

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
WITH
INDEPENDENT AUDITOR'S REPORT

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

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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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, 2015 and 2014, 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
C E R T I F I E D P U B L I C A C C O U N T A N T S

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, 2015 and 2014, 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 7, 2016, 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.

Mohele Elliott Bauer & Gass

Lakewood, New Jersey
April 7, 2016

**BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015. Please review it in conjunction with the Districts' basic financial statements which begin on Page 6.

Financial Highlights

- Total net position decreased \$16,429 which represents a 3.94 percent decrease from 2014. \$7,027 was the deficiency of revenues over expenditures in the general fund, \$64,976 was the deficiency of revenues over expenditures in net assets restricted for capital projects and \$55,574 was the increase in invested in capital assets.
- The amount raised by taxation was \$416,000 or 94.20 percent of all revenues. Interest, and other income amounted to \$25,616 or 5.80 percent of all revenues.
- Total program expenses have increased \$35,798 or 8.48 percent. The most significant increases were materials and services, \$35,988 and debt service interest, \$11,782. The most significant decrease was building repairs, \$19,507.

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, 2015

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 \$16,429 to \$400,473 or 3.94 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 \$9,071.

Capital Assets

At year end, the District had \$2,116,429 in total capital assets, an increase of \$508,858. Additions for 2015 were: a 2015 Chevy Tahoe Command Vehicle, \$54,975, a Seagrave Marauder II Pumper, \$690,000 and building improvements, \$7,050. In addition a 1993 KME Pumper was disposed of with an original cost of \$243,167.

Debt Administration

The Board has entered into a lease with option to purchase agreement dated as of January 2, 2015 for a Seagrave Marauder II Pumper with U.S. Bancorp Government Leasing and Finance, Inc. The lease is payable over ten years in the amount of \$79,236 per annum. The final payment on the lease is due on January 2, 2025. The interest rate on the lease is 2.295%. For additional information please refer to page 17, capital lease obligations payable.

The Board has entered into a lease with option to purchase agreement dated August 23, 2006 for a Seagrave Marauder 6 Pumper 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 obligations payable.

Economic Factors and Next Year's Budget and Rates

The District's governing body considered many factors when setting the 2016 budget and tax rates including the economy, the rate of inflation, debt service and planned future capital projects. The tax rate will increase .001 for 2016. The new rate will be .090 per \$100 of assessed valuation. The amount to be raised by taxation will increase \$8,000 to \$424,000.

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BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 265,904	\$ 190,309
Investments - certificates of deposit		133,471
Accounts receivable	1,807	3,070
Due from Fire Prevention Bureau	35,002	
Prepaid expenses	2,996	17,948
Capital assets, net	<u>849,476</u>	<u>212,774</u>
Total assets	<u>1,155,185</u>	<u>557,572</u>
LIABILITIES		
Accounts payable and accrued expenses	53,783	46,870
Advanced payments	16,000	
Capital lease obligation payable	<u>684,929</u>	<u>93,800</u>
Total liabilities	<u>754,712</u>	<u>140,670</u>
NET POSITION		
Invested in capital assets, net of related debt	174,548	118,974
Restricted for capital projects	94,210	159,186
Unrestricted	<u>131,715</u>	<u>138,742</u>
Total net position	<u>\$ 400,473</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**

**STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Expenses:		
Personnel services	\$ 103,802	\$ 108,242
Material and services	211,819	175,831
Debt service - interest	20,447	8,665
Capital outlays	6,654	11,144
Depreciation	<u>115,323</u>	<u>118,365</u>
Total program expenses	458,045	422,247
Program revenues:		
Charges for services	<u>-</u>	<u>-</u>
Net program expenses	458,045	422,247
General revenues:		
Amount raised by taxation	416,000	384,000
Interest income	616	774
Other income	<u>25,000</u>	<u>28,031</u>
Total general revenues	441,616	412,805
Increase (decrease) in net position	(16,429)	(9,442)
Net position - beginning of year	<u>416,902</u>	<u>426,344</u>
Net position - end of year	<u>\$ 400,473</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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from operations	\$ 417,263	\$ 497,180
Cash paid to suppliers and employees	(319,412)	(282,409)
Interest income received	616	774
Other income	25,000	28,031
Interest expense	<u>(20,447)</u>	<u>(8,665)</u>
Net cash provided by operating activities	<u>103,020</u>	<u>234,911</u>
Cash flow from investing activities:		
Capital expenditures	(752,025)	(33,209)
Decrease in investments	<u>133,471</u>	<u>50,287</u>
Net cash provided (used) by investing activities	<u>(618,554)</u>	<u>17,078</u>
Cash flow from financing activities:		
Issuance of new debt	700,000	
Principal payments - capital lease	<u>(108,871)</u>	<u>(104,545)</u>
Net cash provided (used) in financing activities	<u>591,129</u>	<u>(104,545)</u>
Net increase (decrease) in cash and cash equivalents	75,595	147,444
Cash and cash equivalents at beginning of year	<u>190,309</u>	<u>42,865</u>
Cash and cash equivalents at end of year	<u>\$ 265,904</u>	<u>\$ 190,309</u>
Reconciliation of change in net position to net cash provided (used) by operating activities:		
Change in net position	\$ <u>(16,429)</u>	\$ <u>(9,442)</u>
Adjustments to reconcile change in net position to cash provided by operating activities		
Depreciation	115,323	118,365
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	1,263	113,180
Due from Fire Prevention Bureau	(35,002)	
Prepaid expenses	14,952	(1,863)
Increase (decrease) in:		
Accounts payable and accrued expenses	6,913	14,671
Advanced payments	<u>16,000</u>	
Total adjustments	<u>119,449</u>	<u>244,353</u>
Net cash provided by operating activities	<u>\$ 103,020</u>	<u>\$ 234,911</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, 2015

