

**FIRE DISTRICT NUMBER ONE
TOWNSHIP OF ABERDEEN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY**

DECEMBER 31, 2011

ABERDEEN FIRE DISTRICT NUMBER ONE
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Joseph Critelli
Certified Public Accountant
242 Pelican Road
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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Aberdeen Fire District Number One
Township of Aberdeen
County of Monmouth
State of New Jersey

I have audited the financial statements of the Aberdeen Fire District Number One as of and for the years ended December 31, 2011 and 2010 as listed in the accompanying table of contents. These financial statements are the responsibility of the Fire District's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

As described in Note 1, the aforementioned financial statements were prepared in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

In my opinion the aforementioned financial statements present fairly in accordance with generally accepted accounting principles, as promulgated by the Government Accounting Standards Board, the financial position of the Aberdeen Fire District Number One, as of December 31, 2011 and 2010 and the results of its operations for the years then ended, on the basis of accounting described in Note 1. The Fire District has complied with applicable laws that may have a material effect on the financial statements.

This report is intended for the information of the Aberdeen Fire District Number One management and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



JOSEPH CRITELLI, C.P.A.

March 1, 2012

BOARD OF FIRE COMMISSIONERS
 FIRE DISTRICT NUMBER ONE
 TOWNSHIP OF ABERDEEN
 COUNTY OF MONMOUTH
 STATE OF NEW JERSEY

Exhibit A

GENERAL FUND
 COMPARATIVE BALANCE SHEETS
 DECEMBER 31, 2011 AND 2010

ASSETS	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Cash	A-3 & 4	\$ 927,448.67	\$ 889,547.69
Net Fixed Assets	A-7	<u>794,000.38</u>	<u>884,828.41</u>
Total Assets		<u>\$1,721,449.05</u>	<u>\$ 1,774,376.10</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable		\$ 25,580.47	\$ 29,942.99
Due to Capital Fund	A-5	370,000.00	370,000.00
Reserve for Severance Pay		30,000.00	30,000.00
Payable to General Fund		<u>26,384.39</u>	<u>22,044.52</u>
Total Liabilities		<u>451,964.86</u>	<u>451,987.51</u>
Total Fund Balance	A-1	<u>1,269,484.19</u>	<u>1,322,388.59</u>
Total Liabilities and Fund Balance		<u>\$1,721,449.05</u>	<u>\$ 1,774,376.10</u>

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended December 31, 2011
With Comparative Actual Amounts For Year Ended December 31, 2010

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
Revenues and Other Sources:			
Smoke Alarm Inspections	\$ 30,000.00	\$ 21,740.00	\$ 25,970.00
Interest Income	3,000.00	1,615.25	2,800.67
Uniform Fire Safety Act:			
Registration Fees	10,000.00	12,611.95	13,297.05
Supplemental Fire Services Program	4,300.00	3,328.50	3,328.50
Miscellaneous	-	1,537.00	2,459.00
Non-Life Hazard Uses	-	6,090.00	6,581.00
Total Revenues	<u>47,300.00</u>	<u>46,922.70</u>	<u>54,436.22</u>
Other Financing Sources:			
Fund Balance Appropriated	-	-	-
District Taxes	<u>548,816.00</u>	<u>548,816.00</u>	<u>569,300.00</u>
Total Other Financing Sources	548,816.00	548,816.00	569,300.00
Total Revenues and Other Financing Sources	<u>596,116.00</u>	<u>595,738.70</u>	<u>623,736.22</u>
Expenditures:			
Operating Appropriations:			
Administration	267,024.00	249,934.17	219,040.66
Operating and Maintenance	289,092.00	267,880.90	255,526.77
Total Operating Appropriations	<u>556,116.00</u>	<u>517,815.07</u>	<u>474,567.43</u>
Capital Appropriations:			
Capital (Fire Truck)	-	-	50,000.00
PPE Upgrade	40,000.00	40,000.00	29,634.74
Total Capital Appropriations	<u>40,000.00</u>	<u>40,000.00</u>	<u>79,634.74</u>
Total Expenditures	<u>596,116.00</u>	<u>557,815.07</u>	<u>554,202.17</u>
Revenues and Other Financing Sources Over Expenditures	-	37,923.63	69,534.05
Fund Balance at Beginning of Year	1,322,388.59	1,322,388.59	1,343,682.57
Net Increase (Decrease) in Net Fixed Assets	-	<u>(90,828.03)</u>	<u>(90,828.03)</u>
Fund Balance at End of Year	<u>\$1,322,388.59</u>	<u>\$1,269,484.19</u>	<u>\$1,322,388.59</u>

