

NOTES TO FINANCIAL STATEMENTS

Jackson Township Fire District No. 2
Notes to Financial Statements
December 31, 2009

Note 1 - Summary of Significant Accounting Policies

The Board of Commissioners, Jackson Township Fire District No. 2 (the District) is an instrumentality of the State of New Jersey, established to function as a special district. The Board consists of five elected Commissioners and is responsible for the fiscal control of the District. Jackson Township Fire District No. 2 was created by the governing body of the Township of Jackson. The length of each Commissioner's term is three years with the annual election held the third Saturday of every February.

The financial statements of the 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 District has implemented the financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments*. The more significant of the District's accounting policies are described below.

A. Basic Financial Statements - District-wide Statements

The District's basic financial statements consist of district-wide statements (reporting the District as a whole) including a Statement of Net Assets and a Statement of Activities, and fund financial statements (reporting the District's major funds).

The Statement of Net Assets presents the financial condition of the government activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. The policy of the District is to not allocate indirect expenses to functions in the Statement of Activities. This District-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

B. Basic Financial Statements -Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For fire districts, only two categories of funds exist, that being governmental and fiduciary.

Jackson Township Fire District No. 2
Notes to Financial Statements
December 31, 2009

Note 1 - Summary of Significant Accounting Policies (continued)

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's governmental funds:

General Fund – The general fund is the general operating fund of the District and is used to account for the inflows and outflows of its financial resources. The acquisition of certain capital assets, such as fire fighting apparatus and equipment, is accounted for in the General Fund when it is responsible for the financing of such expenditures.

Capital Fund – The Capital 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 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.

Fiduciary Funds – Fiduciary funds are those used to report assets held in a trustee or agency capacity for others and cannot be used to address activities or obligations of the District. Therefore, these funds are not incorporated into the government-wide statements. The following is the District's fiduciary fund:

Agency Fund – The Agency Fund is used by the District to report funds that are being held for individuals in a purely custodial capacity. These funds represent monies accumulated in the Length of Service Awards Program (LOSAP) for eligible volunteer fire fighters. For that reason, in the Statement of Fiduciary Net Assets, agency fund assets should equal liabilities.

C. Measurement Focus

District-wide Financial Statements – The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Assets.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other

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December 31, 2009

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus (continued)

financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the district-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

Fiduciary Fund Financial Statements – Because of the custodial nature of agency funds the concept of measurement focus, which centers on operations, is not applicable to agency funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions – Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the District, available means expected to be received within thirty days of year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include ad valorem (property) taxes, grants, entitlements and donations. Ad valorem (property) taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount voted upon or certified, prior to the end of the fire district current year. The District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The District is entitled to receive monies under the following established payment schedule: on or before April 1, an amount equal to 21.25% of all monies assessed; on or before July 1, an amount equaling 22.5% of all monies assessed; on or before October 1, an amount equaling 25% of all monies assessed; and on or before December 31, an amount equaling the difference between the total of all monies so assessed and the total amount of monies previously paid over. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the

Jackson Township Fire District No. 2
Notes to Financial Statements
December 31, 2009

Note 1 - Summary of Significant Accounting Policies (continued):

D. Basis of Accounting (continued)

Revenues – Exchange and Non-Exchange Transactions – (continued)

resources are provided to the District on a reimbursement basis. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: grants, fees and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U. S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governments are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey governments.

Additionally, the District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. The Act was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2009, \$387,604 of the District's bank balance of \$637,604 was exposed to custodial credit risk as follows: Uninsured and uncollateralized - \$387,604.

N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public

Jackson Township Fire District No. 2
Notes to Financial Statements
December 31, 2009

Note 1 - Summary of Significant Accounting Policies (continued):

E. Cash, Cash Equivalents and Investments (continued)

depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

F. Prepaid Expenses

Prepaid expenses recorded in the governmental fund types, which benefit future periods, are recorded as an expenditure during the year of purchase. Prepaid expenses recorded on the district-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2009.

G. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Fire District and that are due within one year. These amounts are eliminated in the governmental column of the Statement of Net Assets.

H. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide Statement of Net Assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The District adopted a Fixed Asset Management Plan wherein assets having a useful life greater than five years and a unit cost greater than \$2,000 are considered capital assets. Assets having a useful life greater than one year but less than five years with a unit cost greater than \$500 but less than \$2,000 are considered non-bondable assets. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and improvements	30 Years
Vehicles	5-25 Years
Equipment	5-10 Years

Jackson Township Fire District No. 2
Notes to Financial Statements
December 31, 2009

Note 1 - Summary of Significant Accounting Policies (continued):

H. Capital Assets (continued)

N.J.S.A. 40A:14-85 governs the procedures for the acquisition of property and equipment for fire districts, and N.J.S.A. 40A:14-86 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase fire fighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or 2 percent of the assessed valuation of taxable property in the district, whichever is larger.

I. Compensated Absences

Compensated absences are those absences for which employees will be paid such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The entire compensated absence liability is reported on the district-wide financial statements. For government funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balance Reservations and Designations

The District reserves portions of fund balance for encumbrances, and designates a portion of unreserved fund balances for subsequent year's expenditures.

Jackson Township Fire District No. 2
Notes to Financial Statements
December 31, 2009

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2009, consisted of the following:

Deposits with financial institutions	\$ 637,604
Total cash and cash equivalents	<u>\$637,604</u>

Restricted cash on the Statement of Net Assets of **\$364,893** represents \$342,391 that must be spent on capital projects and \$22,502 of dedicated penalties.

Note 3 – Prepaid Expenses

Prepaid expenses at December 31, 2009 consisted of prepaid insurance of \$35,748.

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2009 was as follows:

	<u>Balance</u> <u>1/1/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/09</u>
Building & Improvements	\$1,347,765	\$ -	\$ -	\$1,347,765
Vehicles & Apparatus	1,722,820	-	(39,955)	1,682,865
Equipment	<u>237,187</u>	<u>49,656</u>	<u> </u>	<u>286,843</u>
Total Capital Assets				
Being depreciated:	3,307,772	49,656	(39,955)	3,317,473
Less: Accumulated Depreciation:				
Building & Improvements	(1,267,790)	(4,687)	-	(1,272,477)
Vehicles & Apparatus	(749,016)	(73,230)	39,955	(782,291)
Equipment	<u>(58,553)</u>	<u>(33,163)</u>	<u> </u>	<u>(91,716)</u>
Total Acc. Depreciation	<u>(2,075,359)</u>	<u>(111,080)</u>	<u>39,955</u>	<u>(2,146,484)</u>
Total Capital Assets being				
Depreciated – net	1,232,413	(61,424)	-	1,170,989
Land	<u>150,000</u>	<u> </u>	<u> </u>	<u>150,000</u>
Capital Assets- Net	<u>\$1,389,216</u>	<u>\$ (61,424)</u>	<u>\$ -</u>	<u>\$1,320,989</u>

Depreciation expense was charged to governmental functions as follows:

Cost Of Operations and Maintenance	<u>\$ 111,080</u>
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Note 5 – Length of Service Awards Program (LOSAP)

The District maintains a Length of Service Awards Program for members of the volunteer firefighting organization that serves the citizens of the District. The general requirements for a LOSAP are set forth in State Law (N.J.S.A. 40A:14-183 et seq.) An appropriation of \$15,000 was budgeted for 2009.

Jackson Township Fire District No. 2
Notes to Financial Statements
December 31, 2009

Note 6 – Accounts Payable and Accrued Expenses

At December 31, 2009 major categories of accounts payable and accrued expenses were:

Due to vendors	\$ 44,838
Due to PERS & PFRS	31,510
Accrued professional fees	11,640
Accrued vacation	10,159
Other accrued expenses	<u>10,863</u>
Total	<u>\$109,010</u>

Note 7 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. The District maintains commercial insurance coverage for property, liability, and surety bonds. Settled claims did not exceed commercial insurance in any of the past three years.

Note 8 – Interfund Receivables, Payables

At December 31, 2009 an interfund receivable to the capital projects fund and an interfund payable from the general fund of \$340,582 existed.

Note 9 - Fund Balances

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) to identify the portion of the fund balance that is not appropriable for future expenditures. Designations are made through the budget process.

Of the \$413,113 fund balance, \$10,700 has been designated for subsequent year's expenditures.

