TOWNSHIP OF BRIDGEWATER
FIRE DISTRICT NO. 1
FINANCIAL STATEMENTS
DECEMBER 31, 2011

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
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DECEMBER 31, 2011

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TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
PO BOX 109
MARTINSVILLE, NJ 08836

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Township of Bridgewater Fire District No. 1's financial performance provides an overview of the District's financial activities for the year ended December 31, 2011.

The District provides funding for fire fighting services to the residents within its territorial location. Township of Bridgewater, Fire District No. 1 has one fire company with two fire stations within its jurisdiction. The District is a separate government body (not part of the Township of Bridgewater) known as a Special District and is governed by an elected board of five citizens. This section of the District's financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2011.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the District as a whole and present longer-term view of the District's finances. For governmental activities, these statements tell how district services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a Board for the benefit of those outside of the government.

Reporting on the District as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answers this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the year's current revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's equipment to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities are the General Fund activities where most of the District's basic services are reported. Property tax levies and municipal assistance primarily finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by the State law and by bond covenants.

General funds – All of the District's basic services are reported in general funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The general fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. General fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between general fund activities (reported in the Statement of Net Assets and the Statement of Activities) and capital funds in reconciliation at the bottom of the fund financial statements.

Governmental Funds

Township of Bridgewater Fire District No. 1's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

Township of Bridgewater Fire District No. 1 maintains two separate government funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund and the capital fund.

As required by N.J.S.A. 40A:14:78-3, Township of Bridgewater Fire District No. 1 adopts an annual budget which is voted on by the legal voters of the District. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements are an integral part of the financial statements.

The District as a Board

Reporting the District's Fiduciary Responsibilities

The District is a board of commissioners formed to serve the residents, business community and visitors of the Township of Bridgewater by providing adequately funded fire prevention and protection in the community. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

For the year ended December 31, 2011, net assets, budgetary basis, changed as follows:

	General Fund	Capital Fund	Total
Beginning net assets	$444,950	$251,777	$696,727
Increase in net assets	82,065	78,000	160,065
Ending net assets	$527,015	$329,777	$856,792

Governmental Activities

General Fund is mainly to provide fire protection to its residents, educate the public as to fire prevention and precaution and to train qualified personnel.

Capital fund is mainly to provide for the acquisition or construction of fire equipment or facilities.

All other government revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

DIRECT-WIDE FINANCIAL ANALYSIS

Township of Bridgewater Fire District No. 1's net assets, GAAP basis, are a useful indicator of the District's financial condition. At the end of 2011 the District's assets, GAAP basis, exceeded the liabilities by approximately $967,000.

Statement of Net Assets

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
NET ASSETS
DECEMBER 31, 2011

Current and Other Assets	$1,227,299
Capital Assets	110,619
Total Assets	1,337,918
Other Liabilities	(370,507)
Net Assets	$ 967,411

Analysis of Net Assets

Invested in Capital Assets Net of Accumulated Depreciation	$ 110,619
Unrestricted	856,792
Total Net Assets	$ 967,411

The net assets, GAAP basis, of Township of Bridgewater Fire District No. 1 increased approximately $34,000 during the 2011 period. During 2005, the District implemented GASB 34. One requirement of this pronouncement was the adoption of a fixed asset management plan, including a depreciation policy.

Governmental Activities

The Statement of Activities, budgetary basis, shows the cost of the governmental activities program services and the charges for services offsetting these costs. A summary of these activities follows:

Program Expenses	
Administrative Expenses	$ 184,977
Cost of Operations & Other Appropriations	132,873
Total Program Expenses	317,850
General Revenues	
Property Taxes Levied for General Purposes	465,331
Other Income	12,584
Total General Revenue	477,915
Increase in Net Assets	160,065
Net Assets, January 1	696,727
Net Assets, December 31	$ 856,792

In 2011 the property tax revenue constituted 97% of the total government activities revenue received by Township of Bridgewater Fire District No. 1.

The Cost of Operations in 2011 was 42% of the District's total expenses. Administration expenses equaled 58% of the total expenses.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Township of Bridgewater Fire District No. 1 uses fund accounting to document compliance with finance-related legal requirements.

Government Fund

The primary objective of the District's governmental funds is to report on cash flows in and out during the period and the ending balances of the spendable resources. This information is useful to evaluate the performance of the District and to assess its future needs and available resources.

