

BOARD OF FIRE COMMISSIONERS
TOWNSHIP OF EDGEWATER PARK
FIRE DISTRICT NO. 1

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2012

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

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INTRODUCTORY SECTION

BOARD OF FIRE COMMISSIONERS

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1

ROSTER OF OFFICIALS

DECEMBER 31, 2012

BOARD OF COMMISSIONERS

John Loftus	Chairman
Calvin Stevenson	Secretary
Dennis Robbins	Treasurer
Walter Pozniewski	Commissioner
Jill Reuter	Commissioner

OTHER OFFICIALS

Robert Simcox	Salary Clerk/Accountant
John Augustino	Fire Official

FINANCIAL SECTION

JOHN J. MALEY, JR.

Certified Public Accountant

Registered Municipal Accountant

P.O. Box 614

BORDENTOWN, NEW JERSEY 08505

PHONE: (609) 298-8639

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MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners:
Township of Edgewater Park Fire District No. 1
400 Delanco Road
Edgewater Park, NJ 08010

Report on the Financial Statements

I have audited the accompanying financial statement of the governmental activities and the general fund of Edgewater Park Fire District No. 1, County of Burlington, State of New Jersey, as of December 31, 2012 and 2011, 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 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 requirements as prescribed by the Local Finance Board, Department of Community Affairs, State of New Jersey. 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 mis-statement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 requirements as prescribed by the Local Finance Board, 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Edgewater Park Fire District No. 1 as of December 31, 2012 and 2011, and the respective changes in financial position, the results of its operations for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

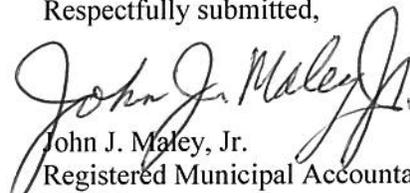
Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued a report dated June 19, 2013 on my consideration of the Edgewater Park Fire District No. 1's internal control structure over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering The District's internal control over financial reporting and compliance.

Respectfully submitted,


John J. Maley, Jr.
Registered Municipal Accountant
Certified Public Accountant

JOHN J. MALEY, JR.

Certified Public Accountant

Registered Municipal Accountant
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BORDENTOWN, NEW JERSEY 08505

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MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLAINTS 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
400 Delanco Road
Edgewater Park, NJ 08010

I have audited in accordance with auditing standards generally accepted in the United States of America; 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 Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and the general fund of Edgewater Park Fire District No. 1, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2012, and related notes to the financial statements, which collectively comprise the Edgewater Park Fire District No. 1's financial statements, and have issued my report thereon dated June 19, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the 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 an opinion on the effectiveness of the Edgewater Park Fire District No. 1's internal control. Accordingly, I do not express an opinion on the effectiveness of the 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 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.

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

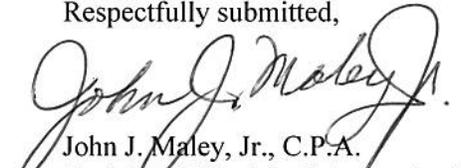
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edgewater Park Fire District No. 1's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests did not disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,



John J. Maley, Jr., C.P.A.
Registered Municipal Accountant
Certified Public Accountant

June 19, 2013

REQUIRED SUPPLEMENTARY INFORMATION:
PART I

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, 2012. 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 \$105,663 and total liabilities were \$15,817 resulting in net position of \$89,846 at December 31, 2012.

The Fire district's unrestricted net position was \$57,181 for the year ended December 31, 2012.

Operating revenue was \$360,019 for the year ended December 31, 2012.

Operating expenses were \$406,737 for the year ended December 31, 2012. The single largest expense was the Beverly City Fire District interlocal services contract amounting to \$270,333. The interlocal services agreement with the Beverly City Fire District to provide fire protection services obligates Edgewater Park Fire District to payments in 2013, 2014, and 2015 amounting to \$273,036, \$275,767 and \$278,524 respectively.

