

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick,  
County of Middlesex  
Report on Audit  
December 31,2004**

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
December 31,2004**

**Web Site: [www.sbfd1.org](http://www.sbfd1.org)**

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**The Board of Commissioners of Fire District No. 1  
Township of South Brunswick  
December 31,2004**

**Web Site: [www.sbfdl.org](http://www.sbfdl.org)**

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**The Board of Commissioners of Fire District No. 1  
Township of South Brunswick  
December 31,2004**

**Roster of Commissioners**

**Richard Kish**  
Chairman

**James R Paulus**  
Vice Chairman

**Kevin Clark**  
Secretary

**James Dwyer**  
Treasurer

**James McIntire**  
Commissioner

# J. L. EZYSKE & CO.

385 RT. 24, SUITE 3-P, CHESTER, NJ 07930 • (TEL) 908-879-2100 • (FAX) 908-879-8975

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## INDEPENDENT AUDITOR'S REPORT

The Fire Commissioners of  
Fire District No. 1, in the  
Township of South Brunswick  
Kendall Park, New Jersey

We have audited the accompanying general purpose financial statements of The Commissioners of Fire District No. 1, in the Township of South Brunswick as of and for the year ended December 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Fire District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are **free** of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of The Commissioners of Fire District No. 1, in the Township of South Brunswick as of December 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated June 28, 2005 on our consideration of The Commissioners of Fire District No. 1, in the Township of South Brunswick's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of The Commissioners of Fire District No. 1, in the Township of South Brunswick. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "J. L. Ezyske". The signature is stylized and cursive.

J. L. Ezyske & Co.  
June 28, 2005

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

The General Purpose Financial Statements provide a financial overview of the District's operation. These financial statements present the financial position and operating results of all funds and account groups as of December 31, 2004

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Combined Balance Sheet  
All Fund Types and Account Groups  
December 31, 2004  
With Comparative Totals for 2003**

**Exhibit A-1**

<u>Assets and Other Debits</u>	Governmental Fund Types			Account Groups		Totals (Memorandum Only)	
	General	Debt Service	Capital Projects	General Fixed Assets	General Long-Term Debt	2004	2003
Assets							
Cash and Cash Equivalents	\$ 279,012	-	\$ 790,791			\$ 1,069,803	\$ 1,025,455
Due from Other Funds	17,874					17,874	3,896
Fixed Assets							
Apparatus				\$ 869,605		869,605	869,605
Equipment				426,945		426,945	426,945
Substation				1,829,003		1,829,003	1,721,635
Prepaid Insurance	20,325					20,325	12,900
Amount to be Provided for Retirement of General Long-Term Debt					\$ 895,000	895,000	945,000
Total Assets and Other Debits	\$ 317,211	-	790,791	\$ 3,125,553	\$ 895,000	\$ 5,128,555	\$ 5,005,436
<b><u>Liabilities, Fund Equity and Other Credits</u></b>							
Liabilities							
Accounts Payable	\$ 38,254					\$ 38,254	\$ 46,039
Accrued Expenses							-
Due to Other Funds			17,874			17,874	3,896
General Obligation Bonds Payable					\$ 895,000	895,000	945,000
Total Liabilities	38,254	-	17,874		895,000	951,128	994,935
Fund Equity and Other Credits							
Investment in General Fixed Assets				\$ 3,125,553		3,125,553	3,018,185
Fund Balances							
Reserved for Encumbrances							
Unreserved							
Designated for Specific Purposes			250,000			250,000	250,000
Undesignated	278,957		522,917			801,874	742,316
Total Fund Equity and Other Credits	278,957	-	772,917	3,125,553	-	4,177,427	4,010,501
Total Liabilities, Fund Equity and Other Credits	\$ 317,211	\$ -	\$ 790,791	\$ 3,125,553	\$ 895,000	\$ 5,128,555	\$ 5,005,436

