

**GREGG M. HEININGER**  
CERTIFIED PUBLIC ACCOUNTANT

**DENNIS TOWNSHIP**  
**FIRE DISTRICT #2 - DENNISVILLE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**



DENNIS TOWNSHIP  
FIRE DISTRICT #2  
FOR THE YEAR ENDED DECEMBER 31, 2012

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Phone (609) 398-8149  
Fax (609) 398-8513  
E-Mail office@gmhcpa.com

Website: www.gmhcpa.com

**GREGG M. HEININGER**

CERTIFIED PUBLIC ACCOUNTANT

8TH STREET & WESLEY AVENUE  
516 E. 8TH STREET  
OCEAN CITY, NEW JERSEY 08226

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
NEW JERSEY SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS  
PENNSYLVANIA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Chairman and members of  
The Board of Commissioners  
Dennis Township Fire District #2  
Dennisville, New Jersey

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Dennis Township Fire District #2 - Dennisville, New Jersey, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Fire Department's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Dennis Township Fire District #2 - Dennisville, New Jersey, as of December 31, 2012, and the respective changes in financial position, and, where applicable, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 18-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dennis Township Fire District #2 - Dennisville, New Jersey's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

The management's discussion and analysis on pages 4 and 5 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. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated July 15, 2013, on my consideration of the Dennis Township Fire District #2 - Dennisville, New Jersey's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Dennis Township Fire District #2 - Dennisville, New Jersey's internal control over financial reporting and compliance.

Gregg M. Heininger, CPA

  
Ocean City, New Jersey

July 15, 2013

**DENNIS TOWNSHIP FIRE DISTRICT #2**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2012**

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Dennis Township Fire District #2 (Fire District) provides fire emergency services to Dennis Township, Cape May County, New Jersey. The Fire District is a separate government body governed by an elected board of citizens. This section of the Fire District's financial report presents my discussion and analysis of the Fire District's financial performance during the year ended December 31, 2012.

Description of the Basic Financial Statements

The financial statements consist of the following parts: management's discussion and analysis; the basic financial statements consisting of government wide financial statements and fund financial statements; notes to the financial statements; and required supplementary information.

Government wide financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Net Assets (page 6) and Statement of Activities (page 7). The Statement of Net Assets reports all assets and liabilities, both financial and capital, and short-term and long-term of the Fire District. The Statement of Activities reports all revenue and expenses during the year, regardless of when cash is received or paid.

Governmental fund financial statements are prepared on the modified accrual basis of accounting and current financial resources focus. This is the traditional form for our financial statements. The required financial statements are: Balance Sheet (page 8) and Statement of Revenues, Expenditures, and Changes in Fund Balance (page 9). Both Statements are separated by fund: General fund – which accounts for annual receipts and disbursements to finance the operations of the Fire District; and Capital Fund – which accounts for amounts required to satisfy notes and bonds payable.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in both the government wide and fund financial statements.

In addition to the basic financial statements and notes described above, this report also presents the General Fund budgetary versus actual comparisons as well as statistical information and a schedule of the bond anticipation notes payable.

**DENNIS TOWNSHIP FIRE DISTRICT #2**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2012**

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Financial Highlights of the Fire District as a Whole

Net Assets – Net Assets of the Fire District increased by \$73,887.

Financial Highlights of the Fire District's Funds

- The Fire District allocated \$23,500 this year to its LOSAP.

Budgetary Highlights

General Fund revenue consists of tax revenue, interest on investments, and supplemental grants. Actual revenue amounts were within budgeted amounts. General Fund actual expenditures were \$24,268 less than budgeted amounts.

Contacting the Fire District's Financial Management

This financial statement is designed to provide a general overview of the Fire District's finances. If you have questions about the financial statement or need additional financial information, contact the Fire District's office at P. O. Box 211, Dennisville, NJ 08214.