As of December 31, 2011, the balance of the government cash funds of the Township of Bridgewater Fire District No. 1 was approximately $877,000. This balance is approximately $147,000 higher than last year's governmental cash funds balance. The general fund funded $78,000 for future capital expenditures and operated at a surplus during the year.

The combined balance of the governmental funds, budgetary basis, of the Township of Bridgewater Fire District No. 1 was approximately $857,000, which is all unreserved.

The general fund is the main operating fund of the Township of Bridgewater Fire District No. 1. At the end of 2011, the total fund balance, budgetary basis, of the general fund was approximately $527,000.

During 2011 the general fund balance, budgetary basis, of the Township of Bridgewater Fire District No. 1 increased by approximately $82,000.

At the end of 2011, the District had a capital projects fund balance of $329,777. The change in this fund balance was a capital appropriation transfer from the general fund of $78,000.

General Fund Budgetary Highlights

The 2011 budget is a balanced budget. The Commissioners decided to anticipate $78,000 of accumulated surplus and use those funds for the future purchase of equipment.

Over the course of the year, the Board revised the General Fund budget. This budget amendment was a transfer within appropriations as a result of over expending some line items.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District had $2,046,133 invested in capital assets, which represents the purchase or acquisition of assets as follows:

Vehicles and equipment purchased through budget	$2,046,133
Total	$2,046,133

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

An increase in district taxes has been approved and revenue for fees and penalties has been anticipated for next year. The general fund budget was determined based on these increases.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our District's citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District secretary's office at PO Box 109, Martinsville, NJ.

Board of Fire Commissioners

URBAN AND JINKS, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Township of Bridgewater Fire District No. 1
Somerset County, New Jersey

We have audited the accompanying financial statements of the Township of Bridgewater Fire District No. 1, Somerset County, New Jersey as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Fire District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Bridgewater Fire District No. 1, Somerset County, New Jersey as of December 31, 2011, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated on June 29, 2012 on our consideration of the Township of Bridgewater Fire District No. 1, Somerset County, New Jersey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting 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 the audit.

The Management's Discussion and Analysis and the Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual included in the contents of this report are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Certain limited procedures have been applied to the Management's Discussion and Analysis, primarily consisting of inquires of management. However, we did not audit the information and express no opinion on it. The Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget to Actual has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit has been made for the purpose of forming an opinion on the financial statements taken as a whole. The Statistical Information and Roster of Officials are supplementary information presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Urban And Jinks, P.A.

June 29, 2012

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

Board of Fire Commissioners
Township of Bridgewater Fire District No. 1
Somerset County, New Jersey

We have audited the financial statements of the Township of Bridgewater Fire District No. 1, Somerset County, New Jersey as of and for the year ended December 31, 2011, and have issued our report thereon dated June 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, in compliance with the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Bridgewater Fire District No. 1, Somerset County, New Jersey's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and other Matters

As part of obtaining reasonable assurance about whether the Township of Bridgewater Fire District No. 1, Somerset County, New Jersey's financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulation, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have either included in the Schedule of Findings and Recommendations or reported to management of the Township of Bridgewater Fire District No. 1, Somerset County, New Jersey, in a separate letter dated June 29, 2012.

This report is intended solely for the information and use of the Board of Commissioners and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than those specified parties.

Urban And Jinks, P.A.

June 12, 2012

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
COUNTY OF SOMERSET
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2011

	General Fund	Capital Fund	Total	Adjustments (Note 2)	Statement of Net Assets
ASSETS					
Current Assets:					
Cash	$ 876,681	$ -	$ 876,681	$ -	$ 876,681
Interfund Receivable	-	329,777	329,777	(329,777)	-
Prepaid Expenses	20,841	-	20,841	-	20,841
Total Current Assets	897,522	329,777	1,227,299	(329,777)	897,522
Capital Assets, Net	-	-	-	110,619	110,619
TOTAL ASSETS	$ 897,522	$ 329,777	$ 1,227,299	$ (219,158)	$ 1,008,141
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 40,730	$ -	$ 40,730	$ -	$ 40,730
Interfund Payable	329,777	-	329,777	(329,777)	-
Total Current Liabilities	370,507	-	370,507	(329,777)	40,730
FUND BALANCES AND NET ASSETS					
Fund Balances:					
Unreserved:					
Undesignated	$ 527,015	$ 329,777	$ 856,792	$ (856,792)	$ -
Total Fund Balances	527,015	329,777	856,792	(856,792)	-
TOTAL LIABILITIES AND FUND BALANCES	$ 897,522	$ 329,777	$ 1,227,299		
Net Assets:					
Invested in Capital Assets, Net				110,619	110,619
Unreserved				856,792	856,792
TOTAL NET ASSETS				$ 967,411	$ 967,411

