

**TOWNSHIP OF EDGEWATER PARK  
FIRE DISTRICT NO. 1**

**Financial Statements**

**For the year ended December 31,2020**

**(With Independent Auditor's Report thereon)**



**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**Financial Statements**  
**For the year ended December 31, 2020**  
(With Independent Auditor's report thereon)

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**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**

**ROSTER OF OFFICIALS  
DECEMBER 31, 2020**

BOARD OF COMMISSIONERS

Jill Reuter	Chairwoman
Phil Aaronson	Secretary
Paula Teixeira	Treasurer
Shawn Bolton	Commissioner
Anthony Rizzo	Commissioner

OTHER OFFICIALS

Robert Simcox	Fire Clerk
John Augustino	Fire Inspector
Matthew Augustino	Fire Official
Bryann Iannacone	Fire Inspector

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

## INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners  
Township of Edgewater Park Fire District No.1  
County of Burlington  
Edgewater Park, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of each major fund and the aggregate remaining fund information of the Township of Edgewater Park Fire District No. 1, County of Burlington, State of New Jersey, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic 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.

### *Auditors' 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; and in compliance with audit standards prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 auditors' 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.

618 Stokes Road, Medford, NJ 08055

**P:** 609.953.0612 • **F:** 609.257.0008

[www.hmacpainc.com](http://www.hmacpainc.com)

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Edgewater Park Fire District No.1, County of Burlington, State of New Jersey, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance 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 other required supplementary 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 the Governmental Accounting 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. The statistical information and general comments and recommendations section listed in the table of contents have 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 them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated April 14, 2021, on our consideration of the Township of Edgewater Park Fire District No.1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Edgewater Park Fire District No.1's internal control over financial reporting and compliance.

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants and Advisors*

Medford, New Jersey  
April 14, 2021



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Fire Commissioners  
Township of Edgewater Park Fire District No.1  
County of Burlington  
Edgewater Park, 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 audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Edgewater Park Fire District No.1, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Township of Edgewater Park Fire District No.1's basic financial statements, and have issued our report thereon dated April 14, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Township of Edgewater Park Fire District No.1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Township of Edgewater Park Fire District No.1's internal control. Accordingly, we do not express an opinion on the effectiveness of Township of Edgewater Park Fire District No.1'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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

618 Stokes Road, Medford, NJ 08055

**P:** 609.953.0612 • **F:** 609.257.0008

[www.hmacpainc.com](http://www.hmacpainc.com)

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Township of Edgewater Park Fire District No.1's financial statements are free from 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* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs State of New Jersey.

## **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* and audit requirements as prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants and Advisors*

Medford, New Jersey  
April 14, 2021

# TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1

## MANAGEMENTS DISCUSSION AND ANALYSIS

This section of the Township of Edgewater Park Fire District No. 1 (The “District”) annual financial report presents a discussion and analysis of the Fire District’s financial performance during the fiscal year that ended on December 31, 2020. The District services the entire area of the Township of Edgewater Park in Burlington County, New Jersey. The District has a contractual relationship with Beverly Fire District No. 1 to provide fire protection for the Township of Edgewater Park. The District has no fire apparatus and no debt outstanding. Please read this in conjunction with the District’s financial statements, which immediately follow this section.

### Financial Highlights

Total assets were \$329,652 and total liabilities were \$16,337 resulting in net position of \$313,315 at December 31, 2020.

The Fire district’s unrestricted net position was \$303,265 for the year ended December 31, 2020.

Operating revenue was \$474,709 for the year ended December 31, 2020.

Operating expenses were \$431,298 for the year ended December 31, 2020. The single largest expense was the Beverly City Fire District interlocal services contract amounting to \$289,842. The interlocal services agreement with the Beverly City Fire District to provide fire protection services obligates Edgewater Park Fire District to payments in 2021 amounting to \$292,740.

### Overview of Annual Financial Report

Management’s Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplemental information. The MD&A represents management’s examination and analysis of the Fire district’s financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Fire district’s capital plan, budget, and other management tools were used for this analysis.

