

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013
WITH
INDEPENDENT AUDITOR'S REPORT

**BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL**

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

FOUNDED IN 1926 BY SIDNEY MOHEL

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

**Board of Fire Commissioners
Township of Wall, District No. 1**

Report on the Financial Statements

We have audited the accompanying financial statements of the Board of Fire Commissioners, Township of Wall, District No.1, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basis 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, Issued by the Comptroller General of the United States and auditing standards 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 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

**Board of Fire Commissioners
Township of Wall, District No. 1**

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Fire Commissioners, Township of Wall, District No. 1, as of December 31, 2014 and 2013, and the respective changes in financial position, and cash flows, thereof 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 3 – 5 and 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 23, 2015, on our consideration of the Board of Fire Commissioners, Township of Wall, District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Board of Fire Commissioners, Township of Wall, District No. 1's internal control over financial reporting and compliance.

MoHEL Elliott Bauer & Gass

Lakewood, New Jersey
April 23, 2015

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014

Our discussion and analysis of District No. 1 Township of Wall financial performance provides an overview of the District's financial activities for the year ended December 31, 2014. Please review it in conjunction with the Districts' basic financial statements which begin on Page 6.

Financial Highlights

- Total net position decreased \$9,442 which represents a 2.21 percent decrease from 2013. \$28,832 was the deficiency of revenues over expenditures in the general fund, there was no change in net assets restricted for capital projects and \$19,390 was the decrease in invested in capital assets.
- The amount raised by taxation was \$384,000 or 93.02 percent of all revenues. Interest, and other income amounted to \$28,805 or 6.98 percent of all revenues.
- Total program expenses have increased \$25,308 or 6.38 percent. The most significant increase was personnel services, \$44,695. During 2013, a Director of Fire Services was hired. The most significant decrease was in capital outlays, \$7,697 and materials and services, \$7,997.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statements of Net Position and the Statements of Activities (on page 6 and 7) provide information about the activities of the District as a whole. Fund financial statements are on pages 9 - 12. These statements tell how these services were financed. 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.

Reporting the District as a Whole

The Statements of Net Position and the Statements of Activities

Our analysis of the District as a whole begins on page 6. 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 Statements of Net Position and the Statements of Activities report information about the District as a whole and about its activities in a way that helps answer 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 current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position-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 position is one indicator of whether its *financial health* is improving or deteriorating.

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 9. The fund financial statements provide detailed information about the most significant funds-not the District as a whole.

General Fund - Most of the District's basic services are reported in the general fund, which focuses on how money flows into and out of the funds and the balances left at year-end that are available for spending. The general fund statements provide a detailed *short-term view* of the District's general 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.

The District as a Whole

The District's total net position decreased \$9,442 to \$416,902 or 2.21 percent. Details of the changes are reflected on page 7.

Original Versus Final Budget

Page 18 reflects the variances between the original and final budgeted amounts.

Final Budget Versus Actual Results

As reflected on page 18, the District operated within budgetary constraints. Actual expenses were under the final budget by \$11,601.

Capital Assets

At year end, the District had \$1,607,571 in total capital assets, an increase of \$33,210. During 2014, the District did numerous building improvements.

Debt Administration

The Board has entered into a lease with option to purchase agreement dated as of November 9, 2004 for a tower ladder fire truck with Sun Trust Equipment Finance and Leasing Corporation. The lease is payable over ten years in the amount of \$63,127 per annum. Final payment on the lease is due November 8, 2014. For additional information please refer to page 17, capital lease obligation payable.

The Board has entered into a lease with option to purchase agreement dated August 23, 2006 for a pumper fire truck with Sun Trust Equipment Finance and Leasing Corporation. The lease is payable over ten years in the amount of \$50,082 per annum. For additional information please refer to page 17, capital lease obligation payable.

Economic Factors and Next Year's Budget and Rates

The District's governing body considered many factors when setting the 2015 budget and tax rates including the economy, the rate of inflation, debt service and planned future capital projects. The tax rate will increase .006 for 2015. The new rate will be .089 per \$100 of assessed valuation. The amount to be raised by taxation will increase \$32,000 to \$416,000.

**BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2014**

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors 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 Board Clerk at P.O. Box 53, Belmar, NJ 07719.

