

**BUENA VISTA TOWNSHIP  
FIRE DISTRICT NO. 2**

**REPORT OF AUDIT**

**YEAR ENDED DECEMBER 31, 2015**

**BUENA VISTA TOWNSHIP  
FIRE DISTRICT NO. 2**

**REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2015**

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**BUENA VISTA TOWNSHIP  
FIRE DISTRICT NO. 2**

**REPORT OF AUDIT  
YEAR ENDED DECEMBER 31, 2015**

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**FINANCIAL SECTION**

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# PREZIOSI NICHOLSON & ASSOCIATES

Professional Association

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners  
Township of Buena Vista  
Fire District No. 2  
Buena Vista, New Jersey

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Buena Vista Fire District No. 2, in the County of Atlantic, State of New Jersey as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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 in compliance with requirements as prescribed by the Bureau of Authority Regulation, 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.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Buena Vista Fire District No. 2, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Buena Vista Fire District No. 2's basic financial statements. The related major fund supporting statements and 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.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2016, on our consideration of the Township of Buena Vista Fire District No.2's internal control over financial reporting and 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 Township of Buena Vista Fire District No. 2's internal control over financial reporting and compliance.

### **PREZIOSI • NICHOLSON & ASSOCIATES**



James M. Preziosi  
Certified Public Accountant

Millville, NJ  
May 10, 2016

# PREZIOSI NICHOLSON & ASSOCIATES

Professional Association

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Certified Public Accountants

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

**INDEPENDENT AUDITORS' REPORT**

To the Board of Fire Commissioners  
Township of Buena Vista  
Fire District No. 2  
Buena Vista, New Jersey

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; and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund of the Township of Buena Vista Fire District No. 2, in the County of Atlantic, State of New Jersey as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township of Buena Vista Fire District No. 2's basic financial statements, and have issued our report thereon dated May 10, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township of Buena Vista Fire District No. 2'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District'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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Buena Vista Fire District No. 2'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*, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

## 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 Fire District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PREZIOSI • NICHOLSON & ASSOCIATES



James M. Preziosi  
Certified Public Accountant

Millville, NJ  
May 10, 2016

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**Part I**

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**BUENA VISTA TOWNSHIP  
FIRE DISTRICT NO. 2**

**Management's Discussion and Analysis  
Year Ended December 31, 2015  
(Unaudited)**

As management of the Township of Buena Vista Fire District No. 2 (Fire District) 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, 2015. 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 to enhance their understanding of the Fire District's financial performance.

**FINANCIAL HIGHLIGHTS**

The financial statements included in this report provide insight into the financial status for the year.

Key financial highlights for 2015 are as follows:

- In total, net position increased by \$3,125, and resulted in ending net position of \$ 1,164,343, or an increase of 0.3 percent.
- Total revenues for the governmental activity were \$355,469.
- Total spending for the governmental activity was \$352,344 for the year.
- The District incurred \$34,412 in capital outlay.
- The District reserved \$10,000 for future capital expenditures.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the Fire District's basic financial statements. The Fire District's basic financial statements comprise of three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**District-wide Financial Statements**

The district-wide financial statements are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the Fire District's assets and liabilities, with the difference between the two reported as net position. 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 Fire District's net position changed during the most recent year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the Fire District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activity of the Fire District includes firefighting services which are provided to the citizens of the Township of Buena Vista.

**BUENA VISTA TOWNSHIP  
FIRE DISTRICT NO. 2**

**Management's Discussion and Analysis  
Year Ended December 31, 2015  
(Unaudited)**

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The Fire District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire District constitute one fund type, governmental funds.

**Governmental Funds**

All of the Fire District's activities are reported in governmental funds, which focuses on how money flows into and out of those funds and the balance left at year-end that is available for spending. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the services it provides. Governmental 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 fire-fighting operations.

**Notes to the Financial Statements**

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

**District-wide Financial Analysis**

Net assets may serve over time as a useful indicator of a government's financial position.

