

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

**REPORT OF AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2011

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**INTRODUCTORY SECTION**

BOARD OF FIRE COMMISSIONERS

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1

ROSTER OF OFFICIALS

DECEMBER 31, 2011

BOARD OF COMMISSIONERS

John Loftus	Chairman
Calvin Stevenson	Secretary
Michael Johnson	Treasurer
Walter Pozniewski	Commissioner
Dennis Robbins	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

FAX: (609) 298-1198

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

I have audited the accompanying financial statements of the governmental activities and each governmental fund of the Township of Edgewater Park Fire District No. 1, County of Burlington, State of New Jersey, as of and for the fiscal year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express opinions on these financial statements on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with audit requirements 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

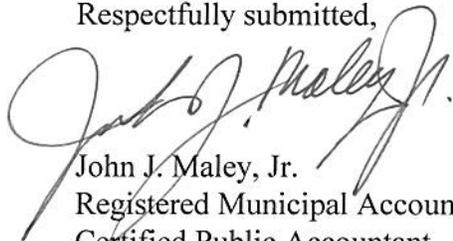
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each governmental fund of the Edgewater Park Fire District No. 1 as of December 31, 2011 and the respective changes in the financial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

In accordance with *Government Auditing Standards*, I have also issued a report dated May 23, 2012 on my consideration of the Edgewater Park Fire District No. 1's internal control over financial reporting and my tests of it's 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* and should be read in conjunction with this report in considering the results of my audit.

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis section 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 supplemental 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 me with sufficient evidence to express an opinion or provide any assurance.

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Edgewater Park Fire District No. 1's financial statements. The supplemental schedules of the individual funds listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In my opinion the supplemental schedules and individual funds listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

Respectfully submitted,



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

May 23, 2012

**JOHN J. MALEY, JR.**

*Certified Public Accountant*

Registered Municipal Accountant

P.O. Box 614

BORDENTOWN, NEW JERSEY 08505

PHONE: (609) 298-8639

FAX: (609) 298-1198

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

**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  
400 Delanco Road  
Edgewater Park, NJ 08010

I have audited the basic financial statements of the Edgewater Park Fire District No. 1, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2011, and have issued my report thereon dated May 23, 2012. I conducted my audit 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.

Internal Control Over Financial Reporting

Management of Edgewater Park Fire District No. 1 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the Edgewater Park Fire District No. 1's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Edgewater Park Fire District No. 1's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Edgewater Park Fire District No. 1's internal control over financial reporting.

*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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified two deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that I consider to be a significant deficiency in internal control over financial reporting.

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. I consider the deficiencies described in the accompanying schedule of findings and responses identified as 2011-01 and 2011-02 to be significant deficiencies.

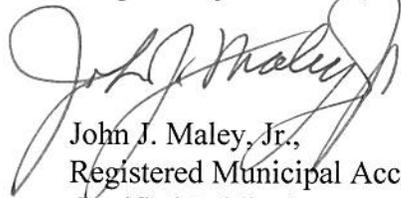
Compliance and Other Matters

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 disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2011-02.

The Edgewater Park Fire District No. 1's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. I did not audit the Edgewater Park Fire District No. 1's response and, accordingly, I express no opinion on them.

This report is intended solely for the information of the management of the Edgewater Park Fire District No. 1, the New Jersey State Department of Community Affairs, Division of Local Government Services and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



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

May 23, 2012

## 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, 2011. 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 \$151,928 and total liabilities were \$15,363 resulting in net assets of \$136,565 at December 31, 2011.

The Fire district's unrestricted net assets were \$108,698 for the year ended December 31, 2010.

Operating revenue was \$356,997 for the year ended December 31, 2011.

Operating expenses were \$391,754 for the year ended December 31, 2011. The single largest expense was the Beverly Contract amount to \$259,936. The interlocal services agreement with the Beverly Fire District to provide fire protection services obligates Edgewater Park to payments in 2010, 2011, and 2012 amounting to \$249,938, \$259,936 and \$270,333 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 Assets includes a column to report governmental funds, a conversion column and a column to report Net Assets.

