BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER TWO
BORO OF BUENA
ATLANTIC COUNTY
MINOTOLA VOLUNTEER FIRE COMPANY
Audit Report
For the Year Ended December 31, 2015

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FINANCIAL CONSULTANTS

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Board of Commissioners
Fire District Number Two
Boro of Buena, Atlantic County
Minotola Volunteer Fire Company

INDEPENDENT AUDITORS' 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. Two of the Boro of Buena, in the County of Atlantic, State of New Jersey as of December 31, 2015, 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.

Basis for Qualified Opinion

As described in Note 5 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 $244,754 was not audited and, therefore, we do not express an opinion on the LOSAP program.

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INDEPENDENT AUDITORS' REPORT (Continued)

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. Two of the Boro of Buena, in the County of Atlantic, State of New Jersey as of December 31, 2015, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of State Awards as required by State of New Jersey Circular 04-04-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the supplementary information contained in schedules 1 through 11 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2016 on our consideration of the Fire District No. Two of the Boro of Buena, in the County of Atlantic, State of New Jerseys' 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 Boro's internal control over financial reporting and compliance.

The accompanying management's discussion and analysis and supplementary information contained in schedules 1-11 and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Martini & Martini

Vineland, NJ
May 21, 2016

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER TWO
MANAGEMENT DISCUSSION AND ANALYSIS
Required Supplementary Information

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 Board of Fire Commissioners Fire District No. 2 for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the Board of Fire Commissioners Fire District No. 2'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 Board of Fire Commissioners Fire District No. 2's financial performance.

Financial Highlights

1. The assets of the Board of Fire Commissioners Fire District No. 2 exceeded its liabilities at the close of the most recent year by $592,968 (net assets), an increase of $99,202 in comparison with the prior year.

2. At the end of the current year, the unreserved fund balance for the general fund was $189,454, an increase of $94,656 from the prior year.

3. The total debt of Board of Fire Commissioners Fire District No. 2 was $147,108 as of 12/31/2015. This reflects debt incurred during 2014 as a result of the purchase of a new fire truck.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board of Fire Commissioners Fire District No. 2's basic financial statements. The Board of Fire Commissioners Fire District No. 2'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 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.

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 by $592,968 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 (56%). The Board of Fire Commissioners Fire District No. 2 uses these assets to provide fire-fighting 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.

An additional portion of the Board of Fire Commissioners Fire District No. 2's cash (61%) represents resources that are subject to external restrictions on how they may be used.

In total, assets of governmental activities increased by $99,202 primarily due to excess of revenue over expenses. For the 2015 year, capital assets are reported net of accumulated depreciation and as of December 31, 2015 were $431,300.

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.

Property taxes constituted 99% of revenues for government activities for the Fire District for the year 2015.

Cost of Operations and maintenance comprises 57% of the fire district expenses, with retirement expenses comprising 14%. Depreciation expense totaled 26%, and interest expense totaled 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 $299,664, an increase of $101,148 in comparison with the prior year.

Of the combined ending fund balances of $299,664, the unreserved fund balance constituted $189,454. The unreserved fund balance in the amount of $189,454 is available for future contingencies during 2016.

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 $189,454, while the total fund balance was $299,664.

The fund balance of the Board of Fire Commissioners Fire District No. 2's general fund increased by $101,148 during the current year. Key factors are as follows:

1. The Board of Fire Commissioners Fire District No. 2 spent more than anticipated in the 2015 budget category maintenance & repairs-equipment/truck by $975.

2. The Board of Fire Commissioners Fire District No. 2 spent less than anticipated in the 2015 budget category truck emergency by $1,535. These excess funds will be used for the purchase of a new fire truck unplanned emergencies in 2016.

3. The Board of Fire Commissioners Fire District No. 2 spent more than anticipated in the 2015 budget category Building Repairs & Maintenance by $271.

General Fund Budgeting Highlights

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

The final budgetary basis revenue estimate was $221,378. The original budgetary estimate was same.

The final budgetary basis expenditures appropriation estimate was $141,378, and capital improvement budget estimate was $80,000. The original budgetary estimate was the same.

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, 2015 amounts to $431,300 (net of accumulated depreciation). This investment in capital assets includes building improvements, vehicles and firefighting equipment.

At the end of 2015, the Board of Fire Commissioners Fire District No. 2 had $1,609,495 invested in building improvements, vehicles and firefighting equipment. The accumulated depreciation on these items was $1,178,195.

