

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

WITH

INDEPENDENT AUDITOR'S REPORT

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## INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners  
District No. 2  
Township of Wall  
Wall, New Jersey

I have audited the accompanying financial statements of the Board of Fire Commissioners, District No. 2, Township of Wall as of December 31, 2009 and 2008, as listed in the Table of Contents. These financial statements are the responsibility of the Board of Fire Commissioners' management. My responsibility is to express an opinion 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 of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Fire Commissioners, District No. 2, Township of Wall as of December 31, 2009 and 2008, and the results of its operations, and the changes in its fund balances and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 24, 2010 on my consideration of the Board of Fire Commissioners, District No. 2, Township of Wall'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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and page 14, 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.

My audit was made for the purpose of forming an opinion on the basic financial statements of the Board of Fire Commissioners, District No. 2, Township of Wall, taken as a whole. The accompanying schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BARRY J. OSBORN, CPA

November 24, 2010

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

My discussion and analysis of Board of Fire Commissioners, District No. 2, Township of Wall financial performance provides an overview of the district's financial activities for the year ended December 31, 2009. Please review it in conjunction with the district's basic financial statements which begin on page 6.

**Financial Highlights**

Total net assets decreased (\$101,233) which represents a 7.3 percent decrease from 2008. (\$45,018) was the excess of expenditures over revenues in the general fund, (\$2,503) was the decrease in net assets restricted for capital projects and (\$53,712) was the decrease in net assets invested in capital assets.

The amount raised by taxation was \$950,715 or 99.3 percent of all revenues. Interest and other income amounted to \$7,266 or .7 percent of all revenues.

Total program expenses have increased \$189,011 or 21.7 percent. Depreciation has increased by \$154,900 as a result of construction of a new firehouse.

**Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on page 6 and 7) provide information about the activities of the district as a whole. Fund financial statements start on page 8. 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 Statement of Net Assets and the Statement of Activities**

My 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 Statement of Net Assets and the Statement of Activities report information about the district as a whole and about its activities in a way that helps

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(continued)  
FOR THE YEAR ENDED DECEMBER 31, 2009

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 assets and changes in them. You can think of the district's net assets – the difference between assets and liabilities – as one way to measure the district's financial health or financial position. Over time, increases or decreases in the district's net assets are one indicator of whether its financial health is improving or deteriorating.

### **Reporting the District's Most Significant Funds**

#### **Fund Financial Statements**

My analysis of the district's major funds begins on page 8. 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 assets decreased (\$101,233) to \$1,288,343 or 7.3 percent. Details of the changes are reflected on page 8.

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(continued)  
FOR THE YEAR ENDED DECEMBER 31, 2009

**Original Versus Final Budget**

As reflected on page 14. The variances between the original and final budgeted amounts were insignificant.

**Final Budget Versus Actual Results**

As reflected on page 14, the district operated within budgetary constraints. Actual expenses were under the final budget by \$12,803.

**Capital Assets**

At year end, the district had \$6,455,594 in total capital assets – an increase of \$163,502 from 2008. During 2009 the district continues construction of a firehouse and purchased an emergency vehicle.

**Debt Administration**

On May 30, 2007 the District issued \$3,800,000 in general obligation bonds to finance the construction of a new firehouse and to make necessary onsite improvements. Debt service for 2010 will be approximately \$284,516.

**Economic Factors and Next Year's Budget and Rates**

The district's governing body considered many factors when setting the 2010 budget and tax rates including the economy, the rate of inflation and planned future capital projects. The tax rate will increase \$.003 per \$100 of assessed valuation.

**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 PO Box 1405, Wall, NJ 07719.

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**STATEMENT OF NET ASSETS**  
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 438,922	\$ 580,727
Prepaid expenses	23,843	23,934
Capital assets, net	<u>4,580,879</u>	<u>4,702,102</u>
<b>Total Assets</b>	<b><u>\$ 5,043,644</u></b>	<b><u>\$ 5,306,763</u></b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 79,375	\$ 38,750
Capital lease obligation payable	145,926	213,437
General obligation bonds	<u>3,530,000</u>	<u>3,665,000</u>
<b>Total Liabilities</b>	<b><u>3,755,301</u></b>	<b><u>3,917,187</u></b>
 <b>NET ASSETS</b>		
Invested in capital assets, net of related debt	676,269	729,981
Restricted for capital projects	38,687	41,190
Unrestricted	<u>573,387</u>	<u>618,405</u>
<b>Total Net Assets</b>	<b><u>\$1,288,343</u></b>	<b><u>\$1,389,576</u></b>