	<u>GENERAL FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>ADJUSTMENTS</u>	<u>STATEMENT OF NET POSITION</u>
ASSETS					
Cash and cash equivalents	\$ 161,693	\$ 94,210	\$ 255,903	\$ 10,001	\$ 265,904
Investments - certificates of deposit	-		-		-
Accounts receivable	1,807		1,807		1,807
Due from Fire Prevention Bureau	35,002		35,002		35,002
Prepaid expenses	2,996		2,996		2,996
Capital assets, net				849,476	849,476
Total assets	<u>201,498</u>	<u>94,210</u>	<u>295,708</u>	<u>859,477</u>	<u>1,155,185</u>
LIABILITIES					
Accounts payable and accrued expenses	53,783		53,783		53,783
Advanced payments	16,000		16,000		16,000
Capital lease obligation payable				684,929	684,929
Total liabilities	<u>69,783</u>	<u>-</u>	<u>69,783</u>	<u>684,929</u>	<u>754,712</u>
FUND BALANCES					
Committed - Capital Projects		94,210	94,210	(94,210)	-
Assigned - Designated for subsequent year's expenditures	25,000		25,000	(25,000)	-
Unassigned	106,715		106,715	(106,715)	-
Total fund balances	<u>131,715</u>	<u>94,210</u>	<u>225,925</u>	<u>(225,925)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 201,498</u>	<u>\$ 94,210</u>	<u>\$ 295,708</u>		
NET POSITION					
Invested in capital assets, net of related debt				174,548	174,548
Restricted for capital projects				94,210	94,210
Unrestricted				131,715	131,715
Total net position				<u>\$ 400,473</u>	<u>\$ 400,473</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, 2014

	<u>GENERAL FUND</u>	<u>CAPITAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>ADJUSTMENTS</u>	<u>STATEMENT OF NET POSITION</u>
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 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT
OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	General Fund	Restricted for Capital Projects	Total	Adjustments	Statement of Activities
Revenues:					
Amount raised by taxation	\$ 416,000	\$ -	\$ 416,000		\$ 416,000
Interest income	616		616		616
Other income	25,000		25,000		25,000
Total revenues	<u>441,616</u>	<u>-</u>	<u>441,616</u>		<u>441,616</u>
Expenditures:					
Personnel services	103,802		103,802		103,802
Materials and services	211,819		211,819		211,819
Debt service	129,318		129,318	(108,871)	20,447
Capital Outlays	3,704	64,976	68,680	(62,026)	6,654
Depreciation			-	115,323	115,323
Total expenditures	<u>448,643</u>	<u>64,976</u>	<u>513,619</u>	<u>(55,574)</u>	<u>458,045</u>
Excess (deficiency) of revenues over expenditures	(7,027)	(64,976)	(72,003)	72,003	-
Change in net position			-	(16,429)	(16,429)
Fund balance/net position					
Beginning of year - 2015	138,742	159,186	297,928	118,974	416,902
End of year - 2015	<u>\$ 131,715</u>	<u>\$ 94,210</u>	<u>\$ 225,925</u>	<u>\$ 174,548</u>	<u>\$ 400,473</u>

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

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
OF ACTIVITIES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT
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	<u>412,805</u>	<u>-</u>	<u>412,805</u>		<u>412,805</u>
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	<u>441,637</u>	<u>-</u>	<u>441,637</u>	<u>(19,390)</u>	<u>422,247</u>
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 - 2014	167,574	159,186	326,760	99,584	426,344
End of year - 2014	<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**

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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.

(Continued)

**BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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. There is an ongoing working relationship with the Board of Fire Commissioners of Fire District No. 2, Township of Wall and Fire District No. 3, Township of Wall.

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 2014 financial statements to conform with the 2015 presentation.

(Continued)

**BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 7, 2016, the date the financial statements were available to be issued. Effective January 1, 2016 The Board assumed control, supervision and designation of Local Enforcement Agency within the Township of Wall. Fire District No. 2 and Fire District No. 3 through a shared service agreement, have agreed to fund a designated amount towards the Agency.