Long Term Obligations

For the 2015 year, the Board of Fire Commissioners Fire District No. 2 had debt. During 2014, debt of the fire district was due to Commerce Bank for the purchase of a fire truck. The balance will be paid off over 4 years ending in 2018.

Economic Factors and Next Year's Budget

For the 2016 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 100% of total revenue is from the local tax levy, while the remaining 0% is from grants and miscellaneous sources.

The Board of Fire Commissioners Fire District No. 2 adopted the 2016 budget January 19, 2016 and the voters subsequently approved the budget at the annual fire district election held on February 20, 2016.

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Statement of Net Position
December 31, 2015

	Reference	
Assets		
Cash/Cash Equivalents	*Exhibit C*	$ 159,229
Restricted Cash	*Exhibit C*	166,719
Deferred Charge		10,350
Capital Assets, net	*Schedule 9*	431,300
Total Assets		**$ 767,598**
Liabilities		
Accounts Payable		$ 27,523
Notes/Loans/Mortgages		
Due Within One Year	*Schedule 11*	47,977
Due Beyond One Year	*Schedule 11*	99,131
Total Liabilities		**174,630**
Net Position		
Invested in Capital Assets		
Net of Related Debt	*Schedule 2*	284,192
Restricted for:		
Debt Service	*Schedule 2*	9,111
Unrestricted/Reserved	*Schedule 2*	299,664
Total Net Position	*Schedule 2*	**592,968**
Total Liabilities/Net Position		**$ 767,598**

Subject To Notes And Comments Attached

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Statement of Activities

For The Year Ended December 31, 2015

	Reference		
Revenues			
Grants			$ 1,612
District Taxes			272,578
Total Revenues			**274,190**
Expenses			
Operating Expenses			
Operating/Maintenance		107,572	
LOSAP Contributions		27,523	
Total	*Schedule 4*		135,095
Interest on Long Term Notes			4,250
Depreciation Expense			48,914
Total Operating Expenses			**188,259**
Operating Revenue Over/(Under) Expenses			**85,931**
Non Operating Revenues/(Expenses)			
Unvested Forfeitures			12,946
Miscellaneous Income			20
Interest on Investments			304
Total Change in Net Position			**99,201**
Net Position-January 1	*Schedule 2*		493,766
Net Position-December 31	*Schedule 2*		**$ 592,968**

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Statement of Cash Flows
For The Year Ended December 31, 2015

	Reference	
Cash Flows From Operating Activities		
District Taxes		$ 272,578
Grants Received		1,612
Payments to Vendors		(117,922)
Payments for Benefits		(17,625)
Other Receipts		13,270
Payments for Interest		(4,250)
Cash Provided/(Used) in Operating Activities		**147,662**
Cash Flows from Capital/Related Financing Activities		
Payments on Long Term Debts		(46,949)
Cash Provided/(Used) in Financing Activities		**(46,949)**
Total Cash Provided/(Used)		**100,713**
Cash and Equivalents-Beginning		**225,235**
Cash & Equivalents @ December 31		**$ 325,947**
Reconciliation of Cash		
Cash/Cash Equivalents	*Exhibit A*	$ 159,229
Restricted Cash	*Exhibit A*	166,719
Total Cash		**$ 325,947**
Reconciliation of Revenues Over/(Under) Expenses to Cash Flows from Operating Activities		
Net Income	*Exhibit B*	$ 99,201
Unvested Forfeitures		12,946
Adjustments for Non Cash Items:		
Depreciation Expense	*Schedule 9*	48,914
Increase/Decrease-Receivables, Deferred Charge		(10,350)
Increase/Decrease-Accounts Payable, Accrued expenses, etc.		9,897
Cash provided/(used) in Operating Activities		**$ 160,608**

Subject To Notes And Comments Attached

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Statement of Fiduciary Net Position
December 31, 2015
(UNAUDITED)

Assets

Investments	$	217,231
Due from other funds		27,523
Total Assets	**$**	**244,754**

Net Position

Held in Trust for LOSAP	**$**	**244,754**

Subject To Notes And Comments Attached

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Combined Balance Sheet
All Fund Types and Account Groups
December 31, 2015