The financial statements report information about the District using the accrual basis of accounting, and, for the governmental funds, using the modified accrual basis of accounting. The combined financial statement, Governmental Funds Balance Sheet/Statement of Net Position includes a column to report governmental funds, a conversion column and a column to report Net Position.

The combined financial statement, Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Net Position also includes columns to report governmental funds, conversion transactions and the Statement of Activity.

# TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1

## MANAGEMENTS DISCUSSION AND ANALYSIS

### Overview of Annual Financial Report (Continued)

The notes to the financial statements provide required disclosures and other information essential to a complete understanding of information provided in the financial statements. The notes contain information about the Fire District's accounting policies, significant account balances and changes, material risks, obligations, commitments, contingencies and subsequent events.

### Financial Analysis of the Fire District

The following tables and other information are provided as key financial data used by management for monitoring and planning purposes.

Net Position – Table 1 summarizes the changes in net position between December 31, 2020 and 2019:

Table 1

### Condensed Summary of Net Position

Years Ended December 31,	<u>2020</u>	<u>2019</u>	<u>Increase / (Decrease)</u>
Assets:			
Current Assets	\$ 319,602	\$ 285,192	\$ 34,410
Capital Assets (Net of Depreciation)	<u>10,050</u>	<u>-</u>	<u>10,050</u>
Total Assets	<u>329,652</u>	<u>285,192</u>	<u>44,460</u>
Liabilities:			
Current Liabilities	<u>16,337</u>	<u>15,338</u>	<u>999</u>
Total Liabilities	<u>16,337</u>	<u>15,338</u>	<u>999</u>
Net Position			
Investment in capital assets, net of realted debt	10,050	-	10,050
Unrestricted	<u>303,265</u>	<u>269,854</u>	<u>33,411</u>
Total Net Position	<u>\$ 313,315</u>	<u>\$ 269,854</u>	<u>\$ 43,461</u>

Net Position increased by \$43,461 compared to the prior year.



**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**

**MANAGEMENTS DISCUSSION AND ANALYSIS**

Capital Assets and Debt Administration

Capital Assets

Table 3 summarizes the changes in capital assets at December 31, 2020 and 2019.

Table 3

Capital Assets - Net of Depreciation

Years Ended December 31,	<u>2020</u>	<u>2019</u>	<u>Increase / (Decrease)</u>
Vehicles	\$ 17,900	\$ 17,900	\$ -
Equipment	<u>24,944</u>	<u>14,894</u>	<u>10,050</u>
Total Capital Assets	<u>42,844</u>	<u>32,794</u>	<u>10,050</u>
Less: Accumulated Depreciation	<u>32,794</u>	<u>32,794</u>	<u>-</u>
Total Capital Assets: Net of Depreciation	<u><u>\$ 10,050</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,050</u></u>

Debt Outstanding

The Fire District has no debt outstanding and no debt authorized.

Next Year's Budget and User Rates

The District adopted a \$495,800 operating budget for 2021, an increase of \$11,292 when compared to 2020. The Tax Levy increased \$8,612 when compared to 2020.

Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances and to demonstrate the Fire District's accountability for the money it receives. If you have any question about this report or need any additional information, contact the Fire District in writing, at 400 Delanco Road, Edgewater Park, New Jersey 08010 or the Fire Districts Clerk by telephone at (609) 877-2050

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**Statement of Net Position**  
**December 31, 2020**