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, 2012 and 2011:

Table 1

Condensed Summary of Net Position

Years Ended December 31,	<u>2012</u>	<u>2011</u>	<u>Increase / (Decrease)</u>
Assets:			
Current Assets	97,578	139,625	(42,047)
Capital Assets (Net of Depreciation)	<u>8,085</u>	<u>12,303</u>	<u>(4,218)</u>
Total Assets	<u><u>105,663</u></u>	<u><u>151,928</u></u>	<u><u>(46,265)</u></u>
Liabilities:			
Current Liabilities	15,817	15,363	454
Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u><u>15,817</u></u>	<u><u>15,363</u></u>	<u><u>454</u></u>
Net Position			
Invested in Capital Assets	8,085	12,303	(4,218)
Restricted - Appropriation Reserves	24,580	15,564	9,016
Unrestricted	<u>57,181</u>	<u>108,698</u>	<u>(51,517)</u>
Total Net Position	<u><u>89,846</u></u>	<u><u>136,565</u></u>	<u><u>(46,719)</u></u>

Net Position decreased by \$46,719 compared to the prior year.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1

MANAGEMENTS DISCUSSION AND ANALYSIS

Operating Activities

Table 2 summarizes the changes in revenues, expenses and net position between fiscal years December 31, 2012 and 2011.

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Position

Years Ended December 31,	<u>2012</u>	<u>2011</u>	<u>Increase / (Decrease)</u>
<u>Revenues</u>			
Operating Revenues:			
District Taxes	322,434	316,098	6,336
Supplemental Fire Services	3,010	3,010	-
Other	<u>34,575</u>	<u>37,889</u>	<u>(3,314)</u>
Total Revenues	<u>360,019</u>	<u>356,997</u>	<u>3,022</u>
<u>Expenses</u>			
Operating Expenses:			
Salaries & Wages	9,800	9,800	-
Other Expenses	355,350	340,651	14,699
Uniform Fire Safety Act			
Salaries & Wages	28,050	26,250	1,800
Other Expenses	9,320	10,835	(1,515)
Depreciation Expense	<u>4,218</u>	<u>4,218</u>	<u>-</u>
Total Expenses	<u>406,738</u>	<u>391,754</u>	<u>14,984</u>
Change in Net Position	(46,719)	(34,757)	(11,962)
Total Net Position, Beginning of Year	<u>136,565</u>	<u>171,322</u>	<u>(34,757)</u>
Total Net Position, End of Year	<u><u>89,846</u></u>	<u><u>136,565</u></u>	<u><u>(46,719)</u></u>

The summary of revenues, expenses, and changes in net position provides information as to the nature and source of changes in financial position.

The items, which were responsible for changes in net position for the year, ended December 31, 2012 included:

Beverly contract charges increased by \$10,397(3.9%) when compared to the year ended December 31, 2011.

Hydrant rentals remained relatively flat when compared to the year ended December 31, 2011.

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, 2012 and 2011.

Table 3

Capital Assets - Net of Depreciation

Years Ended December 31,	<u>2012</u>	<u>2011</u>	<u>Increase / (Decrease)</u>
Vehicles	17,900	17,900	-
Equipment	<u>14,894</u>	<u>14,894</u>	<u>-</u>
Total Capital Assets	32,794	32,794	-
Less: Accumulated Depreciation	<u>24,709</u>	<u>20,491</u>	<u>4,218</u>
Total Capital Assets: Net of Depreciation	<u><u>8,085</u></u>	<u><u>12,303</u></u>	<u><u>(4,218)</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 \$412,833 operating budget for 2013, a decrease of \$14,267 when compared to 2012. The Tax Levy increased \$6,448 when compared to 2012.

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 Township Clerk by telephone at (609) 877-2050

BASIC FINANCIAL STATEMENTS

**Township of Edgewater Park Fire District No. 1
Governmental Fund Balance/Statement of Net Position
For the Year Ended December 31, 2012**

	<u>General Fund</u>	<u>Total Governmental Funds</u>	<u>Adjustments (Below)</u>	<u>Statement of Net Position</u>
ASSETS				
Cash and Cash Equivalents	\$ 97,578.30	\$ 97,578.30	\$ -	\$ 97,578.30
Fixed Assets Net of Depreciation		-	8,085.00	8,085.00
Total assets	<u>97,578.30</u>	<u>97,578.30</u>	<u>8,085.00</u>	<u>105,663.30</u>
LIABILITIES				
Accounts Payable	11,035.84	11,035.84	-	11,035.84
Salaries Payable	2,045.84	2,045.84	-	2,045.84
Due Beverly City Fire Companies	125.00	125.00	-	125.00
Reserve for Unemployment Claims	1,698.67	1,698.67	-	1,698.67
Payroll Liabilities	911.62	911.62	-	911.62
Total Liabilities	<u>15,816.97</u>	<u>15,816.97</u>	<u>-</u>	<u>15,816.97</u>
FUND BALANCES				
Restricted:				
For Appropriation Reserves	24,580.67	24,580.67	(24,580.67)	-
Assigned:				-
Designated for Subsequent Year Expenditures	51,141.00	51,141.00	(51,141.00)	-
Unassigned:				
General Fund	6,039.66	6,039.66	(6,039.66)	-
Total Fund Balances	<u>81,761.33</u>	<u>81,761.33</u>	<u>(81,761.33)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 97,578.30</u>			
NET POSITION				
Net Investment in capital assets			8,085.00	8,085.00
Restricted - Appropriation Reserves			24,580.67	24,580.67
Unrestricted			57,180.66	57,180.66
Total Net Position			<u>\$ 89,846.33</u>	<u>\$ 89,846.33</u>

