

**BOARD OF COMMISSIONERS  
FIRE DISTRICT NUMBER TWO  
BORO OF BUENA  
ATLANTIC COUNTY  
MINOTOLA VOLUNTEER FIRE COMPANY**  
*Audit Report*  
For the Year Ended December 31, 2009

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER TWO**  
**BORO OF BUENA**  
**ATLANTIC COUNTY**  
**MINOTOLA VOLUNTEER FIRE COMPANY**  
*Audit Report*  
 For the Year Ended December 31, 2009

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

### Independent Auditor's Report

We have audited the accompanying basic financial statements (Exhibits A through C) of Fire District No. Two of the Boro of Buena, in the County of Atlantic, State of New Jersey, as of and for the year ended December 31, 2009. These general-purpose financial statements are the responsibility of the Fire Districts management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Fire District has implemented a new financial reporting model as required by the provisions of GASB Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as of December 31, 2004.

In our opinion, basic financial statements referred to above present fairly, in all material respects, the financial position of Fire District Number Two of the Boro of Buena, in the County of Atlantic, State of New Jersey as of December 31, 2009 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards we have also issued our report dated May 15, 2010, on our consideration of Minotola Volunteer Fire Company's internal control structure 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 controls over financial reporting and compliance and results of that compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules included in the supplementary information are presented for the purpose of additional analysis as required by the State of New Jersey's Office of Management and Budget Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the financial statements. In addition, the supplementary financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

*Martin + Martin*

Vineland, NJ  
May 15, 2010

**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, 2009. 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 \$313,061 (net assets), a decrease of \$7,243 in comparison with the prior year.
2. At the end of the current year, the unreserved fund balance for the general fund was \$83,852, approximately a \$6,348 decrease from the prior year.
3. The total debt of Board of Fire Commissioners Fire District No. 2 decreased by \$45,130.

**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, (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.

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

**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 \$313,061 at the close of the most recent year.

The largest portion of the Board of Fire Commissioners Fire District No. 2's assets (55%) reflects its investment in capital assets (i.e. buildings and equipment). 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 assets (32%) represents resources that are subject to external restrictions on how they may be used.

In total, assets of governmental activities decreased by \$5,703 primarily due to excess of expenses over revenue. For the 2009 year, capital assets are reported net of accumulated depreciation and as of December 31, 2009 was \$246,905.

**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 75% of revenues for government activities for the Fire District for the year 2009.

Cost of Operations and maintenance comprises 71% of the fire district expenses, with retirement expenses comprising 8%. Depreciation expense totaled 19%.

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

**Financial Analysis of the Government Funds**

As stated above, 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 \$170,115, a decrease of \$3,539 in comparison with the prior year.

Of the combined ending fund balances of \$170,115, the unreserved fund balance constituted \$83,852. Of the unreserved fund balance, \$0 has been utilized in the 2010 budget for the Board of Fire Commissioners Fire District No. 2. The remainder of the unreserved fund balance in the amount of \$83,852 is available for future contingencies during 2010.

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 \$83,852, while the total fund balance was \$170,115.

The fund balance of the Board of Fire Commissioners Fire District No. 2's general fund decreased by \$3,539 during the current year. Key factors are as follows:

1. The Board of Fire Commissioners Fire District No. 2 had outstanding 2009 invoices payable of \$21,395.
2. The Board of Fire Commissioners Fire District No. 2 spent more than anticipated in the 2009 budget category maintenance & repairs-truck by \$11,206.
3. The Board of Fire Commissioners Fire District No. 2 spent more than anticipated in the 2008 budget category maintenance & repairs-building by \$24,608.
4. The Board of Fire Commissioners Fire District No. 2 spent less than anticipated in the 2009 budget category small equipment by \$17,500.

**General Fund Budgeting Highlights**

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

The final budgetary basis revenue estimate was \$168,318. The original budgetary estimate was same.

The final budgetary basis expenditures appropriation estimate was \$168,318. The original budgetary estimate was the same.

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

**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, 2009 amounts to \$246,905 (net of accumulated depreciation). This investment in capital assets includes building improvements, vehicles and firefighting equipment. The Board of Fire Commissioners Fire District No. 2 did not acquire any capital assets during 2009.

At the end of 2009 the Board of Fire Commissioners Fire District No. 2 had \$1,193,961 invested in building improvements, vehicles and firefighting equipment. The accumulated depreciation on these items was \$947,056.