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

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
COUNTY OF SOMERSET
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2010

	General Fund	Capital Fund	Total	Adjustments (Note 2)	Statement of Net Assets
ASSETS					
Current Assets:					
Cash	$ 730,271	$ -	$ 730,271	$ -	$ 730,271
Interfund Receivable	-	251,777	251,777	(251,777)	-
Prepaid Expenses	19,912	-	19,912	-	19,912
Total Current Assets	750,183	251,777	1,001,960	(251,777)	750,183
Capital Assets, Net	-	-	-	236,207	236,207
TOTAL ASSETS	$ 750,183	$ 251,777	$ 1,001,960	$ (15,570)	$ 986,390
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 53,456	$ -	$ 53,456	$ -	$ 53,456
Interfund Payable	251,777	-	251,777	(251,777)	-
Total Current Liabilities	305,233	-	305,233	(251,777)	53,456
FUND BALANCES AND NET ASSETS					
Fund Balances:					
Unreserved:					
Undesignated	$ 444,950	$ 251,777	$ 696,727	$ (696,727)	$ -
Total Fund Balances	444,950	251,777	696,727	(696,727)	-
TOTAL LIABILITIES AND FUND BALANCES	$ 750,183	$ 251,777	$ 1,001,960		
Net Assets:					
Invested in Capital Assets, Net				236,207	236,207
Unreserved				696,727	696,727
TOTAL NET ASSETS				$ 932,934	$ 932,934

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

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
COUNTY OF SOMERSET
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Capital Fund	Total	Adjustments (Note 3)	Statement of Activities
Expenditures:					
Operating Appropriations	$ 317,850	$ -	$ 317,850	$ 125,588	$ 443,438
Appropriations for Duly Incorporated Rescue Squads	-	-	-	-	-
Total Expenditures	317,850	-	317,850	125,588	443,438
General Revenues:					
District Taxes	465,331	-	465,331	-	465,331
Miscellaneous	12,584	-	12,584	-	12,584
Total General Revenues	477,915	-	477,915	-	477,915
Transfers - Reserve for Future Capital Outlays	(78,000)	78,000	-	-	-
Total General Revenues and Transfers	399,915	78,000	477,915	-	-
Excess (Deficiency) of Revenues Over Expenditures	82,065	78,000	160,065	(125,588)	34,477
Fund Balances, January 1	444,950	251,777	696,727	236,207	932,934
Fund Balances, December 31	$ 527,015	$ 329,777	$ 856,792	$ 110,619	$ 967,411

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

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
COUNTY OF SOMERSET
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Capital Fund	Total	Adjustments (Note 3)	Statement of Activities
Expenditures:					
Operating Appropriations	$ 316,249	$ -	$ 316,249	$ 166,526	$ 482,775
Appropriations for Duly Incorporated Rescue Squads	-	-	-	-	-
Total Expenditures	316,249	-	316,249	166,526	482,775
General Revenues:					
District Taxes	454,945	-	454,945	-	454,945
Miscellaneous	9,268	-	9,268	-	9,268
Total General Revenues	464,213	-	464,213	-	464,213
Transfers - Reserve for Future Capital Outlays	(78,000)	78,000	-	-	-
Total General Revenues and Transfers	386,213	78,000	464,213	-	-
Excess (Deficiency) of Revenues Over Expenditures	69,964	78,000	147,964	(166,526)	(18,562)
Fund Balances, January 1	374,986	173,777	548,763	402,733	951,496
Fund Balances, December 31	$ 444,950	$ 251,777	$ 696,727	$ 236,207	$ 932,934

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

Note 1 – Summary of Significant Accounting Policies:

The accounting policies of the Board of Fire Commissioners (Board) of the Township of Bridgewater Fire District No. 1, Somerset County, (District) conform to the accounting principles applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. For the years ended December 31, 2011 and 2010 the financial statements of the Township of Bridgewater Fire District No. 1 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. Beginning with the year ended December 31, 2004 the District implemented the new financial reporting requirements of GASB 34. As a result, an entirely new financial presentation format has been presented. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a political subdivision of the Township of Bridgewater, Somerset County, State of New Jersey, established to function as a special district. 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 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.