Statement of Net Position and Governmental Funds Balance Sheet - Adjustments

	<u>2015</u>	<u>2014</u>
Fund balances	\$ 225,925	\$ 297,928
Capital lease escrow account	10,001	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	849,476	212,774
Capital lease obligations payable - not reported in the funds	<u>(684,929)</u>	<u>(93,800)</u>
Net position of governmental activities	<u>\$ 400,473</u>	<u>\$ 416,902</u>

(Continued)

BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

CAPITAL ASSETS

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

	<u>2015</u>	<u>2014</u>	<u>Estimated Useful Life (Years)</u>
Assets			
Vehicles	184,935	129,959	5 - 7
Apparatus	1,812,655	1,365,823	10
Leasehold improvements	73,855	66,805	15
Equipment	<u>44,984</u>	<u>44,984</u>	5 - 7
	2,116,429	1,607,571	
Less: accumulated depreciation	<u>(1,266,953)</u>	<u>(1,394,797)</u>	
	<u>\$ 849,476</u>	<u>\$ 212,774</u>	

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	<u>2015</u>	<u>2014</u>
Accounts payable	\$ 14,349	\$ 13,996
Accrued LOSAP	11,600	15,950
Accrued pension	<u>27,834</u>	<u>16,924</u>
	<u>\$ 53,783</u>	<u>\$ 46,870</u>

LENGTH OF SERVICE AWARD PROGRAM

On February 16, 2002 the voters of Wall Township Fire District No. 1 approved the establishment of a length of service award program (LOSAP) deferred compensation plan. The program was created by Fire District resolution dated November 20, 2002. The program is made available to all bonafide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the length of service award program enacted into federal law in 1997. The first year of eligibility for entrance into the plan was calendar year 2003. The program provides tax deferred income benefits.

(Continued)

**BOARD OF FIRE COMMISSIONERS
DISTRICT NO. 1
TOWNSHIP OF WALL
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

CAPITAL LEASE OBLIGATIONS PAYABLE

The Board has entered into leases with options to purchase agreements for a Seagrave Marauder II Pumper and a Seagrave Marauder 6 Pumper. The leases are dated as of January 2, 2015 and August 23, 2006 in the amounts of \$700,000 and \$396,480 payable in annual installments of \$79,236 and \$50,082, respectively. The note bears interest at the rates of 2.295% 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, 2015 and 2014:

Due Date	Seagrave Marauder II Pumper	Seagrave Marauder 6 Pumper	Total	
			2015	2014
2015	\$ -	\$ -	\$ -	\$ 50,082
2016	79,236	50,082	129,318	50,082
2017	79,236		79,236	
2018	79,236		79,236	
2019	79,236		79,236	
2020	79,236		79,236	
Thereafter	333,180		333,180	
Total lease payments	729,360	50,082	779,442	100,164
Less: amount representing interest	(92,361)	(2,152)	(94,513)	(6,364)
Present value of lease payments	<u>\$ 636,999</u>	<u>\$ 47,930</u>	<u>\$ 684,929</u>	<u>\$ 93,800</u>

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, 2015**

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final		Positive(Negative)
Revenues				
Amount raised by taxation	\$ 416,000	\$ 416,000	\$ 416,000	\$ -
Interest income	1,714	1,714	616	(1,098)
Other income			25,000	25,000
Unrestricted net position utilized	40,000	40,000	40,000	-
Total revenues	<u>457,714</u>	<u>457,714</u>	<u>481,616</u>	<u>23,902</u>
Expenditures				
Employee benefits	43,000	13,491	13,491	-
Purchase of assets not included as capital outlays	17,000	3,704	3,704	-
Rent	32,100	32,100	32,100	-
Insurance	26,000	49,545	55,720	(6,175)
Professional services	32,000	39,976	39,976	-
Advertising	1,000	800	800	-
Truck fuel	8,000	6,598	6,598	-
Elections	1,200	815	815	-
Certification and testing	5,000	1,478	1,478	-
Training and education	5,000	765	765	-
Operating materials and supplies	2,500	14,454	14,454	-
Utilities	14,000	17,154	17,154	-
Radio repair	1,000	-	-	-
Building repair	10,000	14,980	14,980	-
Maintenance and repairs	23,000	27,052	27,052	-
Medical services	300	-	-	-
Commissioners salaries	6,250	5,750	5,750	-
Director of fire services salary	72,200	72,196	72,196	-
Director of fire service expenses	1,000	-	-	-
Web site development	700	-	-	-
Miscellaneous	300	692	692	-
Debt service appropriations	129,164	129,164	129,318	(154)
LOSAP	27,000	27,000	11,600	15,400
Total expenditures	<u>457,714</u>	<u>457,714</u>	<u>448,643</u>	<u>9,071</u>
Excess of revenues over expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,973</u>	<u>\$ 32,973</u>

**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>
12/31/2015	\$ 470,289,014	\$ 416,000	0.089
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

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>
12/31/2015	\$ 131,715	\$ 25,000	\$ 106,715
12/31/2014	\$ 138,742	\$ 40,000	\$ 127,573
12/31/2013	\$ 167,573	\$ 40,000	\$ 127,573
12/31/2012	\$ 155,646	\$ 30,000	\$ 125,646

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

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, 2015, 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 7, 2016.

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 7, 2016