See Notes to Financial Statements

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

Exhibit A-2

All Government Fund Types  
December 31, 2004  
With Comparative Totals for 2003

	Governmental Fund Types			(Memorandum Only)	
	General	Debt Service	Capital Projects	2004	2003
Revenues					
Local Tax Levy	\$ 382,225	\$ 166,875	\$50,000	\$ 599,100	\$ 550,190
Supplemental Fire Services Grant	6,297			6,297	6,297
Interest on Investments	10,745			10,745	9,037
Miscellaneous	20,639			20,639	13,201
Total Revenues	<u>419,906</u>	<u>166,875</u>	<u>50,000</u>	<u>636,781</u>	<u>578,725</u>
Expenditures					
Current					
Administration	136,796			136,796	119,339
Operations and Maintenance	273,552			273,552	240,452
Capital Outlay					
Capital Projects					
Debt Service					
Principal Retirement		50,000		50,000	50,000
Interest and Lease Charges		116,875		116,875	56,790
Total Expenditures	<u>410,348</u>	<u>166,875</u>		<u>577,223</u>	<u>466,581</u>
Excess (Deficiency) of Revenues Over Expenditures	9,558	-	50,000	59,558	115,809
Other Financing Sources					
Operating Transfers	-	-		-	
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	9,558	-	50,000	59,558	115,809
Fund Balances, January 1	<u>269,399</u>		<u>722,917</u>	<u>992,316</u>	<u>876,507</u>
Fund Balances, December 31	<u>\$ 278,957</u>	<u>\$ -</u>	<u>\$ 772,917</u>	<u>\$ 1,051,874</u>	<u>\$ 992,316</u>

See Notes to Financial Statements

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General and Debt Service Funds  
Year Ended December 31, 2004  
With Comparative Totals for 2003**

	<u>General Fund</u>			<b>(memo only) Actual 2003</b>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
Revenues				
Local Tax Levy	\$ 366,100	\$ 382,225	\$ 16,125	\$ 293,400
Interest on Investments	8,000	10,745	2,745	9,037
Miscellaneous		20,639	20,639	16,866
Supplemental Fire Services Grant	6,000	6,297	297	6,297
Total Revenues	<u>380,100</u>	<u>419,906</u>	<u>39,806</u>	<u>325,600</u>
Expenditures				
Administration	110,600	136,796	(26,196)	119,339
Operations and Maintenance	297,500	273,552	23,948	240,452
Total Expenditures	<u>408,100</u>	<u>410,348</u>	<u>(2,248)</u>	<u>359,791</u>
Other Financing Sources (Uses)				
Transfers Out				
Excess (Deficiency) of Revenues and Other Sources and Uses Over (Under) Expenditures	(28,000)	9,558	37,558	(34,191)
Fund Balances, January 1	<u>269,399</u>	<u>269,399</u>	-	<u>303,590</u>
Fund Balances, December 31	<u>\$ 241,399</u>	<u>\$ 278,957</u>	<u>\$ 37,558</u>	<u>\$ 269,399</u>

See Notes to Financial Statements

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

**Exhibit A-3**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General and Debt Service Funds  
Year Ended December 31, 2004  
With Comparative Totals for 2003**

		Debt Service Fund			(memo only)
		Budget	Actual	Variance Favorable (Unfavorable)	Actual 2003
Revenues					
	Local Tax Levy	\$ 183,000	\$ 166,875	\$ 16,125	\$ 106,790
	Total Revenues	183,000	166,875	16,125	106,790
Expenditures					
Regular Debt Service					
	Interest on Bonds	58,000	54,040	3,960	56,790
	Redemption of Principal	50,000	50,000	-	50,000
	Capital Leases	75,000	62,835	12,165	
	Total Expenditures	183,000	166,875	16,125	106,790
Excess (Deficiency) of Revenues Over (Under Expenditures)					
Fund Balances, January 1		-	-	-	-
Fund Balances, December 31		\$ -	\$ -	\$ -	\$ -

See Notes to Financial Statements

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Notes to Financial Statements  
December 31,2004**

**Note 1            Summary of Significant Accounting Policies**

**A.        General Statement**

The financial statements of The Commissioners of Fire District No. 1, in the Township of South Brunswick (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

**B.        Financial 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 five elected officials and is responsible for the fiscal control of the District.