B. Basis of Presentation

Combined Fund and Government-wide Financial Statements

As a special purpose governmental entity engaged in a single governmental program the District has opted to present its financial data in the form of combined fund and government-wide financial statements to simplify their annual financial reporting process.

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types". The District does not maintain any proprietary or fiduciary funds.

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Note 1 – Summary of Significant Accounting Policies (Cont'd):

B. Basis of Presentation (Cont'd)

Governmental Fund Types (Cont'd)

Capital Fund: The Capital Fund is used to account for all financial resources to be used for the acquisition or construction of major capital assets.

In conformity with GASB 34, the District's combined fund and government-wide financial statements present adjustments to reconcile the general and capital fund balances to net assets.

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

C. Basis of Accounting

Fund Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon 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 general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statue a municipality is required to remit to its fire district the entire balance of taxes in the amount voted upon or certified prior to the end of the 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, if any, is considered to be an "accounts Receivable".

Government-wide Basis of Accounting

The government-wide statements are presented using the accrual basis of accounting. Under the full accrual basis, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenue, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

D. Budgets/Budgetary Control

Annual budgets are prepared each year for the operations of the fire district. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budgets are then voted upon by the public.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and the fund basis of accounting previously described. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at the end of the subsequent year.

Note 1 – Summary of Significant Accounting Policies (Cont'd):

E. 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 year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and service.

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

F. Fixed Assets

In the fund financial statements, fixed assets used in governmental operations are accounted for as expenditures of the government fund upon acquisition.

In the government-wide basis of accounting, fixed assets are accounted for as capital assets. The District generally capitalizes assets with a cost of $1,000 or more as outlays occur. All fixed assets are valued at fair market value as of date acquired, historical cost or estimated historical cost if actual is unavailable.

Depreciation of all fixed assets is recorded as an operating expense in the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance with accumulated depreciation reflected in the Statement of Net Assets and Governmental Funds Balance Sheet. Depreciation is provided over the assets' estimated useful lives using the straight line method of depreciation, generally 5 years for fire fighting equipment, 10 years for general purpose vehicles and 20 years for fire fighting vehicles.

G. Interfund Transactions and Balances

Transfers are used to move revenue from the fund that statue or budget requires to collect them to the fund that statue or budget requires to expend them. Transfers between the general and capital fund of the District net to zero on the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances.

During the course of operation, transactions occur between individual funds that may result in amounts owed between funds. Those loans are reported as interfund receivables and payables on the fund basis of accounting. Interfund payables and receivables between funds are eliminated in the Statement of Net Assets and Governmental Funds Balance Sheet.

H. Fund Equity

Fund Basis

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

Note 1 – Summary of Significant Accounting Policies (Cont'd):

H. Fund Equity (Cont'd)

Government-wide Basis

Equity is classified as net assets and is displayed in three components:

a. Invested in capital assets, net- Consists of capital assets, net of accumulated depreciation.
b. Restricted for capital acquisitions- Current balance consists of net assets restricted to the acquisition of a fire truck.
c. Unrestricted net assets- All net assets that do not meet the definition of "invested in capital assets, net" or "restricted".

Note 2 – Adjustments to Arrive at Net Assets:

A. Capital Assets and Net Assets Invested in Capital Assets

For the years ended December 31, 2011 and 2010, capital assets, net and net assets invested in capital assets in the amount of $110,619 and $236,207, respectfully, have been included in the government-wide presentation.

B. Fund Balances, Unrestricted Net Assets and Net Assets Restricted for Capital Acquisitions

For the year ended December 31, 2011 and 2010, fund balances in the amount of $856,792 and $696,727, respectfully, have been eliminated.

C. Interfund Receivables and Payables

For the years ended December 31, 2011 and 2010, interfund receivable and payables in the amount of $329,777 and $251,773, respectfully have been eliminated in arriving at the government-wide presentation.