**Long Term Obligations**

For the 2009 year, the Board of Fire Commissioners Fire District No. 2 had debt. Debt of the fire district was due to Sun National Bank for the purchase of a rescue truck, The balance due on the rescue truck was \$112,867 as of December 31, 2009.

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

For the 2009 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 75% of total revenue is from the local tax levy, while the remaining 25% is from grants and miscellaneous asset sales.

The Board of Fire Commissioners Fire District No. 2 adopted the 2010 budget January 19, 2010 and the voters subsequently approved the budget at the annual fire district election held on February 20, 2010.

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

*Statement of Net Assets  
December 31, 2009*

	<u>Reference</u>	
<b>Assets</b>		
Cash/Cash Equivalents	<i>Exhibit C</i>	\$ 57,287
Restricted Cash	<i>Exhibit C</i>	143,130
Capital Assets, net	<i>Schedule 10</i>	<u>246,905</u>
<b>Total Assets</b>		<b><u>\$ 447,323</u></b>
<b>Liabilities</b>		
Accounts Payable		\$ 21,395
Notes/Loans/Mortgages		
Due Within One Year	<i>Schedule 9</i>	47,038
Due Beyond One Year	<i>Schedule 9</i>	<u>65,829</u>
<b>Total Liabilities</b>		<b><u>134,262</u></b>
<b>Net Assets</b>		
Invested in Capital Assets		
Net of Related Debt	<i>Schedule 2</i>	134,038
Restricted for:		
Debt Sevice	<i>Schedule 2</i>	8,908
Unrestricted/Reserved	<i>Schedule 2</i>	<u>170,115</u>
<b>Total Net Assets</b>	<i>Schedule 2</i>	<b><u>313,061</u></b>
<b>Total Liabilities/Net Assets</b>		<b><u>\$ 447,323</u></b>

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

**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, 2009

	<u>Reference</u>	
<b>Revenues</b>		
Grants		\$ 63,728
District Taxes		191,401
<b>Total Revenues</b>		<u>255,129</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Operating/Maintenance		187,773
LOSAP Contributions		21,395
<b>Total</b>	<i>Schedule 4</i>	<u>209,168</u>
Interest on Long Term Notes		5,705
Depreciation Expense		48,908
<b>Total Operating Expenses</b>		<u>263,781</u>
<b>Operating Revenue over/(under) Expenses</b>		<b>(8,652)</b>
<b>Non Operating Revenues/(Expenses)</b>		
Miscellaneous Income		275
Interest on Investments		1,134
<b>Total Change in Net Assets</b>		<u><b>(7,243)</b></u>
<b>Net Assets-January 1</b>	<i>Schedule 2</i>	<u>320,303</u>
<b>Net Assets-December 31</b>	<i>Schedule 2</i>	<u><b>\$ 313,061</b></u>

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

**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, 2009

Reference

**Cash Flows From Operating Activities**

District Taxes	\$ 191,401
Grants Received	63,728
Payments to Vendors	(182,507)
Payments for Benefits	(23,559)
Other Receipts	1,334
Payments for Interest	(5,705)
<b>Cash provided/(used) in Operating Activities</b>	<b>44,693</b>

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

Payments on Long Term Debts	(45,130)
<b>Cash provided/(used) in Financing Activities</b>	<b>(45,130)</b>

**Total Cash Provided/(used)** (437)

**Cash and Equivalents-Beginning**

200,855

**Cash & Equivalents @ December 31**

\$ 200,418

**Reconciliation of Cash**

Cash/Cash Equivalents	<i>Exhibit A</i>	\$ 57,287
Restricted Cash	<i>Exhibit A</i>	143,130
<b>Total Cash</b>		<b>\$ 200,418</b>

**Reconciliation of Revenues Over/Under Expenses to Cash Flows from Operating Activities**

Net Income/(Loss)	<i>Exhibit B</i>	\$ (7,243)
Adjustments for Non Cash Items:		
Depreciation Expense	<i>Schedule 10</i>	48,908
Increase/Decrease-Grants Receivable, Deferred Charge		5,267
Increase/Decrease-Accounts Payable, Accrued expenses, etc.		(2,239)
<b>Cash provided/(used) in Operating Activities</b>		<b>\$ 44,693</b>