	<u>Governmental Activities</u>
	<u>2020</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 204,373
Other receivables	110,722
Prepaid insurance	<u>4,507</u>
Total current assets	<u>319,602</u>
Capital assets (net of depreciation)	<u>10,050</u>
Total assets	<u>329,652</u>
Liabilities:	
Current liabilities:	
Accounts payable	13,290
Other payables	<u>3,047</u>
Total current liabilities	<u>16,337</u>
Total liabilities	<u>16,337</u>
Net position:	
Investments in capital assets, net of related debt	10,050
Unrestricted	<u>303,265</u>
Total net position	<u>313,315</u>
Total liabilities and net position	<u><u>\$ 329,652</u></u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**Statement of Activities**  
**For the year ended December 31, 2020**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u> <u>2020</u>
Government activities:			
Operation appropriations:			
Administration	\$ 22,849	\$ -	\$ (22,849)
Costs of operations and maintenance	366,082	-	(366,082)
Operating appropriations offset with revenues	<u>42,317</u>	<u>40,074</u>	<u>(2,243)</u>
Total government activities	<u>431,248</u>	<u>40,074</u>	<u>(391,174)</u>
General revenues:			
Miscellaneous revenue			777
Operating grant revenues			3,010
Amount raised by taxation			<u>430,848</u>
Total general revenues			<u>434,635</u>
Excess of expenditures over revenues			43,461
Net position, January 1			<u>269,854</u>
Net position, December 31			<u><u>\$ 313,315</u></u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2020**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 204,373	\$ 204,373
Other receivable	110,722	110,722
Prepaid Expenses	4,507	4,507
	<u>319,602</u>	<u>319,602</u>
Total assets		
Liabilities, equity and other credits:		
Accounts payable	13,290	13,290
Other payables	3,047	3,047
	<u>16,337</u>	<u>16,337</u>
Total liabilities		
Fund balances:		
Assigned for:		
For subsequent year's expenditures	14,500	14,500
Unassigned, reported in:		
General fund	288,765	288,765
	<u>303,265</u>	<u>303,265</u>
Total fund balance		
	<u>\$ 319,602</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$42,844 and the accumulated depreciation is \$32,794.

	<u>10,050</u>
Net position of governmental activities	<u>\$ 313,315</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2020**

	<u><b>General Fund</b></u>
Revenues:	
Miscellaneous anticipated revenue:	
Interest Income	\$ 777
Total miscellaneous revenues	777
Operating grant revenues:	
Supplemental fire service act	3,010
Total operating grant revenue	3,010
Miscellaneous revenues offset with appropriations:	
Uniform fire safety act revenues:	
Annual registration fee	19,100
Other revenues	20,974
Total uniform fire safety act revenues	40,074
Total miscellaneous revenues offset with appropriations	40,074
Total miscellaneous revenues	43,861
Amount raised by taxation to support district budget	430,848
Total anticipated revenues	474,709

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended December 31, 2020**

	<u><b>General Fund</b></u>
Expenditures:	
Operating appropriations:	
Administration:	
Salaries and wages	13,000
Fringe benefits	1,068
Other expenditures:	
Professional fees	8,098
Elections	594
Operating materials and supplies	89
Total administration	22,849
Cost of operations and maintenance:	
Other expenditures:	
Rental charges	69,290
Contracted services	289,842
Miscellaneous Expenses	17,000
Total cost of operations and maintenance	376,132
Operating appropriations offset with revenues:	
Salaries and wages	31,735
Fringe benefits	2,593
Other expenditures	7,989
Total operating appropriations offset with revenues	42,317
Total operating appropriations	441,298
Total governmental expenditures	441,298
Excess of revenues over expenditures	33,411
Fund balance, January 1	269,854
Fund balance, December 31	\$ 303,265

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balance in**  
**the Governmental Funds to the Statement of Activities**  
**December 31, 2020**

Total net changes in Fund Balance-Governmental Funds (B-2)	\$	33,411
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Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

	Capital Outlays	<u>\$ 10,050</u>	
			<u>10,050</u>

Changes in net position of governmental activities	\$	<u><u>43,461</u></u>
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The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting**

The District is an instrumentality of the State of New Jersey, established to function as a fire fighting organization. The Board of Fire Commissioners consists of elected officials and is responsible for the fiscal control of the District. The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing District, designation of management, ability to significantly influence operations and accountability for fiscal matters. GASB Statement No. 14 *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61 and No. 80, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. The District had no component units for the year ended December 31, 2020.

**B. Basis of Presentation**

The financial statements of the Fire District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with the provisions of N.J.A.C. 5:31-7-1. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

The basic financial statements report using the economic resources measurement focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using the same focus. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The tax revenues are recognized in the year for which they are levied (see Note 1 O) while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon thereafter, within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

**C. Fund Accounting**

The accounts of the district are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn is divided into separate “fund types.”