**Buena Vista Township  
Fire District No. 2  
Net Position  
December 31,**

	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 405,994	\$ 417,286
Capital Assets	<u>2,744,978</u>	<u>2,836,404</u>
Total Assets	<u>3,150,972</u>	<u>3,253,690</u>
Long-term Liabilities Outstanding	1,938,075	2,026,985
Other Liabilities	<u>48,554</u>	<u>65,487</u>
Total Liabilities	<u>1,986,629</u>	<u>2,092,472</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	806,903	809,419
Restricted	138,002	142,512
Unrestricted	<u>219,438</u>	<u>209,287</u>
Total Net Position	<u>\$ 1,164,343</u>	<u>\$ 1,161,218</u>

**BUENA VISTA TOWNSHIP  
FIRE DISTRICT NO. 2**

**Management's Discussion and Analysis  
Year Ended December 31, 2015  
(Unaudited)**

The Statement of Activities shows the cost of the governmental activities' program services and the charges for services and grants offsetting those services. Key elements of the increase in governmental activities are as follows:

**Buena Vista Township  
Fire District No. 2  
Statement of Activities  
For the Years Ended December 31,**

	<u>2015</u>	<u>2014</u>
Expenses:		
Operating Appropriations		
Administration	\$ 17,918	\$ 14,451
Cost of Operations and Maintenance	79,978	110,820
Operating Appropriations	20,000	20,000
Length of Service Award Program	40,000	40,000
Unallocated Depreciation	125,839	95,778
Interest of Long-Term Debt	<u>68,609</u>	<u>68,259</u>
 Total Program Services	 <u>352,344</u>	 <u>349,308</u>
 General Revenue:		
Taxes		
Levied for General Purposes	174,405	175,606
Levied for Debt Service	157,520	157,519
State Aid Unrestricted		
Unrestricted Investment Income	490	443
Miscellaneous Income	<u>23,054</u>	<u>14,650</u>
 Total General Revenues	 <u>355,469</u>	 <u>348,218</u>
 Increase (Decrease) in Net Position	 3,125	 (1,090)
 Net Position, January 1	 <u>1,161,218</u>	 <u>1,162,308</u>
 Net Position, December 31	 <u>\$ 1,164,343</u>	 <u>\$ 1,161,218</u>

**General Fund Budgeting Highlights**

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The actual expenditures of the general fund were \$157,896, which is below the original budget estimate of \$181,280.

**BUENA VISTA TOWNSHIP  
FIRE DISTRICT NO. 2**

**Management's Discussion and Analysis  
Year Ended December 31, 2015  
(Unaudited)**

**Capital Assets**

The Fire District's investment in capital assets for its governmental activities as of December 31, 2015 amounts to \$2,744,978 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and apparatus, and equipment. The increase in capital assets is due to the new firehouse. More detailed information about the District's capital assets is presented in the notes to financial statements.

**Township of Buena Vista Township  
Fire District No. 2  
Capital Assets  
(Net of Accumulated Depreciation)  
December 31,**

	<u>2015</u>	<u>2014</u>
Land	\$ 270,293	\$ 235,881
Building and Improvements	1,821,045	1,860,460
Vehicles and Apparatus	559,118	629,960
Equipment	<u>94,522</u>	<u>110,103</u>
Total	<u>\$ 2,744,978</u>	<u>\$ 2,261,005</u>

**Debt Administration**

The Fire District has a note in the amount of \$1,645,119 from the United States Department of Agriculture – Rural Development. Note proceeds were used for the construction of the new firehouse. The Fire District also has a note for \$292,956 for the purchase of fire fighting apparatus.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to:

Buena Vista Township Fire District No. 2  
PO Box 703  
Buena, NJ 08310

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## BASIC FINANCIAL STATEMENTS

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**DISTRICT-WIDE FINANCIAL STATEMENTS**

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**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Statement of Net Position**  
**December 31, 2015**

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 267,992
Accounts Receivable	
Construction Fees Receivable	
Restricted Assets:	
Cash Capital Reserve	138,002
Capital Assets; net of accumulated depreciation	2,744,978
	2,744,978
<b>Total Assets</b>	<b>\$ 3,150,972</b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 48,554
Noncurrent Liabilities:	
Due within One Year	92,649
Due beyond One Year	1,845,426
	1,845,426
<b>Total Liabilities</b>	<b>\$ 1,986,629</b>
<b>NET POSITION</b>	
Investment in Capital Assets; net of related debt	\$ 806,903
Restricted	
Capital Projects	138,002
Other	
Unrestricted	219,438
	219,438
<b>Total Net Position</b>	<b>\$ 1,164,343</b>