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL

STATEMENTS OF NET POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 190,309	\$ 42,865
Investments - certificates of deposit	133,471	183,758
Accounts receivable	3,070	116,250
Prepaid expenses	17,948	16,085
Capital assets, net	212,774	297,930
Total assets	557,572	656,888
 LIABILITIES		
Accounts payable and accrued expenses	46,870	32,199
Capital lease obligation payable	93,800	198,345
Total liabilities	140,670	230,544
 NET POSITION		
Invested in capital assets, net of related debt	118,974	99,585
Restricted for capital projects	159,186	159,186
Unrestricted	138,742	167,573
Total net position	\$ 416,902	\$ 426,344

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

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Expenses:		
Personnel services	\$ 108,242	\$ 63,547
Material and services	175,831	183,828
Debt service - interest	8,665	12,932
Capital outlays	11,144	18,841
Depreciation	<u>118,365</u>	<u>117,791</u>
Total program expenses	422,247	396,939
Program revenues:		
Charges for services	<u>-</u>	<u>-</u>
Net program expenses	422,247	396,939
General revenues:		
Amount raised by taxation	384,000	372,000
Interest income	774	1,178
Other income	<u>28,031</u>	<u>24,114</u>
Total general revenues	412,805	397,292
Increase (decrease) in net position	(9,442)	353
Net position - beginning of year	<u>426,344</u>	<u>425,991</u>
Net position - end of year	<u>\$ 416,902</u>	<u>\$ 426,344</u>

The accompanying notes are an integral
part of these financial statements

**BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL**

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
Cash flows from operating activities:		
Cash received from operations	\$ 497,180	\$ 255,750
Cash paid to suppliers and employees	(291,074)	(303,679)
Interest income received	774	1,178
Other income	28,031	24,114
Net cash provided by operating activities	234,911	(22,637)
Cash flow from investing activities:		
Capital expenditures	(33,209)	(5,940)
Increase in investments	50,287	(969)
Net cash provided (used) by investing activities	17,078	(6,909)
Cash flow from financing activities:		
Principal payments - capital lease	(104,545)	(100,277)
Net cash provided (used) in financing activities	(104,545)	(100,277)
Net increase (decrease) in cash and cash equivalents	147,444	(129,823)
Cash and cash equivalents at beginning of year	42,865	172,688
Cash and cash equivalents at end of year	\$ 190,309	\$ 42,865
Reconciliation of change in net position to net cash provided (used) by operating activities:		
Change in net position	\$ (9,442)	\$ 353
Adjustments to reconcile change in net position to cash provided by operating activities		
Depreciation	118,365	117,791
Change in assets and liabilities:		
(Increase) decrease in:		
Prepaid expenses	(1,863)	(15,039)
Accounts receivable	113,180	(116,250)
Increase (decrease) in:		
Accounts payable and accrued expenses	14,671	(9,492)
Total adjustments	244,353	(22,990)
Net cash provided by operating activities	\$ 234,911	\$ (22,637)

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

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
YEAR ENDED DECEMBER 31, 2014

	GENERAL FUND	CAPITAL FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS	STATEMENT OF NET POSITION
ASSETS					
Cash and cash equivalents	\$ 164,594	\$ 25,715	\$ 190,309	\$	\$ 190,309
Investments - certificates of deposit	-	133,471	133,471		133,471
Accounts receivable	3,070		3,070		3,070
Prepaid expenses	17,948		17,948		17,948
Capital assets, net			-	212,774	212,774
Total assets	<u>185,612</u>	<u>159,186</u>	<u>344,798</u>	<u>212,774</u>	<u>557,572</u>
LIABILITIES					
Accounts payable and accrued expenses	46,870		46,870		46,870
Capital lease obligation payable			-	93,800	93,800
Total liabilities	<u>46,870</u>	<u>-</u>	<u>46,870</u>	<u>93,800</u>	<u>140,670</u>
FUND BALANCES					
Committed - Capital Projects		159,186	159,186	(159,186)	-
Assigned - Designated for subsequent year's expenditures	40,000		40,000	(40,000)	-
Unassigned	98,742		98,742	(98,742)	-
Total fund balances	<u>138,742</u>	<u>159,186</u>	<u>297,928</u>	<u>(297,928)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 185,612</u>	<u>\$ 159,186</u>	<u>\$ 344,798</u>		
NET POSITION					
Invested in capital assets, net of related debt				118,974	118,974
Restricted for capital projects				159,186	159,186
Unrestricted				138,742	138,742
Total net position				<u>\$ 416,902</u>	<u>\$ 416,902</u>

The accompanying notes are an integral part of these financial statements

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
YEAR ENDED DECEMBER 31, 2013