The accompanying notes are an integral part  
of these financial statements

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**STATEMENT OF ACTIVITIES**  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Expenses</b>		
Personal services	\$310,246	\$271,564
Material and services	297,947	292,554
Depreciation	284,725	127,587
Interest	166,296	178,498
Firehouse – demolished	-	-
Total program expenses	<u>1,059,214</u>	<u>870,203</u>
 <b>General Revenues</b>		
Amount raised by taxation	950,715	909,630
Interest income	5,421	34,254
Other income	1,845	9,484
Various grants	-	<u>119,700</u>
Total general revenues	<u>957,981</u>	<u>1,073,068</u>
 Increase (decrease) in net assets	 (101,233)	 202,865
 Net Assets – beginning of year	 <u>1,389,576</u>	 <u>1,186,711</u>
 Net Assets – end of year	 <u>\$1,288,343</u>	 <u>\$ 1,389,576</u>

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BOARD OF FIRE COMMISSIONERS  
DISTRICT NO.2  
TOWNSHIP OF WALL  
**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**  
YEAR ENDED DECEMBER 31, 2009

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	<u>Adjust- ments</u>	<u>Statement of Activities</u>
<b>Revenues</b>					
Amount raised by taxation	\$789,715	\$161,000	\$950,715		\$ 950,715
Interest income	5,421	-	5,421		5,421
Other income	<u>1,845</u>	<u>-</u>	<u>1,845</u>		<u>1,845</u>
<b>Total revenues</b>	<u>796,981</u>	<u>161,000</u>	<u>957,981</u>		<u>957,981</u>
<b>Expenditures</b>					
Personal service	310,246	-	310,246		310,246
Materials and services	297,947	-	297,947		297,947
Capital outlays	-	163,503	163,503	(163,503)	-
Depreciation	-	-	-	284,725	284,725
Debt service					
Principal	67,510	-	67,510	(67,510)	-
Interest	<u>166,296</u>	<u>-</u>	<u>166,296</u>	<u>-</u>	<u>166,296</u>
<b>Total expenditures</b>	<u>841,999</u>	<u>163,503</u>	<u>1,005,502</u>	<u>(53,712)</u>	<u>1,059,214</u>
Excess of Revenue Over Expenditures	(45,018)	(2,503)	(47,521)	47,521	
Change in net assets				(101,233)	(101,233)
<b>Fund Balance/net assets</b>					
Beginning of year	<u>618,405</u>	<u>41,190</u>	<u>659,595</u>		<u>1,389,576</u>
End of year	<u>\$ 573,387</u>	<u>\$ 38,687</u>	<u>\$ 612,074</u>		<u>\$ 1,288,343</u>

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of these financial statements

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**STATEMENT OF CASH FLOWS**  
YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities:</b>		
Cash received from operations	\$ 950,715	\$ 909,630
Cash paid to suppliers	(733,773)	(856,639)
Interest income received	5,421	34,254
Other income	1,845	9,484
Grants	<u>-</u>	<u>119,700</u>
<b>Net cash provided (used) by operating activities</b>	<u>224,208</u>	<u>216,429</u>
<b>Cash flows from investing activities:</b>		
Firehouse – demolished	-	-
Capital expenditures	(163,503)	(133,000)
Debt reduction	(202,511)	(199,119)
Proceeds – general obligation bonds	-	-
Firehouse – under construction	<u>-</u>	<u>(2,761,970)</u>
<b>Net cash provided (used) by Investing activities</b>	<u>(366,014)</u>	<u>(3,094,089)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(141,805)	(2,877,660)
Cash and cash equivalents at the beginning of year	<u>580,727</u>	<u>3,458,387</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 438,922</u>	<u>\$ 580,727</u>
<b>Reconciliation of change in net assets to net cash provided (used) by operating activities:</b>		
Change in net assets	<u>\$ (101,233)</u>	<u>\$ 202,865</u>
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation	284,725	127,587
Change in assets and liabilities:		
(Increase) decrease in:		
Prepaid expense	91	(1,046)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>40,625</u>	<u>(93,304)</u>
<b>Total adjustments</b>	<u>325,441</u>	<u>28,237</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 224,208</u>	<u>\$ 231,102</u>

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of these financial statements

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2009 AND 2008

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** – The Board of Fire Commissioners District No. 2 (the “District”) is a corporate body created for the purpose of prevention and extinguishment of fires and regulation of fire hazards 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 President of the Board from existing board members. The president’s 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 State of America (GAAP) as applicable to governmental units. The financial statements include all organization, 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.

**Other Funds** - Other Funds is used to account for funds restricted for capital projects.

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**NOTES TO FINANCIAL STATEMENTS**  
(continued)  
YEARS ENDED DECEMBER 31, 2009 AND 2008

**Basis of Accounting** – The financial statements of the Board of Fire Commissioners, District No. 2, 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.