	Governmental Fund Types	Account Groups		
	General Fund	General Long Term Debt Group	General Fixed Assets	Totals
Assets & Other Debits				
Assets				
Cash/Cash Equivalents	$ 159,229	$ -	$ -	**$ 159,229**
Restricted Cash	166,719	-	-	**166,719**
Deferred Charge	10,350			**10,350**
Fixed Assets	-	-	431,300	**431,300**
Total Assets	**336,298**	**-**	**431,300**	**767,598**
Other Debits				
Amount to be Provided for Retirement of General Long Term Debt	-	147,108	-	**147,108**
Total Assets & Other Debits	**$ 336,298**	**$ 147,108**	**$ 431,300**	**$ 914,705**
Liabilities, Equities & Other Credits				
LOSAP Payable	$ 27,523	$ -	$ -	**$ 27,523**
Notes Payable	-	147,108	-	**147,108**
Total Liabilities	**27,523**	**147,108**	**-**	**174,630**
Equity & Other Credits				
Investment in General Fixed Assets (Net)	-	-	431,300	**431,300**
Fund balances				
Reserved:				
New Truck	9,111	-	-	**9,111**
Death Benefits	15,288	-	-	**15,288**
Truck Emergency	66,982	-	-	**66,982**
LOSAP	27,941	-	-	**27,941**
Unreserved:				
Undesignated	189,454	-	-	**189,454**
Total Equities & Other Credits	**308,775**	**-**	**431,300**	**740,074**
Total Liabilities, Equities, & Other Credits	**$ 336,298**	**$ 147,108**	**$ 431,300**	**$ 914,705**

Subject To Notes And Comments Attached

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Statement of Changes in Fund Balances
Governmental Funds
For The Year Ended December 31, 2015

	General Fund				
	Reserved-Truck Emergency	Reserved-Death Benefits	Undesignated/ Unreserved	Reserved-Losap	Total
Fund Balance-Beginning	$ 66,914	$ 15,218	$ 94,808	$ 21,576	**$ 198,516**
Depreciation Expense	-	-	-	-	-
Amounts Provided for Principal Reduction	-	-	-	-	-
Unvested Forfeitures	-	-	-	12,946	**12,946**
Current Year Amounts Raised for LOSAP	-	-	(20,904)	20,904	-
Distributions to be made to Qualified Plans for Volunteers			27,523	(27,523)	-
Interest Earned	67	69	-	37	**173**
Excess of Current Year Revenue over Expenses	-	-	88,027	-	**88,027**
Fund Balance @ December 31	**$ 66,982**	**$ 15,288**	**$ 189,454**	**$ 27,941**	**$ 299,664**

	Debt Service				
	Reserved-New Truck	Reserved-Building	Total	Invested in Capital Assets	Total Fund Balance
Fund Balance-Beginning	$ 9,093	$ -	**$ 9,093**	$ 286,157	**$ 493,766**
Depreciation Expense	-	-	-	(48,914)	**(48,914)**
Amounts Provided for Principal Reduction	-	-	-	46,949	**46,949**
Unvested Forfeitures	-	-	-	-	**12,946**
Current Year Amounts Raised for LOSAP	-	-	-	-	-
Distributions to be made to Qualified Plans for Volunteers	-	-	-	-	-
Interest Earned	-	-	-	-	**173**
Excess of Current Year Revenue over Expenses	18	-	**18**	-	**88,046**
Fund Balance @ December 31	**$ 9,111**	**$ -**	**$ 9,111**	**$ 284,192**	**$ 592,968**

Subject To Notes And Comments Attached
MARTINI AND MARTINI, CPA, PA

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Statement of Revenues and Expenditures
Governmental Funds
For The Year Ended December 31, 2015

	General Fund	Debt Service Fund	Total
Revenues and Other Financing Sources			
Miscellaneous Revenues:			
Grant-Basic Entitlement	$ 862	$ -	**$ 862**
FEMA Grant	750	-	**750**
Interest Income	112	18	**131**
Miscellaneous Revenues:			
Miscellaneous Income	20	-	**20**
Total Miscellaneous Revenues	**1,744**	**18**	**1,763**
District Taxes			
Amount to be Raised by Taxation to Support the District Budget	221,378	51,200	**272,578**
Total District Taxes	**221,378**	**51,200**	**272,578**
Total Revenues	**223,122**	**51,218**	**274,341**
Expenditures			
Operating & Maintenance			
Insurance	10,423	-	**10,423**
LOSAP	27,523	-	**27,523**
Maintenance/Repairs-Building	10,271	-	**10,271**
Maintenance/Repairs-Equipment & Truck	18,349	-	**18,349**
Miscellaneous Expense	1,723	-	**1,723**
Office Supplies and Expense	1,783	-	**1,783**
Professional Expenses	7,503	-	**7,503**
Small Equipment	3,597	-	**3,597**
Training	1,739	-	**1,739**
Truck Emergency	18,465	-	**18,465**
Utilities/Phone	14,574	-	**14,574**
Annual Inspection	4,979	-	**4,979**
Membership Salaries	14,167	-	**14,167**
Debt Service	-	51,199	**51,199**
Total Expenditures	**135,095**	**51,199**	**186,294**
Excess of Revenues over/(under) Expenses	**$ 88,027**	**$ 19**	**$ 88,046**