ADJUSTMENTS

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

Fund Balance (Above) 81,761.33

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$ 32,794.00 and the accumulated depreciation is \$24,709.00. (See Note 3) 8,085.00

Net position of governmental activities \$ 89,846.33

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

Township of Edgewater Park Fire District No. 1
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/Statement of Activities
For the Year Ended December 31, 2012

	<u>General Fund</u>	<u>Total Governmental Funds</u>	<u>Adjustments (Below)</u>	<u>Statement of Activities</u>
REVENUES				
Local Sources:				
District Taxes	\$ 322,434.00	\$ 322,434.00	\$ -	\$ 322,434.00
State Sources:				
Supplemental Fire Services	3,010.00	3,010.00	-	3,010.00
Miscellaneous Revenues:				
Interest on Deposits and Investments	511.27	511.27	-	511.27
Miscellaneous Revenue Not Anticipated	1,292.73	1,292.73	-	1,292.73
Uniform Fire Safety Act	32,770.85	32,770.85	-	32,770.85
Total Revenues	<u>360,018.85</u>	<u>360,018.85</u>	<u>-</u>	<u>360,018.85</u>
EXPENDITURES/EXPENSES				
Operating and Maintenance				
Salaries and Wages	9,800.00	9,800.00	-	9,800.00
Other Expenses	355,348.98	355,348.98	-	355,348.98
Uniform Fire Safety Act				
Salaries and Wages	28,050.08	28,050.08	-	28,050.08
Other Expenses	9,320.27	9,320.27	-	9,320.27
Depreciation Expense	-	-	4,218.00	4,218.00
Total Expenditures	<u>402,519.33</u>	<u>402,519.33</u>	<u>4,218.00</u>	<u>406,737.33</u>
Excess (Deficiency) of Revenues over Expenditures	(42,500.48)	(42,500.48)	42,500.48	-
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Excess (Deficiency) of revenues and transfers in over expenditures and transfers (out)	(42,500.48)	(42,500.48)	42,500.48	-
Change in net position	-	-	(46,718.48)	(46,718.48)
Fund Balances/Net Position				
Beginning of the Year	124,261.81	124,261.81	-	136,564.81
End of the Year	<u>\$ 81,761.33</u>	<u>\$ 81,761.33</u>	<u>\$ -</u>	<u>\$ 89,846.33</u>

ADJUSTMENTS

Total net change in fund balance - governmental funds (Above) (42,500.48)

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.

Depreciation Expense	(4,218.00)
Capital Outlays	<u>-</u>

Change in net position of governmental activities \$ (46,718.48)

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

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

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.

In June 1999, the GASB unanimously approved Statement No. 34, Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the statement include the following provisions:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations. The District has not included this section.
- Financial statements prepared using full accrual accounting for all of the District’s activities, including infrastructure.
- A change in the fund financial statements to focus on the major funds.

A. Reporting Entity

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. 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 authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds and account groups of the District over which the Board of Fire Commissioners exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements – Statement of Net Position and Statement of Activities

The District's basic financial statements include columns to report government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds) in lieu of separate financial statements.

In the combined Governmental Funds/Statement of Net Position and the combined Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances/Statement of Activities, the Statement of Net Position and the Statement of Activities columns, are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

C. Measurement Focus and Financial Statement Presentation

The basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and are reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

In the combined financial statements, the Statement of Net Position column and of the Statement of Activities columns, financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund. 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. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on long-term debt which are recorded when due.

Property Taxes:

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to the district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Inventories and Prepaid Expenses

The cost of inventory items and prepaid expenses are recorded as expenditures in the governmental fund types. In the enterprise fund, inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

E. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental columns in the financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000. Donated capital assets are valued at their estimated fair market value on the date received.

