

**BOARD OF COMMISSIONERS  
FIRE DISTRICT NUMBER TWO  
BORO OF BUENA  
ATLANTIC COUNTY  
MINOTOLA VOLUNTEER FIRE COMPANY**

*Audit Report*

For the Year Ended December 31, 2017

BOARD OF COMMISSIONERS  
 FIRE DISTRICT NUMBER TWO  
 BORO OF BUENA  
 ATLANTIC COUNTY  
 MINOTOLA VOLUNTEER FIRE COMPANY  
*Audit Report*

For the Year Ended December 31, 2017

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

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

Board of 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, 2017, 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 \$321,379 was not audited and, therefore, we do not express an opinion on the LOSAP program.

### ***Opinion***

In our opinion, except for the effects of the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Commissioners, Fire District No. Two of the Boro of Buena, in the County of Atlantic, State of New Jersey as of December 31, 2017, 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.

Board of Commissioners  
Fire District Number Two  
Boro of Buena, Atlantic County  
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**INDEPENDENT AUDITORS' REPORT (Continued)**

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis *Required Supplementary Information* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire District No. Two of the Boro of Buena, in the County of Atlantic, State of New Jersey's basic financial statements. The schedule of expenditures of federal and state awards is presented for additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and is also not a required part of the basic financial statements.

The supplementary information contained in schedules 1 through 12, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplementary information contained in schedules 1 through 12 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2018 on our consideration of the Fire District No. Two of the Boro of Buena, in the County of Atlantic, State of New Jersey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Boro's internal control over financial reporting and compliance.

Vineland, NJ  
June 1, 2018

*Martini & Martini*

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

As management of the Board of 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 Commissioners Fire District No. 2 for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Board of 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 Commissioners Fire District No. 2's financial performance.

**Financial Highlights**

1. The assets of the Board of Commissioners Fire District No. 2 exceeded its liabilities at the close of the most recent year by \$1,423,530 (net assets), an increase of \$794,989 in comparison with the prior year.
2. At the end of the current year, the unreserved fund balance for the general fund was \$245,750, an increase of \$11,420 from the prior year.
3. The total debt of Board of Commissioners Fire District No. 2 was \$250,000 as of 12/31/2017. This reflects debt incurred during 2017 for the purchase of a new fire truck, which was partially funded by a FEMA grant in the amount of \$756,191.

**Overview of Financial Statements**

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

The Statement of Activities presents information showing how the Board of 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 Commissioners Fire District No. 2 that are principally supported by taxes. The activities of the Board of Commissioners Fire District No. 2 include fire-fighting and emergency services that are provided to the citizens of the Board of 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 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 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 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 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 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 Commissioners Fire District No. 2's assets exceeded liabilities detailed in Exhibit A, at the close of the most recent year.

The largest portion of the Board of Commissioners Fire District No. 2's assets reflects its capital assets (76%). The Board of Fire Commissioners District No. 2 uses these assets to provide fire-fighting and rescue services to the citizens of the Board of Commissioners Fire District No. 2 consequently these assets are not available for future spending. Although the Board of 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 Commissioners Fire District No. 2's cash (38%) represents resources that are subject to external restrictions on how they may be used.

In total, assets of governmental activities increased by \$30,925 primarily due to excess of revenue over expenses. For the 2017 year, capital assets are reported net of accumulated depreciation and as of December 31, 2017 were \$1,297,740.

**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 27% of revenues for government activities for the Fire District for the year 2017.

Cost of Operations and maintenance comprises 12% of the fire district expenses, with retirement expenses comprising 3%. Depreciation expense totaled 9%, interest expense totaled .3%, and capital expenditures totaled 76% as detailed in Schedule 4.

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

**Financial Analysis of the Government Funds**

As stated above, Board of 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 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 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 Commissioners Fire District No. 2's governmental funds reported combined ending fund balances of \$1,423,530, an increase of \$794,989 in comparison with the prior year.

Of the combined ending fund balances of \$1,423,530, the unreserved fund balance constituted \$245,750. The unreserved fund balance in the amount of \$245,750 is available for future unanticipated contingencies during 2018.

The general fund is the main operating fund of the Board of Commissioners Fire District No. 2. At the end of the current year, the unreserved fund balance of the general fund was \$245,750, while the total fund balance was \$366,573.

