

**BOARD OF FIRE COMMISSIONERS**  
**BUENA VISTA TOWNSHIP**  
**FIRE DISTRICT NO. 2**  
*AUDIT REPORT*  
For the Year Ended December 31, 2018

**BOARD OF FIRE COMMISSIONERS  
BUENA VISTA TOWNSHIP  
FIRE DISTRICT NO. 2  
AUDIT REPORT**  
For the Year Ended December 31, 2018

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Board of Fire Commissioners  
Township of Buena Vista  
Fire District No. 2  
Buena Vista, NJ

### **INDEPENDENT AUDITOR'S REPORT**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fire District No. 2 of the Township of Buena Vista, in the County of Atlantic, State of New Jersey as of December 31, 2018, and the related notes to the financial statements, which collectively comprise the 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 an opinion on these basic financial statements based on our audits. We conducted our audits 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 we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of 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 opinion.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

***Basis for Qualified Opinion***

As described in Note 4 of the financial statements, the District participates in a Length of Service Award Program (LOSAP) for its volunteer fire personnel. The amount reflected on the trust fund statements of \$41,574 was not audited and, therefore, we do not express an opinion on the LOSAP program.

***Opinion***

In our opinion, except for the effects of the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Commissioners, Fire District No. 2 of the Township of Buena Vista, in the County of Atlantic, State of New Jersey as of December 31, 2018, and the changes in its net position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 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 an opinion on the financial statements as a whole. The supplementary information contained in schedules 1 through 10 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Fire Commissioners  
Township of Buena  
Fire District No. 2  
Buena Vista, NJ

**INDEPENDENT AUDITOR’S REPORT (Continued)**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019 on our consideration of the Fire District No. 2 of the Township of Buena Vista, in the County of Atlantic, State of New Jersey’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 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* in considering the Township’s internal control over financial reporting and compliance.

*Martini & Martini*

MARTINI & MARTINI, CPA, PA

Vineland, NJ  
October 24, 2019

**BOARD OF FIRE COMMISSIONERS**  
**FIRE DISTRICT NO. 2**  
**Township of Buena Vista, Atlantic County**  
*MANAGEMENT DISCUSSION AND ANALYSIS*

As management of the Board of Fire Commissioners Fire District No. 2, we offer readers of the Board of Commissioners Fire District No. 2's financial statements this narrative overview and analysis of the financial activities of the Fire District for the year ended December 31, 2018. 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.

**Financial Highlights**

1. The assets of the Board of Fire Commissioners, Township of Buena Vista, Fire District No. 2 exceeded its liabilities at the close of the most recent year by \$1,241,533 (net assets), an increase of \$20,232 in comparison with the prior year.
2. At the end of the current year, the unreserved fund balance for the general fund was \$105,653, a decrease of \$45,707 from the prior year.
3. The total debt of the Fire District was \$1,689,207 as of December 31, 2018.
4. Total revenues for the governmental activity were \$342,894.
5. Total spending for the governmental activity was \$322,662.

**Overview of Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Board of Fire Commissioners Fire District No. 2's basic financial statements. The District's basic financial statements comprise two components, (1) financial statements and, (2) notes to the basic financial statements.

**Financial Statements:** The financial statements are designed to provide readers with a broad overview of the Board of Fire Commissioners, Township of Buena Vista, Fire District No. 2's finances, in a manner similar to a private sector business.

The Statement of Net Assets presents information on all of the Board of Fire Commissioners Fire District No. 2'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 Board of Fire Commissioners Fire District No. 2 is improving or deteriorating.

The Statement of Activities presents information showing how the Board of Fire Commissioners 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 some items that will only result in cash flows in future periods.

**BOARD OF FIRE COMMISSIONERS**  
**FIRE DISTRICT NO. 2**  
**Township of Buena Vista, Atlantic County**  
*MANAGEMENT DISCUSSION AND ANALYSIS*

The Statement of Cash Flows presents information showing how cash of the fire district was used during the year.

The financial statements distinguish functions of the Board of Fire Commissioners Fire District No. 2 that are principally supported by taxes. The activities of the Board of Fire Commissioners Fire District No. 2 include fire-fighting and emergency services that are provided to the citizens of the Board of Fire Commissioners Fire District No. 2.

**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 activities or objectives. The Board of Fire Commissioners Fire District No. 2, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board of Fire Commissioners Fire District No. 2 constitute one fund type, governmental funds.

**Governmental Funding:** All of the Board of Fire Commissioners Fire District No. 2's activities are reported in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year end available for spending in the future periods. These funds are reported using an accounting method called the modified accrual basis of 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 Board of Fire Commissioners Fire District No. 2's general government operations and the basic services it provides. Government fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance fire-fighting services.