The combined financial statement, Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Net Assets 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 Assets – Table 1 summarizes the changes in net assets between December 31, 2011 and 2010:

Table 1

Condensed Summary of Net Assets

Years Ended December 31,	<u>2011</u>	<u>2010</u>	Increase / (Decrease)
Assets:			
Current Assets	139,625	170,046	(30,421)
Capital Assets (Net of Depreciation)	<u>12,303</u>	<u>16,521</u>	<u>(4,218)</u>
Total Assets	<u><u>151,928</u></u>	<u><u>186,567</u></u>	<u><u>(34,639)</u></u>
Liabilities:			
Current Liabilities	15,363	15,245	118
Non-Current Liabilities	-	-	-
Total Liabilities	<u><u>15,363</u></u>	<u><u>15,245</u></u>	<u><u>118</u></u>
Net Assets			
Invested in Capital Assets	12,303	16,521	(4,218)
Restricted - Appropriation Reserves	15,564	16,086	(522)
Unrestricted	<u>108,698</u>	<u>138,715</u>	<u>(30,017)</u>
Total Net Assets	<u><u>136,565</u></u>	<u><u>171,322</u></u>	<u><u>(34,757)</u></u>

Net assets decreased by \$34,757 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 assets between fiscal years December 31, 2011 and 2010.

Table 2

Condensed Summary of Revenues, Expenses and Changes in Net Assets

Years Ended December 31,	<u>2011</u>	<u>2010</u>	<u>Increase / (Decrease)</u>
<u>Revenues</u>			
Operating Revenues:			
District Taxes	316,098	309,900	6,198
Supplemental Fire Services	3,010	3,010	-
Other	<u>37,889</u>	<u>33,538</u>	<u>4,351</u>
Total Revenues	<u>356,997</u>	<u>346,449</u>	<u>10,548</u>
<u>Expenses</u>			
Operating Expenses:			
Salaries & Wages	9,800	9,600	200
Other Expenses	340,651	332,021	8,630
Uniform Fire Safety Act			
Salaries & Wages	26,250	25,700	550
Other Expenses	10,835	10,107	728
Depreciation Expense	<u>4,218</u>	<u>4,218</u>	<u>-</u>
Total Expenses	<u>391,754</u>	<u>381,645</u>	<u>10,109</u>
Change in Net Assets	(34,757)	(35,196)	439
Notal Net Assets, Beginning of Year	<u>171,322</u>	<u>206,518</u>	<u>(35,196)</u>
Total Net Assets, End of Year	<u><u>136,565</u></u>	<u><u>171,322</u></u>	<u><u>(34,757)</u></u>

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

The items, which were responsible for changes in net assets for the year, ended December 31, 2011 included:

Beverly contract charges increased by \$9,998(4.0%) when compared to the year ended December 31, 2010.

Hydrant rentals increased by \$2,864 (4.7%) when compared to the year ended December 31, 2010.

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, 2011 and 2010.

Table 3

Capital Assets - Net of Depreciation

Years Ended December 31,	<u>2011</u>	<u>2010</u>	<u>Increase / (Decrease)</u>
Vehicles	17,900	17,900	-
Equipment	<u>14,894</u>	<u>14,894</u>	-
Total Capital Assets	32,794	32,794	-
Less: Accumulated Depreciation	<u>20,491</u>	<u>16,273</u>	<u>4,218</u>
Total Capital Assets: Net of Depreciation	<u><u>12,303</u></u>	<u><u>16,521</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 \$427,100 operating budget for 2012, an increase of \$24,000 when compared to 2011. The Tax Levy increased \$6,336 when compared to 2011.

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 Assets  
For the Year Ended December 31, 2011**

	<u>General Fund</u>	<u>Total Governmental Funds</u>	<u>Adjustments (Below)</u>	<u>Statement of Net Assets</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 139,625	\$ 139,625	\$ -	\$ 139,625
Fixed Assets Net of Depreciation		-	12,303	12,303
Total assets	<u>139,625</u>	<u>139,625</u>	<u>12,303</u>	<u>151,928</u>
<b>LIABILITIES</b>				
Accounts Payable	10,620	10,620	-	10,620
Salaries Payable	1,921	1,921	-	1,921
Reserve for Unemployment Claims	1,585	1,585	-	1,585
Payroll Liabilities	1,237	1,237	-	1,237
Total Liabilities	<u>15,363</u>	<u>15,363</u>	<u>-</u>	<u>15,363</u>
<b>FUND BALANCES</b>				
Restricted:				
For Appropriation Reserves	15,564	15,564	(15,564)	-
Assigned:				
Designated for Subsequent Year Expenditures	71,656	71,656	(71,656)	-
Unassigned	37,042	37,042	(37,042)	-
Total Fund Balances	<u>124,262</u>	<u>124,262</u>	<u>(124,262)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 139,625</u>			
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt			12,303	12,303
Restricted - Appropriation Reserves			15,564	15,564
Unrestricted			108,698	108,698
Total Net Assets			<u>\$ 136,565</u>	<u>\$ 136,565</u>