The fund balance of the Board of Commissioners Fire District No. 2's general fund increased by \$30,417 during the current year. Key factors are as follows:

1. The Board of Commissioners Fire District No. 2 spent less than anticipated in the 2017 budget category maintenance & repairs-equipment/truck by \$249.
2. The Board of Commissioners Fire District No. 2 spent less than anticipated in the 2017 budget category truck emergency by \$1,794. These excess funds will be used for the purchase of a new fire truck and unplanned emergencies in 2018.
3. The Board of Commissioners Fire District No. 2 spent more than anticipated in the 2017 budget category Building Repairs & Maintenance by \$433.

**General Fund Budgeting Highlights**

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

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

The final budgetary basis revenue estimate was \$998,507. The original budgetary estimate was same.

The final budgetary basis expenditures appropriation estimate was \$172,516, and capital improvement budget estimate was \$825,991. 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 Commissioners Fire District No. 2's investment in capital assets for its governmental activities as of December 31, 2017 amounts to \$1,297,740 (net of accumulated depreciation). This investment in capital assets includes building improvements, vehicles and firefighting equipment.

At the end of 2017, the Board of Commissioners Fire District No. 2 had \$2,615,686 invested in building improvements, vehicles and firefighting equipment. The accumulated depreciation on these items was \$1,317,946.

**Long Term Obligations**

For the 2017 year, the Board of Commissioners Fire District No. 2 had debt. During 2017, debt of the fire district was due to KS State Bank in the amount of \$250,000 for the purchase of a fire truck.

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

For the 2017 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 26% of total revenue is from the local tax levy, while the remaining 74% is from grants and miscellaneous sources.

The Board of Commissioners Fire District No. 2 adopted the 2018 budget January 16, 2018 and the voters subsequently approved the budget at the annual fire district election held on February 17, 2018.



**Board of Commissioners  
Fire District Number Two  
Boro of Buena  
Atlantic County  
Minotola Volunteer Fire Company**  
*Statement of Net Position*  
December 31, 2017

<b>Assets</b>	<b>Reference</b>	
Cash/Cash Equivalents	<i>Exhibit C</i>	\$ 206,730
Restricted Cash	<i>Exhibit C</i>	124,631
Deferred Charge		72,784
Capital Assets, net	<i>Schedule 10</i>	<u>1,297,740</u>
<b>Total Assets</b>		<b>\$ 1,701,885</b>
<b>Liabilities</b>		
Accounts Payable		\$ 28,355
Notes/Loans/Mortgages		43,183
Due Within One Year	<i>Schedule 12</i>	<u>206,817</u>
Due Beyond One Year	<i>Schedule 12</i>	<u>278,355</u>
<b>Total Liabilities</b>		
<b>Net Position</b>		
Invested in Capital Assets	<i>Schedule 2</i>	1,047,739
Net of Related Debt		
Restricted for:		
Debt Service	<i>Schedule 2</i>	9,218
Unrestricted/Reserved	<i>Schedule 2</i>	<u>366,573</u>
<b>Total Net Position</b>	<i>Schedule 2</i>	<u>1,423,530</u>
<b>Total Liabilities/Net Position</b>	<i>Exhibit B</i>	<b>\$ 1,701,885</b>

**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, 2017

<b>Revenues</b>		
Grants		\$ 757,053
District Taxes	Schedule 7	273,716
<b>Total Revenues</b>		<u>1,030,769</u>
<b>Expenses</b>		
<b>Operating Expenses</b>		
Operating/Maintenance		117,539
LOSAP Contributions		28,355
Capital Expenditures		756,191
<b>Total</b>		<u>902,084</u>
Interest on Long Term Notes	Schedule 4	3,209
Depreciation Expense		90,838
<b>Total Operating Expenses</b>		<u>996,132</u>
<b>Operating Revenue Over/(Under) Expenses</b>		<u>34,637</u>
<b>Non Operating Revenues/(Expenses)</b>		
Miscellaneous Income		3,799
Interest on Investments		362
<b>Total Change in Net Position</b>		<u>38,798</u>
<b>Net Position-January 1</b>	Schedule 2	628,541
<b>Current Year Asset Purchase (net of related debt)</b>	Schedule 2	756,191
<b>Net Position-December 31</b>	Schedule 2	<u>\$ 1,423,530</u>