The accompanying Notes to Financial Statements are an integral part of this statement

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Statement of Activities**  
**Year Ended December 31, 2015**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET REVENUES
		CHARGES FOR SERVICES	OPERATING GRANTS	(EXPENSES) GOVERNMENTAL ACTIVITIES
Governmental Activities				
Administrative	\$ 17,918	\$ -	\$ -	\$ (17,918)
Operating and Maintenance	79,978			(79,978)
Length of Service Award	40,000			(40,000)
Appropriation for Rescue Squad	20,000			(20,000)
Interest on Long-Term Debt	68,609			(68,609)
Depreciation	125,839			(125,839)
<b>Total Governmental Activities</b>	<b>\$ 352,344</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(352,344)</b>
General Revenues				
Local Tax Levy:				
				174,405
				157,520
				490
				5,375
				17,679
Transfers				
Total General Revenues				
				355,469
Change in Net Position				
				3,125
Net Position; January 1				
				1,161,218
Net Position; December 31				
				\$ 1,164,343

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**FUND FINANCIAL STATEMENTS**

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**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2015**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 267,992	\$ -	\$ 138,002	\$ -	\$ 405,994
Accounts Receivable					-
Construction Fees Receivable					-
<b>Total Assets</b>	<u>\$ 267,992</u>	<u>\$ -</u>	<u>\$ 138,002</u>	<u>\$ -</u>	<u>\$ 405,994</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 48,554	\$ -	\$ -	\$ -	\$ 48,554
<b>Total Liabilities</b>	<u>48,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,554</u>
<b>Fund Balances</b>					
Nonspendable					-
Restricted					
Capital Projects			138,002		138,002
Assigned					
Subsequent Year's Expenditures	55,500				55,500
Unassigned	163,938				163,938
<b>Total Fund Balances</b>	<u>219,438</u>	<u>-</u>	<u>138,002</u>	<u>-</u>	<u>357,440</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 267,992</u>	<u>\$ -</u>	<u>\$ 138,002</u>	<u>\$ -</u>	<u>\$ 405,994</u>

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Reconciliation of the Statement of the Governmental Fund Balance Sheet**  
**to the District - Wide Statement of Net Position**  
**December 31, 2015**

Total Fund Balances Governmental Funds	\$ 357,440
Amounts Reported for Governmental Activity in the Statement of Activities are different because:	
Capital assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet	2,744,978
Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet	(1,938,075)
Total Net Position Governmental Activities	<u>\$ 1,164,343</u>

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Year Ended December 31, 2015**

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
<b>REVENUES</b>					
Local Revenues					
Local Tax Levy	\$ 174,405	\$ -	\$ -	\$ 157,520	\$ 331,925
Interest on Investments	490				490
Rental Income	5,375				5,375
Miscellaneous	17,679				17,679
<b>Total Local Revenues</b>	<u>197,949</u>	<u>-</u>	<u>-</u>	<u>157,520</u>	<u>355,469</u>
Federal and State State Revenues					-
<b>Total Federal and State</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>197,949</u>	<u>-</u>	<u>-</u>	<u>157,520</u>	<u>355,469</u>
<b>EXPENDITURES</b>					
Administrative	17,918				17,918
Operating and Maintenance	79,978				79,978
Length of Service Award	40,000				40,000
Appropriation for Duty Incorporated Rescue Squad	20,000				20,000
Capital Outlay			34,412		34,412
Debt Service				157,520	157,520
<b>Total Expenditures</b>	<u>157,896</u>	<u>-</u>	<u>34,412</u>	<u>157,520</u>	<u>349,828</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,053	-	(34,412)	-	5,641
Other Financing Sources (Uses) Capital Reserve Financed by Debt	(50,000)		50,000		-
<b>Net Changes in Fund Balance</b>	<u>(9,947)</u>	<u>-</u>	<u>15,588</u>	<u>-</u>	<u>5,641</u>
Fund Balances; January 1	229,385		122,414		351,799
<b>Fund Balances; December 31</b>	<u>\$ 219,438</u>	<u>\$ -</u>	<u>\$ 138,002</u>	<u>\$ -</u>	<u>\$ 357,440</u>