Also, the Board of Fire Commissioners Fire District No. 2 adopts an annual budget in accordance with N.J.S.A. 40A:14:78-3. Budgetary comparison schedules have been provided to demonstrate compliance with the budget.

**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. The notes to financial statements are an integral part of the financial statements.

### **Financial Analysis**

As noted earlier, the net assets may serve over time as a useful indicator of a government's financial position. In this case, the Board of Fire Commissioners Fire District No. 2's assets exceeded liabilities detailed in Exhibit A, at the close of the most recent year.

The largest portion of the Board of Fire Commissioners Fire District No. 2's assets reflects its capital assets (84%). The Board of Fire Commissioners Fire District No. 2 uses these assets to provide fire-fighting and rescue services to the citizens of the Board of Fire Commissioners Fire District No. 2 consequently these assets are not available for future spending. Although the Board of Fire Commissioners Fire District No. 2's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**BOARD OF FIRE COMMISSIONERS**  
**FIRE DISTRICT NO. 2**  
**Township of Buena Vista, Atlantic County**  
*MANAGEMENT DISCUSSION AND ANALYSIS*

An additional portion of the Board of Fire Commissioners Fire District No. 2's cash (70%) represents resources that are subject to external restrictions on how they may be used.

**Governmental Activities.** The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offering those services.

Taxes constituted 97% of revenues for government activities for the Fire District for the year 2018.

Cost of Operations and maintenance comprises 29% of the fire district expenses, with LOSAP expenses comprising 9%. Depreciation expense totaled 32%, and interest expense totaled 0%, and capital expenditures totaled 0% as detailed in Schedule 3.

**Financial Analysis of the Government Funds**

As stated above, Board of Fire Commissioners Fire District No. 2 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Board of Commissioners Fire District No. 2's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board of Fire Commissioners Fire District No. 2's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year and as a useful measure of permitting a governmental unit to maintain cash flow in anticipation of tax collections.

As of the end of the current year, the Board of Fire Commissioners Fire District No. 2's governmental funds reported combined ending fund balances of \$1,241,533, an increase of \$20,232 in comparison with the prior year.

Of the combined ending fund balances of \$1,241,533, the unreserved fund balance constituted \$105,653. The unreserved fund balance in the amount of \$105,653 is available for future unanticipated contingencies during 2019.

The general fund is the main operating fund of the Board of Fire Commissioners Fire District No. 2. At the end of the current year, the unreserved fund balance of the general fund was \$64,079, while the total fund balance was \$105,653.

The fund balance of the Board of Fire Commissioners Fire District No. 2's general fund decreased by \$45,707 during the current year. Key factors are as follows:

1. The Board of Fire Commissioners Fire District No. 2 purchased a CD's for \$45,000, and \$30,000.
2. The Board of Fire Commissioners Fire District No. 2 spent \$7,175 less than was budgeted for in professional services.
3. The Board of Fire Commissioners Fire District No. 2 spent \$7,669 less than was budgeted for in maintenance and repairs.



**BOARD OF FIRE COMMISSIONERS**  
**FIRE DISTRICT NO. 2**  
**Township of Buena Vista, Atlantic County**  
*MANAGEMENT DISCUSSION AND ANALYSIS*

4. The Board of Fire Commissioners Fire District No. 2 spent \$8,217 less than was budgeted for in utilities.
5. The Board of Fire Commissioners Fire District No. 2 spent \$3,108 less than was budgeted for in insurance.

**General Fund Budgeting Highlights**

All budget line items are developed utilizing historical actual amounts that may or may not be incurred in the current year.

The key items of variance from the original budget are indicated above.

The budgetary basis revenue estimate was \$183,800.

The budgetary basis expenditures appropriation estimate was \$249,000.

**Capital Assets and Debt Administration**

The Board of Fire Commissioners Fire District No. 2's investment in capital assets for its governmental activities as of December 31, 2018 amounts to \$2,449,173 (net of accumulated depreciation). This investment in capital assets includes building and improvements, vehicles and firefighting equipment.

At the end of 2018, the Board of Fire Commissioners Fire District No. 2 had \$3,658,643 invested in building improvements, vehicles and firefighting equipment. The accumulated depreciation on these items was \$1,209,470.

**Long Term Obligations**

For the 2018 year, the Board of Fire Commissioners Fire District No. 2 had debt of \$1,651,295.