**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, 2017

Reference

**Cash Flows From Operating Activities**

District Taxes	\$ 273,716
Grants Received	757,053
Payments to Vendors	(117,539)
Payments for Benefits	(27,936)
Other Receipts	4,161
Payments for Interest	(3,209)
<b>Cash Provided/(Used) in Operating Activities</b>	<b>886,246</b>

**Cash Flows from Investing Activities**

Purchase of Fixed Assets	(1,006,191)
<b>Cash Provided/(Used) in Investing Activities</b>	<b>(1,006,191)</b>

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

Proceeds from Loans/Notes	250,000
Payments on Long Term Debts	(99,130)
<b>Cash Provided/(Used) in Financing Activities</b>	<b>150,870</b>

**Total Cash Provided/(Used)**

**30,925**

**Cash and Equivalents-Beginning**

**300,437**

**Cash & Equivalents @ December 31**

**\$ 331,362**

**Reconciliation of Cash**

Cash/Cash Equivalents	\$ 206,730	<i>Exhibit A</i>
Restricted Cash	124,631	<i>Exhibit A</i>
<b>Total Cash</b>	<b>\$ 331,362</b>	

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

Net Income	\$ 38,798	<i>Exhibit B</i>
Capital Expenditures Included in Net Income	756,191	
Adjustments for Non Cash Items:		<i>Schedule 10</i>
Depreciation Expense	90,838	
Increase/Decrease-Accounts Payable, Accrued expenses, etc.	419	
<b>Cash provided/(used) in Operating Activities</b>	<b>\$ 886,246</b>	

**Board of Commissioners  
Fire District Number Two  
Boro of Buena  
Atlantic County  
Minotola Volunteer Fire Company**  
*Statement of Fiduciary Net Position*  
December 31, 2017  
(UNAUDITED)

<b>Assets</b>	
Investments	\$ 293,025
Due from other funds	<u>28,355</u>
<b>Total Assets</b>	<b>\$ 321,379</b>
<b>Net Position</b>	
Held in Trust for LOSAP	<u>\$ 321,379</u>

**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, 2017*

	Governmental				Totals
	General Fund	General Long Term Debt Group	General Fixed Assets	General Fixed Assets	
<b>Assets &amp; Other Debits</b>					
<b>Assets</b>					
Cash/Cash Equivalents	\$ 206,730	-	\$ -	\$ -	206,730
Restricted Cash	124,631	-	-	-	124,631
Deferred Charge	72,784	-	-	-	72,784
Fixed Assets	-	-	1,297,740	-	1,297,740
<b>Total Assets</b>	<b>404,146</b>	<b>-</b>	<b>1,297,740</b>	<b>-</b>	<b>1,701,886</b>
<b>Other Debits</b>					
Amount to be Provided for Retirement of General Long Term Debt	-	250,000	-	-	250,000
<b>Total Assets &amp; Other Debits</b>	<b>\$ 404,146</b>	<b>\$ 250,000</b>	<b>\$ 1,297,740</b>	<b>\$ -</b>	<b>1,951,886</b>
<b>Liabilities, Equities &amp; Other Credits</b>					
LOSAP Payable	\$ 28,355	-	\$ -	-	28,355
Notes Payable	-	250,000	-	-	250,000
<b>Total Liabilities</b>	<b>28,355</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>278,355</b>
<b>Equity &amp; Other Credits</b>					
Investment in General Fixed Assets (Net)	-	-	1,297,740	-	1,297,740
Fund balances					
Reserved:					
New Truck	9,218	-	-	-	9,218
Death Benefits	15,442	-	-	-	15,442
Truck Emergency	67,109	-	-	-	67,109
LOSAP	38,273	-	-	-	38,273
Unreserved:					
Undesignated	245,750	-	-	-	245,750
<b>Total Equities &amp; Other Credits</b>	<b>375,791</b>	<b>-</b>	<b>1,297,740</b>	<b>-</b>	<b>1,673,531</b>
<b>Total Liabilities, Equities, &amp; Other Credits</b>	<b>\$ 404,146</b>	<b>\$ 250,000</b>	<b>\$ 1,297,740</b>	<b>\$ -</b>	<b>1,951,886</b>

