

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

2807 Hurley Pond Road, Suite 200
Wall, NJ 07719

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1-2
<u>REQUIRED SUPPLEMENTARY INFORMATION - PART I</u>		
	Management's Discussion and Analysis	3-7
<u>Financial Statements</u>		
<u>District-Wide Financial Statements</u>		
A-1	Statement of Net Assets	8
A-2	Statement of Activities	9
<u>Fund Financial Statements</u>		
B-1	Balance Sheet - Governmental Funds	10
B-2	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	11
B-3	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
	Notes to Financial Statements	13-20
	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	21-22
	Schedule of Findings and Response	23

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
<u>REQUIRED SUPPLEMENTARY INFORMATION - PART II</u>		
<u>Budgetary Comparison Schedules</u>		
C-1	General Fund - Budgetary Comparison Schedule	24-25
C-2	Special Revenue Fund - Budgetary Comparison Schedule	26
C-3	Special Revenue Fund - Combining Schedule of Revenues and Expenditures	27

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.
WILLIAM E. ANTONIDES, JR., C.P.A., R.M.A., P.S.A.

EDWARD J. SIMONE, C.P.A., R.M.A., P.S.A.

DOROTHY S. GALLAGHER, C.P.A., R.M.A., P.S.A.
DONALD F. HILL, C.P.A., P.S.A.
CHI-LING LAI, C.P.A., P.S.A.
WAYNE M. SIBILIA, C.P.A., P.S.A.

Telecopier:
732-681-4033

e-mail:
antonidescpa@monmouth.com

Monmouth County Office:
2807 Hurley Pond Road
Suite 200
P.O. Box 1137
Wall, New Jersey 07719-1137
732-681-0980

Ocean County Office:
506 Hooper Avenue, Suite B
Toms River, New Jersey 08753-7704
732-914-0004

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Township of Freehold Fire District No. 1
Freehold, New Jersey

Report on Financial Statements

We have audited the accompanying financial statements of the Township of Freehold Fire District No. 1 (the "District"), in the County of Monmouth, State of New Jersey, as of and for the year ended December 31, 2012, and the related notes to financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2012, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and supplemental information, listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental information, referred to in the preceding paragraph, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2013, on our consideration of the District's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

William E. Antonides and Company

Independent Auditors



**William E. Antonides, Jr.
Certified Public Accountant**

Wall Township, New Jersey
September 3, 2013

REQUIRED SUPPLEMENTARY INFORMATION
PART I

Management's Discussion and Analysis

As management of the Freehold Township Fire District No. 1 (the "District"), we offer readers of the District financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the information furnished in the notes to the financial statements along with the financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent year by \$4,092,926 (net assets).
- As of the close of the current year, the District's governmental funds reported combined ending fund balances of \$1,159,649 an increase of \$147,608 in comparison with the prior year.
- At the end of the current year the unreserved fund balance for the general fund was \$692,596.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's financial statements are comprised of three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

District-wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the District include fire-fighting and emergency services that are provided to the citizens of the District.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District constitute one fund type, governmental funds.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance fire-fighting services.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, special revenue fund, and capital projects fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Also, the District adopts an annual budget in accordance with N.J.S.A. 40A:14:78-3. Budgetary comparison schedules have been provided to demonstrate compliance with the budget.

Notes to Financial Statements

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

District-wide Financial Analysis

As noted earlier, the net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$4,092,926 at the close of the most recent year.

The largest portion of the District's net assets (72%) reflects its investment in capital assets (i.e. buildings and equipment). The District uses these assets to provide fire-fighting services to the citizens of the District; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Assets

The District's net assets at December 31 are as follows:

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>%</u>
Current and Other Assets	\$ 1,192,563	\$ 1,064,018	\$ 128,545	12.08
Capital Assets	2,933,277	3,082,714	(149,437)	(4.85)
Total Assets	<u>4,125,840</u>	<u>4,146,732</u>	<u>(20,892)</u>	
Other Liabilities	<u>32,914</u>	<u>51,977</u>	<u>(19,063)</u>	(36.68)
Net Assets	<u>\$ 4,092,926</u>	<u>\$ 4,094,755</u>	<u>\$ (1,829)</u>	
Analysis of Net Assets:				
Invested in Capital Assets Net of Related Debt	\$ 2,933,277	\$ 3,082,714	\$ (149,437)	(4.85)
Restricted for Capital Projects	467,052	296,052	171,000	57.76
Restricted for Debt Service	1	1		
Unrestricted	<u>692,596</u>	<u>715,988</u>	<u>(23,392)</u>	(3.27)
Total Net Assets	<u>\$ 4,092,926</u>	<u>\$ 4,094,755</u>	<u>\$ (1,829)</u>	

A portion of the District's net assets (79%) represents resources that are subject to external restrictions on how they may be used.

Governmental Activities

The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting those services. Key elements in governmental activities are as follows:

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>%</u>
Program Expenses:				
Operating Expenses:				
Administration	\$ 72,013	\$ 94,294	\$ (22,281)	(23.63)
Cost of Operations and Maintenance	1,018,855	878,560	140,295	15.97
Total Program Expenses	<u>1,090,868</u>	<u>972,854</u>	<u>118,014</u>	
Program Revenues:				
Operating Grants and Contributions	<u>5,181</u>	<u>5,181</u>	<u>—</u>	
Total Program Revenues	<u>5,181</u>	<u>5,181</u>	<u>—</u>	
Net Assets	<u>1,085,687</u>	<u>967,673</u>	<u>118,014</u>	

Governmental Activities (Continued)

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>%</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes	\$ 928,000	\$ 957,299	\$ (29,299)	(3.06)
Unrestricted Investment Earnings	9,566	11,876	(2,310)	(19.45)
Miscellaneous Income	188,146	146,025	42,121	100.00
Special Item - Loss on Disposal of Capital Assets	(41,854)		(41,854)	(100.00)
Special Item - Loss on Trade of Equipment		(20,477)	20,477	100.00
Total General Revenues	<u>1,083,858</u>	<u>1,094,723</u>	<u>(10,865)</u>	
Change in Net Assets	(1,829)	127,050	\$ <u>125,221</u>	
Net Assets, January 1	<u>4,094,755</u>	<u>3,967,705</u>		
Total Net Assets	<u>\$ 4,092,926</u>	<u>\$ 4,094,755</u>		

Property taxes constituted 82% and 85% of revenues for government activities for the District for the year 2012 and 2011, respectively..

The cost of operations and maintenance comprises 93% and 90% of fire district expenses, with administration comprising 7% and 10% for the years ended 2012 and 2011, respectively.

Financial Analysis of the Governmental Funds

As stated earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year and as a useful measure of permitting a governmental unit to maintain cash flow in anticipation of tax collections.

As of the end of the current year, the District's governmental funds reported combined ending fund balances of \$1,159,649 an increase of \$147,608 in comparison with the prior year. The increase is attributable to decreased operating expenditures in the General Fund.

Of the combined ending fund balances of \$1,159,649, unreserved fund balance constituted \$692,596. The capital projects fund balance in the amount of \$467,052 is reserved because it is committed to planned future capital outlays (subject to the approval of the voters of the District), construction and purchases of vehicles. The remainder of the fund balance in the amount of \$1 is reserved for debt service.

The general fund is the main operating fund of the District. At the end of the current year, unreserved fund balance of the general fund was \$692,596, while the total fund balance was \$1,159,649.

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2011 amounts to \$2,933,277 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and office furniture and equipment.

At the end of 2012 the District had \$5,919,109 invested in capital assets. The accumulated depreciation of these items was \$2,985,832.

The District's capital assets (net of accumulated depreciation) at December 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Land	\$ 79,500	\$ 79,500
Buildings and Improvements	774,757	799,683
Machinery and Equipment	1,652,552	1,796,428
Office Furniture and Other Equipment	<u>426,468</u>	<u>407,103</u>
Total Capital Assets	\$ <u>2,933,277</u>	\$ <u>3,082,714</u>

Additional information on the District's capital assets can be found in Note 1G in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2012 year the District was able to sustain its budget through the district tax levy and other sources of revenue. Approximately 82% of total revenue is from the local tax levy, while the remaining 17% is from other sources.