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**C.        Basis of Presentation**

The accounts of the district are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The transactions of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Notes to Financial Statements  
December 31,2004**

**Note 1            Summary of Significant Accounting Policies (continued)**

**C.        Basis of Presentation (continued)**

expenses/expenditures. Funds are ordered into two major categories: governmental and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The funds and account groups used by the District are:

Government Fund Types

Governmental Funds are those through which general governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The following are the District's Governmental Fund types:

***General Fund:*** The General Fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

***Capital Projects Fund:*** The Capital Projects Funds are used to account for the acquisition or construction of buildings and mobile fire apparatus being financed from General Obligation Bonds, grants or budgets.

***Debt Service Fund:*** The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the District. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

The Districts Funds include:

- General Fund
- Capital Projects Fund
- Debt Service Fund

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Notes to Financial Statements  
December 31, 2004**

**Note 1            Summary of Significant Accounting Policies (continued)**

**C.        Basis of Presentation (continued)**

Account Groups

Account Groups are used to establish accounting control and accountability for the District's Fixed Assets and General Long-Term Debt Obligations. The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

*General Fixed Assets Account Group:* This account group is established to account for all Fixed Assets of the District. Capital Outlays in funds are recorded as expenditures of those funds at the time of purchase and are subsequently recorded for control purposes in the General Fixed Assets Account Group.

*General Long-Term Debt Account Group:* This account is established to account for all of the District's long-term debt that will be financed from general governmental resources. This includes serial bonds and capital leases.

**D.        Measurement Focus/Basis of Accounting**

Measurement Focus refers to what is being measured; Basis of Accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of Accounting relates to the timing of the measurement made, regardless of the Measurement Focus applied.

The Governmental Fund Types and Expendable Trust Funds use current financial resources Measurement Focus and are accounted for using the modified accrual Basis of Accounting. Agency Funds also use the modified accrual Basis of Accounting. Under the modified accrual Basis of Accounting, revenues are recognized when susceptible to accrual; i.e., 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. The District considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Notes to Financial Statements  
December 31,2004**

**Note 1            Summary of Significant Accounting Policies (continued)**

**D.        Measurement Focus/Basis of Accounting (continued)**

liability is incurred. Exceptions to this general rule include principal and interest on General Long-Term Debt which are recorded as Fund Liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year, and accrued vacation and sick leave which is recorded when payable from current available financial resources.

The revenues susceptible to accrual are property taxes, state grant, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

**E.        Budgetary Control**

New Jersey State statute establishes the fiscal period for Fire Districts as the twelve-month period ending December 31<sup>st</sup>. The annual budget is prepared by the District and submitted to the State of New Jersey, Department of Community Affairs, Division of Local Government for approval prior to year-end. The introduced budget is then subject to a public hearing in January and adopted by the Board. At the annual election, established by statute as the third Saturday in February, the budget is then voted upon by the registered voters in the Fire District. If the voters defeat the budget, the local governmental unit (town council) sets the budget as provided for in state statute. Amendments and transfers are permitted during the year within statutory guidelines.

The Combined Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General and Debt Service Funds presents a comparison of budgetary data to actual results of operations for which annual operating budgets are legally adopted. These funds utilize the same Basis of Accounting for both budgetary purposes and actual results, except for the effect of encumbrances in the General Fund, which are added to the actual results for this comparison. Capital Projects Funds are budgeted over the life of the project and are not on an annual basis; therefore, budgetary data for these funds have not been presented in the accompanying combined financial statements. Accordingly, formal budgetary integration of the Capital Projects Funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Notes to Financial Statements  
December 31,2004**

**Note 1      Summary of Significant Accounting Policies (continued)**

**F.      Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the Governmental Fund Types. For budgetary purposes, appropriations lapse at fiscal year end except for that portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**G.      Prepaid Items and Inventories**

Prepaid Items and Inventories are recorded in the year that they become measurable as an asset benefiting a future period. For control purposes, inventories of equipment are maintained in the General Fixed Asset Account Group.

**H.      Interfund Receivables and Payables**

Short-term amounts owed between funds are classified as "Due to/from Other Funds".

**I.      Plant, Property and Equipment**

Comparative totals for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the District's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Total columns on the combined financial statements are captioned "memo only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles.