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

For the 2018 year, the Board of Fire Commissioners Fire District No. 2 was able to sustain its budget through the district levy and other sources of revenue. Approximately 97% of total revenue is from the local tax levy, while the remaining 3% is from rent and miscellaneous sources.

The Board of Fire Commissioners Fire District No. 2 adopted the 2019 budget January 15, 2019 and the voters subsequently approved the budget at the annual fire district election held on February 16, 2019.

**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Statement of Net Position*  
December 31, 2018

	<u>Reference</u>	
<b>Assets</b>		
Cash/Cash Equivalents	<i>Exhibit C</i>	\$ 143,565
Restricted Cash	<i>Exhibit C</i>	338,002
Capital Assets, net	<i>Schedule 8</i>	<u>2,449,173</u>
<b>Total Assets</b>		<b><u>\$ 2,930,740</u></b>
<b>Liabilities</b>		
Accounts Payable & Accrued Expenses		\$ 37,912
Notes/Loans/Mortgages		
Due Within One Year	<i>Schedule 10</i>	101,580
Due Beyond One Year	<i>Schedule 10</i>	<u>1,549,715</u>
<b>Total Liabilities</b>		<b><u>1,689,207</u></b>
<b>Net Position</b>		
Investment in Capital Assets Net of Related		
Debt	<i>Schedule 2</i>	797,878
Restricted for:		
Capital Projects	<i>Schedule 2</i>	338,002
Unrestricted/Reserved	<i>Schedule 2</i>	<u>105,653</u>
<b>Total Net Position</b>	<i>Schedule 2</i>	<b><u>1,241,533</u></b>
	<i>Exhibit B</i>	
<b>Total Liabilities/Net Position</b>		<b><u>\$ 2,930,740</u></b>

**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Statement of Activities*  
For The Year Ended December 31, 2018

**Reference**

**Revenues**

District Taxes Levied for General Purposes	\$ 176,525
District Taxes Levied for Debt Service	157,520
Rental Income	<u>6,875</u>
<b>Total Revenues</b>	<b>340,920</b>

**Expenses**

**Operating Expenses**

Administrative	14,861
Operating and Maintenance	92,035
LOSAP Contributions	28,309
Appropriation for Rescue Squad	<u>25,000</u>
<b>Total</b>	160,206
Interest on Long Term Notes	58,939
Depreciation Expense <span style="float: right;"><i>Schedule 8</i></span>	<u>103,517</u>
<b>Total Operating Expenses</b>	<b><u>322,662</u></b>

**Operating Revenue Over/(Under) Expenses** 18,258

**Non Operating Revenues/(Expenses)**

Miscellaneous Income	657
Interest on Investments	<u>1,317</u>
<b>Total Non Operating Revenue/(Expenses)</b>	<b><u>1,974</u></b>

**Total Change in Net Position** 20,232

**Net Position-January 1** *Schedule 2* 1,221,301

**Net Position-December 31** *Schedule 2* **\$ 1,241,533**

**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Statement of Cash Flows*  
For The Year Ended December 31, 2018

**Reference**

**Cash Flows From Operating Activities**

District Taxes	\$ 417,026
Payments to Vendors	(155,395)
Other Receipts	8,849
Payments for Interest	<u>(58,939)</u>
<b>Cash Provided/(Used) in Operating Activities</b>	<b>211,541</b>

**Cash Flows from Investing Activities**

Purchase of Fixed Assets	<u>(875)</u>
<b>Cash Provided/(Used) in Investing Activities</b>	<b>(875)</b>

**Cash Flows from Capital/Related Financing Activities**

Payments on Long Term Debts	<u>(98,580)</u>
<b>Cash Provided/(Used) in Financing Activities</b>	<b><u>(98,580)</u></b>

<b>Total Cash Provided/(Used)</b>	<b>112,085</b>
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<b>Cash and Equivalents - Beginning</b>	<b><u>369,482</u></b>
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<b>Cash &amp; Equivalents @ December 31</b>	<b><u><u>\$ 481,567</u></u></b>
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**Reconciliation of Cash**

Cash/Cash Equivalents	<i>Exhibit A</i>	\$ 143,565
Restricted Cash	<i>Exhibit A</i>	<u>338,002</u>
<b>Total Cash</b>		<b><u><u>\$ 481,567</u></u></b>

**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Statement of Cash Flows*  
For The Year Ended December 31, 2018

**Reference**

**Reconciliation of Revenues Over/(under)  
Expenses to Cash Flows from Operating  
Activities**

Change in Net Position	<i>Exhibit B</i>	\$ 20,232
Adjustments for Non Cash Items:		
Depreciation Expense	<i>Schedule 8</i>	103,517
Increase/(Decrease)-Accounts Receivable, Deferred Charges		(82,981)
Increase/(Decrease)-Accounts Payable, Accrued expenses, etc.		<u>4,811</u>
<b>Cash provided/(used) in Operating Activities</b>		<b><u>\$ 211,541</u></b>