DENNIS TOWNSHIP  
FIRE DISTRICT #2 - DENNISVILLE  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2012

**ASSETS**

Cash and Cash Equivalents	\$ 90,948
Prepaid Expenses	78
Property and Equipment	400,000

Total Assets	<u>491,026</u>
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**LIABILITIES**

LOSAP Contribution Payable	23,500
Vouchers Payable	0
Long Term Liabilities:	
Due within One Year	47,000
Due beyond One Year	47,000

Total Liabilities	<u>117,500</u>
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**NET ASSETS**

Invested in Capital Assets, Net of Related Debt Designated for Future Capital Improvements - Purchase of Fire and Rescue Equipment	299,639
Unrestricted Net Assets	<u>67,289</u>

Total Net Assets	<u>\$ 373,526</u>
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See notes to financial statements.



DENNIS TOWNSHIP  
FIRE DISTRICT #2 - DENNISVILLE  
STATEMENT OF ACTIVITIES  
DECEMBER 31, 2012

Functions/Programs	Program Revenues			Net Revenue and Change in Net Assets
Primary Government:	Expenses	Charges for Services	Capital Grants Grants and Contributions	<u>Primary Government</u> Governmental Activities
Governmental Activities:				
General Government	\$ 168,324	\$ -	\$ -	\$ (168,324)
Debt Service (Interest)	2,848	-	-	(2,848)
Total Primary Government	\$ 171,172	\$ -	\$ -	(171,172)
General Revenues:				
Grants and Contributions not Restricted to Specific Programs				935
Unrestricted Investment Earnings				124
District Taxes				241,201
Total General Revenues				242,260
Change in Net Assets				71,087
Net Assets - Beginning				299,639
Utilization of Anticipated Revenue				2,800
Net Assets - Ending				\$ 373,526

See notes to financial statements

**DENNIS TOWNSHIP**  
**FIRE DISTRICT #2 - DENNISVILLE**  
**COMBINED BALANCE SHEET**  
**DECEMBER 31, 2012**  
 (WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2011)

	General Fund	Fixed Asset Fund	Capital Fund	Totals	
				(Memorandum Only)	
				2012	2011
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 84,350		\$ 6,598	\$ 90,948	\$ 64,586
Due from Township of Dennis					
Prepaid Expenses	78			78	543
Property and Equipment		\$ 400,000		400,000	400,000
Amount to be Provided for Retirement of Debt			94,000	94,000	141,000
<b>TOTAL ASSETS</b>	<b>\$ 84,428</b>	<b>\$ 400,000</b>	<b>\$ 100,598</b>	<b>\$ 585,026</b>	<b>\$ 606,129</b>
<b>LIABILITIES AND FUND BALANCE:</b>					
Liabilities:					
LOSAP Contribution Payable	\$ 23,500			\$ 23,500	\$ 23,500
Vouchers Payable	-			-	990
Bond Anticipation Notes Payable			\$ 94,000	94,000	141,000
Total Liabilities	23,500		94,000	117,500	165,490
Fund Balance					
Invested in capital assets		\$ 400,000		400,000	400,000
Unreserved:					
Designated for Future Capital Improvements-Purchase of Fire and Rescue Equipment			6,598	6,598	6,598
Undesignated	60,928			60,928	34,041
Total Fund Balance	60,928	400,000	6,598	467,526	440,639
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 84,428</b>	<b>\$ 400,000</b>	<b>\$ 100,598</b>	<b>\$ 585,026</b>	<b>\$ 606,129</b>

See notes to financial statements.