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

**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, 2009*

	<u>Governmental Fund Types</u>	<u>Account Groups</u>		<u>Totals</u>
	<u>General Fund</u>	<u>General Long Term Debt Group</u>	<u>General Fixed Assets</u>	
<b>Assets &amp; Other Debits</b>				
<b>Assets</b>				
Cash/Cash Equivalents	\$ 57,287	\$ -	\$ -	\$ 57,287
Restricted Cash	143,130			143,130
Grant Receivable	-	-	-	-
Deferred Charge	-			-
Fixed Assets	-		246,905	246,905
<b>Total Assets</b>	<b>200,418</b>	<b>-</b>	<b>246,905</b>	<b>447,323</b>
<b>Other Debits</b>				
Amount to be Provided for Retirement of General Long Term Debt	-	112,867	-	112,867
<b>Total Assets &amp; Other Debits</b>	<b>\$ 200,418</b>	<b>\$ 112,867</b>	<b>\$ 246,905</b>	<b>\$ 560,190</b>
<b>Liabilities, Equities &amp; Other Credits</b>				
LOSAP Payable	\$ 21,395	\$ -	\$ -	\$ 21,395
Notes Payable	-	112,867	-	112,867
<b>Total Liabilities</b>	<b>21,395</b>	<b>112,867</b>	<b>-</b>	<b>134,261</b>
<b>Equity &amp; Other Credits</b>				
Investment in General Fixed Assets (Net)	-	-	246,905	246,905
Fund balances				
Reserved:				
New Truck	8,908			8,908
Building	-			-
Death Benefits	15,235			15,235
Truck Emergency	65,780			65,780
LOSAP	5,248			5,248
Unreserved:				
Undesignated	83,852	-	-	83,852
<b>Total Equities &amp; Other Credits</b>	<b>179,023</b>	<b>-</b>	<b>246,905</b>	<b>425,928</b>
<b>Total Liabilities, Equities, &amp; Other Credits</b>	<b>\$ 200,418</b>	<b>\$ 112,867</b>	<b>\$ 246,905</b>	<b>\$ 560,190</b>

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

**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, 2009*

	<u>General Fund</u>				
	<u>Reserved- Truck Emergency</u>	<u>Reserved- Death Benefits</u>	<u>Undesignated/ Unreserved</u>	<u>Reserved- Losap</u>	<u>Total</u>
<b>Fund Balance-Beginning</b>	\$ 45,576	\$ 12,971	\$ 90,200	\$ 24,907	\$ 173,654
Depreciation Expense	-	-	-	-	-
Amounts Provided for Principal Reduction	-	-	-	-	-
Current Year Amounts Raised for LOSAP	-	-	(22,806)	22,806	-
Distributions to be made to Qualified Plans for Volunteers	-	-	21,395	(21,395)	-
Interest Earned	204	264	-	172	640
Transfer	-	-	21,242	(21,242)	-
Current Year Designation	20,000	2,000	(22,000)	-	-
Excess of Current Year Expenses over Revenue	-	-	(4,180)	-	(4,180)
<b>Fund Balance @ December 31</b>	<b>\$ 65,780</b>	<b>\$ 15,235</b>	<b>\$ 83,852</b>	<b>\$ 5,248</b>	<b>\$ 170,115</b>

	<u>Debt Service</u>				
	<u>Reserved- New Truck</u>	<u>Reserved- Building</u>	<u>Total</u>	<u>Invested in Capital Assets</u>	<u>Total Fund Balance</u>
<b>Fund Balance-Beginning</b>	\$ 14,224	\$ (5,391)	\$ 8,833	\$ 137,816	\$ 320,303
Depreciation Expense	-	-	-	(48,908)	(48,908)
Amounts Provided for Principal Reduction	-	-	-	45,130	45,130
Current Year Amounts Raised for LOSAP	-	-	-	-	-
Distributions to be made to Qualified Plans for Volunteers	-	-	-	-	-
Interest Earned	-	-	-	-	640
Transfer	(5,387)	5,387	-	-	-
Current Year Designation	-	-	-	-	-
Excess of Current Year Expenses over Revenue	71	4	75	-	(4,105)
<b>Fund Balance @ December 31</b>	<b>\$ 8,908</b>	<b>\$ -</b>	<b>\$ 8,908</b>	<b>\$ 134,038</b>	<b>\$ 313,061</b>

*Subject To Notes And Comments Attached  
MARTINI 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, 2009