**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Statement of Fiduciary Net Position*  
 December 31, 2018  
**(UNAUDITED)**

**Assets**

Cash	\$ 41,574
Due from other funds	<u>20,000</u>

<b>Total Assets</b>	<b><u>\$ 61,574</u></b>
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**Liabilities**

Accrued Expenses	\$ 20,000
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**Net Position**

Held in Trust for LOSAP	<u>41,574</u>
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<b>Total Liabilities and Net Position</b>	<b><u>\$ 61,574</u></b>
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**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups*  
December 31, 2018

	Governmental Fund Types		Account Groups		Total
	General Fund	Capital Projects	General Long Term Debt Group	General Fixed Assets	
<b>Assets &amp; Other Debits</b>					
<b>Assets</b>					
Cash/Cash Equivalents	\$ 143,565	\$ 338,002	\$ -	\$ -	\$ 481,567
Fixed Assets	-	-	-	2,449,173	2,449,173
<b>Total Assets</b>	<b>143,565</b>	<b>338,002</b>	<b>-</b>	<b>2,449,173</b>	<b>2,930,740</b>
<b>Other Debits</b>					
Amount to be Provided for Retirement of General Long Term Debt	-	-	1,651,295	-	1,651,295
<b>Total Assets &amp; Other Debits</b>	<b>\$ 143,565</b>	<b>\$ 338,002</b>	<b>\$ 1,651,295</b>	<b>\$ 2,449,173</b>	<b>\$ 4,582,036</b>
<b>Liabilities, Equities &amp; Other Credits</b>					
Accounts Payable	\$ 17,912	\$ -	\$ -	\$ -	\$ 17,912
LOSAP Payable	20,000	-	-	-	20,000
Notes Payable	-	-	1,651,295	-	1,651,295
<b>Total Liabilities</b>	<b>37,912</b>	<b>-</b>	<b>1,651,295</b>	<b>-</b>	<b>1,689,207</b>
<b>Equity &amp; Other Credits</b>					
Investment in General Fixed Assets (Net)	-	-	-	2,449,173	2,449,173
<b>Fund Balances</b>					
<b>Reserved:</b>					
LOSAP	41,574	-	-	-	41,574
Capital Projects	-	338,002	-	-	338,002
<b>Unreserved:</b>					
Undesignated	64,079	-	-	-	64,079
<b>Total Equities &amp; Other Credits</b>	<b>105,653</b>	<b>338,002</b>	<b>-</b>	<b>2,449,173</b>	<b>2,892,829</b>
<b>Total Liabilities, Equities, &amp; Other Credits</b>	<b>\$ 143,565</b>	<b>\$ 338,002</b>	<b>\$ 1,651,295</b>	<b>\$ 2,449,173</b>	<b>\$ 4,582,036</b>

*Subject to notes and comments attached.*

**MARTINI and MARTINI, CPA, PA**

**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Statement of Changes in Fund Balances*  
*Governmental Funds*  
For The Year Ended December 31, 2018

	<u>Governmental Fund Types</u>			<u>Account</u>	<u>Total</u>
	<u>General Fund</u>	<u>Capital</u>	<u>Debt</u>	<u>Groups</u>	
	<u>Unrestricted</u>	<u>Projects</u>	<u>Service</u>	<u>Invested in</u>	<u>Fund Balance</u>
				<u>Capital Assets</u>	
<b>Fund Balance-Beginning</b>	\$ 151,360	\$ 268,002	\$ -	\$ 801,939	\$ 1,221,301
Depreciation Expense	-	-	-	(103,517)	(103,517)
Amounts Provided for Principal Reduction	-	-	-	98,580	98,580
Current Year Asset Purchase	-	-	-	875	875
Reserved for Capital Outlay	(70,000)	70,000	-	-	-
Excess of Current Year Revenue over Expenses	24,293	-	-	-	24,293
<b>Fund Balance @ December 31</b>	<b><u>\$ 105,653</u></b>	<b><u>\$ 338,002</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 797,878</u></b>	<b><u>\$ 1,241,533</u></b>

*Subject to notes and comments attached.*

**MARTINI and MARTINI, CPA, PA**



**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Statement of Revenues and Expenditures*  
*Governmental Funds*  
For The Year Ended December 31, 2018