**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, 2017

	General Fund				
	Reserved- Truck Emergency	Reserved- Death Benefits	Undesignated/ Unreserved	Reserved- LOSAP	Total
<b>Fund Balance-Beginning</b>	\$ 67,061	\$ 15,357	\$ 234,330	\$ 19,409	\$ 336,157
Depreciation Expense	-	-	-	-	-
Current Year Asset Purchase	-	-	-	-	-
Amounts Provided for Principal Reduction	-	-	-	-	-
Current Year Amounts Raised for LOSAP	-	-	(47,176)	47,176	-
Distributions to be made to Qualified Plans for Volunteers	-	-	28,355	(28,355)	-
Interest Earned	48	85	-	42	175
Excess of Current Year Revenue over Expenses	-	-	30,242	-	30,242
<b>Fund Balance @ December 31</b>	<b>\$ 67,109</b>	<b>\$ 15,442</b>	<b>\$ 245,750</b>	<b>\$ 38,273</b>	<b>\$ 366,573</b>

	Debt Service			Invested in	Total
	Reserved- New Truck	Reserved- Building	Total	Capital Assets	Fund Balance
<b>Fund Balance-Beginning</b>	\$ 9,128	\$ -	\$ 9,128	\$ 283,256	\$ 628,541
Depreciation Expense	-	-	-	(90,838)	(90,838)
Current Year Asset Purchase (net of related debt)	-	-	-	756,191	756,191
Amounts Provided for Principal Reduction	-	-	-	99,130	99,130
Current Year Amounts Raised for LOSAP	-	-	-	-	-
Distributions to be made to Qualified Plans for Volunteers	-	-	-	-	-
Interest Earned	-	-	-	-	-
Excess of Current Year Revenue over Expenses	90	-	90	-	175
<b>Fund Balance @ December 31</b>	<b>\$ 9,218</b>	<b>\$ -</b>	<b>\$ 9,218</b>	<b>\$ 1,047,739</b>	<b>\$ 1,423,530</b>

**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, 2017

**Revenues and Other Financing**

**Sources**

**Miscellaneous Revenues:**

Grant-Basic Entitlement	\$ 862	-	\$ 862
FEMA Grant	756,191	-	756,191
Interest Income	159	29	188
Miscellaneous Income	3,799	-	3,799
<b>Total Miscellaneous Revenues</b>	<b>761,010</b>	<b>29</b>	<b>761,039</b>
<b>District Taxes</b>			
Amount to be Raised by Taxation to Support the District Budget	171,316	102,400	273,716
<b>Total District Taxes</b>	<b>171,316</b>	<b>102,400</b>	<b>273,716</b>
<b>Total Revenues</b>	<b>932,326</b>	<b>102,429</b>	<b>1,034,755</b>

**Expenditures**

**Operating & Maintenance**

Basic Entitlement Expenditures	862	-	862
Insurance	10,662	-	10,662
LOSAP	28,355	-	28,355
Maintenance/Repairs-Building	10,433	-	10,433
Maintenance/Repairs-Equipment & Truck	18,534	-	18,534
Miscellaneous Expense	468	-	468
Office Supplies Expense	1,545	-	1,545
Professional Expenses	11,315	-	11,315
Small Equipment	9,624	-	9,624
Training	2,221	-	2,221
Truck Emergency	18,206	-	18,206
Utilities/Phone	12,559	-	12,559
Annual Inspection	5,248	-	5,248
Membership Salaries	15,861	-	15,861
Capital	756,191	-	756,191
Debt Service	-	102,339	102,339
<b>Total Expenditures</b>	<b>902,084</b>	<b>102,339</b>	<b>1,004,424</b>
<b>Excess of Revenues over/(under) Expenses</b>	<b>30,242</b>	<b>90</b>	<b>30,332</b>