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**Year Ended December 31, 2015**

Net Change in Fund Balance-Governmental Fund	\$	5,641
<p>Amounts Reported for Governmental Activity in the Statement of Activities is Different because:</p> <p>Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation Expense		(125,839)
Capital Outlay Expenditures		34,412
<p>In the Statement of Activities, only gain on the disposal of capital assets is reported, whereas in Governmental Funds, the proceeds from a sale increases financial resources.</p>		
Proceeds from Sale of Assets		
<p>Governmental Funds report Debt Service payments as expenditures. However, in the Statement of Activities, repayment of principal of indebtedness reduces long-term liabilities in the statement of net assets.</p>		
Principal Payments on Long-Term Debt		88,911
<p>Governmental Funds report Interest on Long-Term Debt when the interest payment is due. However, in the Statement of Activities, interest on Long-Term Debt is accrued.</p>		
Change in Accrued Interest		-
<p>Governmental Funds report Debt Issues as financing sources. However, in the Statement of Activities, debt issues are not revenues.</p>		
Debt Issued		
Change in Net Position of Governmental Activities	\$	3,125

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## NOTES TO FINANCIAL STATEMENTS

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**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Reporting Entity**

Fire District No. 2 of the Township of Buena Vista (District) is a political subdivision of the Township of Buena Vista, Atlantic County, New Jersey. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

Fire Districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location.

**Component Units**

In evaluating how to define the District for financial reporting purposes, management has considered all potential units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB No. 39, Determining Whether Certain Organizations are Component Units, and GASB No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion from reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within reporting entity.

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency

**Basis of Presentation**

The financial statements of the District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with provisions of N.J.A.C. 5:31-7-1. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

The basic financial statements report using the economic resources management focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The tax revenues are recognized in the year for which they are levied while the grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon thereafter, within 60 days of the end of the fiscal year.

**District-Wide Statements**

The district-wide financial statements include statement of net position and the statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. The policy of the District is to not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories; governmental, proprietary and fiduciary. For the District, only one category of funds exists, that being governmental.

**Governmental Fund Types:**

**General Fund** – The General Fund is the general operating fund of the District and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as firefighting apparatus and equipment, is accounted for in the General Fund when it is responsible for the financing of such expenditures.

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Types (Continued)**

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, such as firehouses and firefighting apparatus. Generally, the financial resources of the Capital Projects Fund are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the voters as a separate question of the ballot either during the annual election or at a special election.

**Debt Service Fund** - The Debt Service Fund is used to account for resources that will be used to service general long-term debt.

**Measurement Focus**

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflow of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

**Fund Financial Statements** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources and uses of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditure.

**Revenues - Exchange and Nonexchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within thirty days of the fiscal year end.

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute a municipality is required to remit to its District the entire balance of taxes in the amount voted upon or certified, prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: grants, fees, and rentals.

**Expenses/Expenditures** – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Budgets and Budgetary Accounting**

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et al.

The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

Amendments may be made to the Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval.

Subsequent to the adoption of the Fire District budget, the amount of money to be raised by taxation in support of the Fire District budget must appear on the ballot for the annual election for approval of the legal voters.

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the Fire District's basic fund financial statements.

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments in U.S. obligations are stated at cost, which approximates market value. Fire Districts are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by Fire Districts.

N.J.S.A. 17:9-42 requires New Jersey governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in the State of New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include savings and loan institutions, banks (both State and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**Capital Assets**

Capital assets purchased are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Fire Trucks	15 years
Fire Fighting Equipment	10 years
Office Equipment	5 years
Furniture and Equipment	5 years

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for Fire Districts, and N.J.S.A. 40A:14-85 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase fire fighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

**Compensated Absences**

The District does not have compensated absences.

**Encumbrances**

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the Fire District has received advances are reflected in the balance sheet as deferred revenues at year end.

Encumbered appropriations carry over into the next year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amount as of the current year end.