Capital assets are reflected as expenditures in the governmental fund. Capital outlays, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Depreciation of all assets is provided using the straight-line basis over the following estimated useful lives:

Fire Vehicles	20 years
Machinery and Equipment	5 years

F. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond insurance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing issues. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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. Assets restricted for capital projects include unexpended bond proceeds reduced by an equal amount of debt outstanding. 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.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

The term “enabling legislation” means legislation that authorizes a government to assess, levy, charge, or otherwise mandate payment of resources from external resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes defined in the legislation. Legal enforceability means that the government can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Appropriation reserves represent unexpended balances of appropriations, except for amounts, which may be canceled by the governing body. Appropriation reserves are restricted, until lapsed at the close of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding fiscal year. In the statement of net position, appropriation reserves are legally imposed restrictions.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Board of Fire Commissioners. Those committed amounts cannot be used for any other purpose unless Board of Fire Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Fire Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Fire Commissioners or a District official delegated that authority by resolution or policy of the Board.

I. Budgets/Budgetary Control

Annual appropriated budgets are prepared each year. The budgets are submitted to the Division of Local Government Services and are voted upon at the annual election on the third Saturday in February. Budgets are prepared in accordance with statute, which does not differ significantly from budgets prepared in accordance with GAAP. Limited budget amendments may be made during the last two months of the year with Board approval.

J. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

The encumbered appropriation authority carries over into the next fiscal year as appropriation reserves. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes amounts on deposit, certificates of deposit and short term investments with original maturities of three months or less.

Investments are stated at fair value.

New Jersey municipal units 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 and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

The District deposits its funds in public depositories protected from loss under the provisions 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 New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any government unit. Public depositories include Savings and Loan Institutions, banks (both State and National Banks) and savings banks where deposits of which are federally insured. All public depositories must pledge collateral, having a market value of 5% 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 government units.

As of December 31, 2012, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Time Deposits	39,256	-	39,256
Demand Deposits	<u>58,322</u>	<u>-</u>	<u>58,322</u>
	<u>97,578</u>	<u>-</u>	<u>97,578</u>

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk. The carrying amount of the District's deposits with financial institutions at December 31, 2012 was \$97,578 and the bank balance was \$99,295. The demand deposit bank balance of \$60,040 was fully covered by federal depository insurance and GUDPA. Other than the above interest bearing accounts, there was no investment activity during the year.

Interest Rate Risk, Credit Risk and Concentrations of Credit Risk – The District does not have a formal investment policy addressing categories of risk.

Note 3: CAPITAL ASSETS

The following is a summarization of the changes in capital assets by source for the year ended December 31, 2012:

	Primary Government			
	Balance 12/31/2011	Additions	Disposals	Balance 12/31/2012
Vehicles	17,900	-	-	17,900
Equipment	14,894	-	-	14,894
Total Capital Assets	32,794	-	-	32,794
Less accumulated depreciation for:				
Vehicles	(7,458)	(3,580)	-	(11,038)
Equipment	(13,033)	(638)	-	(13,671)
Total Accumulated	(20,491)	(4,218)	-	(24,709)
Capital assets, net	12,303	(4,218)	-	8,085

Note 4: FUND BALANCE UNRESERVED

The fund balance unrestricted at December 31, 2012 totaled \$57,181, of which \$51,141 is assigned and included as anticipated revenue in the 2012 budget.

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.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

Note 5: RISK MANAGEMENT (Continued)

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 trust fund for the current year and prior two years:

Fiscal Year	District Contributions	Employee Withholdings	Amount Reimbursed	Reserve Balance
2012	\$ -	\$ 113.22	\$ -	\$ 1,698.67
2011	\$ -	\$ -	\$ -	\$ 1,585.45
2010	\$ -	\$ -	\$ -	\$ 1,585.45

Note 6: COMMITMENTS

Edgewater Park Fire District No.1 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 three years from January 1, 2013 through December 31, 2015. The agreed amounts are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 273,036
2014	\$ 275,767
2015	\$ 278,524

REQUIRED SUPPLEMENTARY INFORMATION:
PART II

Township of Edgewater Park Fire District No. 1
Statement of Revenues and Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2011 and December 31, 2010
Statutory Basis