Subject To Notes And Comments Attached
MARTINI AND MARTINI, CPA, PA

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Statement of Revenues and Expenditures-
Budget and Actual-General Fund
For The Year Ended December 31, 2015

	General Fund		
	Final Budget	Actual	Variance
Revenues and Other Financing Sources			
Miscellaneous Revenues:			
Grant-Basic Entitlement	$ -	$ 862	$ 862
NJ Forest Fire Grant & Other Grants	-	750	750
Interest Income	-	112	112
Miscellaneous Revenues:			
Miscellaneous	-	20	20
Total Miscellaneous Revenues	**-**	**1,744**	**1,744**
District Taxes:			
Amount to be Raised by Taxation to Support the District Budget	221,378	221,378	-
Total District Taxes	221,378	221,378	-
Total Revenues	**221,378**	**223,122**	**1,744**
Expenditures			
Operating & Maintenance			
Truck Emergency	20,000	18,465	(1,535)
Annual Inspection	6,000	4,979	(1,021)
Death Benefit	1,200	-	(1,200)
Insurance	10,000	10,423	423
LOSAP	20,904	27,523	6,619
Maintenance/Repairs-Building	10,000	10,271	271
Maintenance/Repairs-Equipment/Truck	17,374	18,349	975
Membership Salaries	14,100	14,167	67
Miscellaneous Expense	1,000	1,723	723
Office Supplies and Expense	1,500	1,783	283
Professional Expense	9,000	7,503	(1,497)
Small Equipment	10,000	3,597	(6,403)
Training	4,300	1,739	(2,561)
Utilities/Phone	16,000	14,574	(1,426)
Total Expenditures	**141,378**	**135,095**	**(6,283)**
Excess of Revenues over/(under) Expenditures	**$ 80,000**	**$ 88,027**	**$ 8,027**

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Statement of Revenues and Expenditures-
Budget and Actual-Debt Service Fund
For The Year Ended December 31, 2015

	Debt Service Fund		
	Final Budget	Actual	Variance
Revenues and Other Financing Sources			
Miscellaneous Revenues:			
Interest Income	$ -	$ 18	$ 18
Total Miscellaneous Revenues	**-**	**18**	**18**
District Taxes:			
Amount to be Raised by Taxation to Support the District Budget	51,200	51,200	-
Total District Taxes	**51,200**	**51,200**	**-**
Total Revenues	**51,200**	**51,218**	**18**
Expenditures			
Debt Service	51,200	51,199	1
Total Expenditures	**51,200**	**51,199**	**1**
Excess of Revenues over Expenditures	**$ -**	**$ 19**	**$ 19**

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Statement of Amount to be Provided for Retirement of Debt
General Long Term Debt Account Group
December 31, 2015

Purpose	Balance 1/1/15	2015 Note Advance	Bond/Note Paid By Budget	Balance 12/31/2015
Purchase of Rescue Truck	$ 194,057	$ -	$ 46,949	**$ 147,108**
Total	**$ 194,057**	**$ -**	**$ 46,949**	**$ 147,108**

Subject To Notes And Comments Attached

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Schedule of Prior Audit Findings
December 31, 2015

NO PRIOR AUDIT FINDINGS

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Schedule of Federal/State Awards
December 31, 2015

FEDERAL:

Federal Grantor/Program Title	Grant Contract Number	CFDA Number	Contract Amount	Grant Contract Period	Current Year Disbursements
Passed Through Borough of Buena					
Federal Emergency Management Agency		97.036	$ 750	1/1-12/31/15	$ 750

STATE:

Programs	Grant/Contract Amount	Grant/Contract Period	Agency or Pass Through Number	Expenditures
Passed Through Borough of Buena				
Supplemental Fire Service Act	$ 862	1/1/15-12/31/15	P.L 1985 C. 295	$ 862

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Schedule of Property, Plant and Equipment
December 31, 2015

We were unable to obtain historical cost amounts for all fixed assets of the fire district as of 12/31/15. However, amounts shown in Schedule 1 of this audit report were obtained from available insurance estimates or other evidence substantiating values at 12/31/89. The amount of equipment ($1,609,495) in no way represents the true value of all equipment of the district.