Note 10 – Property Tax Levies

Following is a tabulation of District assessed valuations, tax levies and property tax rates per \$100.00 of assessed valuations for the current and preceding four years:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Tax Rate</u>
2009	\$699,279,700	\$899,246	\$0.129
2008	690,308,400	860,550	0.125
2007	665,982,600	687.880	0.103
2006	667,359,032	638,654	0.096
2005	651,636,121	586,168	0.090

Jackson Township Fire District No. 2
Notes to Financial Statements
December 31, 2009

Note 11 – Related Parties

The District entered into a lease agreement with the fire company to rent the premises wherein it makes quarterly payments to the fire company for providing facilities. The total rent paid to the fire company during 2009 was \$25,000.

Note 12 – Pension Plans

The District contributes to two cost-sharing multiple-employer defined benefit pension plans, the Public Employee's Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), which are both administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B for PERS and N.J.S.A. 43:16A and 43:3B for PFRS. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
PO Box 295
Trenton, NJ 08625-0295

The contribution requirements of plan members are determined by state statute. In accordance with Statute, plan members enrolled in PERS are required to contribute 3% of their annual covered salary. Plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. The District is billed annually for its normal contribution plus any accrued liability. The District's contributions to the plans, equal to the required contributions for the last three years were as follows: 2007 - \$15,681; 2008 - \$10,841 and 2009 - \$31,510.

Note 13 – Compensated Absences

The District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16) "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. Employees may accrue up to 30 vacation days and shall be paid for all unused and accrued vacation days upon termination. Employees may accrue up to 80 sick days which will be paid upon retirement only at the rate of one-half the prevailing salary for each day accrued.

As of December 31, 2009, the liability for compensated absences in the governmental fund types was \$10,159.

Note 14 – Subsequent Events

Subsequent events were evaluated through November 1, 2010 which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

Jackson Township Fire District No. 2
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2009

Revenues	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Miscellaneous Anticipated Revenues					
Rental income	\$ 36,000	\$ -	\$ 36,000	\$ 38,178	\$ 2,178
Sales of assets	100,000		700	1,795	(98,206)
Interest on investments and deposits	700			1,243	543
Total Miscellaneous Anticipated Revenues	136,700	-	36,700	41,216	(95,484)
Operating Grant Revenue					
Supplemental Fire Services Grant	4,648		4,648	4,226	(422)
Miscellaneous Revenues Offset With Appropriations					
Uniform Fire Safety Act	24,500		24,500	43,452	18,952
Annual registration fees	1,500		1,500	13,400	11,900
Penalties and fines	22,000		22,000	5,247	(16,753)
Other revenues	48,000		48,000	62,099	14,099
Total Miscellaneous Revenues Offset With Appropriations					
Amount to be Raised by Taxation to Support the District Budget	724,246		724,246	724,246	-
Total Anticipated Revenues	913,594	-	813,594	831,786	(81,808)
Total Revenues	913,594	-	913,594	831,786	(81,808)

(Continued)

Exhibit C-1

Jackson Township Fire District No. 2
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance (Positive) Negative Final to Actual
Expenditures					
Operating Appropriations					
Administration					
Salary and Wages	\$ 4,900	\$	\$ 4,900	\$ 4,900	\$ -
Commissioners					
Other Expenses					
Elections	1,000		1,000	603	(397)
Membership/dues	300	450	750	710	(40)
Office expenses	2,000	1,400	3,400	2,649	(751)
Professional services	40,000		40,000	30,110	(9,890)
Travel expenses	1,200		1,200	-	(1,200)
Other outside services	5,000		5,000	-	(5,000)
Total Administration	54,400	1,850	56,250	38,973	(17,277)
Cost of Operations and Maintenance					
Salary and Wages	102,529		102,529	76,957	(25,572)
Firefighters	97,000	2,400	99,400	99,111	(289)
Fringe benefits					
Other Expenses					
Advertising	1,600		1,600	1,172	(428)
Insurance	89,000	(5,000)	84,000	82,042	(1,958)
Maintenance & repairs	90,000	(10,000)	80,000	76,333	(3,667)
Rental charges	10,000	4,700	14,700	14,665	(35)
Supplies expense	31,000	(6,150)	24,850	20,937	(3,913)
Training & education	10,000		10,000	5,861	(4,139)
Uniforms	11,500	8,300	19,800	19,747	(53)
Utilities	42,000		42,000	35,965	(6,035)
Other rentals	25,000		25,000	25,000	-
SFSG expenses	4,648		4,648	4,226	(422)
Contingent expenses	5,000		5,000		(5,000)
Other Assets - Non bondable	80,000	(4,700)	75,300	66,631	(8,669)
Total Cost of Operations and Maintenance	599,277	(10,450)	588,827	528,648	(60,179)

