) Bonds or other obligations of the District or bonds or other obligations of school districts of which the district is a part or within which the school district is located.
- (d) Bonds or other obligations, having a maturity date of not more than twelve months from the date of purchase, which are approved by the New Jersey Department of Treasury, Division of Investments.
- (e) Qualified mutual funds with portfolios limited to (i) bonds or other obligations of, or guaranteed by, the United States of America; and (ii) repurchase agreements fully collateralized by such obligations. These investments must be transacted only through national or state banks located within New Jersey.

During the year, the District had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the District.

5. Assessment and Collection of Money Authorized By Voters

Upon proper certification pursuant to Section 9 of P.L. 1979 c. 453 (C.40[A]:14-78.5), the assessor of the municipality, in which the fire district is situate, shall assess the amount to be raised by taxation to support the district budget against the taxable property therein, in the same manner as municipal taxes are assessed and the same amount shall be assessed, levied and collected at the same time and in the same manner as other municipal taxes.

The collector or treasurer of the municipality, in which said district is situate, shall pay over all moneys so assessed to the treasurer or custodian of funds of said fire district as follows; on or before April 1, an amount equaling 21.25% of all moneys so assessed; on or before July 1, an amount equaling 22.5% of all moneys so assessed; on or before October 1, an amount equaling 25% of all moneys so assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of such moneys previously paid over, to be held and expended for the purpose of providing and maintaining means for extinguishing fires in such district.

Notwithstanding anything herein to the contrary, the municipal governing body may authorize, in the cash management plan adopted by it pursuant to N.J.S. 40A:5-14, a schedule of payments of fire districts moneys by which an amount greater than required on any of the first three payment dates cited herein

Marlboro Township Fire District No. 1
Notes to Financial Statements
December 31, 2009 and 2008

5. Assessment and Collection of Money Authorized By Voters (continued)

may be paid over. The municipal governing body and board of fire commissioners may, by concurrent resolution, adopt a schedule of payments of fire district moneys by which an amount less than required in any of the first three payment dates, cited herein may be paid over. Such resolution shall be included in the cash management plan adopted by the municipal governing body pursuant to N.J.S. 40A:5-14.

The commissioners may also pay back, or cause to be paid back to such municipality, any funds or any part thereof paid to the treasurer or custodian of funds of such fire district by the collector or treasurer of the municipality, representing taxes levied for fire district purposes but not actually collected in cash by said collector or treasurer.

6. Funding

The activities of the Marlboro Township Fire District No. 1 are primarily funded by the striking of a fire tax on the property owners of the Fire District, as provided for by state statute. For the years ended December 31, 2009 and 2008, the fire tax rate on Fire District No. 1 was \$.066 and \$.065 per \$100 of assessed valuation, respectively.

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

The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of \$5,834 for each of the years ended December 31, 2009 and 2008.

For the year ended December 31, 2009 the District also received funds from the State of New Jersey for fire protection services related to state property. The amount remitted by the State amounted to \$10,000 for the years ended December 31, 2009 and 2008, respectively. The contract with the State of New Jersey calls for a total of \$10,000 per year.

7. Pension Plan

Plan Description

The employees of the Marlboro Township Fire District No. 1 contribute to the Public Employee's Retirement System Pension Plan (PERSPP), a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits. PERSPP provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The State of New Jersey assigns the authority to establish and amend benefit provisions to the PERSPP Board of Trustees. The State of New Jersey Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERSPP.

Funding Policy

Plan members are required to contribute 3.0% of their annual covered salary. The contribution requirements of plan members are established and may be amended by the PERSPP Board of Trustees.

The District also maintains a LOSAP (Length of Service Awards Program) plan. The plan is considered to be a deferred compensation plan for volunteers and the contribution is not based on compensation. New Jersey Statutes set the contribution limits. The contributions for 2009 and 2008 were \$137,334 and \$105,663, respectively.

Marlboro Township Fire District No. 1
Notes to Financial Statements
December 31, 2009 and 2008

8. Capital Assets

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

	Balance As Of 12/31/08	Additions	Disposals	Balance As Of 12/31/09
Equipment	\$ 525,677	\$ 23,365	\$ -	\$ 549,042
Trucks and vehicles	1,236,044	942,154	-	2,178,198
	<u>\$ 1,761,721</u>	<u>\$ 965,519</u>	<u>\$ -</u>	<u>\$ 2,727,240</u>
Accumulated depreciation	<u>\$ 1,561,235</u>	<u>\$ 56,429</u>	<u>\$ -</u>	<u>\$ 1,617,664</u>

Depreciation expense for the years ended December 31, 2009 and 2008 amounted to \$56,429 and \$54,166, respectively.