DENNIS TOWNSHIP  
 FIRE DISTRICT #2 - DENNISVILLE  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE**  
**YEAR ENDED DECEMBER 31, 2012**  
 (WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2011)

	General Fund	Fixed Asset Fund	Capital Fund	Totals (Memorandum Only)	
				2012	2011
<b>REVENUES:</b>					
Miscellaneous Revenues:					
Interest on Deposits and Investments	\$ 124			\$ 124	\$ 290
Supplemental Fire Services Grant	935			935	935
Total Miscellaneous Revenues	1,059	-	-	1,059	1,225
Other Financing Sources:					
Fund Balance Appropriated					
General Fund Appropriation:					
Reserve for Future Capital Outlay					
District Taxes:					
Operating and Maintenance	241,201			241,201	235,733
Proceeds from Bond Anticipation Note			-	-	-
Total Other Financing Sources	241,201	-	-	241,201	235,733
Total Miscellaneous Revenues and Other Financing Sources	242,260	-	-	242,260	236,958
<b>EXPENDITURES:</b>					
Operating and Maintenance:					
Administration	14,980			14,980	11,693
Volunteer Fire Company	129,845			129,845	198,495
Length of Service Award Program	23,500			23,500	23,500
Capital:					
Debt Service (Principal and Interest)	49,848			49,848	49,576
Capital Expenditures	-	-	-	-	-
Total Expenditures	218,172	-	-	218,172	283,264
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	24,087	-	-	24,087	(46,306)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	36,841	400,000	6,598	443,439	456,974
	60,928	400,000	6,598	467,526	410,668
Decreased by:					
Utilization of Anticipated Revenue	-	-	-	-	29,971
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 60,928</u>	<u>\$ 400,000</u>	<u>\$ 6,598</u>	<u>\$ 467,526</u>	<u>\$ 440,639</u>

See notes to financial statements.

**DENNIS TOWNSHIP**  
**FIRE DISTRICT #2 - DENNISVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**1. Organization**

The Dennis Township Fire District #2 - Dennisville, hereafter referred to as the "Fire District," is a primary governmental entity located in the Township of Dennis, State of New Jersey. The Fire District is run by a Board of Commissioners who are elected into office by the registered voters of District #2 in the Township of Dennis.

The Fire District is responsible for establishing a budget and maintaining fiscal control over public funds that are used to provide for the safety and welfare of the residents located within District #2 in the Township of Dennis. Under existing statute, the Fire District is exempt from both federal and state taxes.

**2. Summary of Significant Accounting Policies**

**Basis of Financial Statement Presentation**

The accounting and reporting policies of the Fire District relating to the funds and account groups included in the accompanying general purpose financial statements conform to generally accepted accounting principles applicable to state and local governments as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds.

**Reporting Entity**

The Fire District's general purpose financial statements include the accounts of all the Fire District's operations. The Fire District, as a special purpose government, meets the criteria defining a primary government. As set forth in Government Accounting Standards Board (GASB) 14, a primary government is also a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

**Governmental Wide and Fund Financial Statements**

The government wide financial statements (Statement of Net Assets) reports information on all of the nonfiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

DENNIS TOWNSHIP  
FIRE DISTRICT #2 - DENNISVILLE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation: Fund Accounting

The accounts of the Fire District are organized on the basis of funds and account groups, each of which is a separate entity with its own self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities. The Fire District used the following generic fund types in its activities:

Government Fund Types

General Fund

The general operating fund of the Fire District accounts for all administrative and operational activities of the Fire District.

Capital Fund

The accounting for expenditures for property, plant and equipment financed by debt authorized or from restricted grants is contained in the Capital Fund, as is the related debt issued and outstanding. The acquisition and construction cost of such assets, when completed, is reflected in the general fixed assets group of accounts.

Account Groups

Account groups are used to establish accounting control and accountability for the Fire District's general fixed assets and long-term debt. The following are the Fire District's account groups:

General Fixed Assets Account Group

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Account Group rather than in governmental funds.

Basis of Accounting

The general fund follows the accrual basis of accounting.