Governmental Funds:

*General Fund*

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

**D. Government-Wide and Fund Financial Statements**

*Government-Wide Financial Statements*

The government-wide financial statements (A-1 and A-2) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these government-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

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

In its accounting and financial reporting, the Township of Edgewater Park Fire District No.1's follows the pronouncements of the Governmental Accounting Standards Board (GASB).

**F. Budgets and Budgetary Accounting**

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A: 14-78.1 et al. The fire commissioners must introduce and adopt the annual budget no 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 fire 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 fire commissioners may, by majority vote, adopt the budget. Amendments may be made to the Fire District budget in accordance with N.J.S.A 40A: 14-78.3.

Subsequent to the adoption of the Fire District budget, the amount of money to be raised by taxation in support of the Fire 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 Fire Districts general-purpose financial statements.

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

Encumbered appropriations carry over into the next fiscal year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amounts as of the current year-end. There were no encumbrances as of December 31, 2020.

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Cash and Cash Equivalents**

Cash and cash equivalents include petty cash, change funds and cash in banks. All certificates of deposit are recorded as cash regardless of the date of maturity. Fire districts are required by N.J.S.A. 40A: 5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A: 5-15.1 provides a list of investments that may be purchased by fire districts.

N.J.S.A. 17:9-42 requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provision of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and National banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of five percent of its 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.

**I. Prepaid Expenses**

Prepaid expenses that benefit future periods are recorded as an expenditure during the year of purchase.

**J. Debt Limitation**

N.J.S.A.40A:14-84 governs procedures for the issuance of any debt related to such purchases. In summary, fire districts may purchase firefighting apparatus, equipment, 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 property, whichever is larger.

**K. Capital Assets**

Capital assets, which include land, building, improvements and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of \$2,000.

Depreciation is recorded on the straight-line method (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Building and Improvements	5 to 40 Years
Equipment	5 to 15 Years

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Inventory, Materials and Supplies**

The inventory on hand at any time is small. Accordingly, purchases are charged directly to fixed assets or to maintenance costs, as applicable.

**M. Interfund Receivable/Payable**

Interfund receivables and payables that arise from transactions between funds that are due within one year are recorded by all funds affected by such transactions in the periods in which the transaction is executed.

**N. Revenues and Expenditures**

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when qualifying expenditures are incurred.

Expenditures are recorded when the related liability is incurred, if measurable, except for un-matured interest on general long-term debt, which is recognized when due.

**O. Fire District Taxes**

Upon proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be realized in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 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 equal to the difference between the total of all monies assessed and the total of monies previously paid over.

**P. Fund Equity**

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Township of Edgewater Park Fire District No.1's classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making District and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**Q. Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is 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.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**R. Use of Estimates**

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

**S. Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended December 31, 2020:

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Management has determined this Statement does not have a material impact on the District's financial statements.

Statement No. 84, Fiduciary Activities. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Management has determined this Statement does not have a material impact on the District's financial statements.

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**S. Impact of Recently Issued Accounting Principles (continued)**

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. Management has determined this Statement does not have a material impact on the District's financial statements.

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for reporting periods beginning after December 15, 2019. Management has determined this Statement does not have a material impact on the District's financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 91, Conduit Debt Obligations, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**T. Subsequent Events**

Township of Edgewater Park Fire District No.1's has evaluated subsequent events occurring after December 31, 2020 through the date of April 14, 2021, which is the date the financial statements were available to be issued.

**Note 2. CASH DEPOSIT AND INVESTMENTS**

**Cash Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of December 31, 2020, the District’s bank balance of \$200,468 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ <u>200,468</u>
Total Insured	\$ <u>200,468</u>

**Note 3. CAPITAL ASSETS**

N.J.S.A. 40A: 14-84 governs the procedures for the acquisition of property and equipment for the Fire Districts, and the N.J.S.A. 40A: 14-85-87 governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase firefighting apparatus, equipment, land, and buildings to house such property in an amount not exceeding five mills on the dollar of the least assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or two percent of the assessed valuation of property, whichever is larger.