**ADJUSTMENTS**

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

Fund Balance (Above) 124,262

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 and the accumulated depreciation is \$20,491. ( See Note 3 ) 12,303

Net assets of governmental activities \$ 136,565

**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, 2011**

	<u>General Fund</u>	<u>Total Governmental Funds</u>	<u>Adjustments (Below)</u>	<u>Statement of Activities</u>
<b>REVENUES</b>				
Local Sources:				
District Taxes	\$ 316,098	\$ 316,098	-	316,098
State Sources:				
Supplemental Fire Services	3,010	3,010	-	3,010
Miscellaneous Revenues:				
Interest on Deposits and Investments	1,216	1,216	-	1,216
Uniform Fire Safety Act	36,673	36,673	-	36,673
Total Revenues	<u>356,997</u>	<u>356,997</u>	<u>-</u>	<u>356,997</u>
<b>EXPENDITURES/EXPENSES</b>				
Operating and Maintenance				
Salaries and Wages	9,800	9,800	-	9,800
Other Expenses	340,651	340,651	-	340,651
Uniform Fire Safety Act				
Salaries and Wages	26,250	26,250	-	26,250
Other Expenses	10,835	10,835	-	10,835
Depreciation Expense	-	-	4,218	4,218
Total Expenditures	<u>387,536</u>	<u>387,536</u>	<u>4,218</u>	<u>391,754</u>
Excess (Deficiency) of Revenues over Expenditures	(30,539)	(30,539)	30,539	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
Excess (Deficiency) of revenues and transfers in over expenditures and transfers (out)	(30,539)	(30,539)	30,539	-
Change in net assets	-	-	(34,757)	(34,757)
<b>Fund Balances/Net Assets</b>				
Beginning of the Year	154,801	154,801	-	171,322
End of the Year	<u>\$ 124,262</u>	<u>\$ 124,262</u>	<u>\$ -</u>	<u>\$ 136,565</u>

**ADJUSTMENTS**

Total net change in fund balance - governmental funds ( Above ) (30,539)

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)
Capital Outlays	<u>-</u>

Change in net assets of governmental activities \$ (34,757)

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, 2011

**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, 2011

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements – Statement of Net Assets 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 Assets and the combined Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances/Statement of Activities, the Statement of Net Assets 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 assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. 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 Assets 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, 2011

**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 assets. 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, 2011

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Net Assets**

Net assets represent the difference between assets and liabilities. Net asset invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition construction or improvement of those assets. Assets restricted for capital projects include unexpended bond proceeds reduced by an equal amount of debt outstanding. Net asset are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**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 assets, appropriation reserves are legally imposed restrictions.

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**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, 2011

**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, 2011, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Time Deposits	39,009	-	39,009
Demand Deposits	<u>100,617</u>	<u>-</u>	<u>100,617</u>
	<u>139,626</u>	<u>-</u>	<u>139,626</u>

TOWNSHIP OF EDGEWATER PARK FIRE DISTRICT NO. 1  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**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, 2011 was \$139,626 and the bank balance was \$141,574. The demand deposit bank balance of \$100,617 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, 2011:

	<u>Primary Government</u>			<u>Balance</u> <u>12/31/2011</u>
	<u>Balance</u> <u>12/31/2010</u>	<u>Additions</u>	<u>Disposals</u>	
Vehicles	17,900	-	-	17,900
Equipment	14,894	-	-	14,894
<b>Total Capital Assets</b>	<b>32,794</b>	<b>-</b>	<b>-</b>	<b>32,794</b>
Less accumulated depreciation for:				
Vehicles	(3,878)	(3,580)	-	(7,458)
Equipment	(12,395)	(638)	-	(13,033)
<b>Total Accumulated</b>	<b>(16,273)</b>	<b>(4,218)</b>	<b>-</b>	<b>(20,491)</b>
<b>Capital assets, net</b>	<b>16,521</b>	<b>(4,218)</b>	<b>-</b>	<b>12,303</b>