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
<b>Revenues and Other Financing</b>			
<b>Sources</b>			
<b>Miscellaneous Revenues:</b>			
Grant-Basic Entitlement	\$ 1,242	\$ -	\$ 1,242
FEMA Grant	62,486	-	62,486
Interest Income	420	76	495
Miscellaneous Revenues:			
Miscellaneous Income	275	-	275
<b>Total Miscellaneous Revenues</b>	<b>64,423</b>	<b>76</b>	<b>64,498</b>
<b>District Taxes</b>			
Amount to be Raised by Taxation to Support the District Budget	140,566	50,835	191,401
<b>Total District Taxes</b>	<b>140,566</b>	<b>50,835</b>	<b>191,401</b>
<b>Total Revenues</b>	<b>204,989</b>	<b>50,911</b>	<b>255,899</b>
<b>Expenditures</b>			
<b>Operating &amp; Maintenance</b>			
Basic Entitlement Expenditures	1,242	-	1,242
FEMA Grant Expenditures	62,486	-	62,486
Grant Match	14,100	-	14,100
Insurance	10,827	-	10,827
LOSAP	21,395	-	21,395
Maintenance/Repairs-Building	37,975	-	37,975
Maintenance/Repairs-Equipment & Truck	26,206	-	26,206
Miscellaneous Expense	254	-	254
Office Supplies and Expense	1,355	-	1,355
Professional Expenses	6,508	-	6,508
Training	797	-	797
Utilities/Phone	11,845	-	11,845
Annual Inspection	3,203	-	3,203
Membership Salaries	10,975	-	10,975
<b>Debt Service</b>	-	50,835	50,835
<b>Total Expenditures</b>	<b>209,168</b>	<b>50,835</b>	<b>260,003</b>
<b>Excess of Revenues over/(under) Expenses</b>	<b>\$ (4,180)</b>	<b>\$ 76</b>	<b>\$ (4,104)</b>

Subject To Notes And Comments Attached  
MARTINI 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, 2009

	General Fund		
	Final Budget	Actual	Variance
<b>Revenues and Other Financing Sources</b>			
<b>Miscellaneous Revenues:</b>			
Grant-Basic Entitlement	\$ 1,242	\$ 1,242	\$ -
NJ Forest Fire Grant & Other Grants	-	62,486	62,486
Interest Income	-	420	420
<b>Miscellaneous Revenues:</b>			
Miscellaneous	-	275	275
Fund Balance Utilized	26,509	-	(26,509)
<b>Total Miscellaneous Revenues</b>	<b>27,751</b>	<b>64,423</b>	<b>36,672</b>
<b>District Taxes:</b>			
Amount to be Raised by Taxation to Support the District Budget	140,567	140,566	(1)
<b>Total District Taxes</b>	<b>140,567</b>	<b>140,566</b>	<b>(1)</b>
<b>Total Revenues</b>	<b>168,318</b>	<b>204,989</b>	<b>36,671</b>
<b>Expenditures</b>			
<b>Operating &amp; Maintenance</b>			
Truck Emergency	20,000	-	(20,000)
Annual Inspection	5,000	3,203	(1,797)
Basic Entitlement Expenditures	1,242	1,242	-
SCBA Grant	-	62,486	62,486
Grant Match	-	14,100	14,100
Death Benefit	1,000	-	(1,000)
Insurance	12,360	10,827	(1,533)
LOSAP	44,049	21,395	(22,654)
Maintenance/Repairs-Building	13,367	37,975	24,608
Maintenance/Repairs-Equipment/Truck	15,000	26,206	11,206
Membership Salaries	12,500	10,975	(1,525)
Miscellaneous Expense	1,000	254	(746)
Office Supplies and Expense	1,500	1,355	(145)
Professional Expense	5,500	6,508	1,008
Small Equipment	17,500	-	(17,500)
Training	2,300	797	(1,503)
Utilities/Phone	16,000	11,845	(4,155)
<b>Total Expenditures</b>	<b>168,318</b>	<b>209,168</b>	<b>40,850</b>
<b>Excess of Revenues over/(under) Expenditures</b>	<b>\$ -</b>	<b>\$ (4,180)</b>	<b>\$ (4,180)</b>

Subject To Notes And Comments Attached  
**MARTINI 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*  
*Debt Service Fund*  
For The Year Ended December 31, 2009