The following is a summarization of the changes in capital assets by source for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020
Vehicles	\$ 17,900	\$ -	\$ -	\$ 17,900
Equipment	14,894	10,050	-	24,944
<b>Total Capital Assets</b>	<b>32,794</b>	<b>10,050</b>	<b>-</b>	<b>42,844</b>
Less accumulated depreciation for:				
Vehicles	(17,900)	-	-	(17,900)
Equipment	(14,894)	-	-	(14,894)
<b>Total Accumulated</b>	<b>(32,794)</b>	<b>-</b>	<b>-</b>	<b>(32,794)</b>
<b>Capital assets, net</b>	<b>\$ -</b>	<b>\$ 10,050</b>	<b>\$ -</b>	<b>\$ 10,050</b>

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**Note 4. FUND BALANCE**

**General Fund** – Of the \$303,265 General Fund balance at December 31, 2020, \$14,500 is designated for subsequent year’s expenditures and \$288,765 is unassigned.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation.

**Note 5. 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. The District maintains commercial insurance for property, liability, and surety bonds.

Property and Liability Insurance - The District maintains commercial insurance for property, liability, and surety bonds.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable reserve for state unemployment for the current year and prior two years:

Fiscal Year	District Contributions	Employee Withholdings	Amount Reimbursed	Reserve Balance
2020	-	\$ 229	-	\$ 2,947
2019	-	180	-	2,718
2018	-	161	-	2,538
2017	-	201	-	2,377

**Note 6. COMMITMENTS**

Township of Edgewater Park Fire District No.1's contracts with Beverly City Fire District for Beverly to provide fire protection services to Edgewater Park Fire District No.1. The agreement is subject to annual approval and appropriation of funds by the voters and governing bodies of both districts. The term of the agreement is for one years from January 1, 2021 through December 31, 2021. The agreed amount as of December 31, 2020 is \$292,740 for the 2021 year.

**Note 7. ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2020 consisted of tax levy and SFSA grant monies due from the Township of Edgewater Park. All receivables are considered collectible in full due to the stable condition of the Township and the budgetary control of New Jersey governmental entities. Accounts receivable in the Fire District’s governmental activities as of December 31, 2020, consisted of the following:

Tax Levy Receivable	\$ 107,712
SFSA Grant Receivable	<u>3,010</u>
	<u>\$ 110,722</u>

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**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**For the year ended December 31,2020**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Revenues:				
Miscellaneous anticipated revenue:				
Investment income	\$ 50	\$ 50	\$ 777	\$ 727
Total miscellaneous revenues	<u>50</u>	<u>50</u>	<u>777</u>	<u>727</u>
Operating grant revenues:				
Supplemental fire service act	<u>3,010</u>	<u>3,010</u>	<u>3,010</u>	<u>-</u>
Total operating grant revenue	<u>3,010</u>	<u>3,010</u>	<u>3,010</u>	<u>-</u>
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act revenues:				
Annual Registration Fees	19,100	19,100	19,100	-
Other revenues	<u>20,500</u>	<u>20,500</u>	<u>20,974</u>	<u>474</u>
Total uniform fire safety act revenues	<u>39,600</u>	<u>39,600</u>	<u>40,074</u>	<u>474</u>
Total miscellaneous revenues offset with appropriations	<u>39,600</u>	<u>39,600</u>	<u>40,074</u>	<u>474</u>
Total revenues	<u>42,660</u>	<u>42,660</u>	<u>43,861</u>	<u>1,201</u>
Amount raised by taxation to support district budget	<u>430,848</u>	<u>430,848</u>	<u>430,848</u>	<u>-</u>
Total anticipated revenues	<u>473,508</u>	<u>473,508</u>	<u>474,709</u>	<u>1,201</u>

**TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1**  
**Budgetary Comparison Schedule**  
**For the year ended December 31,2020**