	<u>Governmental Fund Types</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
<b>Revenues and Other Financing Sources</b>				
<b>Miscellaneous Revenues:</b>				
Interest Income	\$ 1,317	\$ -	\$ -	\$ 1,317
Rental Income	6,875	-	-	6,875
Miscellaneous Income	657	-	-	657
<b>Total Miscellaneous Revenues</b>	<b>8,849</b>	<b>-</b>	<b>-</b>	<b>8,849</b>
<b>District Taxes</b>				
Amount to be Raised by Taxation to Support the District Budget	176,525	-	157,520	334,045
<b>Total Revenues</b>	<b>185,374</b>	<b>-</b>	<b>157,520</b>	<b>342,894</b>
<b>Expenditures</b>				
<b>Administrative</b>				
Miscellaneous	2,103	-	-	2,103
Office Expense	4,933	-	-	4,933
Professional Services	7,825	-	-	7,825
<b>Total Administrative</b>	<b>14,861</b>	<b>-</b>	<b>-</b>	<b>14,861</b>
<b>Operating and Maintenance</b>				
Advertising	164	-	-	164
Insurance	16,892	-	-	16,892
Maintenance and Repair	38,331	-	-	38,331
Training and Education	3,555	-	-	3,555
Uniforms	16,311	-	-	16,311
Utilities	16,783	-	-	16,783
<b>Total Operation and Maintenance</b>	<b>92,035</b>	<b>-</b>	<b>-</b>	<b>92,035</b>
<b>LOSAP Contributions</b>	<b>28,309</b>	<b>-</b>	<b>-</b>	<b>28,309</b>
<b>Appropriation for Rescue Squad</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>25,000</b>
<b>Capital Outlay</b>	<b>875</b>	<b>-</b>	<b>-</b>	<b>875</b>
<b>Debt Service</b>	<b>-</b>	<b>-</b>	<b>157,520</b>	<b>157,520</b>
<b>Total Expenditures</b>	<b>161,081</b>	<b>-</b>	<b>157,520</b>	<b>318,601</b>
<b>Excess of Revenues over/(under) Expenses</b>	<b>\$ 24,293</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,293</b>

*Subject to notes and comments attached.*

**MARTINI and MARTINI, CPA, PA**

## Board of Fire Commissioners

## Buena Vista Township

## Fire District No. 2

Statement of Revenues and Expenditures

Budget to Actual - General/Capital Fund

For The Year Ended December 31, 2018

	Final Budget	Actual	Variance
<b>Revenues and Other Financing</b>			
<b>Sources</b>			
<b>Miscellaneous Revenues:</b>			
Interest Income	\$ 400	\$ 1,317	\$ 917
Rental Income	6,875	6,875	-
Miscellaneous Income	-	657	657
<b>Total Miscellaneous Revenues</b>	<b>7,275</b>	<b>8,849</b>	<b>1,574</b>
<b>District Taxes</b>			
Amount to be Raised by Taxation to Support the District Budget	176,525	176,525	-
<b>Total Revenues</b>	<b>183,800</b>	<b>185,374</b>	<b>1,574</b>
<b>Expenditures</b>			
<b>Administrative</b>			
Miscellaneous	2,500	2,103	(397)
Office Expense	4,500	4,933	433
Professional Services	15,000	7,825	(7,175)
<b>Total Administrative</b>	<b>22,000</b>	<b>14,861</b>	<b>(7,139)</b>
<b>Operating and Maintenance</b>			
Advertising	500	164	(336)
Insurance	20,000	16,892	(3,108)
Maintenance and Repair	46,000	38,331	(7,669)
Training and Education	4,000	3,555	(445)
Uniforms	16,500	16,311	(190)
Utilities	25,000	16,783	(8,217)
<b>Total Operation and Maintenance</b>	<b>112,000</b>	<b>92,035</b>	<b>(19,965)</b>
<b>LOSAP</b>	20,000	28,309	8,309
<b>Appropriation for Duly Incorporated Rescue Squad</b>	25,000	25,000	-
<b>Capital Outlay</b>	70,000	875	(69,125)
<b>Total Expenditures</b>	<b>249,000</b>	<b>161,081</b>	<b>(87,919)</b>
<b>Excess of Revenues over/(under) Expenses</b>	<b>\$ (65,200)</b>	<b>\$ 24,293</b>	<b>\$ 89,493</b>

Subject to notes and comments attached.