9. Rental Charges

The District contracts with the volunteer fire company to lease the premises on a yearly basis. The volunteer fire company owns the premises. The total rental charges amounted to \$110,800 and \$46,800 for the years ended December 31, 2009 and 2008, respectively.

10. Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

11. Reclassifications

Certain amounts reported on the December 31, 2008 financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no effect on net income as previously reported.

12. Subsequent Events

The Company has evaluated subsequent events occurring after December 31, 2009 through the date of July 13, 2010, which is the date the financial statements were available to be issued. Based on this evaluation, the District has determined that no subsequent events have occurred, which require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Township of Marlboro Fire District No. 1
County of Monmouth
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - All Governmental Fund Types
Year Ended December 31, 2009

	Governmental Fund Type		Total Actual Amounts			Budgeted Amounts			Budgetary Variance
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original	Final		
Revenues:									
District taxes	\$ 883,166	\$ -	\$ 883,166	\$ -	\$ 883,166	\$ 883,166	\$ 883,166	\$ -	\$ -
Supplemental fire services grant	5,834	-	5,834	-	5,834	5,834	5,834	-	-
New Jersey services contract	10,000	-	10,000	-	10,000	-	-	-	10,000
Interest on deposits and investments	8,294	-	8,294	-	8,294	-	-	-	8,294
Miscellaneous income	1,387	-	1,387	-	1,387	-	-	-	1,387
Fund balance utilized - unrestricted	-	-	-	-	-	135,000	135,000	(135,000)	(135,000)
Fund balance utilized - restricted	450,000	-	450,000	(450,000)	-	450,000	450,000	-	-
Total revenues	1,358,681	-	1,358,681	(450,000)	908,681	1,474,000	1,474,000	(115,319)	(115,319)
Transfers:									
Reserve for future capital outlays	-	100,000	100,000	(100,000)	-	-	-	-	100,000
Capital fund balance utilized	-	(450,000)	(450,000)	450,000	-	-	-	-	(450,000)
Total transfers	-	(350,000)	(350,000)	350,000	-	-	-	-	(350,000)
Total general revenues and transfers	1,358,681	(350,000)	1,008,681	(100,000) (2)	908,681	1,474,000	1,474,000	(465,319)	(465,319)
Expenditures:									
Operating appropriations:									
Administration:									
Salary and wages:									
Commissioners	30,000	-	30,000	-	30,000	30,000	30,000	-	-
Clerk of the board	8,500	-	8,500	-	8,500	8,500	8,500	-	-
Total salary and wages	38,500	-	38,500	-	38,500	38,500	38,500	-	-
Other expenses:									
Elections	1,533	-	1,533	-	1,533	2,000	2,000	467	467
Office expense	6,281	-	6,281	-	6,281	7,000	7,000	719	719
Professional services	41,000	-	41,000	-	41,000	57,200	57,200	16,200	16,200
Total other expenses	48,814	-	48,814	-	48,814	66,200	66,200	17,386	17,386
Total administration	87,314	-	87,314	-	87,314	104,700	104,700	17,386	17,386

Township of Marlboro Fire District No. 1
County of Monmouth
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - All Governmental Fund Types
Year Ended December 31, 2009