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Notes to Financial Statements  
December 31,2004**

**Note 1            Summary of Significant Accounting Policies (continued)**

**I.            Plant, Property and Equipment (continued)**

Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Certain comparable data have been reclassified to present such amounts in a manner consistent with the current year's presentation.

**Note 2            Budget Basis of Accounting**

The District prepares its annual budget on a basis (budget basis) which differs from Generally Accepted Accounting Principles (GAAP basis). The budget and all transactions are presented in accordance with the District's method (budget basis) in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Debt Service Funds to provide meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

Although the Debt Service Fund is prepared on the budget basis, no differences exist between GAAP basis and budget basis in this fund.

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Notes to Financial Statements  
December 31,2004**

**Note 3            Deposits and Investments**

*Deposits:* New Jersey State statutes require that Fire Districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. Fire Districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey State statutes require public depositories to maintain collateral for the deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, 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 state 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.

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

- Bonds or other obligations of the United States or obligations guaranteed by the United States.
- Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for
- Cooperatives which have a maturity date not greater than twelve months from the date of purchase.

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Notes to Financial Statements  
December 31,2004**

**Note 3      Deposits and Investments (continued)**

Bonds and other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the District is located.

- Bonds or other obligations, having a maturity date of not more than twelve months from the date of purchase, that are approved by the Division of Investment of the Department of the Treasury for investment by local units.

As of December 31, 2004, the cash accounts consisted of:

General Fund		
Bank of America – checking		\$279,018
Capital Projects Fund		
Bank of America – checking		19,246
NJ Cash Management Fund		<u>771,545</u>
	Total Cash	<u>\$1,069,809</u>

The cash on deposit is partially insured by the federal deposit insurance in the amount of \$100,000 in each depository. Balances above the federal deposit insurance amount are covered by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Notes to Financial Statements  
December 31, 2004**

**Note 4 Fixed Assets**

The following schedule is a summarization of General Fixed Assets by source for the year ended December 31, 2004:

	<b>Balance as of 12/31/03</b>	<b>Expenditures From</b>		<b>Balance as of 12/31/04</b>
		<b>General Fund</b>	<b>Capital Fund</b>	
Apparatus	\$ 869,483	\$		\$ 869,483
Equipment	426,945			426,945
Substation	1,721,635	107,368	0	1,829,003
Total	<u>\$3,018,185</u>	<u>\$ 107,368</u>	<u>\$ 0</u>	<u>\$3,125,553</u>

**Note 5 General Long-Term Debt**

During the year ended December 31, 2004, the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

	<b>Balance 12/31/03</b>	<b>Retired</b>	<b>Balance 12/31/04</b>
Serial Bonds Payable	<u>\$945,000</u>	<u>\$ 50,000</u>	<u>\$ 895,000</u>

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Notes to Financial Statements  
December 31, 2004**

**Note 5      General Long-Term Debt (continued)**

**A. Schedule of Annual Debt Service for principle and interest for Bonded Debt Issued and Outstanding:**

<b>Fiscal Year</b>	<b>General Serial Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	
2006	55,000	49,390	104,390
2007	60,000	45,865	105,865
2008	60,000	42,370	102,370
2009	65,000	38,962	103,962
2010	70,000	35,233	105,233
2011	70,000	31,330	101,330
2012	75,000	27,251	102,251
2013	80,000	22,873	102,873
2014	85,000	18,190	103,190
2015	90,000	13,202	103,202
2016	90,000	8,050	98,050
2017	95,000	2,731	97,731
<b>Total</b>	<b>\$ 895,000</b>	<b>\$335,447</b>	<b>\$ 1,190,447</b>

**B. Outstanding Debt at December 31, 2004, bonds payable consisted of the following issue:**

1997 General Obligation Bonds, dated January  
1, 1997 due in annual installments through  
2017 bearing interest rates of 4.0% to 6.25% **\$895,000**

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Notes to Financial Statements  
December 31,2004**

**Note 6            Reservations and Designation of Fund Balances**

**Capital Projects Fund**

Designated for specific purpose	\$ 250,000
---------------------------------	------------

**Note 7            Contingent Liabilities**

As of the date of this report, in the opinion of the District's attorney, there is no litigation pending which if decided adversely to the District would have a material financial impact on the District.