The Board adopted the 2013 budget January 22, 2013 and the voters subsequently approved the budget at the annual fire district election held on February 16, 2013.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for addition financial information should be addressed to: Charles S. Buscaglia, District Treasurer, P.O. Box 6903, Freehold, NJ 07728, (732) 462-3575.

FINANCIAL STATEMENTS

District-Wide Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1

STATEMENT OF NET ASSETS

Exhibit A-1

DECEMBER 31, 2012

	<u>Governmental Activities</u>	<u>Total</u>
Assets:		
Cash and Cash Equivalents	\$ 725,510.23	\$ 725,510.23
Restricted Assets:		
Cash and Cash Equivalents	467,053.15	467,053.15
Capital Assets, Net (Note 1)	<u>2,933,276.84</u>	<u>2,933,276.84</u>
Total Assets	<u>\$ 4,125,840.22</u>	<u>\$ 4,125,840.22</u>
Liabilities:		
Accounts Payable	<u>\$ 32,914.46</u>	<u>\$ 32,914.46</u>
Total Liabilities	<u>\$ 32,914.46</u>	<u>\$ 32,914.46</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 2,933,276.84	\$ 2,933,276.84
Restricted for:		
Capital Projects	467,052.15	467,052.15
Debt Service	1.00	1.00
Unrestricted	<u>692,595.77</u>	<u>692,595.77</u>
Total Net Assets	<u>\$ 4,092,925.76</u>	<u>\$ 4,092,925.76</u>

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

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1

STATEMENT OF ACTIVITIES

Exhibit A-2

FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Net (Expense) Revenues and Changes in Net Assets Governmental Activities</u>
Governmental Activities:		
Administration:		
Salaries and Wages	\$ 40,800.00	\$ (40,800.00)
Fringe Benefits	4,682.32	(4,682.32)
Other Expenses	26,530.78	(26,530.78)
Operating:		
Other Expenses	664,665.59	(664,665.59)
Unallocated Depreciation	354,188.98	(354,188.98)
Total Governmental Activities	<u>1,090,867.67</u>	<u>(1,090,867.67)</u>
Total Primary Government	<u>\$ 1,090,867.67</u>	<u>\$ (1,090,867.67)</u>
General Revenues:		
Property Taxes, Levied for General Purposes		\$ 928,000.00
State Aid - Restricted		5,181.12
Investment Earnings		9,565.73
Miscellaneous Income		188,145.93
Special Item - Loss on Disposal of Capital Assets		(41,854.00)
Total General Revenues and Special Items		<u>1,089,038.78</u>
Change in Net Assets		(1,828.89)
Net Assets - Beginning		<u>4,094,754.65</u>
Net Assets - Ending		<u>\$ 4,092,925.76</u>

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

Fund Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1

BALANCE SHEET

Exhibit B-1

GOVERNMENTAL FUNDS

DECEMBER 31, 2012

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and Cash Equivalents	\$ <u>725,510.23</u>	\$ <u>467,052.15</u>	\$ <u>1.00</u>	\$ <u>1,192,563.38</u>
Total Assets	\$ <u><u>725,510.23</u></u>	\$ <u><u>467,052.15</u></u>	\$ <u><u>1.00</u></u>	\$ <u><u>1,192,563.38</u></u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ <u>32,914.46</u>	\$ _____	\$ _____	\$ <u>32,914.46</u>
Fund Balances:				
Reserved for Legally Restricted:				
Construction of New Fire House		36,244.15		36,244.15
Heavy Rescue Vehicle		2,808.00		2,808.00
Future Capital Projects		428,000.00		428,000.00
Debt Service			1.00	1.00
Assigned:				
Designated for Subsequent Year's Expenditures	236,800.00			236,800.00
Unassigned	<u>455,795.77</u>			<u>455,795.77</u>
Total Fund Balances	<u><u>692,595.77</u></u>	<u><u>467,052.15</u></u>	<u><u>1.00</u></u>	<u><u>1,159,648.92</u></u>
Total Liabilities and Fund Balances	\$ <u><u>725,510.23</u></u>	\$ <u><u>467,052.15</u></u>	\$ <u><u>1.00</u></u>	
Amounts reported for <i>governmental activities</i> in the Statement of Net Assets (A-1) are different because:				
Certain assets (such as capital assets and accounts receivable) are not reported in this fund financial statement because they are not current financial resources, but they are reported in the Statement of Net Assets.				<u>2,933,276.84</u>
Net Assets of Governmental Activities				\$ <u><u>4,092,925.76</u></u>