**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/Capital Fund*  
 For The Year Ended December 31, 2017

	General Fund		
	Final Budget	Actual	Variance
<b>Revenues and Other Financing Sources</b>			
Miscellaneous Revenues:			
Grant-Basic Entitlement	-	862	\$ 862
FEMA Grant	756,191	756,191	-
Interest Income	-	159	159
Miscellaneous Revenues:			
Miscellaneous	-	3,799	3,799
Fund Balance Utilized	71,000	-	(71,000)
<b>Total Miscellaneous Revenues</b>	<b>827,191</b>	<b>761,010</b>	<b>(66,181)</b>
<b>District Taxes:</b>			
Amount to be Raised by Taxation to Support the District Budget	171,316	171,316	-
<b>Total District Taxes</b>	<b>171,316</b>	<b>171,316</b>	<b>-</b>
<b>Total Revenues</b>	<b>998,507</b>	<b>932,326</b>	<b>(66,181)</b>
<b>Expenditures</b>			
<b>Operating &amp; Maintenance</b>			
Truck Emergency	20,000	18,206	(1,794)
Annual Inspection	6,000	5,248	(752)
Basic Entitlement Expenditures	-	862	862
Death Benefit	1,200	-	(1,200)
Insurance	11,500	10,662	(838)
LOSAP	47,176	28,355	(18,821)
Maintenance/Repairs-Building	10,000	10,433	433
Maintenance/Repairs-Equipment/Truck	18,783	18,534	(249)
Membership Salaries	15,557	15,861	304
Miscellaneous Expense	1,000	468	(532)
Office Supplies and Expense	2,000	1,545	(455)
Professional Expense	9,000	11,315	2,315
Small Equipment	10,000	9,624	(376)
Training	4,300	2,221	(2,079)
Utilities/Phone	16,000	12,559	(3,441)
<b>Capital</b>			
Fire Hall Improvements/New Fire Truck	825,991	756,191	(69,800)
<b>Total Expenditures</b>	<b>998,507</b>	<b>902,084</b>	<b>(96,423)</b>
<b>Excess of Revenues over/(under) Expenditures</b>	<b>\$ -</b>	<b>\$ 30,242</b>	<b>\$ 30,242</b>



**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, 2017

**Revenues and Other Financing Sources**

**Miscellaneous Revenues:**

Interest Income

**Total Miscellaneous Revenues**

**District Taxes:**

Amount to be Raised by Taxation to Support the District Budget

**Total District Taxes**

**Total Revenues**

**Expenditures**

Debt Service

**Total Expenditures**

**Excess of Revenues over Expenditures**

Debt Service Fund		
Final Budget	Actual	Variance
\$ -	\$ 29	\$ 29
-	29	29
102,400	102,400	-
<u>102,400</u>	<u>102,400</u>	<u>-</u>
102,400	102,429	29
102,400	102,339	61
<u>102,400</u>	<u>102,339</u>	<u>61</u>
\$ -	\$ 90	\$ 90

**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, 2017

Purpose	Balance	2017	Bond/Note	Balance
	1/1/17	Note Advance	Paid By Budget	12/31/2017
Purchase of Rescue Truck	\$ 99,130	\$ 250,000	\$ 99,130	\$ 250,000
<b>Total</b>	<b>\$ 99,130</b>	<b>\$ 250,000</b>	<b>\$ 99,130</b>	<b>\$ 250,000</b>

**Board of Commissioners**  
**Fire District Number Two**  
**Boro of Buena**  
**Atlantic County**  
**Minotola Volunteer Fire Company**  
*Schedule of Findings and Questioned Costs*  
 December 31, 2017

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: \_\_\_\_\_ Unmodified \_\_\_\_\_ X \_\_\_\_\_ no

Significant deficiencies identified? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Significant deficiencies identified that are considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Noncompliance material to the financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Federal Awards

Internal control over major programs: \_\_\_\_\_ X \_\_\_\_\_ no

Significant deficiencies identified? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Significant deficiencies identified that are considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Type of auditor's report issued on compliance for major programs: \_\_\_\_\_ Unmodified \_\_\_\_\_ X \_\_\_\_\_ no

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Identification of major programs:

CFDA Numbers \_\_\_\_\_

Name of Federal Program \_\_\_\_\_

Assistance to Firefighters Grant \_\_\_\_\_

97.044

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Auditee qualified as low risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Section II-Financial Statement Findings

NONE

Section III-Federal Award Findings and Questioned Costs

NONE

**Board of Commissioners  
Fire District Number Two  
Boro of Buena  
Atlantic County  
Minotola Volunteer Fire Company**  
*Schedule of Prior Audit Findings*  
December 31, 2017

**Financial Statement Findings**

There were no prior year findings

**Federal Awards**

There were no prior year findings

**State Awards**

There were no prior year findings

**Board of Commissioners**  
**Fire District Number Two**  
**Boro of Buena**  
**Atlantic County**  
**Minotola Volunteer Fire Company**  
*Schedule of Federal and State Awards*  
 December 31, 2017