**Note 8            Length of Service Award Program**

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

The District has made budget provisions of \$20,000 for each of the three years ending December 31, 2001. Total funds of \$63,308 (years 1999-2001) have been transferred to a LOSAP provider subsequent to December 31, 2002. The District provided \$25,000 in the budget for each of the years 2004,2003 and 2002..

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

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

## **GENERAL FUND DETAIL STATEMENTS**

The General Fund is used to account for resources traditionally associated with the District which are not legally required or by sound financial management to be accounted for in another fund. This fund accounts for the District's ordinary operations financed primarily by taxes. It is the most significant fund in relation to the District's overall operations.

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

**Exhibit B-1**

<b>Assets</b>	<b>December 31,</b>	
	<b>2004</b>	<b>2003</b>
Cash and Cash Equivalents	\$ 279,012	\$ 306,434
Prepaid Insurance	20,325	12,900
Due From Other Funds	17,874	-
<b>Total Assets</b>	<b>\$ 317,211</b>	<b>\$ 319,334</b>
<b>Liabilities and Fund Balances</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 38,254	\$ 46,039
Due To Other Funds	-	3,896
<b>Total Liabilities</b>	<b>38,254</b>	<b>49,935</b>
<b>Fund Balances</b>		
<b>Reserved</b>		
Reserved for Encumbrances		
<b>Unreserved</b>		
Undesignated	278,957	269,399
<b>Total Fund Balances</b>	<b>278,957</b>	<b>269,399</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 317,211</b>	<b>\$ 319,334</b>

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

**Exhibit B-2**

**Budget and Actual**

	<b>2004</b>		Variance Favorable (Unfavorable)	(memo only) Actual 2003
	Budget	Actual		
Revenues				
Local Sources				
Local Tax Levy	\$ 366,100	\$ 382,225	\$ 16,125	\$ 293,400
Interest on Investments	8,000	10,745	2,745	9,037
Miscellaneous		20,639	20,639	16,866
Total - Local Sources	<u>374,100</u>	<u>413,609</u>	<u>39,509</u>	<u>319,303</u>
State Sources				
Supplemental Fire Services Grant	6,000	6,297	297	6,297
Total Revenues	<u>380,100</u>	<u>419,906</u>	<u>39,806</u>	<u>325,600</u>
Expenditures				
Administration				
Advertising	2,000	281	1,719	313
Election	2,000	508	1,492	1,963
Office Supplies	10,000	7,312	2,688	7,366
Professional Services	63,500	114,738	(51,238)	91,743
Regulation Compliance	5,000	118	4,882	135
Furnishings	5,000	-	5,000	
Membership Dues and Subscriptions	1,000	135	865	876
Member Physicals	6,000		6,000	255
Salary and Wages - Paid Position	4,000	1,946	2,054	1,520
Salary and Wages - Commissioners	11,100	11,000	100	11,000
Fringe Benefits	1,000	758	242	4,168
	<u>110,600</u>	<u>136,796</u>	<u>(26,196)</u>	<u>119,339</u>
Operation and Maintenance				
Insurance	35,000	21,123	13,877	22,567
Firefighter Fitness	5,000	3,974	1,026	
Maintenance and Repair	20,000	25,964	(5,964)	12,129
Material and Supplies	25,000	47,092	(22,092)	7,637
Training and Education	4,000	4,338	(338)	3,323
New Building Expenses	45,500	34,162	11,338	37,614
Communications	10,000	9,934	66	10,729
Ladder and Hose Testing	5,000	5,204	(204)	2,216
Fire Prevention	6,500	2,889	3,611	4,035
Public Relations	25,000	11,815	13,185	28,455
Supplies	5,000		5,000	12,466
Volunteer Fire Company	70,000	70,000	-	70,008
Fire Fight Support Service	500	-	500	246
Travel	1,000	1,979	(979)	291
Length of Service Award Program	25,000	24,644	356	20,764
Incentive Program	6,000	7,434	(1,434)	5,472
First Aid Support	3,000	3,000		2,500
Supplemental Fire Services Grant	6,000	0	6,000	
	<u>297,500</u>	<u>273,552</u>	<u>23,948</u>	<u>240,452</u>
Total Expenditures	<u>408,100</u>	<u>410,348</u>	<u>(2,248)</u>	<u>359,791</u>
Excess (deficiency) of Revenues Over Expenditures	(28,000)	9,558	37,558	(34,191)
Fund Balances, January 1	<u>269,399</u>	<u>269,399</u>	<u>-</u>	<u>303,590</u>
Fund Balances, December 31	<u>\$ 241,399</u>	<u>\$ 278,957</u>	<u>\$ 37,558</u>	<u>\$ 269,399</u>