**Long-Term Obligations**

In the government-wide financial statements, debt principal payments of both government and business type-activities are reported as decreases in the balance of the liability in the Statement of Net position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

**Net Position**

Net position represents the difference between the summation of assets and the deferred outflows of resources, and the liabilities and deferred inflows of resources. Net position is classified into the following three components:

**Net Investment in Capital Assets** – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.

**Restricted** – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Unrestricted** – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Fund Balance**

The District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The District's classifications, and policies for determining such classifications, are as follows:

**Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. The "not spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

**Restricted** – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

**Committed** – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which, for the District, is the Board of Commissioners. Such formal action consists of an affirmative vote by the Board of Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Commissioners removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**Assigned** – The assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by either the Board of Commissioners.

**Unassigned** – The unassigned fund balance classification 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. The general fund is the only fund that reports a positive unassigned fund balance amount. In other government funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the District to spend fund balances, if appropriated, in the following order: committed, assigned, and then unassigned.

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfund Transactions**

All interfund transactions, except quasi external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

**Deferred Revenue**

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

**Fire District Taxes**

Upon the proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be raised in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

**Impact of Recently Issued Accounting Principles**

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement is effective for fiscal periods beginning after June 15, 2015, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Post-employment Benefit Plans Other than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Post-employment Benefit Plans Other than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement is effective for fiscal periods beginning after June 30, 2015, will not have any effect on the District's financial reporting.

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Custodial Credit Risk Related to Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. Although the District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. At year-end, the carrying amount of the District's deposits and the balance on bank records was \$406,468. At December 31, 2015, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

**Restricted Cash and Cash Equivalents**

At December 31, 2015, the government-wide financial statements reported cash and cash equivalents. This amount of \$138,002 cash and cash equivalents was held for capital projects.

**Investments**

The District did not maintain any investment at December 31, 2015.

Cash and investments are included on the basic financial statements as follows:

Cash and Cash Equivalents	\$ 267,992.
Cash Capital Reserve	<u>138,002.</u>
Total Cash and Investments	<u>\$ 405,994.</u>

**NOTE 3 RESERVE ACCOUNT**

Capital reserve accounts may be established for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. Capital reserve activity for the year ended December 31, 2015 was as follows:

	Beginning Balance <u>12-31-14</u>	Additions/ (Transfers)	Capital Purchase	Ending Balance <u>12-31-15</u>
Capital Reserve	<u>\$ 122,414.</u>	<u>\$ 50,000.</u>	<u>\$ 34,412.</u>	<u>\$ 138,002.</u>

**NOTE 4 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)**

The District's Length of Service Awards Program (LOSAP) was created by a Resolution pursuant to Section 457(e)(11)(13) of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the Length of Service Awards Program as enacted into federal law in 1997. The plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the District or its creditors.

The District contributed \$40,000 to the LOSAP for the year ending December 31, 2015.



**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)**

**Bank Note Payable**

The Fire District entered into a loan agreement with Newfield National Bank for a loan of \$400,000 to purchase a fire fighting vehicle. Principal and interest payments of 15,702 are due quarterly and carry an interest rate of 2.750%. The Note is due to mature in September 2020. The balance of the note as of December 31, 2015 was \$292,956.

Principal and interest due on outstanding note is as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 55,192.	\$ 7,615.	\$ 62,807.
2017	56,769.	6,038.	62,807.
2018	58,368.	4,439.	62,807.
2019	60,013.	2,794.	62,807.
2020	62,614.	1,070.	63,684.
	<u>\$ 292,956.</u>	<u>\$ 21,956.</u>	<u>\$ 314,912.</u>

**NOTE 7 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to personnel; and natural disasters.

The District maintains commercial insurance coverage for liability and property.

**NOTE 8 CONTINGENT LIABILITIES**

The District is subject to claims and lawsuits which arise primarily in the course of business. The District does not anticipate any losses with respect to such existing or pending claims and lawsuits at December 31, 2015.

**NOTE 9 SUBSEQUENT EVENTS**

The District evaluated subsequent events through May 10, 2016, the date the financial statements were available to be issued. No events, other than those described in these notes, have occurred that require disclosure or adjustments.