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

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES AND

Exhibit B-2

CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local Sources:					
Local Tax Levy	\$ 928,000.00	\$	\$	\$	\$ 928,000.00
Interest Earned on Deposits	9,565.73				9,565.73
Miscellaneous	17,145.93		171,000.00		188,145.93
Total Local - Sources	954,711.66		171,000.00		1,125,711.66
State Sources		5,181.12			5,181.12
Total Revenues	954,711.66	5,181.12	171,000.00		1,130,892.78
Expenditures:					
Administration:					
Salaries and Wages	40,800.00				40,800.00
Fringe Benefits	4,682.32				4,682.32
Other Expenses	26,530.78				26,530.78
Operating:					
Other Expenses	906,090.57	5,181.12			911,271.69
Total Expenditures	978,103.67	5,181.12			983,284.79
Excess (Deficiency) of Revenues over Expenditures	(23,392.01)		171,000.00		147,607.99
Net Change in Fund Balances	(23,392.01)		171,000.00		147,607.99
Fund Balance - January 1	715,987.78		296,052.15	1.00	1,012,040.93
Fund Balance - December 31	\$ 692,595.77	\$	\$ 467,052.15	\$ 1.00	\$ 1,159,648.92

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

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Exhibit B-3

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 147,607.99
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p> <p style="padding-left: 20px;">Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation Expense	\$ (354,188.98)	
Capital Outlays (net of disposed assets)	<u>204,752.10</u>	
		<u>(149,436.88)</u>
Change in Net Assets of Governmental Activities (A-2)		<u>\$ (1,828.89)</u>

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

Notes to Financial Statements

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is a public body politic and corporate of the County of Monmouth, State of New Jersey. The Board of Fire Commissioners (the "Board") are elected by the residents within the designated territorial area of the District for three year terms. Any vacancy on the Board is filled by the remaining Board members until the next succeeding election, at which time a resident of the District shall be elected for the unexpired term.

The Board consists of elected members and provides fire support to the Volunteers of Freehold Township Fire District No. 1. There is no financial relationship between the Volunteers and the Fire Commissioners.

The purpose of the District is to provide fire protection for the citizens of the District. The District serves approximately 18,000 residents. The majority of the services are provided through volunteers. No value is attributed to the volunteer services in the accompanying financial statements.

B. Basis for Presentation and Accounting

District-wide Statements - The Statement of Net Assets and the Statement of Activity display information about the District. The District activities generally are financed through taxes and other nonexchange transactions. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes that are recorded in the year assessed. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

The statement of activities presents a comparison between direct expenses and program revenues for the activities of the District. Program revenues include user fees, and charges paid by the property owners in the District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis for Presentation and Accounting (Continued)

Fund Financial Statements - The fund financial statements provide information about the District's activities, all of which are reported in the General Fund. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, user fees, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

General Fund - This is the District's operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Special Revenue Fund - The District accounts for the proceeds of special revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

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

The accompanying financial statements of the District as of December 31, 2012 have been prepared in conformity with 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.

C. Budgets/Budgetary Control

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

The Board must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the Board shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the Board may, by majority vote, adopt the budget.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgets/Budgetary Control (Continued)

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally and the same basis of accounting utilized for the preparation of the District's basic fund financial statements.

Amounts reported under "final budget" on Exhibit C-1 includes modifications to the adopted budget that were made during the year as approved by the Board, if any.