## **CAPITAL PROJECTS FUND**

### **DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of buildings and mobile fire apparatus purchases.

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

**Exhibit C-1**

<b>Assets</b>	<b>December 31,</b>	
	<b>2004</b>	<b>2003</b>
Cash and Cash Equivalents	\$ 790,791	\$ 719,021
Due from Other Funds	-	3,896
<b>Total Assets</b>	<b>790,791</b>	<b>722,917</b>
<b>Liabilities and Fund Balances</b>		
Liabilities		
Due to Other Funds	\$ 17,874	\$ -
<b>Total Liabilities</b>	<b>17,874</b>	<b>-</b>
Fund Balances		
Designated for Subsequent Years Expenditures		
Construction of New Building:		
Commissioners Designated	250,000	250,000
Undesignated	522,917	472,917
<b>Total Fund Balances</b>	<b>772,917</b>	<b>722,917</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 790,791</b>	<b>\$ 722,917</b>

**The Commissioners of Fire District No. 1**  
**In the Township of South Brunswick**  
**Capital Projects Fund**  
**Summary Statement of Project Expenditures**  
**Year Ended December 31, 2004**

Exhibit C-2

<u>Issue / Project Title</u>	<u>Date Authorized</u>	<u>Approvals</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Unexpended Balance</u>
Construction of Fire Substation	10/26/96	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>	<u>\$ -</u>	<u>\$</u>
<b>Totals</b>		<u><u>\$ 1,250,000</u></u>	<u><u>\$ 1,250,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$</u></u>

## **DEBT SERVICE FUND**

### **DETAIL STATEMENTS**

The Debt Service Fund is used to account for the accumulation of resources and payment of General Obligation Bond principal and interest from the District's resources.



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

Comparative Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual  
 For the Year Ended December 31, 2004  
 Comparative Totals for the Year Ended December 31, 2003

	<b>2004</b>		Variance Favorable (Unfavorable)	(memo only) Actual 2003
	Budget	Actual		
Revenues				
Local Sources				
Local Tax Levy	\$ 183,000	\$ 166,875	\$ (16,125)	\$ 106,790
Total Revenues	<u>183,000</u>	<u>166,875</u>	<u>(16,125)</u>	<u>106,790</u>
Expenditures				
Debt Service				
Interest on Bonds	58,000	54,040	3,960	56,790
Redemption of Principal	50,000	50,000		50,000
Capital Leases	<u>75,000</u>	<u>62,835</u>	<u>12,165</u>	<u>-</u>
Total Expenditures	<u>183,000</u>	<u>166,875</u>	<u>16,125</u>	<u>106,790</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-			
Other Financing Sources and (Uses)				
Transfer in - Cover Deficit	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and other Uses	-	-	-	-
Fund Balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **GENERAL FIXED ASSETS ACCOUNT GROUP**

The General Fixed Assets Account Group provides a record of fixed assets owned by the District.

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

**Exhibit E-1**

<b>Assets</b>	<b>December 31,</b>	
	<b>2004</b>	<b>2003</b>
Fire Apparatus	\$ 869,605	\$ 869,605
Equipment	426,945	426,945
Substation	1,829,003	1,721,635
<b>Total Assets</b>	<b>\$ 3,125,553</b>	<b>\$ 3,018,185</b>
<b>Fund Balance</b>		
Investment in General Fixed Assets	<b>\$ 3,125,553</b>	<b>\$ 3,018,185</b>

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
Schedule of Changes in General Fixed Assets by Source  
For the Year Ended December 31,2004**