**FEDERAL:**

<u>Federal Grantor/Program Title</u>	<u>Award Number</u>	<u>CFDA Number</u>	<u>Contract Amount</u>	<u>Grant Contract Period</u>	<u>Current Year Disbursements</u>
Direct: Department of Homeland Security- Assistance to Firefighters Grant	EMW-2015-FV-01860	97.044	\$ 756,191	8/20/16-8/19/17	\$ 756,191

**STATE:**

<u>Programs</u>	<u>Grant/Contract Amount</u>	<u>Grant/Contract Period</u>	<u>Agency or Pass Through Number</u>	<u>Current Year Disbursements</u>
Passed Through Borough of Buena Supplemental Fire Service Act	\$ 862	1/1/17-12/31/17	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, 2017

We were unable to obtain historical cost amounts for all fixed assets of the fire district as of 12/31/17. 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 (\$2,615,686) in no way represents the true value of all equipment of the district.

<b>Depreciable Assets</b>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Equipment & Vehicles	\$ 2,303,984	\$ 1,090,397	\$ 1,213,587
Building	294,403	227,549	66,854
Land	17,299	-	17,299
<b>Total Depreciable Assets</b>	<b>\$ 2,615,686</b>	<b>\$ 1,317,946</b>	<b>\$ 1,297,740</b>

Depreciation Expense was recorded as follows:

<b>Depreciation Expense</b>	<u>Life</u>	<u>Depreciation Expense</u>
Equipment & Vehicles	5-7 yrs	\$ 83,478
Building	40 yrs	7,360
Land	N/A	-
<b>Total Depreciation Expense</b>		<b>\$ 90,838</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.

**Board of Commissioners**  
**Fire District Number Two**  
**Boro of Buena**  
**Atlantic County**  
**Minotola Volunteer Fire Company**  
*Schedule of Miscellaneous Supplemental Information*  
 December 31, 2017

**Schedule 11-Unreserved Fund Balance**

<u>Fiscal Year</u>	<u>Amount</u>	<u>Utilization in Subsequent Budget</u>
2017	\$ 245,750	\$ 245,750 (General Contingencies)
	<u>\$ 245,750</u>	<u>\$ 245,750</u>

**Schedule 10B-Board of Commissioners**

Arnold English, Chairman  
 Jeff Pace, Secretary/Treasurer  
 Jerome Irick, Member  
 Anthony Abriola, Member  
 John Gallo, Member

Surety Bond

\$ 20,000  
 \$ 20,000  
 \$ -  
 \$ -  
 \$ -

**Board of Commissioners**  
**Fire District Number Two**  
**Boro of Buena**  
**Atlantic County**  
**Minotola Volunteer Fire Company**  
*Schedule of Notes/Loans/Mortgages*  
 December 31, 2017

1)KS State Bank	\$ 250,000
Date-8/04/17	
Amount-\$250,000	
Term-5 years @ \$55,533.08 per year	
Interest-2.903%	
Collateral-Pumper Truck	
<b>Total Notes/Loans/Mortgages</b>	<b>250,000</b>
Current Maturities	43,183
<b>Long Term Liabilities</b>	<b>\$ 206,817</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:	
2018	\$ 43,183
2019	49,494
2020	50,939
2021	52,427
2022 and beyond	53,957
<b>Totals</b>	<b>\$ 250,000</b>



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

June 1, 2018

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

**INDEPENDENT AUDITORS' 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, 2017. 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.

June 1, 2018  
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.

*Nastari \* Nastari*

William J. Martini, Sr., CPA  
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John R. Martini, CPA, CFP

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Degree in Taxation

June 1, 2018

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Report on Compliance for Each Major Federal Program**

We have audited Fire District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fire District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey's major federal programs for the year ended December 31, 2017. Fire District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Fire District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fire District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program.

**Opinion on Each Major Federal Program**

In our opinion, Fire District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

June 1, 2018

Board of Fire Commissioners

### **Report on Internal Control over Compliance**

Management of Fire District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered Fire District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fire District No. 2 of the Boro of Buena in the County of Atlantic, State of New Jersey's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Martini & Martini*

**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 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.

**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 board of 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.

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.



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**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-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)(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. All investments maintained in the LOSAP are managed by Lincoln Financial Services.

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 June 1, 2018, 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:

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**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, 2017 the entity had no assets or liabilities that required disclosure under FASB ASC 820.

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

June 1, 2018

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, 2017 and have issued our report thereon dated June 1, 2018. 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 those 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, 2017 report on the financial statements dated June 1, 2018.

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*