GENERAL FUND
 STATEMENT OF EXPENDITURES COMPARED TO BUDGET
 YEAR ENDED DECEMBER 31, 2011
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2010

	2011 Budget	2011 Paid or Charged	2010 Actual
Operating Appropriations:			
Administration:			
District Chief	\$ 14,500.00	\$ 14,500.00	\$ 14,500.00
Secretary to the District Chief	47,991.00	47,991.00	42,366.36
Attorney	9,000.00	8,850.00	9,000.00
Fire Commissioners	16,380.00	16,380.00	16,380.00
Fire Commissioner - Secretary	5,460.00	5,460.00	5,460.00
Fire Commissioner - Treasurer	5,460.00	5,460.00	5,460.00
Janitor	6,936.00	6,936.00	6,800.00
Social Security & Medicare	18,000.00	18,000.00	15,988.50
Unemployment Compensation Insurance	1,700.00	1,559.48	1,600.00
Workman's Compensation Insurance	30,000.00	31,673.00	23,279.00
Longevity	1,150.00	1,150.00	1,050.00
Pension	17,647.00	17,647.00	13,787.00
Professional Services	14,000.00	8,322.65	6,711.53
Office Expenses	3,500.00	3,002.67	3,243.80
Advertising	1,500.00	448.88	247.02
Elections	1,300.00	1,329.29	911.35
Utilities and Related Services	32,000.00	27,229.07	22,239.23
Dues and Subscriptions	1,500.00	1,682.50	1,557.00
Meetings and Conventions	6,000.00	4,277.35	3,153.00
Maintenance and Repairs	3,000.00	354.00	-
Medical Insurance	30,000.00	27,681.28	25,306.87
Total Administration	<u>267,024.00</u>	<u>249,934.17</u>	<u>219,040.66</u>
Operating and Maintenance:			
Fire Inspector	38,301.00	38,301.00	37,550.50
Fire Official	53,291.00	53,291.00	52,050.00
Uniforms and Personal Equipment	35,000.00	33,845.00	28,690.00
Insurance Premiums	50,000.00	38,532.93	36,517.64
Training and Education	2,000.00	891.48	325.75
Maintenance and Repairs	50,000.00	49,288.39	46,877.41
Operating Materials and Supplies	6,000.00	5,112.50	383.96
Fire Prevention	3,000.00	992.09	1,389.74
Firematic Equipment and Supplies	5,000.00	2,779.47	3,499.10
Uniform Fire Safety Act	10,000.00	10,000.00	10,000.00
Joint District Fire Training Grounds	5,000.00	5,000.00	5,000.00
Fire and Arson Investigation	1,500.00	596.00	-
Supplemental Fire Services Program	6,000.00	5,251.04	1,505.76
Fire Prevention Computer Upgrades	24,000.00	24,000.00	31,736.91
Total Operating & Maintenance	<u>289,092.00</u>	<u>267,880.90</u>	<u>255,526.77</u>
Total Operating Appropriations	<u>556,116.00</u>	<u>517,815.07</u>	<u>474,567.43</u>
Capital Appropriations:			
Capital Outlay:			
PPE Upgrade	40,000.00	40,000.00	29,634.74
Purchase of Fire Truck	-	-	50,000.00
Total Capital Outlay	<u>40,000.00</u>	<u>40,000.00</u>	<u>79,634.74</u>
Total Appropriations	<u>\$ 596,116.00</u>	<u>\$ 557,815.07</u>	<u>\$554,202.17</u>

BOARD OF FIRE COMMISSIONER
 FIRE DISTRICT NUMBER ONE
 TOWNSHIP OF ABERDEEN
 COUNTY OF MONMOUTH
 STATE OF NEW JERSEY

Exhibit A-3

STATEMENT OF RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH
 YEAR ENDED DECEMBER 31, 2011