Note 3 – Adjustments to Arrive at the Change in Net Assets:

A. Operating Appropriations

For the years ended December 31, 2011 and 2010, depreciation expense in the amount of $125,588 and $166,526, respectfully have been included in the government-wide presentation.

Note 4 – Deposits and Investments:

New Jersey statues permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agency of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statues require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000. The State of New Jersey Cash Management Fund is authorized by statue and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of fund investments is generally not required.

Note 4 – Deposits and Investments (Cont'd):

The cash on deposit is partially insured by federal deposit insurance in the amount of $100,000 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums. Cash as determined by the Board of Commissioners consists of all bank accounts and includes certificates of deposits.

Investments

New Jersey statues establish the following securities as eligible for the investment of District Funds:

(a) Bonds or other obligations of the United States or obligations guaranteed by the United States.

(b) Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Associates or of any United State Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.

(c) Bonds or other obligations of the District or bonds or other Obligations of school districts of which the District is a part or within which the school district is located.

(d) Bonds or other obligations, having a maturity date of not more than twelve months from the date of purchases, that are approved by the New Jersey Department of Treasury, Division of Investments.

(e) Qualified mutual funds with portfolios limited to (i) bonds or other obligations of, or guaranteed by, the United State of America; and (ii) repurchase agreements fully collateralized by such obligations. These investments must be transacted only through national or state banks located within New Jersey.

During the year, the District had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the District.

As of December 31, the District's cash accounts consisted of:

	2011	2010
Checking Account	$ 402	$ 174
Money Market Account	876,279	522,752
Certificate of Deposits	--	207,345
Petty Cash	--	--
Total Cash In Bank	$876,881	$730,271

The carrying amount of the District's cash at December 31, 2011 and 2010 was $876,881 and $730,271, respectively, and the bank balance was $896,246 and $744,662, respectively.

Note 5 – Assessment and Collection of Money Authorized By Voters:

Upon proper certification pursuant to Section 9 of P.L. 1979 c. 453 (C.40[A]:14-78.5), the assessor of the municipality, in which the fire district is situated, shall assess the amount to be raised by taxation to support the district budget against the taxable property therein, in the same manner as municipal taxes are assessed and the same amount shall be assessed, levied and collected at the same time and in the same manner as other municipal taxes.

The collector of treasurer of the municipality, in which said district is situated, shall pay over all moneys so assessed to the treasurer or custodian of funds of said fire district as follows; on or before April 1, an amount equaling 21.25% of all moneys so assessed; on or before July 1, an amount equaling 22.5% of all monies so assessed; on or before October 1, an amount equaling 25% of all monies so assessed; and on or before December 31, an amount equaling the difference between the total of all monies so assessed and the total amount of such monies previously paid over, to be held and expended for the purpose of providing and maintaining means for extinguishing fires in such district.

Notwithstanding anything herein to the contrary, the municipal governing body may authorize, in the cash management plan adopted by it pursuant to N.J.S. 40A:5-14, a schedule of payments of fire districts moneys by which an amount greater than required on any of the first three payment dates cited herein may be paid over. The municipal governing body and board of fire commissioners may, by concurrent resolution, adopt a schedule of payments of fire district moneys by which an amount less than required in any of the first three payments dates, cited herein may be paid over. Such resolution shall be included in the cash management plan adopted by the municipal governing body pursuant to N.J.S. 40A:5-14.

The commissioners may also pay back, or cause to be paid back to such municipality, any funds or any part thereof paid to the treasurer or custodian of funds of such fire district by the collector or treasurer of the municipality, representing taxes levied for fire district purposes but not actually collected in cash by said collector or treasurer.

Note 6 – Funding:

The activities of the Township of Bridgewater Fire District No. 1 are primarily funded by the striking of a fire tax on the property owners of the Fire District, as provided for by state statue. For the years ended December 31, 2011 and 2010, the fire tax rate for Fire District No. 1 was $0.0240 and $0.0220 per $100 of assessed valuation, respectfully.

Note 7 – Capital Assets:

The following schedule is a summarization of the capital assets by source for the years ended December 31, 2011 and 2010:

	Expenditures	Acquired No Cost (FMV)	Balance as of Dec. 31, 2010	2011 Additions	Balance as of Dec. 31, 2011
Equipment	$ 430,996	$ --	$ 430,996	$ --	$ 430,996
Truck & Vehicles	1,615,137	--	1,615,137	--	1,615,137
	2,046,133	--	2,046,133	--	2,046,133
Less: Accumulated Depreciation	1,809,926	--	1,809,926	125,588	1,935,514
Net	$ 236,207	$ --	$ 236,207	$ 125,588	$ 110,619

Depreciation expense for each of the years ended December 31, 2011 and 2010 was $125,588 and $166,526 respectfully.