	2012			2011		
	Amended Budget	Actual	Variance Favorable/ (Unfavorable)	Amended Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Fund Balance	\$ 56,656.00	\$ 56,656.00	\$ -	\$ 44,392.00	\$ 44,392.00	\$ -
Local Sources:						
District Taxes	322,434.00	322,434.00	-	316,098.00	316,098.00	-
Interest on Deposits & Investments	400.00	511.27	111.27	1,010.00	1,216.00	206.00
MRNA	-	1,292.73	1,292.73	-	-	-
State Sources:						
Supplemental Fire Services Program	3,010.00	3,010.00	-	-	3,010.00	3,010.00
Uniform Fire Safety Act						
Reserves	15,000.00	15,000.00	-	13,000.00	13,000.00	-
Resgistration & Inspection Fees	15,000.00	32,645.85	17,645.85	14,000.00	36,619.00	22,619.00
Fines and Penalties	14,600.00	125.00	(14,475.00)	14,600.00	53.00	(14,547.00)
Total Revenues	\$ 427,100.00	\$ 431,674.85	\$ 4,574.85	\$ 403,100.00	\$ 414,389.00	\$ 11,288.00
Expenditures:						
Administration						
Salaries and Wages:						
Clerk/Accountant	9,800.00	9,800.00	-	9,800.00	9,800.00	-
Total Administration - Salaries & Wages	9,800.00	9,800.00	-	9,800.00	9,800.00	-
Other Expenses:						
Employee Benefits	1,467.00	1,005.71	461.29	2,164.00	2,064.00	100.00
Elections	900.00	765.00	135.00	900.00	584.00	316.00
Office Expenses	1,000.00	887.58	112.42	1,600.00	284.00	1,316.00
Professional Services	17,500.00	14,870.00	2,630.00	15,500.00	11,078.00	4,422.00
Total Administration - Other Expenses	20,867.00	17,528.29	3,338.71	20,164.00	14,010.00	6,154.00
Cost of Operations						
Other Operating Expenses:						
Advertising, Dues, & Subscriptions	2,000.00	752.52	1,247.48	1,900.00	488.00	1,412.00
Beverly Contract	270,333.00	270,333.00	-	259,936.00	259,936.00	-
Insurance	4,500.00	2,513.13	1,986.87	3,500.00	2,498.00	1,002.00
Rental Charges - Hydrant	68,000.00	64,142.04	3,857.96	65,000.00	63,719.00	1,281.00
Training and Education	7,000.00	800.00	6,200.00	1,200.00	-	1,200.00
SFSP Grant	-	-	-	-	-	-
Total Cost of Operations - Other Expenses	351,833.00	337,820.69	14,012.31	331,536.00	326,641.00	4,895.00
Uniform Fire Safety Act						
Salaries	28,300.00	28,050.08	249.92	26,500.00	26,250.00	250.00
Employee Benefits	4,200.00	2,967.48	1,232.52	4,100.00	3,978.00	122.00
Other Expenses	12,100.00	6,352.79	5,747.21	11,000.00	6,857.00	4,143.00
Total Uniform Fire Safety Act	44,600.00	37,370.35	7,229.65	41,600.00	37,085.00	4,515.00
Total Expenditures	\$ 427,100.00	\$ 402,519.33	\$ 24,580.67	\$ 403,100.00	\$ 387,536.00	\$ 15,564.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 29,155.52	\$ 29,155.52	\$ -	\$ 26,853.00	\$ 26,852.00
Reconciliation to GAAP Basis:						
Excess from above		\$ 29,155.52			\$ 26,853.00	
Less: Fund Balance Appropriated		(71,656.00)			(57,392.00)	
Excess of Revenues Over (Under) Expenditures , Exhibit A-2 (GAAP)		\$ (42,500.48)			\$ (30,539.00)	

**Township of Edgewater Park Fire District No. 1
Statement of 2011 Appropriation Reserves
For the Year Ended December 31, 2012**

	Encumbered	Reserved	Totals
Balance - December 31, 2011	\$ -	\$ 15,564.00	\$ 15,564.00
Decreased by:			
Paid in 2012	-	-	-
Lapsed and transfered to Unreserved Fund Balance	-	15,564.00	15,564.00
Balance - December 31, 2012	\$ -	\$ -	\$ -

OTHER SUPPLEMENTARY INFORMATION

Township of Edgewater Park Fire District No.1
General Fund
Comparative Balance Sheet
As of December 31, 2012