	<u>Ref.</u>		
Receipts:		\$ 548,816.00	
District Taxes		1,615.25	
Interest Income		21,740.00	
Smoke Alarm Inspections	A-1	1,537.00	
Miscellaneous	A-1	12,611.95	
Supplemental Fire Services Program	A-1	3,328.50	
Uniform Fire Safety Act	A-1	6,090.00	
Non-Life Hazard Uses	A-1	<u>6,090.00</u>	
			\$ 595,738.70
Disbursements:		13,307.13	
Payroll Acct. - Net Activity	A	29,942.99	
Accounts Payable		474,587.60	
Operating Appropriations		40,000.00	
Capital		<u>40,000.00</u>	
			<u>557,837.72</u>
			37,900.98
Increase (Decrease) in Cash			<u>889,547.69</u>
Cash at Beginning of Year			<u>\$ 927,448.67</u>
Cash at End of Year			

See Notes to Financial Statements

BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT NUMBER ONE
TOWNSHIP OF ABERDEEN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

Exhibit A-4

STATEMENT OF CASH RECONCILIATION
DECEMBER 31, 2011

	<u>General Fund</u>
Balance on Deposit per Bank Statements:	
Bank of America	
#211646555 - Checking	\$ 3,304.00
#216940903 - Money Market	687,659.23
#211646563 - Payroll Checking	7,993.85
#734959&60 - Cert. Of Deposits	<u>233,581.00</u>
	932,538.08
Less: Outstanding Checks	<u>5,089.41</u>
Balance, December 31, 2011	<u><u>\$ 927,448.67</u></u>

BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT NUMBER ONE
TOWNSHIP OF ABERDEEN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

Exhibit A-5

STATEMENT OF
DUE FROM (TO) CAPITAL FUND

	<u>Ref.</u>	
Balance, December 31, 2010	A	\$ 370,000.00
Activity for year:		
2011 Appropriation		<u> -</u>
Balance, December 31, 2011	A	<u>\$ 370,000.00</u>

BOARD OF FIRE COMMISSIONERS
 FIRE DISTRICT NUMBER ONE
 TOWNSHIP OF ABERDEEN
 COUNTY OF MONMOUTH
 STATE OF NEW JERSEY

Exhibit A-6

CAPITAL FUND
 COMPARATIVE BALANCE SHEETS
 DECEMBER 31, 2011 AND 2010

	<u>Ref.</u>	<u>Dec. 31, 2011</u>	<u>Dec. 31, 2010</u>
Assets:			
Due from Current Fund	A-5	\$ 370,000.00	370,000.00
Total Assets		<u>\$ 370,000.00</u>	<u>370,000.00</u>
Liabilities and Fund Balance:			
Capital Improvement Fund	A-5	\$ 370,000.00	370,000.00
Total Liabilities and Fund Balance		<u>\$ 370,000.00</u>	<u>370,000.00</u>

BOARD OF FIRE COMMISSIONERS
 FIRE DISTRICT NUMBER ONE
 TOWNSHIP OF ABERDEEN
 COUNTY OF MONMOUTH
 STATE OF NEW JERSEY

Exhibit A-7

GENERAL FIXED ASSETS ACCOUNT GROUP
 COMPARATIVE BALANCES
 DECEMBER 31, 2011 AND 2010

Assets	2011			2010
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Building and Additions	\$ 823,621.42	\$ 599,487.24	\$ 224,134.18	\$ 233,060.24
1997 Saulsbury Pumper #495	463,204.23	324,242.94	138,961.29	162,121.50
2004 Crimson Pumper #500	408,288.00	142,900.80	265,387.20	285,801.60
Computer Equipment	7,646.00	7,646.00	-	-
1989 Saulsbury Rescue Fire Apparatus #496	205,284.00	205,284.00	-	-
1994 Saulsbury D-500 Pumper #497	365,000.00	346,750.00	18,250.00	36,500.00
2002 Spartan-Luverne Mini-Pumper #498	248,673.21	124,336.60	124,336.61	136,770.27
2009 Ford Explorer #499	38,218.50	15,287.40	22,931.10	30,574.80
	<u>\$ 2,559,935.36</u>	<u>\$ 1,765,934.98</u>	<u>\$ 794,000.38</u>	<u>\$ 884,828.41</u>
 Fund Equity				
Investment in General Fixed Assets			<u>\$ 794,000.38</u>	<u>\$ 884,828.41</u>

ABERDEEN FIRE DISTRICT NUMBER ONE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

Summary of Significant Accounting Policies

The accounting policies of Aberdeen Fire District Number One conform to the accounting principles applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The following is a summary of the significant policies:

Basis of Accounting – The accrual basis of accounting is followed. Revenues are recognized in the accounting period in which they are earned or due. Expenditures are recognized in the period in which the liability is incurred.