Budgets and Budgetary Accounting

An annual operating budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures in accordance with N.J.S.A. 40A:5A. The operating budget, adopted annually, is in the form prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

DENNIS TOWNSHIP  
3  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

2. Summary of Significant Accounting Policies (continued)

Risks of Loss

The Fire District purchases commercial insurance policies on an annual basis to handle risks of loss associated with property, auto, liability, inland marine, boiler and machinery, and surety coverage. Any potential liability of the Fire District with respect to loss claims would be equal to the deductibles associated with the policies and an event, which may exceed policy coverage limits.

Cash and Cash Equivalents

Cash and cash equivalents include various checking and money market accounts, U.S. obligations and certificates of deposit with maturities of nine months or less.

Investments

Investments are carried at cost with associated premiums and discounts amortized over the term of the investment held.

Purchase of investments is limited by N.J.S.A. 40A:5-15.1 to bonds or obligations of or guaranteed by the federal government and to bonds or other obligations of federal or local units. These investments are required to have a maturity date not more than twelve months from the date of purchase.

Prior Year Totals

Summarized prior year information has been derived from the Fire District's 2012 financial statements and our report dated July 15, 2013 in which we expressed an unqualified opinion on the general purpose financial statements. This information is presented for comparative purposes.

3. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments with maturities of nine months or less are classified as cash, cash equivalents and investments in the accompanying balance sheet.

The Fire District's deposits are insured by federal depository insurance or by the Governmental Unit Deposit Protection Act (GUDPA) pursuant to N.J.S. 17:9-41, GUDPA insures up to 100% of all municipal deposits held in eligible New Jersey banks.

DENNIS TOWNSHIP  
FIRE DISTRICT #2 - DENNISVILLE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**3. Cash, Cash Equivalents and Investments (continued)**

Investments are carried at original cost with related premiums or discounts amortized over the life of the investment as an adjustment to interest income. The Fire District is limited by N.J.S. 40A:5 to the types of investments it may make. Allowable investments include U.S. Government obligations, U.S. Government agency securities, repurchase agreements, and U.S. Government trust investment pools.

As of December 31, 2012, the investments of the Fire District are listed by appropriate risk categories as follows:

**Category 1** - Investments which are insured or registered or held by the Fire District or its agent in the Fire District's name.

**Category 2** - Investments which are uninsured and unregistered, with securities held by others in the Fire District's name.

**Category 3** - Investments which are uninsured and unregistered, with securities held by others, but not in the Fire District's name.

At December 31, 2012, the carrying amount of cash, cash equivalents and investments are noted below by type of investment, corresponding carrying amount and fair value. All cash and investments of the Fire District are Category 1 investments.

	<u>Carrying Amount</u>	<u>Fair Value</u>
Checking Account	<u>\$ 90,948</u>	<u>\$ 90,948</u>

**4. Liabilities**

The Fire District issued a bond anticipation note on April 16, 2009. The proceeds were used by the Dennisville Volunteer Fire Company to purchase a new 1500 Gallon Tank Pumper. The bond anticipation note has a principal balance of \$94,000 bearing interest at the rate of 1.57% per annum payable at maturity. The note matured on April 15, 2013.

**DENNIS TOWNSHIP**  
**FIRE DISTRICT #2 - DENNISVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**5. Fund Balance and Fund Balances Appropriated**

Fund balances at December 31, 2012 which were appropriated and included as anticipated revenue for the year ended December 31, 2012 were as follows:

	General Fund	Capital Fund	Total
Fund Balance	\$ -	\$ 6,598	\$ 6,598
Fund Balance, Appropriated	\$ -	\$ -	\$ -

**6. State Grants**

In the normal course of operations, the Fire District receives grant funds from the Division of Local Government Services Supplemental Fire Service Program. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material. The Fire District received \$935 under this program for the year ended December 31, 2012.