	Governmental Fund Type		Total Actual Amounts		Budgeted Amounts		Budgetary Variance	
	General Fund	Capital Fund	Budgetary Basis	Adjustments Note B	GAAP Basis	Original		Final
Costs of operations and maintenance:	\$ 137,334	\$ -	\$ 137,334	\$ -	\$ 137,334	\$ 140,000	\$ 140,000	\$ 2,666
Fringe benefits								
Other expenses:								
Advertising	760	-	760	-	760	1,000	1,000	240
Insurance	62,035	-	62,035	-	62,035	83,000	64,000	1,965
Maintenance and repair	42,112	-	42,112	(5,106) (1)	37,006	84,500	69,500	27,388
Membership dues	893	-	893	-	893	1,300	1,300	407
Training and education	1,339	-	1,339	-	1,339	3,100	3,100	1,761
Professional services/medical	875	-	875	-	875	10,000	10,000	9,125
Rental charges and telephone	115,766	-	115,766	-	115,766	58,800	117,800	2,034
Travel expenses	6,317	-	6,317	-	6,317	9,000	9,000	2,683
Reimbursement of expenses	13,875	-	13,875	-	13,875	28,600	28,600	14,725
Fire hydrant rentals	204,404	-	204,404	-	204,404	235,000	215,000	10,596
Uniforms	4,308	-	4,308	-	4,308	8,000	8,000	3,692
New equipment and supplies	47,440	-	47,440	(18,259) (1)	29,181	80,000	75,000	27,560
Public education and recruitment	-	-	-	-	-	2,000	2,000	2,000
Depreciation expense	-	-	-	56,429 (1)	56,429	-	-	-
Total other expenses	500,124	-	500,124	33,064	533,188	604,300	604,300	104,176
Total operating appropriations	724,772	-	724,772	33,064	757,836	849,000	849,000	124,228
Capital appropriations:								
Reserve for future capital outlays	100,000	-	100,000	(100,000)	-	100,000	100,000	-
Replacement fire truck	525,000	-	525,000	(525,000)	-	525,000	525,000	-
Total capital appropriations	625,000	-	625,000	(625,000) (2)	-	625,000	625,000	-
Total expenditures	1,349,772	-	1,349,772	(591,936)	757,836	1,474,000	1,474,000	124,228
Excess (deficiency) of revenues and transfers in over expenditures								
and transfers out	8,909	(350,000)	(341,091)	491,936	150,845	\$ -	\$ -	\$ (341,091)
Fund balances, beginning of the year	359,699	450,000	809,699	650,486 (3)	1,460,185			
Fund balances, end of the year	\$ 368,608	\$ 100,000	\$ 468,608	\$ 1,142,422	\$ 1,611,030			

See Independent Auditors' Report.
The accompanying Notes to Required Supplementary Information are an integral part of this schedule.

Marlboro Township Fire District No. 1
Notes to Required Supplementary Information
Years Ended December 31, 2009 and 2008

A. Budgetary Basis of Accounting

There are no substantial differences between the District's budgetary basis of accounting and the fund basis of accounting described below.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its fire districts the entire balance of taxes in the amount voted upon or certified prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

B. Budgetary-to-GAAP Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	<u>Change in Fund Balance</u>
(1) Encumbrances for equipment and vehicle purchases are reported as expenses in the year the orders are placed for budgetary purposes. For GAAP purposes, the equipment and vehicle purchases are capitalized in the year received.	\$ 23,365
Depreciation expense is not recorded on the budgetary basis of accounting. For GAAP purposes, capitalized assets are depreciated on a straight line basis over their respective useful lives.	<u>(56,429)</u>
Decrease in fund balance - budget to GAAP	(33,064)
(2) Capital appropriations and related transfers approved in the current year budget are reported as expenses in the year the funds are designated by voter election. For GAAP purposes, amounts are recorded when actual invoices are received.	525,000
(3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the District's budget. (See Note A for a description of the District's budgetary accounting method.) This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund balances because of the cumulative effect of transactions such as those described above.	650,486
	<u>\$ 1,142,422</u>

C. Budget Cancellation

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

Marlboro Township Fire District No. 1
Notes to Required Supplementary Information
Years Ended December 31, 2009 and 2008

C. Budget Cancellation (continued)

Adopted budget	\$ 1,474,000
Expenditures	<u>1,349,722</u>
Favorable variance	124,228
Cancelled	<u>-</u>
Fund balance reserve	<u>\$ 124,228</u>

Township of Marlboro Fire District No. 1
County of Monmouth
Schedule of Improvement Authorizations - Capital Fund
Year Ended December 31, 2009

Purpose	Date	Authorized Appropriation	Balance December 31, 2008	2009 Authorization	2009 Expenditures	Balance December 31, 2009
		Amount				
Replacement Fire Truck	2/21/04	\$ 450,000	\$ 450,000	\$ -	\$ 450,000	\$ -
Replacement Fire Truck	9/20/08	525,000	-	525,000	492,154	32,846
		<u>\$ 975,000</u>	<u>\$ 450,000</u>	<u>\$ 525,000</u>	<u>\$ 942,154</u>	<u>\$ 32,846</u>
Cash disbursements					\$ 877,154	
Encumbrances payable					65,000	
					<u>\$ 942,154</u>	

Township of Marlboro Fire District No. 1
County of Monmouth
Schedule of Improvement Authorizations - Capital Fund
Year Ended December 31, 2008

Purpose	Date	Authorized Appropriation	Balance December 31, 2007	2008 Authorization	2008 Expenditures	Balance December 31, 2008
		Amount				
Replacement Fire Truck	2/21/04	\$ 450,000	\$ 450,000	\$ -	\$ -	\$ 450,000

See Independent Auditors' Report.