MARTINI and MARTINI, CPA, PA

**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Statement of Revenues and Expenditures*  
*Budget to Actual - Debt Service Fund*  
For The Year Ended December 31, 2018

	<b>Debt Service Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues and Other Financing Sources</b>			
<b>District Taxes:</b>			
Amount to be Raised by Taxation to Support the District Budget	\$ 157,520	\$ 157,520	\$ -
<b>Total District Taxes</b>	<b>157,520</b>	<b>157,520</b>	<b>-</b>
<b>Expenditures</b>			
Debt Service	157,520	157,520	-
<b>Total Expenditures</b>	<b>157,520</b>	<b>157,520</b>	<b>-</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*Subject to notes and comments attached.*

**MARTINI and MARTINI, CPA, PA**

## Board of Fire Commissioners

## Buena Vista Township

## Fire District No. 2

Statement of Amount to be Provided for Retirement of Debt

General Long Term Debt Account Group

December 31, 2018

	<u>Balance</u> <u>1/1/2018</u>	<u>2018</u> <u>Note Advance</u>	<u>Bond/Note</u> <u>Paid By</u> <u>Budget</u>	<u>Balance</u> <u>12/31/2018</u>
<b>Purpose</b>				
Purchase of Fire Truck	\$ 1,568,880	\$ -	\$ 40,149	\$ 1,528,731
Purchase of Equipment	<u>180,995</u>	<u>-</u>	<u>\$ 58,431</u>	<u>122,564</u>
<b>Total</b>	<u>\$ 1,749,876</u>	<u>\$ -</u>	<u>\$ 98,580</u>	<u>\$ 1,651,295</u>

Subject to notes and comments attached.

MARTINI and MARTINI, CPA, PA

**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Schedule of Prior Audit Findings*  
December 31, 2018

**Financial Statement Findings**

There were no prior year findings

**Federal Awards**

There were no prior year findings

**State Awards**

There were no prior year findings

**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Schedule of Property, Plant and Equipment*  
December 31, 2018

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
<b>Depreciable Assets</b>			
Buildings and Improvements	\$ 1,994,500	\$ 329,902	\$ 1,664,597
Fire Equipment	148,352	89,418	58,934
Fire Vehicles	1,245,498	790,149	455,349
Land	<u>270,293</u>	<u>-</u>	<u>270,293</u>
<b>Total Depreciable Assets</b>	<b><u>\$ 3,658,643</u></b>	<b><u>\$ 1,209,470</u></b>	<b><u>\$ 2,449,173</u></b>

Depreciation Expense was recorded as follows:

	<u>Life</u>	<u>Depreciation Expense</u>
<b>Depreciation Expense</b>		
Equipment & Vehicles	10-15 yrs	\$ 54,305
Buildings and Improvements	5-40 yrs	49,212
Land	N/A	<u>-</u>
<b>Total Depreciation Expense</b>		<b><u>\$ 103,517</u></b>

Property and equipment is recorded at historical cost and is depreciated using the straight line method. Contributed assets are reported at fair market value as of the date received. Assets purchased in excess of \$500 and a useful life in excess of one year are capitalized in accordance with company policy. Other costs for repairs and maintenance are expensed as incurred.

*Subject to notes and comments attached.*

**MARTINI and MARTINI, CPA, PA**

**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Schedule of Miscellaneous Supplemental Information*  
December 31, 2018

**Schedule 9A - Unreserved Fund Balance**

<u>Fiscal Year</u>	<u>Amount</u>	<u>Utilization in Subsequent Budget</u>
2018	\$ 105,653	\$ 105,653 (General Contingencies)
	<u>\$ 105,653</u>	<u>\$ 105,653</u>

**Schedule 9B - Board of Commissioners - Surety Bond**

Dave Ricci - Chairman  
Wayne Corsiglia - Secretary  
Ronald Ruggeri - Treasurer  
Lonnie Ricci - Commissioner  
Tom Quinlan - Commissioner  
Marc Corsiglia - Chief  
Austin Magioncalda - Financial Advisor  
Michael Gruccio - Attorney

Buena Vista Township Fire District #2 is covered under the Buena Vista Township coverage through Statewide Insurance Fund. The crime coverage that is secured for Fund members covers all employees, including those that require statutory bonds. The employees are covered on a broad basis, without the requirement of naming employees individually, as long as they are acting on behalf of the Fire District or town. The above mentioned are the members of the board of fire commissioners during the audit period.