	<u>Debt Service Fund</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues and Other Financing Sources</b>			
<b>Miscellaneous Revenues:</b>			
Interest Income	\$ -	\$ 76	\$ 76
<b>Total Miscellaneous Revenues</b>	<b>-</b>	<b>76</b>	<b>76</b>
<b>District Taxes:</b>			
Amount to be Raised by Taxation to Support the District Budget	50,835	50,835	-
<b>Total District Taxes</b>	<b>50,835</b>	<b>50,835</b>	<b>-</b>
<b>Total Revenues</b>	<b>50,835</b>	<b>50,911</b>	<b>76</b>
<b>Expenditures</b>			
Debt Service	50,835	50,835	0
<b>Total Expenditures</b>	<b>50,835</b>	<b>50,835</b>	<b>0</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ -</b>	<b>\$ 76</b>	<b>\$ 76</b>

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

**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, 2009*

**Purpose**

Purchase of Rescue Truck

**Total**

	<u>Balance 1/1/08</u>	<u>2009 Authorization</u>	<u>Bond/Note Paid By Budget</u>	<u>Balance 12/31/2009</u>
	\$ 157,997	\$ -	\$ 45,130	\$ 112,867
<b>Total</b>	<b>\$ 157,997</b>	<b>\$ -</b>	<b>\$ 45,130</b>	<b>\$ 112,867</b>

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

**Board of Commissioners  
Fire District Number Two  
Boro of Buena  
Atlantic County  
Minotola Volunteer Fire Company**  
*Schedule of Prior Audit Findings*  
December 31, 2009

ALL PRIOR AUDIT FINDINGS WERE CORRECTED

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

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

*Schedule of Federal/State Awards*

December 31, 2009

## FEDERAL:

<u>Federal Grantor/Program Title</u>	<u>Grant Contract Number</u>	<u>CFDA Number</u>	<u>Contact Amount</u>	<u>Grant Contract Period</u>	<u>Current Year Disbursements</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
FEDERAL EMERGENCY MANAGEMENT AGENCY					
Assistance to Firefighters Program	2009-M8- 0001GF- 25000000- 4101-D	97.044	62,486	2/06/09-2/05/10	62,486

## STATE:

<u>Programs</u>	<u>Grant/Contract Amount</u>	<u>Grant/Contract Period</u>	<u>Agency or Pass Through Number</u>	<u>Expenditures</u>
Passed Through Borough of Buena Supplemental Fire Service Act	1,242	1/1/09-12/31/09	P.L 1985 C. 295	1,242

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

**Board of Commissioners**  
**Fire District Number Two**  
**Boro of Buena**  
**Atlantic County**  
**Minotola Volunteer Fire Company**  
*Schedule of Notes/Loans/Mortgages*  
 December 31, 2009

<b>1)Sun Bank-Truck Loan</b>	\$	112,867
Date-3/10/02		
Amount-\$415,483		
Term-10 years @ 4,236.24 per month		
Interest-4.15%		
Collateral-Pumper Truck		
<b>Total Notes/Loans/Mortgages</b>		112,867
Current Maturities		47,038
<b>Long Term Liabilities</b>		<b>\$ 65,829</b>

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:

2010	\$	47,038
2011		49,029
2012		16,800
2013		-
2014 and beyond		1
<b>Totals</b>		<b>\$ 112,867</b>

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

**Board of Commissioners**  
**Fire District Number Two**  
**Boro of Buena**  
**Atlantic County**  
**Minotola Volunteer Fire Company**  
*Schedule of Property, Plant and Equipment*  
December 31, 2009

We were unable to obtain historical cost amounts for all fixed assets of the fire district as of 12/31/09. 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 (\$1,193,961) in no way represents the true value of all equipment of the district.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
<b>Depreciable Assets</b>			
Equipment & Vehicles	\$ 882,259	\$ 778,388	\$ 103,871
Building	294,403	168,668	125,735
Land	17,299	-	17,299
<b>Total Depreciable Assets</b>	<b>\$ 1,193,961</b>	<b>\$ 947,056</b>	<b>\$ 246,905</b>

Depreciation Expense was recorded as follows:

<b>Depreciation Expense</b>	<u>Life</u>	<u>Depreciation Expense</u>
Equipment & Vehicles	5-7 yrs	\$ 41,549
Building	40 yrs	7,360
Land	N/A	-
<b>Total Depreciation Expense</b>		<b>\$ 48,909</b>

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.