**Exhibit E-2**

	<u>Balance December 31,2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31,2004</u>
General Fund	\$ 739,944	\$ 107,368	\$ -	\$ 847,312
Bond Proceeds	1,250,000			1,250,000
Capital Projects Fund	<u>1,028,241</u>	<u>                    </u>	<u>                    </u>	<u>1,028,241</u>
Total	<u>\$ 3,018,185</u>	<u>\$ 107,368</u>	<u>\$ -</u>	<u>\$ 3,125,553</u>

## **GENERAL LONG-TERM DEBT ACCOUNT GROUP**

The General Long-Term Debt Account Group is used to record the outstanding principal balances of the General Long-Term Liabilities of the Fire District. This includes serial bonds outstanding, and the outstanding principal balance on capital leases.

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

**Exhibit F-1**

<u>Assets</u>	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
Amount to be Provided for Retirement of Long-Term Debt	<u>\$ 895,000</u>	<u>\$ 945,000</u>
 <b><u>Liabilities and Fund Balance</u></b>		
Serial Bonds Payable	<u>\$ 895,000</u>	<u>\$ 945,000</u>

**The Commissioners of Fire District No. 1  
In the Township of South Brunswick  
General Long-Term Debt Account Group  
Statement of Serial Bonds Payable  
December 31, 2004**

**Exhibit F-2**

	Date of Issue	Original Issue	Maturities		Interest Rate	Balance		Balance
			Bonds Outstanding			December 31, 2003	Retired	
Purpose			Date	Amount				
Construction of New Fire Station	01/01/97	\$ 1,250,000	01/01/06	55,000	Var.	\$ 945,000	\$ 50,000	\$ 895,000
			1/1/07-08	60,000				
			01/01/09	65,000				
			1/1/10-11	70,000				
			01/01/12	75,000				
			01/01/13	80,000				
			01/01/14	85,000				
			1/1/15-16	90,000				
			01/01/17	95,000				

# J. L. EZYSKE & CO.

385 RT. 24, SUITE 3-P, CHESTER, NJ 07930 • (TEL) 908-879-2100 • (FAX) 908-879-8975

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

The Commissioners of  
Fire District No. 1 in the  
Township of South Brunswick  
Kendall Park, New Jersey

We have audited the general-purpose financial statements of the Commissioners of Fire District No. 1, in the Township of South Brunswick, as of and for the year ended December 31, 2004, and have issued our report thereon dated June 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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.

### Compliance


As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are **free** of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general-purpose 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 instance of noncompliance that is 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.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial

reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider being material weaknesses.

This report is intended for the information of The Commissioners and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "J.L. Ezyske & Co.", written in a cursive style.

J.L. Ezyske & Co.  
June 28, 2005

## **SUPPLEMENTARY DATA**

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

**Property Tax Levies:**

Following is a tabulation of district-assessed valuations; tax levies and property tax rates per \$100 of assessed valuations for the current and proceeding six years:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
12/31/96	\$ 790,238,300	\$ 314,319	0.04
12/31/97	\$ 801,845,800	\$ 401,462	0.05
12/31/98	\$ 834,056,600	\$ 416,560	0.05
12/31/99	\$ 853,082,870	\$ 493,501	0.06
12/31/00	\$ 859,596,264	\$ 504,691	0.06
12/31/01	\$ 896,674,400	\$ 526,121	0.06
12/31/02	\$ 913,157,445	\$ 527,584	0.06
12/31/03	\$ 924,067,498	\$ 550,190	0.06
12/31/04	\$ 923,884,463	\$ 599,100	0.06

**Unreserved Fund Balance:**

<u>Fiscal Year Ended</u>	<u>End of Fiscal Year</u>	<u>Utilization in Subsequent Budget</u>
12/31/96	\$ 96,193	\$ 83,938
12/31/97	107,231	28,857
12/31/98	130,926	
12/31/99	172,379	-
12/31/00	272,177	35,000
12/31/01	365,537	35,000
12/31/02	303,590	100,000
12/31/03	269,399	28,000
12/31/04	278,957	50,000

**Insurance**

**American Alternative Insurance Company**

Blanket Bond on Commissioners                      \$3,000,000