	GENERAL FUND	CAPITAL FUND	TOTAL GOVERNMENTAL FUNDS	ADJUSTMENTS	STATEMENT OF NET POSITION
ASSETS					
Cash and cash equivalents	\$ 42,865	\$	\$ 42,865	\$	\$ 42,865
Investments - certificates of deposit	24,572	159,186	183,758		183,758
Accounts receivable	116,250		116,250		116,250
Prepaid expenses	16,085		16,085		16,085
Capital assets, net			-	297,930	297,930
Total assets	<u>199,772</u>	<u>159,186</u>	<u>358,958</u>	<u>297,930</u>	<u>656,888</u>
LIABILITIES					
Accounts payable and accrued expenses	32,199		32,199		32,199
Capital lease obligation payable			-	198,345	198,345
Total liabilities	<u>32,199</u>	<u>-</u>	<u>32,199</u>	<u>198,345</u>	<u>230,544</u>
FUND BALANCES					
Committed - Capital Projects		159,186	159,186	(159,186)	-
Assigned - Designated for subsequent year's expenditures	40,000		40,000	(40,000)	-
Unassigned	127,573		127,573	(127,573)	-
Total fund balances	<u>167,573</u>	<u>159,186</u>	<u>326,759</u>	<u>(326,759)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 199,772</u>	<u>\$ 159,186</u>	<u>\$ 358,958</u>		
NET POSITION					
Invested in capital assets, net of related debt				99,585	99,585
Restricted for capital projects				159,186	159,186
Unrestricted				167,573	167,573
Total net position				<u>\$ 426,344</u>	<u>\$ 426,344</u>

The accompanying notes are an integral part of these financial statements

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT
OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	General Fund	Restricted for Capital Projects	Total	Adjustments	Statement of Activities
Revenues:					
Amount raised by taxation	\$ 384,000	\$	\$ 384,000	\$	\$ 384,000
Interest income	774		774		774
Other income	28,031		28,031		28,031
Total revenues	412,805	-	412,805		412,805
Expenditures:					
Personnel services	108,242		108,242		108,242
Materials and services	209,041		209,041	(33,210)	175,831
Debt service	113,210		113,210	(104,545)	8,665
Capital Outlays	11,144		11,144		11,144
Depreciation			-	118,365	118,365
Total expenditures	441,637	-	441,637	(19,390)	422,247
Excess (deficiency) of revenues over expenditures	(28,832)	-	(28,832)	28,832	-
Change in net position			-	(9,442)	(9,442)
Fund balance/net position					
Beginning of year - 2013	167,574	159,186	326,760	99,584	426,344
End of year - 2013	<u>\$ 138,742</u>	<u>\$ 159,186</u>	<u>\$ 297,928</u>	<u>\$ 118,974</u>	<u>\$ 416,902</u>

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

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT
OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

	General Fund	Restricted for Capital Projects	Total	Adjustments	Statement of Activities
Revenues:					
Amount raised by taxation	\$ 372,000	\$	\$ 372,000	\$	\$ 372,000
Interest income	1,178		1,178		1,178
Other income	24,114		24,114		24,114
Total revenues	397,292	-	397,292		397,292
Expenditures:					
Personnel services	63,547		63,547		63,547
Materials and services	183,828		183,828		183,828
Debt service	113,209		113,209	(100,277)	12,932
Capital Outlays	24,781		24,781	(5,940)	18,841
Depreciation			-	117,791	117,791
Total expenditures	385,365	-	385,365	11,574	396,939
Excess (deficiency) of revenues over expenditures	11,927	-	11,927	(11,927)	-
Change in net position			-	353	353
Fund balance/net position					
Beginning of year - 2012	155,647	159,186	314,833	111,158	425,991
End of year - 2012	\$ 167,574	\$ 159,186	\$ 326,760	\$ 99,584	\$ 426,344

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

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Board of Fire Commissioners District No. 1 (the "District") is a corporate body created for the purpose of prevention and extinguishment of fires within the District. The District is governed by Commissioners ("Board") that acts as the governing body. The Board is comprised of five elected Commissioners.

The Board of Commissioners annually appoints the Chair(person) of the Board from existing board members. The Chair responsibilities are to preside at all meetings of the Board; be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission or business organization and exercise supervision over the business of the District, its officers and employees to the extent set forth in their bylaws.

The accompanying statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The financial statements include all organizations, activities, and functions that comprise the District.

Fund Accounting - The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

General Fund - The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws and the bylaws of the District.