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

**Board of Commissioners**  
**Fire District Number Two**  
**Boro of Buena**  
**Atlantic County**  
**Minotola Volunteer Fire Company**  
*Schedule of Miscellaneous Supplemental Information*  
December 31, 2009

**Schedule 11A-Unreserved Fund Balance**

<u>Fiscal Year</u>	<u>Amount</u>	<u>Utilization in Subsequent Budget</u>
2009	\$ 83,852	\$ 83,852 (General Contingencies)
	<u>\$ 83,852</u>	<u>\$ 83,852</u>

**Schedule 11B-Board of Commissioners**

	<u>Surety Bond</u>
Arnold English, Chairman	\$ 20,000
John Gallo, Jr., Secretary/Treasurer	\$ 20,000
Gwynne Brown, Member	\$ -
Dominic Pace, Member	\$ -
Anthony Abriola, Member	\$ -

*Subject To Notes And Comments Attached*  
**MARTINI 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

May 15, 2010

Board of Fire Commissioners  
Fire District No. Two  
Boro of Buena, Atlantic County  
Buena, New Jersey

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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, 2009. 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 the Fire District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal Control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted other matters involving internal control over financial reporting which we have reported to management on page 27.

**Compliance**

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.

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.

*Martini & Martini*

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NJ Society of CPA's  
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**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER TWO**  
**Boro of Buena, Atlantic County**  
**Minotola Volunteer Fire Company**  
*Notes to Financial Statements*

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

**Description of Reporting Entity** - Fire District #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 #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 exist, 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.

**BOARD OF COMMISSIONERS  
FIRE DISTRICT NUMBER TWO  
Boro of Buena, Atlantic County  
Minotola Volunteer Fire Company  
*Notes to Financial Statements***

**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: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.

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER TWO**  
**Boro of Buena, Atlantic County**  
**Minotola Volunteer Fire Company**  
*Notes to Financial Statements*

**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:5-15.1 provides a list of investments which may be purchased by Fire Districts.

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

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

**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.

**BOARD OF COMMISSIONERS  
FIRE DISTRICT NUMBER TWO  
Boro of Buena, Atlantic County  
Minotola Volunteer Fire Company  
*Notes to Financial Statements***

**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 \$5,000.00.

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.

**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.

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER TWO**  
**Boro of Buena, Atlantic County**  
**Minotola Volunteer Fire Company**  
*Notes to Financial Statements*

**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 have included the cost of this building within its general fixed asset account group (Schedule 1).

**NOTE 5-RELATED PARTY TRANSACTIONS**

During 2008, Minotola Volunteer Fire Company had repair services performed on its' vehicles provided by its' Treasurer, John Gallo. These services were provided by "Little John's Garage" and amounted to \$566.

**NOTE 6-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)(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 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 7-SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through May 15, 2010, the date which the financial statements were available to be issued.

**NOTE 8-FAIR VALUES MEASUREMENTS**

FAS 157 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 FAS 157 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 COMMISSIONERS**  
**FIRE DISTRICT NUMBER TWO**  
**Boro of Buena, Atlantic County**  
**Minotola Volunteer Fire Company**  
*Notes to Financial Statements*

**NOTE 8-FAIR VALUES MEASUREMENTS (CONTINUED)**

**Level 1 Inputs:** This level uses quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

**Level 2 Inputs:** This level uses inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

**Level 3 Inputs:** This level uses inputs that are unobservable for the asset or liability. Situations where there is little, if any, market activity for the asset or liability at the measurement date.

At December 31, 2009 the entity had no assets or liabilities that required disclosure under FAS 157.

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

May 15, 2010

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

We have examined the financial statements of the Board of Commissioners Fire District Number Two as of and for the year ended December 31, 2009 and have issued our report thereon dated May 15, 2010. As part of our examination we made a study and evaluation of the system of internal accounting control of the Fire District Number Two to the extent we deemed necessary to evaluate the system as required by auditing standards generally accepted in the U.S.A.

The purpose of our study and evaluation was to determine the nature, timing, and extent of performing the auditing procedures for expressing an opinion on the financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Fire District Number Two is responsible for establishing and maintaining a system on internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements.

Because of the inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of accounting control of the Fire District Number Two taken as a whole.

These conditions were considered in determining the nature, timing and extent of audit tests to be applied in our examination of the financial statements, and this report does not affect our December 31, 2009 report on the financial statements dated May 15, 2010.

This report is intended solely for the use of management and the Division of Local Government Services and should not be used for any other purpose.

*Martini & Martini*