**Note 4: FUND BALANCE UNRESERVED**

The fund balance unrestricted at December 31, 2011 totaled \$108,698, of which \$71,656 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, 2011

**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
2011		\$ -	\$ -	\$ 1,585.45
2010	\$ -	\$ -	\$ -	\$ 1,585.45
2009	\$ 30.00	\$ -	\$ -	\$ 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, 2010 through December 31, 2012. The agreed amounts are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 249,938
2011	\$ 259,936
2012	\$ 270,333

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**REQUIRED SUPPLEMENTARY INFORMATION**

**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**

	2011			2010		
	Amended Budget	Actual	Variance Favorable/ (Unfavorable)	Amended Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Revenues:</b>						
Fund Balance	\$ 44,392	\$ 44,392	\$ -	\$ 34,613	\$ 34,613	\$ -
Local Sources:						
District Taxes	316,098	316,098	-	309,900	309,900	-
Interest on Deposits & Investments	1,010	1,216	206	1,200	1,488	288
Proceeds/Gain on Sale of Vehicle	-	-	-	-	750	750
State Sources:						
Supplemental Fire Services Program	-	3,010	3,010	-	3,010	3,010
Uniform Fire Safety Act						
Reserves	13,000	13,000	-	18,600	18,600	-
Resgistration & Inspection Fees	14,000	36,619	22,619	29,200	30,550	1,350
Fines and Penalties	14,600	54	(14,546)	-	750	750
<b>Total Revenues</b>	<b>\$ 403,100</b>	<b>\$ 414,389</b>	<b>\$ 11,289</b>	<b>\$ 393,513</b>	<b>\$ 399,662</b>	<b>\$ 6,148</b>
<b>Expenditures:</b>						
Administration						
Salaries and Wages:						
Clerk/Accountant	9,800	9,800	-	9,600	9,600	-
<b>Total Administration - Salaries &amp; Wages</b>	<b>9,800</b>	<b>9,800</b>	<b>-</b>	<b>9,600</b>	<b>9,600</b>	<b>-</b>
Other Expenses:						
Employee Benefits	2,164	2,064	100	1,575	372	1,203
Elections	900	584	316	900	872	28
Office Expenses	1,600	284	1,316	1,000	422	578
Professional Services	15,500	11,078	4,422	8,000	6,713	1,287
<b>Total Administration - Other Expenses</b>	<b>20,164</b>	<b>14,009</b>	<b>6,155</b>	<b>11,475</b>	<b>8,379</b>	<b>3,096</b>
Cost of Operations						
Other Operating Expenses:						
Advertising, Dues, & Subscriptions	1,900	488	1,412	1,700	1,190	510
Beverly Contract	259,936	259,936	-	249,938	249,938	-
Insurance	3,500	2,498	1,002	4,000	3,804	196
Rental Charges - Hydrant	65,000	63,719	1,281	61,000	60,855	145
Training and Education	1,200	-	1,200	8,000	4,845	3,155
SFSP Grant	-	-	-	-	3,010	(3,010)
<b>Total Cost of Operations - Other Expenses</b>	<b>331,536</b>	<b>326,642</b>	<b>4,894</b>	<b>324,638</b>	<b>323,642</b>	<b>996</b>
Uniform Fire Safety Act						
Salaries	26,500	26,250	250	25,700	25,700	-
Employee Benefits	4,100	3,978	122	3,900	2,362	1,538
Other Expenses	11,000	6,857	4,143	18,200	7,745	10,455
<b>Total Uniform Fire Safety Act</b>	<b>41,600</b>	<b>37,085</b>	<b>4,515</b>	<b>47,800</b>	<b>35,807</b>	<b>11,993</b>
<b>Total Expenditures</b>	<b>\$ 403,100</b>	<b>\$ 387,536</b>	<b>\$ 15,564</b>	<b>\$ 393,513</b>	<b>\$ 377,428</b>	<b>\$ 16,085</b>
Excess (Deficiency) of Revenues Over ( Under) Expenditures	\$ -	\$ 26,853	\$ 26,853	\$ -	\$ 22,234	\$ 22,233
Reconciliation to GAAP Basis:						
Excess from above		\$ 26,853			\$ 22,234	
Less: Fund Balance Appropriated		(57,392)			(53,213)	
Excess of Revenues Over (Under) Expenditures , Exhibit A-2 (GAAP)		\$ (30,539)			\$ (30,979)	