Note 8 – Rental Charges:

The District contracts with the volunteer fire company to lease the premises and some of the equipment on a yearly basis. The volunteer fire company owns both the equipment and premises. The total rental charge for each of the years 2011 and 2010 was $78,888 and $75,126.

Note 9 – Risk Management:

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlements have not exceeded coverage in the past year. There have been no significant reductions in coverage from the prior year.

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
COUNTY OF SOMERSET
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Total Actual Amounts					Budgeted Amounts		
	Governmental Fund Type		Budgetary	Adjustments	GAAP			Budgetary
	General Fund	Capital Fund	Basis	Note B	Basis	Original	Final	Variance
Revenues:								
District Taxes	$ 465,331	$ -	$ 465,331	$ -	$ 465,331	$ 465,331	$ 465,331	$ -
Miscellaneous Income	12,584	-	12,584	-	12,584	6,872	6,872	5,712
Total Revenues	477,915	-	477,915	-	477,915	472,203	472,203	5,712
Fund Balance Utilized								
Unreserved Fund Balance	-	-	-	-	-	-	-	-
Transfers - Reserve for Future Capital Outlay	(78,000)	78,000	-	-	-	-	-	-
Total General Revenues and Transfers	399,915	78,000	477,915	-	477,915	472,203	472,203	5,712
Expenditures:								
Operating Appropriations:								
Administration:								
Salary and Wages:								
Commissioners	14,700	-	14,700	-	14,700	14,700	14,700	-
Total Salary and Wages	14,700	-	14,700	-	14,700	14,700	14,700	-
Other Expenses:								
Advertising / Matching Funds	739	-	739	-	739	2,500	2,500	1,761
Fringe Benefits	1,156	-	1,156	-	1,156	6,760	6,760	5,604
Insurance	35,553	-	35,553	-	35,553	38,000	38,000	2,447
Office Supplies and Postage	3,199	-	3,199	-	3,199	6,000	6,000	2,801
Professional Services	8,635	-	8,635	-	8,635	12,000	12,000	3,365
Rent	78,888	-	78,888	-	78,888	78,888	78,888	-
Service Award Program	28,000	-	28,000	-	28,000	61,776	61,776	33,776
Utilities	14,107	-	14,107	-	14,107	15,800	15,800	1,693
Total Other Expenses	170,277	-	170,277	-	170,277	221,724	221,724	51,447
Total Administration	184,977	-	184,977	-	184,977	236,424	236,424	51,447

See Independent Auditors' Report

The Notes to Required Supplementary Information are an integral part of this schedule.

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
COUNTY OF SOMERSET
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONT'D)
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Total Actual Amounts					Budgeted Amounts		
	Governmental Fund Type		Budgetary	Adjustments	GAAP			Budgetary
	General Fund	Capital Fund	Basis	Note B	Basis	Original	Final	Variance
Cost of Operations:								
Other Expenses:								
Maintenance and Repairs	34,494	-	34,494	-	34,494	36,700	36,850	2,356
Operating Materials and Supplies	36,615	-	36,615	-	36,615	33,322	36,672	57
Training and Fire Prevention	28,174	-	28,174	-	28,174	53,767	44,067	15,893
Turn Out Gear / Hose	28,673	-	28,673	-	28,673	22,560	28,760	87
SCBA Equipment and Maintenance	4,917	-	4,917	-	4,917	11,430	11,430	6,513
Purchases of Assets Not Capital Outlays	-	-	-	-	-	-	-	-
Purchases of Capital Outlays	-	-	-	-	-	-	-	-
Depreciation	-	-	-	125,588 (1)	125,588	-	-	-
Total Other Expenses	132,873	-	132,873	125,588	258,461	157,779	157,779	24,906
Total Cost of Operations	132,873	-	132,873	125,588	258,461	157,779	157,779	24,906
Total Operating Expenditures	317,850	-	317,850	125,588	443,438	394,203	394,203	76,353
Appropriations for Duly Incorporated Rescue Squads	-	-	-	-	-	-	-	-
Reserve for Future Capital Outlay	-	-	-	-	-	78,000	78,000	78,000
Total Expenditures	317,850	-	317,850	125,588	443,438	472,203	472,203	154,353
Excess of Revenues Over Expenditures	82,065	78,000	160,065	$ (125,588)	$ 34,477	$ -	$ -	$ 160,065
Fund Balance, January 1	444,950	251,777	696,727	236,207	932,934			
Fund Balance, December 31	$ 527,015	$ 329,777	$ 856,792	$ 110,619 (2)	$ 967,411			