Marlboro Township Fire District No. 1
Statistical Information
Years Ended December 31, 2009 and 2008

Property Tax Levies

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

Fiscal Year	Assessed Valuations	Total Tax Levy	Property Taxes
2005	\$ 1,287,716,840	\$ 682,856	\$ 0.053
2006	1,316,211,923	661,356	0.051
2007	1,340,775,120	707,266	0.053
2008	1,343,020,504	863,941	0.065
2009	1,350,479,218	883,166	0.066

Unreserved Fund Balance

Fiscal Year Ended	End of Fiscal Year	Utilization in Subsequent Budget
December 31, 2005	\$ 245,738	\$ 130,000
December 31, 2006	243,559	130,000
December 31, 2007	281,223	130,000
December 31, 2008	291,318	135,000
December 31, 2009	244,380	121,374

Reserved Fund Balance

	End of Fiscal Year	Utilization in Subsequent Budget
December 31, 2005	\$ 50,000	\$ -
December 31, 2006	150,000	-
December 31, 2007	250,000	-
December 31, 2008	450,000	450,000
December 31, 2009	100,000	-

See Independent Auditors' Report.

Marlboro Township Fire District No. 1
Roster of Officials
Years Ended December 31, 2009 and 2008

Board of Commissioners	Position	Amount of Surety Bond*
Michael MacDonald	Chairman of the Board	\$ 200,000.00*
John Borden	Vice Chairman of the Board	200,000.00*
Charles Vancuren	Treasurer of the Board	200,000.00*
Douglas Tilton	Secretary of the Board	200,000.00*
Paul Elkin	Assistant Treasurer of the Board	200,000.00*

* Blanket Bond Coverage

Surety Company

Selective Insurance Company

Marlboro Township Fire District No. 1
Comments and Recommendations
Years Ended December 31, 2009 and 2008

Scope of Examination and Conditions of Records

Our examination covered the funds of the Board of Fire Commissioners, Fire District No. 1, Township of Marlboro handled by the Treasurer and Board Clerk.

The Financial records were maintained in good condition.

Minutes of Board meetings were properly maintained by the Board Clerk.

Cash in Banks

The balances in banks at December 31, 2009 were reconciled with statements issued by the depositories.

Our examination revealed that the Fire District maintains its investments in certificates of deposit.

Examination of Claims

Claims paid during the period under review were examined on a test basis to determine that they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, allocated to the proper accounts and charged to the proper fiscal period, and in agreement with the bill list set forth in the approved minutes of the Board.

The District's five (5) Commissioners receive a fee for meeting attendance during the year.

Contracts and Agreements Required to be Advertised

For N.J.S. 40A:11-4

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the bid threshold except by contract or agreement". The threshold amount increased to \$21,000 on July 1, 2005.

The members of the Township of Marlboro Fire District No. 1 have the responsibility of determining whether any contract or agreement might result in violation of the statute and, when necessary, the Board Attorney's opinion should be sought before a commitment is made.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21.

Miscellaneous

An exit conference was held in accordance with *Generally Accepted Government Auditing Standards*.

Acknowledgment

During the course of the audit, we received the cooperation of the officials of the Fire District and we appreciate the courtesies extended to us.


Marlboro Township Fire District No. 1
Comments and Recommendations
Years Ended December 31, 2009 and 2008

Recommendations

None.

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

Respectfully submitted,



Ronald C. Petrics
Registered Municipal Accountant # 474

For the Firm
WithumSmith+Brown, P.C.

Marlboro Township Fire District No. 1
Schedule of Findings and Recommendations
Years Ended December 31, 2009 and 2008

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority Regulations, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Material Weaknesses

None

Marlboro Township Fire District No. 1
Schedule of Prior Year Findings and Recommendations
Years Ended December 31, 2009 and 2008

Schedule of Financial Statement Findings

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Significant Deficiencies

Finding # 2008-1

During our testing of accounts payable and reserve for encumbrances, we noted that neither an accounts payable listing nor a reserve for encumbrances was maintained at year end. Also, invoices were misapplied to accounts payable which resulted in a debit balance in the account.

Status

This issue has been resolved. Individuals, who are responsible for financial reporting, have obtained training on relevant accounting principles, specifically in the area of accounts payable and reserve for encumbrances. The District also has implemented, on a monthly basis, the process of reviewing the general ledger account balances for reasonableness.