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 10 FUND BALANCES**

**RESTRICTED**

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Specific restrictions of the District's fund balance are summarized as follows:

**For Future Capital Projects** – These funds are restricted for future capital expenditures to be made in future years. When the District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation.

**ASSIGNED**

As stated in Note 1, the assigned fund balance classification represents amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the District's fund balance are summarized as follows:

**For Subsequent Year's Expenditures** – The District has appropriated and included as anticipated revenue of \$55,000 of general fund balance at December 31, 2015.

**UNASSIGNED**

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The District's unassigned fund balance is summarized as follows:

**General Fund** – As of December 31, 2015, \$163,938 of general fund balance was unassigned.

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**Part II**

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**BUDGETARY COMPARISON SCHEDULES**

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**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**

**General Fund**

**Budgetary Comparison Schedule**

**Year Ended December 31, 2015**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes				
Local Tax Levy	\$ 174,405	\$ 174,405	\$ 174,405	\$ -
Total Taxes	174,405	174,405	174,405	-
Federal and State				
Supplemental Fire Service				-
Total Federal and State	-	-	-	-
Miscellaneous Revenue				
Interest Earned	1,500	1,500	490	(1,010)
Miscellaneous Revenue	375	375	17,679	17,304
Rental Income			5,375	5,375
Total Miscellaneous Revenue	1,875	1,875	23,544	21,669
Total Revenues	176,280	176,280	197,949	21,669
<b>EXPENDITURES</b>				
Administrative				
Miscellaneous	2,480	2,480	1,465	1,015
Office Expense	5,000	5,000	2,969	2,031
Professional Services	14,000	14,000	13,484	516
	21,480	21,480	17,918	3,562
Operating and Maintenance				
Advertising	500	500	217	283
Insurance	17,500	17,500	15,317	2,183
Maintenance and Repair	25,000	37,800	29,497	8,303
Operating Supplies	12,800			-
Training and Education	5,000	5,000	2,476	2,524
Uniforms	14,000	14,000	9,177	4,823
Utilities	25,000	25,000	23,294	1,706
	99,800	99,800	79,978	19,822
Appropriations For Duly Incorporated				
Rescue Squad Association	20,000	20,000	20,000	-
	20,000	20,000	20,000	-

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**General Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2015**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<i>(Continued from Prior Page)</i>				
LOSAP				
Length of Service Award	40,000	40,000	40,000	-
	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Capital Outlay				
Capital Expenditures				-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>181,280</u>	<u>181,280</u>	<u>157,896</u>	<u>23,384</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(5,000)	40,053	45,053
Other Financing Sources (Uses)				
Capital Reserves	(10,000)	(50,000)	(50,000)	-
	<u>(15,000)</u>	<u>(55,000)</u>	<u>(9,947)</u>	<u>45,053</u>
Net Changes in Fund Balance	(15,000)	(55,000)	(9,947)	45,053
Fund Balances; January 1	<u>229,385</u>	<u>229,385</u>	<u>229,385</u>	<u>-</u>
Fund Balances; December 31	<u>\$ 214,385</u>	<u>\$ 174,385</u>	<u>\$ 219,438</u>	<u>\$ 45,053</u>

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2015**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Federal and State Revenue				
FEMA Grant	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Operations and Maintenance				-
Supplies				-
Capital Outlay				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-		-
Other Financing Sources (Uses)				
Operating Transfers - Match		-	-	
Net Changes in Fund Balance	-	-	-	-
Fund Balances; January 1				
Fund Balances; December 31	\$ -	\$ -	\$ -	\$ -

**TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 2**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note to RSI**  
**Year Ended December 31, 2015**

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
<b>Sources / Inflows of Resources</b>		
Actual amounts (budgetary basis) "Revenue" from the Budgetary Comparison Schedule	\$ 197,949	\$ -
Grant accounting budgetary basis differed from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
	<hr/>	<hr/>
Total Revenue as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 197,949</u>	<u>\$ -</u>
<b>Uses / Outflows of Resources</b>		
Actual amounts (budgetary basis) "Expenditures" from the Budgetary Comparison Schedule	\$ 157,896	\$ -
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
	<hr/>	<hr/>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 157,896</u>	<u>\$ -</u>