*Subject to notes and comments attached.*

**MARTINI and MARTINI, CPA, PA**

**Board of Fire Commissioners**  
**Buena Vista Township**  
**Fire District No. 2**  
*Schedule of Notes/Loans/Mortgages*  
December 31, 2018

	<b>Balance</b>
<b>1) Newfield National Bank - Equipment Loan</b>	\$ 122,564
Date - 11/25/2013	
Amount - \$400,000	
Term - 84 months @ 15,701.86/quarter	
Interest - 2.75%	
Collateral - 2015 Pumper Fire Truck	
<b>2) USDA Rural Development General Obligation Bond</b>	1,176,694
Date-10/26/2012	
Amount-\$1,347,000	
Term - 30 years @ \$36,450.00 semi-annually	
Interest - 3.5%	
Collateral - Building	
<b>3) USDA Rural Development General Obligation Bond</b>	352,037
Date-10/26/2012	
Amount-\$403,000	
Term - 30 years @ \$10,906.00 semi-annually	
Interest - 3.5%	
Collateral - Building	
<b>Total Notes/Loans/Mortgages</b>	<b>1,651,295</b>
Current Maturities	101,580
<b>Long Term Liabilities</b>	<b>\$ 1,549,715</b>

The following tabulation presents the principal requirements for the next five years on district debt outstanding

Five year Maturities are as follows:

2019	\$ 101,580
2020	105,586
2021	44,554
2022	46,127
2023 & Beyond	1,353,448
<b>Totals</b>	<b>\$ 1,651,295</b>

*Subject to notes and comments attached.*

**MARTINI and MARTINI, CPA, PA**



William J. Martini, Sr., CPA  
William J. Martini, Jr., CPA, RMA, MS\*  
John R. Martini, CPA, CFP

\*Certified in NJ & PA with a Masters  
Degree in Taxation

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

### **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***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fire District No. 2 of the Township of Buena Vista in the County of Atlantic, State of New Jersey, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Fire District No. 2 of the Township of Buena Vista's basic financial statements and have issued our report thereon dated October 24, 2019.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Fire District No. 2 of the Township of Buena Vista in the County of Atlantic, State of New Jersey's internal control over financial reporting 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 Fire District No. 2 of the Township of Buena Vista in the County of Atlantic, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District No. 2 of the Township of Buena Vista in the County of Atlantic, State of New Jersey'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 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 and therefore, material weaknesses or significant deficiencies may

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

exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2018-001 that we consider to be significant deficiencies.

### **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 grants, 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*.

### **Fire District No.2 of the Township of Buena Vista’s Response to Findings**

Fire District No.2 of the Township of Buena Vista’s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Fire District No.2 of the Township of Buena Vista’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



MARTINI & MARTINI, CPA, PA

October 24, 2019  
Vineland, NJ

**BOARD OF FIRE COMMISSIONERS**  
**FIRE DISTRICT NO. 2**  
**Township of Buena Vista, Atlantic County**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
December 31, 2018

Finding 2018-001

Deposits/Receivables/Revenues

Condition: Proper internal control policies and procedures require the proper segregation of duties. Currently, the officers of the organization pick up the mail and then sends the mail to the internal accountant's office, without preparing a list of monies received. The internal accountant then opens the mail, makes the deposit slip, records the income to the general ledger, and reconciles cash. There is no audit trail that provides proof that all monies received have been deposited.

Recommendation: We recommend that the officers who pick up the mail, open the mail, and make a list of monies received. An officer's signature should accompany the list indicating their approval before sending them to the internal accountant's office. This will provide proof that all monies received have been deposited.

Response: Fire District No. 2 of the Township of Buena Vista will implement the auditor's recommendation.

**BOARD OF FIRE COMMISSIONERS**  
**FIRE DISTRICT NO. 2**  
**Township of Buena Vista, Atlantic County**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Reporting Entity** - Fire District No. 2 of the Township of Buena Vista 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.

**Basis of Presentation** - The financial statements of the Fire District No. 2 of the Township of Buena Vista have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. 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 Fire District's accounting policies are described in this Note.

The Fire District's basic financial statements consist of basic statements, including Statement of Net Assets, Statement of Activities and a Statement of Cash Flows, and fund financial statements which provide a more detailed level of financial information.

**Basic Financial Statements** - The Statement of Net Assets, Statement of Activities, and Statement of Cash Flows display information about the Fire District as a whole. These statements include the financial activities of the Fire District. The Statement of Net Assets presents the financial condition of the governmental activities of the Fire District at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Fire District's governmental activities. The statement of cash flows presents the sources and uses of cash of the Fire District.

**Fund Financial Statements** - During the year, the Fire District segregates transactions related to certain Fire District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Fire District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The Fire 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. For fire districts, only, one category of funds exists, that being governmental. The Fire District accounts for its financial transactions through the use of the following funds and account groups:

**Governmental Funds:**

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

**BOARD OF FIRE COMMISSIONERS**  
**FIRE DISTRICT NO. 2**  
**Township of Buena Vista, Atlantic County**  
*NOTES TO FINANCIAL STATEMENTS*

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

**Governmental Funds: (continued)**

**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 fire houses and fire fighting 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 on 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 long-term debt liabilities recorded in the General Long-Term Debt Account Group.