Exhibit C-1 presents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the General Fund Budgetary Comparison Schedule and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances - Government Funds. Note that the District does not report encumbrances outstanding at year-end as expenditures in the General Fund since the General Fund budget follows modified accrual basis of accounting.

D. 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 other than the special revenue fund are reported as reservations of fund balance at year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances, if any, in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at year end.

E. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

F. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

G. Capital Assets and Depreciation

The District has established a formal system of accounting for its capital assets. Purchased, constructed or contributed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure. There is no capitalization threshold used by the District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets and Depreciation (Continued)

All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

Buildings and Improvements	10 - 40
Vehicles	10 - 20
Furniture and Fixtures	5
Equipment	5 - 10

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the government fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Balance</u> <u>Jan. 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Governmental Activities:				
Land	\$ 79,500	\$	\$	\$ 79,500
Buildings and Improvements	1,237,756	8,229		1,245,985
Machinery and Equipment	3,393,837	65,815	39,110	3,420,542
Office Furniture and Equipment	1,062,737	172,562	62,218	1,173,081
Total	<u>5,773,830</u>	<u>246,606</u>	<u>101,328</u>	<u>5,919,108</u>
Less Accumulated Depreciation:				
Buildings and Improvements	438,073	33,155		471,228
Machinery and Equipment	1,597,409	209,692	39,110	1,767,991
Office Furniture and Equipment	655,634	111,342	20,363	746,613
Total Accumulated Depreciation	<u>2,691,116</u>	<u>354,189</u>	<u>59,473</u>	<u>2,985,832</u>
Governmental Activities Capital Assets (Net)	<u>\$ 3,082,714</u>	<u>\$ (107,583)</u>	<u>\$ 41,855</u>	<u>\$ 2,933,276</u>

NOTE 2. CASH AND CASH EQUIVALENTS

A. Deposits

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 agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

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

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

At year-end, the carrying amount of the District's deposits was \$1,192,563 and the bank balance amount was \$1,211,854. Of this amount \$269,826 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered the remaining \$942,028.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the District may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the District:

- (1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) 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.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- a. (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the District shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the District and prevent unauthorized use of such investments.

- c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the District had no investments in qualified securities at December 31, 2012.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every district shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the Board summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2012</u>	<u>2011</u>
Insured:		
FDIC	\$ 269,826	\$ 274,314
GUDPA	<u>942,028</u>	<u>795,481</u>
	\$ <u>1,211,854</u>	\$ <u>1,069,795</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

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.

NOTE 3. FUND BALANCES APPROPRIATED

The fund balance at December 31, 2012 which was appropriated and included as anticipated revenue in the year ending December 31, 2013 was as follows:

General Fund:	
Unreserved	\$ 236,800
Reserved	-0-

NOTE 4. CONTINGENT LIABILITIES

It is the opinion of the District officials that there is no litigation threatened or pending that would materially affect the financial position of the District, therefore no provisions have been recorded in the accompanying financial statements for such contingencies.

Negligence and other types of liability suits of which the District is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 5. PROPERTY TAX LEVIES

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

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2012	\$ 3,414,631,300	\$ 928,000	\$.028
2011	3,441,235,965	957,299	.028
2010	3,489,516,297	895,300	.026
2009	3,525,255,610	866,800	.025
2008	1,731,171,098	993,752	.058

NOTE 6. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

The District has established a Length of Service Awards Program through VFIS (Volunteer Firemen's Insurance Services), the Plan Administrator. The program was enacted April 15, 1989 for the purpose of acknowledging and rewarding the loyalty, dedication and community service rendered by members of volunteer emergency service organizations. The Plan Administrator established an account with the Hartford Life Insurance Company.

The monthly benefit formula is as follows: \$25.00 per month, per year of service before the effective date of the plan (maximum of 30 years), \$25.00 per month, per year of service after the effective date of the plan (30 years of total service), \$750.00 per month maximum benefit under the benefit formula.

The District expenditures for the three years ending December 31, 2012, 2011 and 2010 were \$80,391, \$71,790 and \$74,604, respectively. An actuarial valuation report is provided to the District by the Plan Administrator, annually.