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**OTHER SUPPLEMENTARY INFORMATION**

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**CAPITAL PROJECTS FUND**

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**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended December 31, 2015**

	BUILDING RESERVE	LAND RESERVE	TOTAL
<b>REVENUES AND OTHER SOURCES</b>			
Operating Transfers	\$ 10,000	\$ 40,000	\$ 50,000
Total Revenues and Other Financing Sources	<u>10,000</u>	<u>40,000</u>	<u>50,000</u>
<b>EXPENDITURES</b>			
Construction Services			-
Capital Outlay		34,412	34,412
Total Expenditures	<u>0</u>	<u>34,412</u>	<u>34,412</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	5,588	15,588
Other Financing Sources (Uses)			
Transfers			-
Financed by Debt			-
Net Changes in Fund Balance	10,000	5,588	15,588
Fund Balances; January 1	<u>68,295</u>	<u>54,119</u>	<u>122,414</u>
Fund Balances; December 31	<u>\$ 78,295</u>	<u>\$ 59,707</u>	<u>\$ 138,002</u>

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**LONG TERM DEBT**

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**TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 2**  
**Long-Term Debt**  
**Schedule of Notes Payable**  
**Year Ended December 31, 2015**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES				ISSUED	RETIRED	BALANCE 12-31-2015
			DATE	AMOUNT	INTEREST RATE	BALANCE 12-31-2014			
US Department of Agriculture Rural Development Loan	12-05-2012	\$ 1,347,000	2016	\$ 28,830	3.50%	\$ 1,294,122	\$ -	\$ 27,847	\$ 1,266,275
			2017	29,848	3.50%				
			2018	30,902	3.50%				
			2019	31,993	3.50%				
			2020	33,123	3.50%				
			2021-2043	1,111,579	3.50%				
US Department of Agriculture Rural Development Loan	12-05-2012	\$ 403,000	2016	\$ 8,627	3.50%	387,177	-	8,333	378,844
			2017	8,932	3.50%				
			2018	9,248	3.50%				
			2019	9,573	3.50%				
			2020	9,912	3.50%				
			2021-2043	332,552	3.50%				
Newfield National Bank Equipment Loan	01-01-2014	\$ 400,000	2016	\$ 55,192	2.75%	345,687		52,731	292,956
			2017	56,769	2.75%				
			2018	58,368	2.75%				
			2019	60,013	2.75%				
			2020	62,614	2.75%				
						\$ 2,026,986	\$ -	\$ 88,911	\$ 1,938,075

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**

**Debt Service Fund**

**Budgetary Comparison Schedule**

**Year Ended December 31, 2015**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Taxes				
Local Tax Levy	\$ 157,520	\$ 157,520	\$ 157,520	\$ -
Total Revenues	<u>157,520</u>	<u>157,520</u>	<u>157,520</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	88,911	88,911	88,911	-
Interest	68,609	68,609	68,609	-
Total Expenditures	<u>157,520</u>	<u>157,520</u>	<u>157,520</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses) Operating Transfers				-
Net Changes in Fund Balance	-	-	-	-
Fund Balances; January 1	-	-	-	-
Fund Balances; December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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## FINDINGS AND RECOMMENDATIONS

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**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Schedule of Findings and Recommendations**  
**Year Ended December 31, 2015**

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**None**

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2  
Summary Schedule of Prior Year Audit Findings and  
Questioned Costs as Prepared by Management  
Year Ended December 31, 2015**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

**None**

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2**  
**Schedule of Findings and Recommendations**  
**Year Ended December 31, 2015**

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Bureau of Authority, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**None**

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2  
Summary Schedule of Prior Year Audit Findings and  
Questioned Costs as Prepared by Management  
Year Ended December 31, 2015**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

**None**

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 2

Year Ended December 31, 2015

**APPRECIATION**

We express our appreciation for the assistance and courtesies rendered by the District officials during the course of the audit.

**PREZIOSI • NICHOLSON & ASSOCIATES**

A handwritten signature in black ink that reads "James M. Preziosi". The signature is written in a cursive style with a large, stylized initial "J" and "P".

James M. Preziosi  
Certified Public Accountant