Restricted for Capital Projects - Restricted for Capital Projects is used to account for funds restricted for capital projects.

Invested in Capital Assets, Net of Related Debt - Invested in capital assets, net of related debt represents the District's capital assets less accumulated depreciation, net of related debt.

Basis of Accounting - The financial statements of the Board of Fire Commissioners District No. 1 Township of Wall have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

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BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories of Supplies - Purchases of materials and supplies are recognized and recorded as expenditures when they are acquired, regardless of when used.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of reporting cash flows, cash and cash equivalents include cash on hand and investments with an initial maturity of three months or less.

Related Party Transactions - The Board leases facilities from Wall Fire Company No. 1. The lease is for the term of one year and is automatically renewable from year to year unless either party notifies the other by written notice at least 60 days prior to the expiration of the term that the lease will not be renewed. Rental was paid monthly in the amount of \$2,150.00 through October 2014 then increased to \$2,675.00.

Reservations of Fund Balance - The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure in the general fund balance sheet. Unrestricted net position indicates that portion of fund equity, which is available for appropriations, in future periods. Net position reserves have been established for capital projects.

Net Position - Net position presents the difference between assets and liabilities in the statements of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Capital Assets - Capital assets generally result from expenditures in the reserve for capital projects. These assets are reported on the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

Reclassifications - Certain reclassifications have been made to the 2013 financial statements to conform with the 2014 presentation.

(Continued)

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

Fund Balances - In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Fire District classifies governmental fund balances as follows:

Nonspendable Fund Balance - Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (2) imposed by law through constitution provisions or enabling legislation.

Committed Fund Balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority are reported as committed fund balance. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (e.g., legislation) it employed to previously commit these amounts.

Assigned Fund Balance - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Subsequent Events - The District has evaluated subsequent events through April 23, 2015, the date the financial statements were available to be issued.

Statement of Net Position and Governmental Funds Balance Sheet - Adjustments

	2014	2013
Fund balances	\$ 297,928	\$ 326,759
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	212,774	297,930
Capital lease obligations payable - not reported in the funds	(93,800)	(198,345)
Net position of governmental activities	\$ 416,902	\$ 426,344

(Continued)

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

CAPITAL ASSETS

Capital assets together with accumulated depreciation and estimated useful lives consists of the following:

	<u>2014</u>	<u>2013</u>	<u>Estimated Useful Life (Years)</u>
Assets			
Vehicles	129,959	129,959	5 - 7
Apparatus	1,365,823	1,365,823	10
Leasehold improvements	66,805	33,595	15
Equipment	44,984	44,984	5 - 7
	<u>1,607,571</u>	<u>1,574,361</u>	
Less: accumulated depreciation	<u>(1,394,797)</u>	<u>(1,276,431)</u>	
	<u>\$ 212,774</u>	<u>\$ 297,930</u>	

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	<u>2014</u>	<u>2013</u>
Accounts payable	\$ 13,996	\$ 13,820
Accrued LOSAP	15,950	10,150
Accrued salaries	2,692	2,692
Accrued pension	16,924	5,537
	<u>\$ 46,870</u>	<u>\$ 32,199</u>

(Continued)

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

CAPITAL LEASE OBLIGATION PAYABLE

The Board has entered into leases with options to purchase agreements for a tower ladder fire truck and a pumper fire truck. The leases are dated as of November 9, 2004 and August 23, 2006 in the amounts of \$509,729 and \$396,480 payable in annual installments of \$63,127 and \$50,082, respectively. The note bears interest at the rates of 4.09% and 4.49%, respectively.

The following is a schedule of future lease payments under the lease together with the present value of the lease payments as of December 31, 2014 and 2013:

Due Date	Tower Ladder	Pumper	Total	
			2014	2013
2014	\$ -	\$ -	\$ -	\$ 113,209
2015		50,082	50,082	50,082
2016		50,082	50,082	50,082
Total lease payments	-	100,164	100,164	213,373
Less: amount representing interest		(6,364)	(6,364)	(15,028)
Present value of lease payments	\$ -	\$ 93,800	\$ 93,800	\$ 198,345

FAIR VALUE MEASUREMENTS

The District uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosure.

FASB ASC topic 820, fair value measurements and disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC topic 820 are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Significant other observable inputs.
- Level 3: Significant unobservable inputs.

The carrying amount of cash, accounts receivable, accounts payable and accrued expenses approximates fair value due to the short-term maturities of these instruments.