See Independent Auditors' Report.
The Notes to Required Supplementary Information are an integral part of this statement.

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
COUNTY OF SOMERSET
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Total Actual Amounts					Budgeted Amounts		
	Governmental Fund Type		Budgetary	Adjustments	GAAP			Budgetary
	General Fund	Capital Fund	Basis	Note B	Basis	Original	Final	Variance
Revenues:								
District Taxes	$ 454,945	$ -	$ 454,945	$ -	$ 454,945	$ 454,945	$ 454,945	$ -
Miscellaneous Income	9,268	-	9,268	-	9,268	7,796	7,796	1,472
Total Revenues	464,213	-	464,213	-	464,213	462,741	462,741	1,472
Fund Balance Utilized								
Unreserved Fund Balance	-	-	-	-	-	-	-	-
Transfers - Reserve for Future Capital Outlay	(78,000)	78,000	-	-	-	-	-	-
Total General Revenues and Transfers	386,213	78,000	464,213	-	464,213	462,741	462,741	1,472
Expenditures:								
Operating Appropriations:								
Administration:								
Salary and Wages:								
Commissioners	14,700	-	14,700	-	14,700	14,700	14,700	-
Total Salary and Wages	14,700	-	14,700	-	14,700	14,700	14,700	-
Other Expenses:								
Advertising / Matching Funds	1,833	-	1,833	-	1,833	2,000	2,000	167
Fringe Benefits	1,151	-	1,151	-	1,151	6,760	6,760	5,609
Insurance	40,365	-	40,365	-	40,365	38,000	40,400	35
Office Supplies and Postage	1,334	-	1,334	-	1,334	6,000	3,200	1,866
Professional Services	7,112	-	7,112	-	7,112	12,000	12,000	4,888
Rent	75,126	-	75,126	-	75,126	74,784	75,184	58
Service Award Program	43,200	-	43,200	-	43,200	61,776	61,776	18,576
Utilities	11,838	-	11,838	-	11,838	14,600	14,600	2,762
Total Other Expenses	181,959	-	181,959	-	181,959	215,920	215,920	33,961
Total Administration	196,659	-	196,659	-	196,659	230,620	230,620	33,961

See Independent Auditors' Report.

The Notes to Required Supplementary Information are an integral part of this statement.

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
COUNTY OF SOMERSET
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONT'D)
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

	Total Actual Amounts					Budgeted Amounts		
	Governmental Fund Type		Budgetary	Adjustments	GAAP			Budgetary
	General Fund	Capital Fund	Basis	Note B	Basis	Original	Final	Variance
Cost of Operations:								
Other Expenses:								
Maintenance and Repairs	36,812	-	36,812	-	36,812	36,700	36,850	38
Operating Materials and Supplies	22,791	-	22,791	-	22,791	43,046	40,196	17,405
Training and Fire Prevention	32,952	-	32,952	-	32,952	40,385	40,385	7,433
Turn Out Gear / Hose	25,173	-	25,173	-	25,173	22,560	25,260	87
SCBA Equipment and Maintenance	1,862	-	1,862	-	1,862	11,430	11,430	9,568
Purchases of Assets Not Capital Outlays	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Depreciation	-	-	-	166,526 (1)	166,526	-	-	-
Total Other Expenses	119,590	-	119,590	166,526	286,116	154,121	154,121	34,531
Total Cost of Operations	119,590	-	119,590	166,526	286,116	154,121	154,121	34,531
Total Operating Expenditures	316,249	-	316,249	166,526	482,775	384,741	384,741	68,492
Appropriations for Duly Incorporated Rescue Squads	-	-	-	-	-	25,000	-	-
Reserve for Future Capital Outlay	-	-	-	-	-	53,000	78,000	78,000
Total Expenditures	316,249	-	316,249	166,526	482,775	462,741	462,741	146,492
Excess of Revenues Over Expenditures	69,964	78,000	147,964	$ (166,526)	$ (18,562)	$ -	$ -	$ 147,964
Fund Balance, January 1	374,986	173,777	548,763	402,733	951,496			
Fund Balance, December 31	$ 444,950	$ 251,777	$ 696,727	$ 236,207 (2)	$ 932,934			

See Independent Auditors' Report.
The Notes to Required Supplementary Information are an integral part of this statement.