**7. Joint Insurance Fund**

In participation with Dennis Township, the Township of Dennis Fire District #2-Dennisville is a member of the Atlantic County Municipal Joint Insurance Fund. The fund provides its members with the following coverage:

- Workers Compensation
- General Liability, Law Enforcement Liability
- Employee Benefits Liability
- Public Official Liability
- Property, Real and Personal
- Automobile Liability
- Crime
- Fidelity

Contributions to the Fund, including a reserve for contingencies, are payable in four installments and are based on actuarial assumptions determined by the Fund's actuary in conjunction with the Fund's risk management consultant. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations. Remaining surplus is available for redistribution to participants upon approval from the Commissioner of Insurance.



DENNIS TOWNSHIP  
FIRE DISTRICT #2 - DENNISVILLE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

8. Lease

Beginning in July 1997, the Fire District entered into a lease agreement with the Dennis Volunteer Fire Company for the use of the building and property located at 731 Petersburg Road, Dennisville, New Jersey. Annual rental increases of 2% occur each July 1st. For the year ended December 31, 2012, rental expense was \$36,966 and is included in Operating and Maintenance Expenses.

9. Contingencies

In the normal course of business, the Fire District may periodically be named as a defendant in litigation. In the opinion of management, supported by legal counsel, the impact of any such matters, if adversely determined, would not have a material adverse effect on the general purpose financial statements or operations of the Fire District.

10. Equipment

The Fire District did not purchase or retire any equipment.

**DENNIS TOWNSHIP**  
**FIRE DISTRICT #2 - DENNISVILLE**  
**SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Phone (609) 398-8149  
Fax (609) 398-8513  
E-Mail office@gmhcpa.com

Website: www.gmhcpa.com

**GREGG M. HEININGER**

CERTIFIED PUBLIC ACCOUNTANT

8TH STREET & WESLEY AVENUE  
516 E. 8TH STREET  
OCEAN CITY, NEW JERSEY 08226

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
NEW JERSEY SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS  
PENNSYLVANIA 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

To the Honorable Chairman and Members of  
The Board of Commissioners  
Dennis Township Fire District #2  
Dennisville, New Jersey

I have audited the financial statements of the governmental activities, each major fund and the aggregate discretely presented component unit and remaining fund information of Dennis Township Fire District #2 – Dennisville (Fire District) as of and for the year ended December 31, 2012 which collectively comprise The Fire District's financial statements and have issued my report thereon dated July 15, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Fire District'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 Fire District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Fire District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Fire District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fire District's financial statements that is more than inconsequential will not be prevented or detected by the Fire District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fire District's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of management and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. However, this report is a matter of public record and its distribution is not limited.



Gregg M. Heininger, CPA

July 15, 2013

**DENNIS TOWNSHIP**  
**FIRE DISTRICT #2 - DENNISVILLE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - COMPARED TO BUDGET**  
**YEAR ENDED DECEMBER 31, 2012**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2011)**

	2012		Variance Favorable (Unfavorable)	2011 Actual
	Budget	Actual		
<b>REVENUES:</b>				
Miscellaneous Revenues:				
Interest on Deposits and Investments	\$ 304	\$ 124	\$ (180)	\$ 290
Supplemental Fire Services Grant	935	935	-	935
Total Miscellaneous Revenues	1,239	1,059	(180)	1,225
Other Financing Sources:				
Fund Balance Appropriated	-	-	-	-
Restricted Fund Balance Appropriated	-	-	-	-
District Taxes:				
Operating and Maintenance	241,201	241,201	-	235,733
Total Miscellaneous Revenues and Other Financing Sources	242,440	242,260	(180)	236,958
<b>EXPENDITURES:</b>				
Operating and Maintenance:				
Administration	17,400	14,980	2,420	11,693
Volunteer Fire Company	151,692	129,845	21,847	198,495
Total Operating and Maintenance	169,092	144,824	24,268	210,188
Length of Service Award Program	23,500	23,500	-	23,500
Capital:				
Debt Service	49,848	49,848	-	49,576
Capital Outlay	-	-	-	-
Total Capital	49,848	49,848	-	49,576
Total Expenditures	242,440	218,172	24,268	283,264
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	24,087	24,087	(46,306)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	83,449	34,041	(49,408)	83,449
Decreased by:				
Utilization of Anticipated Revenue	(55,000)	2,800	57,800	(3,102)
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 28,449</b>	<b>\$ 60,928</b>	<b>\$ 32,479</b>	<b>\$ 34,041</b>

See notes to financial statements.