(Continued)

SUPPLEMENTARY INFORMATION

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final		Positive(Negative)
Revenues				
Amount raised by taxation	\$ 384,000	\$ 384,000	\$ 384,000	\$ -
Interest income	2,008	2,008	774	(1,234)
Miscellaneous revenue	*	27,230	28,031	801
Unrestricted net position utilized	40,000	40,000	40,000	-
Total revenues	426,008	453,238	452,805	(433)
Expenditures				
Employee benefits	11,000	14,500	14,473	27
Purchase of assets not included as capital outlays	22,000	11,200	11,144	56
Rent	32,100	26,850	26,850	-
Insurance	52,000	53,500	53,480	20
Professional services	30,000	29,300	29,215	85
Advertising	500	1,325	1,316	9
Truck fuel	10,000	7,450	7,446	4
Elections	1,200	750	742	8
Certification and testing	6,000	2,650	2,632	18
Training and education	1,000	2,300	2,283	17
Operating materials and supplies	500	10,250	10,232	18
Utilities	13,000	15,700	15,699	1
Radio repair	500	-	-	-
Building repair	*	34,505	34,487	18
Maintenance and repairs	25,000	26,000	25,978	22
Medical services	300	-	-	-
Commissioners salaries	4,750	4,750	4,750	-
Director of fire services salary	71,000	71,000	70,786	214
Director of fire service expenses	1,500	-	-	-
Web site development	700	-	-	-
Miscellaneous	500	1,000	964	36
Debt service appropriations	113,208	113,208	113,210	(2)
LOSAP	27,000	27,000	15,950	11,050
Total expenditures	426,008	453,238	441,637	11,601
Excess of revenues over expense	\$ -	\$ -	\$ 11,168	\$ 11,168

* Reflect budget amendment adopted 9/4/2014

**BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL**

STATISTICAL INFORMATION

PROPERTY TAX LEVIES:

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

<u>Calendar Year</u>	<u>Valuations (Unaudited)</u>	<u>Assessed Total Tax Levy</u>	<u>Property Tax Rates</u>
12/31/2014	\$ 465,272,704	\$ 384,000	0.083
12/31/2013	\$ 467,162,495	\$ 372,000	0.080
12/31/2012	\$ 465,932,100	\$ 362,095	0.078
12/31/2011	\$ 466,170,300	\$ 383,689	0.083

UNRESTRICTED NET POSITION:

Following is a tabulation of unrestricted net position and subsequent budget action thereon for the current and preceding three years:

<u>Calendar Year Ended</u>	<u>End of Calendar Year</u>	<u>Utilization in Subsequent Budget</u>	<u>Unassigned</u>
12/31/2014	\$ 138,742	\$ 40,000	\$ 98,742
12/31/2013	\$ 167,573	\$ 40,000	\$ 127,573
12/31/2012	\$ 155,646	\$ 30,000	\$ 125,646
12/31/2011	\$ 178,511	\$ 30,000	\$ 148,511

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL

ROSTER OF OFFICIALS

<u>Name</u>	<u>Amount of Dishonesty Bond</u>
<u>Board of Commissioners</u>	
William R. Davenport, Sr., President	\$ 50,000
Robert D. Hendrickson, Sr., Vice President	\$ 50,000
Norman R. Stelling, Secretary	\$ 50,000
Edward H. Miles, Sr., Treasurer	\$ 50,000
Roy H. Curtis, Commissioner	\$ 50,000

Surety Name
American Alternative Insurance Company

FOUNDED IN 1926 BY SIDNEY MOHEL

CERTIFIED PUBLIC ACCOUNTANTS

1339 RIVER AVENUE, P.O. BOX 261, LAKEWOOD, NEW JERSEY 08701-5615
732/363-6500 FAX: 732/363-0675

**Board of Fire Commissioners
Township of Wall, District No. 1**

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on and Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Board of Fire Commissioners, Township of Wall, District No. 1, as of and for the year ended December 31, 2014, and the related notes to the financial statements which collectively comprise the Board of Fire Commissioners, Township of Wall, District No. 1's basic financial statements, and have issued our report thereon dated April 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Fire Commissioners, Township of Wall, District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Fire Commissioners, Township of Wall, District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Fire Commissioners, Township of Wall, District No. 1's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

**Board of Fire Commissioners
Township of Wall, District No. 1**

Compliance and Other Matters

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

Purpose of this Report

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

Mohel Elliott Bauer & Gass

Lakewood, New Jersey
April 23, 2015