	Cost	Accumulated Depreciation	Book Value
Depreciable Assets			
Equipment & Vehicles	$ 1,297,793	$ 965,366	$ 332,427
Building	294,403	212,829	81,574
Land	17,299	-	17,299
Total Depreciable Assets	**$ 1,609,495**	**$ 1,178,195**	**$ 431,300**

Depreciation Expense was recorded as follows:

Depreciation Expense	Life	Depreciation Expense
Equipment & Vehicles	5-7 yrs	$ 41,554
Building	40 yrs	7,360
Land	N/A	-
Total Depreciation Expense		**$ 48,914**

Property and equipment is recorded at historical cost and is depreciated using the straight line method. Assets purchased in excess of $5,000 and a useful life in excess of one year are capitalized in accordance with company policy.

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Schedule of Miscellaneous Supplemental Information

December 31, 2015

Schedule 10A-Unreserved Fund Balance

Fiscal Year	Amount	Utilization in Subsequent Budget	
2015	$ 189,454	$ 189,454	(General Contingencies)
	$ 189,454	**$ 189,454**	

Schedule 10B-Board of Commissioners

	Surety Bond
Arnold English, Chairman	$ 20,000
Jeff Pace., Secretary/Treasurer	$ 20,000
Jerome Irick, Member	$ -
Anthony Abriola, Member	$ -
John Gallo, Member	$ -

Board of Commissioners
Fire District Number Two
Boro of Buena
Atlantic County
Minotola Volunteer Fire Company

Schedule of Notes/Loans/Mortgages
December 31, 2015

1)Commerce Bank	$	147,108
Date-7/02/14		
Amount-*$240,000*		
Term-5 years @ $51,199.14 per year		
Interest-3.15%		
Collateral-Pumper Truck		
Total Notes/Loans/Mortgages		**147,108**
Current Maturities		47,977
Long Term Liabilities	**$**	**99,131**

The following tabulation presents the principal requirements for the next five years on district debt outstanding relating to the purchase of the Buena Boro Fire Hall and purchase of new truck:

Five year Maturities are as follows:

2016	$	47,977
2017		49,028
2018		50,103
2019		-
2020 and beyond		-
Totals	**$**	**147,108**

Martini & Martini
A Professional Association

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
FINANCIAL CONSULTANTS

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

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

May 21, 2016

Board of Fire Commissioners
Fire District No. Two
Boro of Buena, Atlantic County
Buena, 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 the financial statements of Fire District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey, as of and for the year ended December 31, 2015. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District No. 2 of the Boro of Buena 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 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.

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May 21, 2016
Board of Fire Commissioners

This report is intended for the information of the management of the Fire District and the Bureau of Authority Regulation. However, this report is a matter of public record and its distribution is not limited.

Martin + Martin

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity - Fire District No. 2 of the Boro of Buena is a political sub-division of the Boro of Buena, 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 Boro of Buena 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.

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.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Budgets and Budgetary Accounting - The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:l4-78.l 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.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
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.l 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.

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.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 $5,000.

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:l4-85 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.

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-PURCHASE OF FIRE HALL

During 1983, the Minotola Volunteer Fire Company (an entity independent of the Board of Commissioners-Boro of Buena Fire District Number 2) purchased land and constructed a fire hall in which the Board of Commissioners of Boro of Buena Fire District Number 2 could utilize. This asset is deeded to Minotola Volunteer Fire Company. The Board of Commissioners has included the cost of this building within its general fixed asset account group (Schedule 1).

NOTE 5-LENGTH OF SERVICE AWARD PROGRAMS

The Fire District's Length of Service Awards Program ("LOSAP") was created by a Fire District Resolution adopted on December 9, 1998 pursuant to Section 457 (e)(I1)(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 voters of the Fire District No. 2 of the Boro of Buena approved the adoption of the Plan at the annual election held on February 17, 2001 and the first year of eligibility for entrance into the Plan by qualified volunteers was calendar year 2001. The Plan provides tax deferred income benefits pursuant to Emergency Services Volunteer Length of Service Award Program Act P.L. 1997, c.388.

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 6-SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 21, 2016, the date which the financial statements were available to be issued.

NOTE 7-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:

NOTE 7-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, 2015 the entity had no assets or liabilities that required disclosure under FASB ASC 820.