**Township of Edgewater Park Fire District No. 1  
Statement of 2010 Appropriation Reserves  
For the Year Ended December 31, 2011**

	Encumbered	Reserved	Totals
Balance - December 31, 2010	\$ -	\$ 16,085	\$ 16,085
Decreased by:			
Paid in 2011	-	-	-
Lapsed and transfered to Unreserved Fund Balance	-	16,085	16,085
Balance - December 31, 2011	\$ -	\$ -	\$ -

**OTHER SUPPLEMENTARY INFORMATION**

**Township of Edgewater Park Fire District No.1**  
**General Fund**  
**Comparative Balance Sheet**  
**As of December 31, 2011**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Cash and Cash Equivalents	\$ 139,625	\$ 170,046
Accounts Receivable	-	-
 Total Assets	 <u>139,625</u>	 <u>170,046</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	10,620	12,353
Salaries Payable	1,921	-
Reserve for State Unemployment	1,585	1,585
Payroll Liabilities	1,237	1,306
 Total Liabilities	 <u>15,363</u>	 <u>15,244</u>
Fund Balance:		
Restricted:		
For Appropriation Reserves	15,564	16,086
Assigned:		
Designated for Subsequent Year Expenditures	71,656	57,392
Unassigned:		
Undesignated	37,042	81,323
 Total Fund Balance	 <u>124,262</u>	 <u>154,801</u>
 Total Liabilities and Fund Balance	 <u>\$ 139,625</u>	 <u>\$ 170,045</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, 2011**

	<u>2011</u>	<u>2010</u>
<b>REVENUES:</b>		
Local Sources:		
District Taxes	\$ 316,098	\$ 309,900
State Sources:		
Supplemental Fire Services Program	3,010	3,010
Miscellaneous Revenues:		
Interest on Deposits & Investments	1,216	1,488
Proceeds/Gain on Sale of Vehicle	-	750
Uniform Fires Safety Act	<u>36,673</u>	<u>31,300</u>
 Total Revenues	 <u>356,997</u>	 <u>346,449</u>
 <b>EXPENDITURES:</b>		
Operating Appropriations		
Salaries & Wages	9,800	9,600
Other Expenses	340,651	332,021
Uniform Fire Safety Act		
Salaries & Wages	26,250	25,700
Other Expenses	<u>10,835</u>	<u>10,107</u>
 Total Expenditures	 <u>387,536</u>	 <u>377,428</u>
 Excess Expenditures over Revenues	 <u>(30,539)</u>	 <u>(30,978)</u>
 Fund Balance, January 1	 <u>154,801</u>	 <u>185,779</u>
 Fund Balance, December 31	 <u>\$ 124,262</u>	 <u>\$ 154,801</u>

**STATISTICAL SECTION**

**Board of Fire Commissioners  
Township of Edgewater Park Fire District No. 1  
Statistical Information  
December 31, 2011**

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
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
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, 2011

I have audited the financial statements of the Edgewater Park Fire District No. 1 as of and for the year ended December 31, 2011. 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.

**Finding: 2011-01\***

Payroll

Criteria

Withholding rates for unemployment and family leave insurance should agree to the required rates of .425% and .06%.

Condition

The correct unemployment and family leave insurance amounts were not withheld from the employees.

Effect

Failure to properly withhold the correct amounts causes the District to use its own funds. Further, the unemployment reserve is not funded in accordance with the reimbursable method.

Cause

Oversight.

Recommendation

Employee withholding rates for unemployment and family leave insurance should be adjusted to the required rates.

**Finding: 2011-02**

Payment of Claims

Criteria

N.J.S.A: 40A:5-16 requires a governing body of any local unit to obtain claimant certifications.

Condition

Internal controls over voucher processing were not followed as evidenced by the following: the preponderance of vouchers supporting the payment of claims did not contain claimant certifications.

Effect

Errors and irregularities could occur that would have a negative impact on the District's financial statements.

Cause

Unknown.

Recommendation

Internal controls over voucher processing should be followed.

EDGEWATER PARK FIRE DISTRICT NO. 1

FINDINGS AND RESPONSES

DECEMBER 31, 2011

**View of Responsible Officials**

The Treasurer is in agreement with the above finding.

**Summary of Prior of Year Findings/Recommendations**

Prior year findings are repeated this year as indicated by an \* above. Although a corrective action plan was adopted the plan was not 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

May 23, 2012