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2011

Note A – Budgetary Basis of Accounting:

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

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statue a municipality is required to remit to its fire districts the entire balance of taxes in the amount voted upon or certified prior to the end of the 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, if any, is considered to be an "accounts receivable".

Note B – Budgetary-to-GAAP Reconciliation:

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

		Changes in Fund Balance December 31,	
		2011	2010
(1)	Depreciation expense is not record on the budgetary basis of accounting. For GAAP purposes, capitalized assets are depreciated on a straight line basis over their respective useful lives.	$(125,588)	$(166,526)
	Net increase in fund balance- budget to GAAP	$(125,588)	$(166,526)
(2)	The amount reported as "fund balance" on the budgetary basis of accounting is derived from the basis of accounting used in preparing the District's budget. (See Note A for a description of the District's budgetary accounting method.) This amount differs from the fund balance reported in the statement of revenues, expenditures and changes in fund balances because of the cumulative effect of transactions such as those described above.	$(125,588)	$(166,526)

Note C – Budgetary Cancellation:

Regulations allow the District to cancel unexpended appropriations before year end by resolution. During the years ended December 31, 2011 and 2010, the District canceled $0 of appropriations.

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
STATISTICAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

Property Tax Levies

The following is a tabulation of district assessed valuations, tax levies and property tax rates per $100 of assessed valuations for the current and preceding year:

Fiscal Year	Assessed Valuations	Total Tax Levy	Property Tax Rate
2011	$1,982,163,500	$465,331	$.0240
2010	$2,053,621,900	$454,945	$.0220

Unreserved Fund Balance

General Fund:

Fiscal Year Ended	End of Fiscal Year	Utilization in Subsequent Budget
December 31, 2011	$527,015	$ --
December 31, 2010	444,950	$ --

Capital Fund:

Fiscal Year Ended	
December 31, 2011	329,777
December 31, 2010	251,777

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
ROSTER OF OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2011

Board of Fire Commissioners		Surety Bond Coverage (A)
Chairman	John Lichtig	$1,000,0000
Vice Chairman	James Kalafsky	$1,000,0000
Secretary	Gregory Durant	$1,000,0000
Treasurer	Howard Van Nostrand	$1,000,0000
Assistant Secretary/Treasurer	William Rose	$1,000,0000

(A) Blanket bond coverage is provided by AAIC.

TOWNSHIP OF BRIDGEWATER FIRE DISTRICT NO. 1
COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

Scope of Examination and Conditions of Records

Our examination covered the funds handled by the Treasurer and Board Secretary for the Board of Fire Commissioners, Township of Bridgewater Fire District No. 1.

The Financial records were maintained in satisfactory condition.

Minutes of Board meetings were properly maintained by the Board Secretary.

Cash in Banks

The balances in banks at December 31, 2011 were reconciled with statements issued by the depositories.

Examination of Claims

Claims paid during the period under review were examined on a test basis to determine if they are submitted on Board vouchers, itemized, signed by the officials as to approval for payment, allocated to the proper accounts and charged to the proper fiscal period and in agreement with bill list set forth in the approved minutes of the board.

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 state, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public act or specified by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the bid threshold except by contract or agreement". The threshold amount beginning July 1, 2005 was $21,000. Prior to that date, the threshold was $17,500.

The members of the Township of Bridgewater Fire District No. 1 have the responsibility of determining whether any contract or agreement might result in violation of the statue and, when necessary, the Board Attorney's opinion should be sought before a commitment is made.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with provisions of N.J.S.A. 40A:11-21.

Miscellaneous

An exit conference was held in accordance with the generally accepted governmental auditing standards.

Acknowledgement

During the course of the audit, we received the cooperation of the officials of the Fire District and we appreciate the courtesies extended to us.

Recommendations

None