William E. Antonides and Company
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM E. ANTONIDES, C.P.A., R.M.A., P.S.A.
WILLIAM E. ANTONIDES, JR., C.P.A., R.M.A., P.S.A.

EDWARD J. SIMONE, C.P.A., R.M.A., P.S.A.

DOROTHY S. GALLAGHER, C.P.A., R.M.A., P.S.A.
DONALD F. HILL, C.P.A., P.S.A.
CHI-LING LAI, C.P.A., P.S.A.
WAYNE M. SIBILIA, C.P.A., P.S.A.

Telecopier:
732-681-4033

e-mail:
antonidescpa@monmouth.com

Monmouth County Office:
2807 Hurley Pond Road
Suite 200
P.O. Box 1137
Wall, New Jersey 07719-1137
732-681-0980

Ocean County Office:
506 Hooper Avenue, Suite B
Toms River, New Jersey 08753-7704
732-914-0004

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*

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Township of Freehold Fire District No. 1
Freehold, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Township of Freehold Fire District No. 1 (the "District"), as of and for the year ended December 31, 2012, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 3, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported in the comments and recommendations section of this report and in a separate letter to management of the District dated September 3, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

William E. Antonides and Company

Independent Auditors

Wall Township, New Jersey
September 3, 2013

SCHEDULE OF FINDINGS AND RESPONSE

12-01 Criteria - State statute requires that the District comply with Generally Accepted Accounting Principles ("GAAP"). The District is also required by statute to have an annual audit. The District must prepare an Annual Financial Report ("AFR") in compliance with the Governmental Accounting Standards Board ("GASB") Statement Number 34 to satisfy these statutory requirements. The District does not employ or contract with an independent individual who has sufficient knowledge and experience to accurately prepare a complete set of financial statements, including related disclosures.

Condition - The District maintains its accounting records to insure the compliance with budgetary regulations promulgated by statute. Supplemental analysis is maintained to facilitate the preparation of the AFR.

Cause - Based on the size of the District it is not cost effective for the District to employ an independent individual who has the requisite training and experience to prepare the AFR.

Effect - The District does not have sufficient information to accurately report on financial activity throughout the year in accordance with GAAP. The District does; however, have adequate records to report and ensure compliance with budgetary regulations promulgated by statute.

Recommendation - That the District consider and evaluate the risks of the auditor preparing the AFR.

Management's Response - The District does not feel that hiring someone with the ability to prepare financial statements is a cost effective use of taxpayer funds.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

Budgetary Comparison Schedules

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1

GENERAL FUND

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

Sheet 1 of 2

BUDGETARY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Local Sources:				
Local Tax Levy	\$ 928,000.00	\$ 928,000.00	\$ 928,000.00	\$
Interest Earned on Deposits	6,000.00	6,000.00	9,565.73	3,565.73
Miscellaneous			17,145.93	17,145.93
Total Revenues	<u>934,000.00</u>	<u>934,000.00</u>	<u>954,711.66</u>	<u>20,711.66</u>
Expenditures:				
Current Expense:				
Administration:				
Salaries and Wages	40,800.00	40,800.00	40,800.00	
Fringe Benefits	5,000.00	5,000.00	4,682.32	317.68
Other Expenses	70,000.00	70,000.00	26,530.78	43,469.22
Total Administration	<u>115,800.00</u>	<u>115,800.00</u>	<u>72,013.10</u>	<u>43,786.90</u>
Operating:				
Salaries and Wages	39,000.00	39,000.00		39,000.00
Fringe Benefits	24,000.00	24,000.00		24,000.00
Other Expenses:				
Insurance	95,000.00	95,000.00	87,028.47	7,971.53
Contracted Services	80,000.00	80,000.00	80,000.00	
Utilities	60,000.00	60,000.00	58,595.97	1,404.03
Truck Repairs and Maintenance	80,000.00	80,000.00	72,316.30	7,683.70
Operating Supplies	189,200.00	189,200.00	172,864.83	16,335.17
Fire Prevention Education	5,000.00	5,000.00	3,642.92	1,357.08
Education and Training	30,000.00	30,000.00	12,478.66	17,521.34
Motor Fuels	25,000.00	25,000.00	31,070.64	(6,070.64)
Equipment Testing	25,000.00	25,000.00	18,972.22	6,027.78
Length of Service Award Program (LOSAP) - Contribution (P.L. 1997, C. 388)	85,000.00	85,000.00	80,390.77	4,609.23
Building Renovations and Repairs	35,000.00	35,000.00	600.00	34,400.00
Chief's Vehicle	45,000.00	45,000.00	36,992.75	8,007.25
Generator	35,000.00	35,000.00		35,000.00
Air Packs	70,000.00	70,000.00	62,547.50	7,452.50
Computers Equipment	10,000.00	10,000.00		10,000.00
Future Capital Projects Equipment	171,000.00	171,000.00	171,000.00	
Other	5,000.00	5,000.00	5,000.00	
Other	10,000.00	10,000.00	12,589.54	(2,589.54)
Total Operating	<u>1,118,200.00</u>	<u>1,118,200.00</u>	<u>906,090.57</u>	<u>212,109.43</u>
Total Expenditures	<u>1,234,000.00</u>	<u>1,234,000.00</u>	<u>978,103.67</u>	<u>255,896.33</u>