**Account Groups**

**General Fixed Assets Account Group** - This is not a fund but rather an account group that is used to account for general fixed assets such as land, land improvements, buildings, equipment, and vehicles acquired principally to be used in the operation of the Fire District.

**General Long-Term Debt Account Group** - This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt of the Fire District.

**Measurement Focus**

**District wide Financial Statements** - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Fire District are included on the Statement of Net Assets.

**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 the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the district-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the district-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. Basic 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 expenditures.

**BOARD OF FIRE COMMISSIONERS**  
**FIRE DISTRICT NO. 2**  
**Township of Buena Vista, Atlantic County**  
*NOTES TO FINANCIAL STATEMENTS*

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

**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 commissioner 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 general-purpose financial statements.

**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 underperformed contracts for goods and services.

Encumbered appropriations carry over into the fiscal 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.

**Cash, Cash Equivalents and Investments** - 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 US 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.

**BOARD OF FIRE COMMISSIONERS**  
**FIRE DISTRICT NO. 2**  
**Township of Buena Vista, Atlantic County**  
*NOTES TO FINANCIAL STATEMENTS*

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

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.

**Inventories and Prepaid Expenses** - Inventories and prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase.

**Interfunds** - Interfund receivables and payables that arise from transactions between funds that are due within one year are recorded by all funds affected by such transactions in the period in which the transaction is executed.

**General Fixed Assets** - General fixed assets acquired or constructed are recorded in the General Fixed Assets Group of Accounts at historical cost or estimated historical cost if such cost is not practically determinable, for fixed assets over the amount of \$500.

N.J.S.A 40A:14-94 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. Debts may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

**Long-term Obligations** - Long-term debt is recognized as a liability of the Fire District when due, or when resources have been accumulated in the Debt Service Fund for payment early the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the Fire District. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group.

**Revenues and Expenditures** - Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are recorded when the related liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

**Fund Equity** - Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**Total Columns on Combined Statements** - Total columns are captioned only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund elimination's have not been made in the aggregation of this data.

**BOARD OF FIRE COMMISSIONERS**  
**FIRE DISTRICT NO. 2**  
**Township of Buena Vista, Atlantic County**  
*NOTES TO FINANCIAL STATEMENTS*

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

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 - RESERVED FUND BALANCE - DEATH BENEFITS**

Fund balance-reserved represents a designation by the Board of Fire Commissioners for a “Death Benefit” for the families of volunteer firemen incurring future casualties.

**NOTE 3 - LENGTH OF SERVICE AWARDS PROGRAM**

The Length of Service Awards Program shall provide for fixed annual contributions to a deferred income account for each volunteer member that meets the criteria of the program.

Amounts deferred under the program and all income attributed to the reserve are the exclusive property of the Fire District, subject to the claims of its general creditors. Participants’ rights under the plan are equal to those of a general creditor of the Fire District in an amount equal to the fair market value of the deferred account for each participant. It is unlikely that the Fire District would use plan assets to satisfy claims of the general creditors in the future.

**NOTE 4 - LENGTH OF SERVICE AWARD PROGRAMS**

The Fire District’s Length of Service Awards Program (“LOSAP”) was created by a Fire District Resolution pursuant to Section 457 (e)(11)(13) of the Internal Revenue Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The Plan provides tax deferred income benefits pursuant to Emergency Services Volunteer Length of Service Award Program Act P.L. 1997, c.388. All investments maintained in the LOSAP are managed by Lincoln Financial Group.

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

**NOTE 5 - SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through October 24, 2019, the date which the financial statements were available to be issued.

**NOTE 6 - FAIR VALUES MEASUREMENTS**

FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. The Statement applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between parties at a specific date. As a basis for considering the assumptions used in measuring fair value, FASB ASC 820 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions and (2) the reporting entity’s own assumptions. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad levels:



**BOARD OF FIRE COMMISSIONERS**  
**FIRE DISTRICT NO. 2**  
**Township of Buena Vista, Atlantic County**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE 6-FAIR VALUES MEASUREMENTS (CONTINUED)**

- Level 1 Inputs:** Quoted prices (unadjusted) in active markets for identical assets liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs:** Unobservable inputs for the asset or liability.

At December 31, 2018, the entity had no assets or liabilities that required disclosure under FASB ASC 820.

**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, 2018.