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

**Reclassifications** – Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 presentation.

**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 purpose 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** – District No. 2 is comprised of one fire company as follows:

1. Glendola Fire Company No. 1

The Board of Fire Commissioners has entered into an agreement with the company to provide fire fighting services.

**Reservations of Fund Balance** – The District records reservations for portions of funds 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. Unreserved fund balance indicates that portion of fund equity, which is available for appropriations, in future periods. Fund equity reserves have been established for capital projects.

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**NOTES TO FINANCIAL STATEMENTS**  
(continued)  
YEARS ENDED DECEMBER 31, 2009 AND 2008

**Net Assets** – Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are 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** – General 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 assets or materially extend the asset's life are not.

**Accounts Payable and Accrued Expenses**

	<u>2009</u>	<u>2008</u>
Accounts payable	\$27,479	\$7,288
Other payables	33,213	16,300
LOSAP	11,985	8,211
Accrued interest	<u>6,698</u>	<u>6,951</u>
	<u>\$ 79,375</u>	<u>\$ 38,750</u>

**Commitments**

The Board entered into a lease with option to purchase agreement for a tower ladder fire truck. The lease dated as of December 5, 2001 in the amount of \$600,000 is payable in annual installments of \$78,803 and bears interest at a rate of 5.25%.

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**NOTES TO FINANCIAL STATEMENTS**  
(continued)  
YEARS ENDED DECEMBER 31, 2009 AND 2008

If insufficient funds are available in lessee's budget for the next budget year to make the rental payments for the next renewal term and the funds to make such rental payments are otherwise unavailable by any lawful means, then lessee shall have the option to non-Appropriate the funds to pay the rental payments for the next renewal term. If lessee chooses this option, then all obligations of the lessee under this agreement regarding rental payments for all remaining renewal term shall be terminated.

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, 2009 and 2008.

<u>Due Date</u>	<u>2009</u>	<u>2008</u>
December 5, 2009	\$ -	78,803
December 5, 2010	78,803	78,803
December 5, 2011	<u>78,803</u>	<u>78,803</u>
<b>Total lease payments</b>	157,606	236,409
Less, amount representing interest	<u>11,680</u>	<u>22,972</u>
<b>Present value of lease payments</b>	<u>\$ 145,926</u>	<u>\$ 213,437</u>

**Pension Plan**

District No. 2 participates in the Public Employee Retirement System and Police and Firemen's Retirement System of New Jersey which is a part of the Division of Pensions in the Department of the Treasury, State of New Jersey. The plan is funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plan, which covers public employees throughout the state, does not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Authority who are members of the plan is not available. Pension expense was \$27,738 and \$18,796 in 2009 and 2008, respectively.

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**NOTES TO FINANCIAL STATEMENTS**  
(continued)  
YEARS ENDED DECEMBER 31, 2009 AND 2008

**Capital Assets**

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

	<u>2009</u>	<u>2008</u>	
Land	\$ 26,000	\$ 26,000	
Firehouses and improvements	4,446,937	4,305,813	30
Apparatus	1,626,593	1,626,593	10
Vehicles and equipment	<u>356,064</u>	<u>333,686</u>	5
	6,455,594	6,292,092	
 Less, accumulated depreciation	 <u>1,874,715</u>	 <u>1,589,990</u>	
	<u>\$4,580,879</u>	<u>\$ 4,702,102</u>	

**Bonds Payable**

The Board of Fire Commissioners District No. 2, Township of Wall, issued \$3,800,000 general obligation bonds to provide a portion of the funds necessary to undertake the construction of a new firehouse and to make the necessary onsite improvements. The bonds are dated March 30, 2007. Interest is payable semi-annually on June 15 and December 15, commencing June 15, 2008. The average coupon is 4.30%. Maturities of debt for each of the succeeding five years are as follows:

Year	Principal
2010	135,000
2011	140,000
2012	145,000
2013	155,000
2014	160,000
Thereafter	<u>2,795,000</u>
	<u>\$ 3,530,000</u>

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**NOTES TO FINANCIAL STATEMENTS**  
(continued)  
YEARS ENDED DECEMBER 31, 2009 AND 2008

**Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that financial statements were available to be issued, which date is November 24, 2010.