(Continued)

Jackson Township Fire District No. 2
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Expenditures (continued)					
Operating Appropriations Offset with Revenues					
Salary and Wages	252,917	8,600	261,517	261,464	(53)
Total Operating Appropriations Offset with Revenues	252,917	8,600	261,517	261,464	(53)
Other Budgeted Appropriations	15,000		15,000	15,000	-
Length of Service Award Program					
Total Other Budgeted Appropriations	15,000		15,000	15,000	-
Total Expenditures	921,594	-	921,594	844,085	(77,509)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (8,000)	\$ -	\$ (8,000)	(12,300)	\$ (4,299)
Fund Balance, January 1				99,022	
Fund Balance, December 31				\$ 86,722	
Recapitulation:					
Unreserved Fund Balance				\$ 86,722	

Jackson Township Fire District No. 2
Note to Budgetary Comparison Schedule
December 31, 2009

Note A. Budgets/ Budgetary Control

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

The Commissioners must introduce and adopt the annual budget not later than sixty days prior to the annual election. At introduction, the Commissioners 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 approved. After the hearing has been held, the Commissioners 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.

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

Amounts reported under "final budget" on Exhibit C-1 include modifications to the adopted budget that was made during the year as approved by the Commissioners.

OTHER SUPPLEMENTARY INFORMATION

CAPITAL PROJECTS FUND

**Jackson Township Fire District No. 2
Summary Statement of Project Expenditures
For the Year Ended December 31, 2009**

<u>Issue/Project Title</u>	<u>Date</u>	<u>Authorized Appropriations</u>		<u>Transfers</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
		<u>Amount</u>	<u>Prior Years</u>		<u>Prior Years</u>	<u>Current Year</u>	
Substation	Prior Years	\$ 16,000	\$ -	\$ -	\$ -	\$ 16,000	
F-250 Pickup Truck	9/22/2005	30,000		28,210		1,790	
Class A Pumper	9/22/2005	285,000		260,703		24,297	
Roof Replacement	12/13/2007	35,000				35,000	
Parking Lot Paving	12/13/2007	90,000		65,918		24,082	
Curbing/Apron Replacement	12/13/2007	50,000				50,000	
Rescue Pumper	12/11/2008	550,000				550,000	
Total		\$ 1,056,000	\$ -	\$ 354,831	\$ -	\$ 701,169	

Exhibit D-2

Jackson Township Fire District No. 2
 Budgetary Comparison Schedule
 Capital Fund
 For the Year Ended December 31, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance (Positive) Negative Final to Actual
Revenues					
Amount to be raised by taxation to Support the District Budget	\$ 175,000	\$ -	\$ 175,000	\$ 175,000	\$ -
Interest earned				5	(5)
Total Revenues	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>175,005</u>	<u>(5)</u>
Expenditures					
Capital expenditures					
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	175,000	-	175,000	175,005	(5)
Fund balance January 1	<u>151,386</u>		<u>151,386</u>	<u>151,386</u>	<u>-</u>
Fund balance, December 31	<u>\$ 326,386</u>	<u>\$ -</u>	<u>\$ 326,386</u>	<u>\$ 326,391</u>	<u>\$ (5)</u>

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**Jackson Township Fire District No. 2
Schedule of Findings and Recommendations
For the Year Ended December 31, 2009**

Schedule of Financial Statement Findings

R-1 Depositing Length Of Service Awards Program (LOSAP) Contributions

Condition: Deposit of LOSAP payment to approved contractor was not made timely.

Criteria: NJAC 5:30-14.10-12 requires that fire companies participating in a LOSAP pursuant to NJSA 40A:14-191 shall annually certify to the fire district a list of all volunteer members who have qualified for credit under the LOSAP program for the prior year; upon receipt the fire district shall within 30 days review it, approve it and return it to the fire company for posting for 30 days; following the 30 day period payment shall be made by the fire district to the approved contractor for deposit into the LOSAP account.

Effect: The District was not in compliance with the LOSAP Program rules.

Recommendation: The Commissioners should take steps to increase controls over the LOSAP program to ensure all requirements are followed each year.

**Jackson Township Fire District No. 2
Schedule of Prior Year
Findings and Recommendations
For the Year Ended December 31, 2009**

Schedule of Prior Year Financial Statement Findings

NONE