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 97,578.30	\$ 139,625.00
	<u>97,578.30</u>	<u>139,625.00</u>
Total Assets	<u><u>97,578.30</u></u>	<u><u>139,625.00</u></u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	11,035.84	10,620.00
Salaries Payable	2,045.84	1,921.00
Reserve for State Unemployment	1,698.67	1,585.00
Payroll Liabilities	911.62	1,237.00
	<u>15,691.97</u>	<u>15,363.00</u>
Total Liabilities	<u>15,691.97</u>	<u>15,363.00</u>
Fund Balance:		
Restricted:		
For Appropriation Reserves	24,580.67	15,564.00
Assigned:		
Designated for Subsequent Year Expenditures	51,141.00	71,656.00
Unassigned:		
Undesignated	6,039.66	37,042.00
	<u>81,761.33</u>	<u>124,262.00</u>
Total Fund Balance	<u>81,761.33</u>	<u>124,262.00</u>
Total Liabilities and Fund Balance	<u><u>\$ 97,453.30</u></u>	<u><u>\$ 139,625.00</u></u>

Township of Edgewater Park Fire District No. 1
General Fund
Comparative Statement of Revenues, Expenditures, and
Changes in Fund Balance
As of December 31, 2012

	<u>2012</u>	<u>2011</u>
<u>REVENUES:</u>		
Local Sources:		
District Taxes	\$ 322,434.00	\$ 316,098.00
State Sources:		
Supplemental Fire Services Program	3,010.00	3,010.00
Miscellaneous Revenues:		
Interest on Deposits & Investments	511.27	1,216.00
Miscellaneous Revenue Not Anticipated	1,292.73	-
Uniform Fires Safety Act	<u>32,770.85</u>	<u>36,673.00</u>
 Total Revenues	 <u>360,018.85</u>	 <u>356,998.00</u>
 <u>EXPENDITURES:</u>		
Operating Appropriations		
Salaries & Wages	9,800.00	9,800.00
Other Expenses	355,348.98	340,651.00
Uniform Fire Safety Act		
Salaries & Wages	28,050.08	26,250.00
Other Expenses	<u>9,320.27</u>	<u>10,835.00</u>
 Total Expenditures	 <u>402,519.33</u>	 <u>387,536.00</u>
 Excess Expenditures over Revenues	 <u>(42,500.48)</u>	 <u>(30,537.00)</u>
 Fund Balance, January 1	 <u>124,261.81</u>	 <u>154,801.00</u>
 Fund Balance, December 31	 <u>\$ 81,761.33</u>	 <u>\$ 124,264.00</u>

STATISTICAL SECTION

**Board of Fire Commissioners
Township of Edgewater Park Fire District No. 1
Statistical Information
December 31, 2012**

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
2012	\$ 617,316,981.00 *	\$ 322,434.00	0.053
2011	622,157,736.00	316,098.00	0.051
2010	307,677,410.00	309,900.00	0.101
2009	310,325,085.00	309,900.00	0.100
2008	311,134,167.00	309,900.00	0.100
2007	310,588,619.00	309,900.00	0.100
2006	310,109,261.00	306,800.00	0.099
2005	311,021,411.00	301,050.00	0.097
2004	311,115,510.00	294,220.00	0.095
2003	297,095,888.00	259,570.00	0.099
2002	292,078,255.00	259,470.00	0.089
	* Reassessment		

Debt Service

The District has no debt issued or authorized at December 31, 2011.

Unrestricted Fund Balance

General Fund:

Fiscal Year Ended	End of Fiscal Year	Utilization In Subsequent Budget
2012	\$ 57,181	51,141
2011	108,698	71,656
2010	138,715	57,392
2009	178,198	53,213
2008	137,903	44,400
2007	137,821	30,000
2006	145,282	20,750
2005	108,685	6,500
2004	108,950	1,000
2003	69,039	500
2002	66,351	7,800

OTHER

EDGEWATER PARK FIRE DISTRICT NO. 1

FINDINGS AND RESPONSES

DECEMBER 31, 2012

I have audited the financial statements of the Edgewater Park Fire District No. 1 as of and for the year ended December 31, 2012. In accordance with the requirements of *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; I present for your review and consideration the following findings of significant deficiencies, material weaknesses and instances of noncompliance related to the financial statements.

Current Year Findings

There are no current year findings.

Summary of Prior of Year Findings/Recommendations

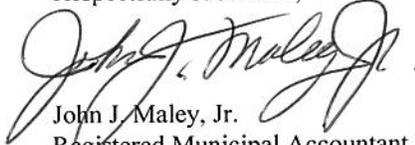
A corrective action plan was adopted and the plan was effectively implemented.

Acknowledgment

I desire to express my appreciation of the assistance and courtesies rendered by the District officials and employees during the course of the audit.

Should you have any questions concerning my comments or recommendations, or should you desire any assistance in implementing my recommendations, please call me.

Respectfully submitted,



John J. Maley, Jr.
Registered Municipal Accountant No.218
Certified Public Accountant

June 19, 2013