Inventories of Supplies – Purchase of materials and supplies are recognized and recorded as expenditures when they are acquired, regardless of when used.

Fixed Assets – Property and equipment purchased by the current fund and the general capital fund are recorded as expenditures at the time of purchase. The historical cost of such fixed assets is reflected in the General Fixed Asset group of accounts. Depreciation is charged on the Straight-Line Method over the estimated useful life of the assets.

General Capital Fund – The accounting for expenditures for property and equipment by debt authorized or from restricted grant funds is contained in the general capital fund. The acquisition and construction cost of such assets, when completed, is reflected in the General Fixed Assets group of accounts.

Pension – Those employees who are eligible for pension coverage are enrolled in the Public Employees Retirement System of New Jersey administered by the Division of Pensions in the Department of the Treasury, State of New Jersey. The plan does not maintain separate records for each reporting unit and, accordingly, the actuarial data for the Fire District is not available. Pension expense for the current and immediately preceding year was \$17,647.00 and \$13,787.00, respectively.

BOARD OF FIRE COMMISSIONERS
FIRE DISTRICT NUMBER ONE
TOWNSHIP OF ABERDEEN
COUNTY OF MONMOUTH
STATE OF NEW JERSEY

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 preceding four years:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2011	\$1,347,453,300	\$ 548,816.00	.041
2010	\$1,347,998,100	\$ 569,300.00	.042
2009	\$ 545,038,100	\$ 545,415.00	.100
2008	\$ 545,224,500	\$ 543,850.00	.100
2007	\$ 549,956,230	\$ 483,300.00	.088

ROSTER OF OFFICIALS

Board of Fire Commissioners

<u>Name</u>	<u>Position</u>
Vincent Vinci	President
James Lauro	Vice-President
E. Paul Percussi	Secretary
Steven Castellano	Member
James Vena	Treasurer

Other Officials

Allen E. Falk, Esq.	Attorney
Louis Auriemma	District Chief
Robert DeBold	Fire Official
William Smith, Jr.	Fire Inspector

Surety Company

American Alternative Ins. Co.

Amount of Bond	\$100,000.00
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SUBSEQUENT EVENTS

None

**JOSEPH CRITELLI
CERTIFIED PUBLIC ACCOUNTANT
242 Pelican Road
Middletown, N.J. 07748**

GENERAL COMMENTS AND RECOMMENDATIONS

The Board of Fire Commissioners
Aberdeen Fire District Number One

I have audited the financial statements of the Aberdeen Fire District Number One, as of and for the year ended December 31, 2011 and have issued my report thereon dated March 1, 2012.

I conducted my audit with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller of the United States and the audit requirements of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

In planning and performing my audit of the financial statements of the Aberdeen Fire District Number One for the year ended December 31, 2011, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Aberdeen Fire District Number One is responsible for establishing and maintaining internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluations of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For purposes of this report, I have classified the significant internal control structure policies and procedures in the following categories:

Accounting Controls

Revenues / Receipts
Purchases / Disbursements
Personnel / Payroll
External Financial Reporting

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the use of the Aberdeen Fire District Number One, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and should not be used for any other purposes. This restriction is not intended to limit distribution of this report, which is a matter of public record.



JOSEPH CRITELLI
Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Aberdeen Fire District No. 1's financial performance provides an overview of the Fire District's financial activities for the fiscal year ended December 31, 2011. Please read in conjunction with the Fire District's financial statements.

Highlights

The Fire District's Fund Balance decreased by \$52,900. from the previous year. Total net assets decreased by \$52,900. and total liabilities remained the same.

During the year, revenues decreased by \$28,000. mainly due to a decrease in district taxes of \$20,500. Operating expenses were higher than last year by \$43,200. Increases in insurances, pension, utilities and maintenance costs accounted for the majority of the increase.

Results compared to the 2011 budget reflected a decrease in insurance, utilities, professional services, and other categories.

There was an overall increase in cash and invested cash of \$37,900. due primarily to decreased capital outlays.

The Fire District has a reserve for replacement of equipment to insure the finest safety for the community.