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1

GENERAL FUND

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

Sheet 2 of 2

BUDGETARY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Excess (Deficiency) of Revenues Over/(Under)	\$ (300,000.00)	\$ (300,000.00)	\$ (23,392.01)	\$ 276,607.99
Expenditures				
Fund Balances, January 1	<u>715,987.78</u>	<u>715,987.78</u>	<u>715,987.78</u>	
Fund Balances, December 31	\$ <u>415,987.78</u>	\$ <u>415,987.78</u>	\$ <u>692,595.77</u>	\$ <u>276,607.99</u>
Recapitulation of Excess/(Deficiency) of Revenues under Expenditures:				
Budgeted Fund Balance		\$ <u>300,000.00</u>		
Explanation of Difference between Budgetary Expenditures and GAAP Expenditures (Exhibit B-2):				
Total Expenditures - Budgetary Basis (Exhibit C-1)			\$ 978,103.67	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies or equipment are received for <i>financial reporting</i> purposes.				
Prior Year Encumbrances			-0-	
Current Year Encumbrances			<u>-0-</u>	
Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit B-2)			\$ <u>978,103.67</u>	

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1

SPECIAL REVENUE FUND

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

BUDGETARY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:				
State Aid:				
Supplemental Fire Services Grant	\$ <u>4,000.00</u>	\$ <u>4,000.00</u>	\$ <u>5,181.12</u>	\$ <u>1,181.12</u>
Total Revenues	\$ <u>4,000.00</u>	\$ <u>4,000.00</u>	\$ <u>5,181.12</u>	\$ <u>1,181.12</u>
Expenditures:				
Current Expense:				
Operating:				
Other Expenses:				
Miscellaneous	\$ <u>4,000.00</u>	\$ <u>4,000.00</u>	\$ <u>5,181.12</u>	\$ <u>(1,181.12)</u>
Total Expenditures	\$ <u>4,000.00</u>	\$ <u>4,000.00</u>	\$ <u>5,181.12</u>	\$ <u>(1,181.12)</u>

TOWNSHIP OF FREEHOLD FIRE DISTRICT NO. 1

SPECIAL REVENUE FUND

Exhibit C-3

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Supplemental Fire Services Program</u>	<u>Total</u>
Revenues:		
State Aid	\$ <u>5,181.12</u>	\$ <u>5,181.12</u>
Total Revenues	\$ <u><u>5,181.12</u></u>	\$ <u><u>5,181.12</u></u>
Expenditures:		
Current Expense:		
Operating:		
Other Expenses:		
Miscellaneous	\$ <u>5,181.12</u>	\$ <u>5,181.12</u>
Total Expenditures	\$ <u><u>5,181.12</u></u>	\$ <u><u>5,181.12</u></u>