

**COMMERCIAL TOWNSHIP**

**FIRE DISTRICT NO. 2**

**COUNTY OF CUMBERLAND**

**REPORT OF AUDIT**

**DECEMBER 31, 2011**

**COMMERCIAL TOWNSHIP FIRE DISTRICT NO. 2**

**COUNTY OF CUMBERLAND**

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**COUNTY OF CUMBERLAND**

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The following officials were in office during 2011:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF SURETY BOND</u>
<u>Board of Commissioners</u>		
Mark Sheppard	Chairman	
Fred Hundt	Vice-Chairman	
Leslie Berry	Treasurer	\$375,000 *
Joe Klaudi	Secretary	
Ron Sutton	Commissioner	

\* Crime Bond - Blanket Policy

# NIGHTLINGER, COLAVITA & VOLPA

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February 29, 2012

## INDEPENDENT AUDITOR'S REPORT

President and Members of the  
Commercial Township Fire District No. 2  
County of Cumberland  
Mauricetown, New Jersey

We have audited the accompanying financial statements of the governmental activities and each major fund of the Commercial Township Fire District No. 2 ("the Fire District"), County of Cumberland, State of New Jersey as of and for the year ended December 31, 2011, which collectively comprise the Fire District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fire District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Commercial Township Fire District No. 2, County of Cumberland, State of New Jersey, as of December 31, 2011, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report dated February 29, 2012 on our consideration of the Fire District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement 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.

Accounting principles generally accepted in the United States of America require that the accompanying Management Discussion and Analysis on pages 6 through 11 along with budgetary comparison information on pages 29 through 31 and page 33 as listed in the table of contents 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire District's basic financial statements as a whole. The related major fund supporting statements and schedules listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**

Raymond Colavita, C.P.A.  
Registered Municipal Accountant

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February 29, 2012

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

President and Members of the  
Commercial Township Fire District No. 2  
County of Cumberland  
Mauricetown, New Jersey

We have audited the financial statements of the governmental activities and each major fund of the Commercial Township Fire District No. 2 (the "Fire District"); County of Cumberland, State of New Jersey, as of and for the year ended December 31, 2011, which collectively comprise the Commercial Township Fire District No. 2, County of Cumberland, State of New Jersey's basic financial statements and have issued our report thereon dated February 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the New Jersey Division of Local Government Services – Bureau of Authority Regulation.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fire District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control over financial reporting.

*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 misstatement 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.

Our consideration of internal control over financial reporting was for the limited purposes described in the paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District's financial statements are free of 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** or audit requirements as prescribed by the New Jersey Division of Local Government Services – Bureau of Authority Regulation.

The district's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses.

This report is intended for the information of the audit committee, management, federal and state awarding agencies and pass-through entities and the Bureau of Authority Regulation. However, this report is a matter of public record.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**

Raymond Colavita, C.P.A.  
Registered Municipal Accountant

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**COMMERCIAL TOWNSHIP FIRE DISTRICT NO. 2**  
**COUNTY OF CUMBERLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**  
**UNAUDITED**

As management of the Commercial Township Fire District No. 2, we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities of the Fire District for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole. Readers should also review the information furnished in the notes to the basic financial statements along with the financial statements to enhance their understanding of the Fire District's financial performance. This presentation is in conformance with GASB 34, which provides more detailed comparisons to prior year financial information.

Financial Highlights

- The assets of Commercial Township Fire District No. 2 exceeded its liabilities at the close of the most recent year by \$113,888, which constitutes Net Assets.
- As of the close of the current year, the Fire District's governmental funds reported ending fund balances of \$96,120, an increase of \$10,215 in comparison with the prior year. The increase is attributed to spending less than anticipated in the 2011 budget.

**Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Commercial Township Fire District No. 2's basic financial statements, which comprise three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

**District-wide Financial Statements.** The district-wide financial statements are designed to provide readers with a broad overview of the Commercial Township Fire District No. 2's finances, in a manner similar to a private sector business, as well as longer-term view. They also reflect what funds remain available for future spending.

The Statement of Net Assets presents information on all of the Fire District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Fire District is improving or deteriorating.

The Statement of Activities presents information showing how the Commercial Township Fire District No. 2's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for certain items that will result in cash flows in future periods.