**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 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.

**SUPPLEMENTARY INFORMATION**

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted</u> <u>Original</u>	<u>Amounts</u> <u>Final</u>	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Unrestricted fund balance utilized	192,821	192,821	192,821	-
Amount raised by taxation	950,715	950,715	950,715	-
Interest income	25,000	25,000	5,421	\$ (19,579)
Grants	3,975	3,975	-	(3,975)
Other income	-	-	<u>1,845</u>	<u>1,845</u>
Total revenues	<u>1,172,511</u>	<u>1,172,511</u>	<u>1,150,802</u>	<u>(21,709)</u>
<b>Expenditures</b>				
Debt service	290,257	290,257	290,004	253
Capital lease	78,754	78,804	78,803	1
Salary – Commissioners	28,750	33,750	33,750	-
LOSAP	22,000	22,000	11,985	10,015
Materials and supplies	64,250	68,750	68,668	82
Insurance	55,000	55,000	47,106	7,894
Professional services	33,500	23,500	22,070	1,430
Advertising	500	500	269	231
Elections	450	450	450	-
Training and education	9,975	9,975	9,015	960
Administrative	12,325	10,775	6,994	3,781
Maintenance and repairs	132,500	72,500	64,542	7,958
Capital appropriations	161,000	161,000	161,000	-
Utilities	45,000	67,000	66,847	153
Salary - other	185,000	150,000	149,808	192
Fringe benefits	<u>53,250</u>	<u>128,250</u>	<u>126,688</u>	<u>1,562</u>
Total expenditures	<u>1,172,511</u>	<u>1,172,511</u>	<u>1,137,999</u>	<u>34,512</u>
Excess of Revenues Over Expenditures	-	-	<u>\$ 12,803</u>	<u>\$ 12,803</u>

The accompanying notes are an integral part  
of these financial statements

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**STATISTICAL INFORMATION**  
DECEMBER 31, 2009

**Property Tax Levies**

Following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 of assessed valuations.

<u>Calendar Year</u> <u>Tax Rates</u>	<u>Assessed Valuations</u> <u>(Unaudited)</u>	<u>Total Tax Levy</u>	<u>Property</u>
12/31/2009	\$1,550,199,500	\$950,715	.062
12/31/2008	1,536,554,223	909,630	.060
12/31/2007	1,512,356,526	874,653	.058
12/31/2006	1,494,450,425	715,000	.048

**Unreserved Fund Balance**

Following is a tabulation of unreserved fund balance 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>
December 31, 2009	\$573,387	\$161,632
December 31, 2008	618,405	192,821
December 31, 2007	620,072	117,022
December 31, 2006	449,602	-

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**ROSTER OF OFFICIALS**

<u>Name</u>	
<u>Board of Commissioners</u>	<u>Amount of Dishonesty Bond</u>
Eugene H. White, President	-
William J. Connellan Jr., Member	-
John A. Tennissen, Clerk	-
Robert S. Coman, Treasurer	\$1,000,000
Michael K. Textor, Member	-

Company Name

Monmouth County Municipal Joint Insurance Fund

Board of Fire Commissioners  
District No. 2  
Township of Wall

**Report on Internal Control Over Financial Reporting  
and on Compliance Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

I have audited the financial statements of Board of Fire Commissioners, District No. 2, Township of Wall, as of and for the year ended December 31, 2009, and have issued my report thereon dated November 24, 2010. 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 Board of Fire Commissioners, District No. 2, Township of Wall'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 Board of Fire Commissioners, District No. 2, Township of Wall's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Board of Fire Commissioners, District No. 2, Township of Wall'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 Board of Fire Commissioners, District No. 2, Township of Wall'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 Board of Fire Commissioners, District No. 2, Township of Wall's financial statements that is more than inconsequential will not be prevented or detected by the Board of Fire Commissioners, District No. 2, Township of Wall's internal control.

Board of Fire Commissioners  
District No. 2  
Page 2

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 Board of Fire Commissioners, District No. 2, Township of Wall'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 Board of Fire Commissioners, District No. 2, Township of Wall'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 of compliance disclosed the following instance of noncompliance required to be reported under *Government Auditing Standards*. The Board of Fire Commissioners, District No. 2, Township of Wall has not had an audit completed and filed with the Authority within four months after the close of the fiscal year as required by N.J.S.A. 40A:5A-15. I considered this instance of noncompliance in forming my opinion on whether the Board of Fire Commissioners, District No. 2, Township of Wall's financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated November 24, 2010.

This report is intended for the information and use of the Board of Fire Commissioners, District No. 2, Township of Wall, and the Division of Local Government Services. However, this report is a matter of public record and its distribution is not limited.

BARRY J. OSBORN, CPA

November 24, 2010

BOARD OF FIRE COMMISSIONERS  
DISTRICT NO. 2  
TOWNSHIP OF WALL  
**SCHEDULE OF FINDINGS AND RESPONSES**  
YEAR ENDED DECEMBER 31, 2009

**Significant Deficiencies**

Finding: 2009 – 1

Criteria: Auditor drafting of client's financial statements

Condition: Bookkeeper does not have adequate technical training in the preparation of financial statements

Response: Management plans to review, approve and accept responsibility for the financial statements prior to their issuance.