**DENNIS TOWNSHIP**  
**FIRE DISTRICT #2 - DENNISVILLE**  
**GENERAL FUND**  
**STATEMENT OF EXPENDITURES -CDMPARED TO BUDGET**  
**YEAR ENDED DECEMBER 31, 2012**  
**(WITH COMPARATIVE ACTUAL TOTALS FOR 2011**

	<u>2012</u>		Variance Favorable (Unfavorable)	<u>2011 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
<b>OPERATING AND MAINTENANCE</b>				
Administration:				
Election	\$ 100	\$ 100	\$ -	\$ 100
Insurance	2,700	999	1,701	565
Membership/Dues	300	-	300	-
Office Expenses	3,000	3,466	(466)	1,428
Professional Services	11,300	10,415	885	9,600
Total Administration	17,400	14,980	2,420	11,693
Volunteer Fire Company				
Insurance	10,500	9,126	1,374	10,122
Maintenance and Repair	27,000	23,722	3,278	27,026
Rent	36,966	36,966	-	33,190
Supplies Expense	1,146	-	1,146	104
Training and Education	2,000	4,977	(2,977)	900
Travel Expenses	200	-	200	-
Uniforms	3,195	1,212	1,983	1,817
Utilities	15,000	20,386	(5,386)	11,958
Equipment (not included in Capital)	30,000	26,720	3,280	90,008
PEOSHA Items	750	-	750	275
Grant	935	-	935	-
Reserve for Emergencies	10,000	-	10,000	-
Turn Out Gear	14,000	6,736	7,264	23,096
Total Volunteer Fire Company	151,692	129,845	21,847	198,495
Total Operating and Maintenance	169,092	144,824	24,268	210,188
<b>LENGTH OF SERVICE AWARD PROGRAM</b>	23,500	23,500	-	23,500
<b>CAPITAL</b>				
Debt Service:				
Bond Anticipation Note Principal	47,000	47,000	-	47,000
Bond Anticipation Note Interest	2,848	2,848	-	2,576
Total Debt Service	49,848	49,848	-	49,576
<b>TOTAL EXPENOITURES</b>	<u>\$ 242,440</u>	<u>\$ 218,172</u>	<u>\$ 24,268</u>	<u>\$ 283,264</u>

See notes to financial statements.

DENNIS TOWNSHIP  
FIRE DISTRICT #2 - DENNISVILLE  
SCHEDULE OF STATISTICAL INFORMATION (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2012

**PROPERTY TAX LEVIES:**

Following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 assessed valuations for the current and preceding five years:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2008	\$ 344,854,045	\$ 222,000	0.064
2009	\$ 349,007,447	\$ 232,400	0.067
2010	\$ 348,486,552	\$ 246,733	0.071
2011	\$ 347,294,018	\$ 235,733	0.068
2012	\$ 346,588,900	\$ 241,201	0.069

DENNIS TOWNSHIP  
FIRE DISTRICT #2 - DENNISVILLE  
CAPITAL FUND  
STATEMENT OF BOND ANTICIPATION NOTE PAYABLE  
YEAR ENDED DECEMBER 31, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31 2011</u>	<u>Paid in 2012 by Budget Appropriation</u>	<u>Balance Dec. 31 2012</u>
1500 Gallon Tank Pumper	4/16/2012	4/15/2013	1.57%	\$ 141,000	\$ 47,000	\$ 94,000
				<u>\$ 141,000</u>	<u>\$ 47,000</u>	<u>\$ 94,000</u>