	<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance</u>
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	12,000	12,000	13,000	(1,000)
Fringe benefits	3,200	3,200	1,068	2,132
Other expenditures:				
Professional fees	20,000	20,000	8,098	11,902
Elections	1,800	1,800	594	1,206
Office Expenses	4,066	4,066	89	3,977
	<u>41,066</u>	<u>41,066</u>	<u>22,849</u>	<u>18,217</u>
Total administration				
Cost of operations and maintenance:				
Miscellaneous Expenses	17,000	17,000	17,000	-
Other expenditures:				
Rental charges	86,000	86,000	69,290	16,710
Outside services	289,842	289,842	289,842	-
	<u>392,842</u>	<u>392,842</u>	<u>376,132</u>	<u>16,710</u>
Total cost of operations and maintenance				
Operating appropriations offset with revenues:				
Salaries and wages	29,400	29,400	31,735	(2,335)
Fringe benefits	3,200	3,200	2,593	607
Telephone	1,400	1,450	670	780
Vehicle Insurance & Expense	2,100	2,050	1,577	473
Miscellaneous Expenses	10,500	10,500	5,742	4,758
Contingent Expenses	4,000	4,000	-	4,000
	<u>50,600</u>	<u>50,600</u>	<u>42,317</u>	<u>8,283</u>
Total operating appropriations offset with revenues				
Total operating appropriations	<u>484,508</u>	<u>484,508</u>	<u>441,298</u>	<u>43,210</u>
Excess (efficiency) of revenues over (under) expenditures	(11,000)	(11,000)	33,411	44,411
Fund balance, January 1	<u>269,854</u>	<u>269,854</u>	<u>269,854</u>	<u>-</u>
Fund balance, December 31	<u>\$ 258,854</u>	<u>\$ 258,854</u>	<u>\$ 303,265</u>	<u>\$ 44,411</u>

**Township of Edgewater Park Fire District No. 1  
Statistical Information  
December 31, 2020**

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 nine years.

Year	Assessed Valuation	Total Tax Levy	Property Tax Levy
2020	\$ 578,178,260	\$ 430,848	0.075
2019	595,000,500	422,400	0.071
2018	591,432,600	414,400	0.069
2017	589,784,500	406,000	0.069
2016	595,543,800	398,062	0.067
2015	604,096,000	390,257	0.065
2014	608,503,020	382,607	0.063
2013	612,504,100	328,882	0.054
2012	617,316,981	322,434	0.053
2011	* 622,157,736	316,098	0.051

\* Reassessment

Debt Service

The District has no debt issued or authorized at December 31, 2020.

Unrestricted Fund Balance

General Fund:

Fiscal Year Ended	End of Fiscal Year	Utilization In Subsequent Budget
2020	\$ 303,265	\$ 14,500
2019	269,854	11,500
2018	211,100	1,000
2017	159,919	4,000
2016	123,980	4,000
2015	64,333	7,000
2014	74,690	14,000
2013	32,962	14,000
2012	57,181	51,141
2011	108,698	71,656

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Certified Public Accountants & Advisors

Board of Fire Commissioners  
Township of Edgewater Park Fire District No.1  
County of Burlington  
Edgewater Park, New Jersey

We have audited the basic financial statements of the Township of Edgewater Park Fire District No.1, County of Burlington, State of New Jersey for the year ended December 31, 2020. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

### GENERAL COMMENTS

#### **Contracts and Agreements Required to be Advertised by (N.J.S.A.40A:11-4)**

*N.J.S.A.40A:11-4* - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement.

It is pointed out that the Board of Fire Commissioners has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

#### **Contracts and Agreements Requiring Solicitation of Quotations**

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

#### **Examination of Bills**

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

618 Stokes Road, Medford, NJ 08055

**P:** 609.953.0612 • **F:** 609.257.0008

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**Examination of Cash Receipts**

A test check of cash receipts was performed.

**Prior Year Findings**

There were no prior year findings.

**Acknowledgment**

We received the complete cooperation of all the staff of the District and we greatly appreciate the courtesies extended to the members of the audit team.

During our audit, we did not note any problems or weaknesses significant enough that would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions, please contact us.

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants and Advisors*

Medford, New Jersey  
April 14, 2020