

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Audit Report
For the Year Ended December 31, 2020

**BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Audit Report
For the Year Ended December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Buena, New Jersey 08341

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Board of Fire Commissioners, Fire District Number 2, Borough of Buena, Atlantic County, Minotola Volunteer Fire Company (hereafter referred to as the "Fire District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Fire District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 1 to the financial statements, during the year ended December 31, 2020, the Fire District adopted a new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fire District's basic financial statements. The accompanying combining and individual non-major fund financial statements and supplementary schedules as listed in the table of contents above are presented for the purpose of additional analysis, as required by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements.

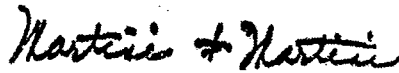
The accompanying combining and non-major fund financial statements and supplementary schedules, as listed on the table of contents above, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2021 on our consideration of the Fire District'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 solely 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 effectiveness of the Fire District's 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 Fire District's internal control over financial reporting and compliance.

Respectfully,

A handwritten signature in black ink that reads "Martini & Martini". The signature is written in a cursive, flowing style.

Martini & Martini, CPA, PA

Vineland, NJ
June 15, 2021

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Management's Discussion & Analysis
Required Supplementary Information

As management of the Board of Fire Commissioners Fire District Number 2, Borough of Buena, Atlantic County, Minotola Volunteer Fire Company (hereafter referred to as the "Fire District"), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole. Readers should also review the information furnished in the notes to the basic financial statements along with the financial statements to enhance their understanding of the Fire District's financial performance.

Financial Highlights

- During 2020, the Fire District implemented GASB 84, which changed how the Length of Service Award Program account balance is presented in the financial statements.
- The net position of the Fire District, which represents the difference between the Fire District's assets and liabilities totaled \$996,833 at the close of the current year, a decrease of \$102,390, or 9%, in comparison with prior year.
- At the end of the current year, the unassigned fund balance reported for the general fund was \$131,082, a decrease of \$4,067, or 3%, in comparison with prior year.
- At the end of the current year, the total debt of the Fire District was \$106,384, a decrease of \$50,939, or 32%, in comparison with prior year.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Fire District's basic financial statements. The Fire District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the Fire District's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the Fire District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fire District is improving or deteriorating.

The *Statement of Activities* presents information showing how the Fire District's net position changed during the most recent year. All changes in net position 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 the Fire District used cash during the year.

Both of the government-wide financial statements distinguish functions of the Fire District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the Fire District include firefighting and emergency services that are provided to the citizens of the city of Minotola, Borough of Buena, Atlantic County, New Jersey.

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Overview of Financial Statements (Continued)

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 Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Fire District maintains one fund type, governmental.

The Fire District's Funds

Governmental Funds – The operational activities of the Fire District are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are nonspendable, restricted, committed, assigned or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Fire District's fund balances by law, creditors, Fire District Board of Commissioners and the Fire District's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method referred to as modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Fire District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Fire District's programs. We describe the relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The Fire District maintains two governmental funds. Information is presented separately in the governmental funds *Combined Balance Sheet – Governmental Funds & Other Aggregate Balances* and in the governmental funds *Statement of Revenues, Expenditures & Changes in Fund Balances – Governmental Funds*.

In addition, the Fire District 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 to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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Management's Discussion & Analysis
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Financial Analysis of the District as a Whole

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In this case, the Fire District's assets exceeded liabilities by \$996,833 at the close of the current year.

The Fire District's net position reflects its investment in capital assets (i.e., land, buildings, equipment) less any related debt used to acquire those assets that is still outstanding. The Fire District uses these assets to provide firefighting and rescue services to the citizens of the city of Minotola, Borough of Buena, Atlantic County, New Jersey. Consequently, these assets are not available for future spending. Although the Fire District's investment in 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.

Table 1 provides a summary of the Fire District's net position for 2020 and 2019.

	<u>2020</u>	<u>2019</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Assets				
Cash & Cash Equivalents	\$ 259,365	\$ 262,830	\$ (3,465)	-1%
Investments	510,012	-	510,012	100%
Deferred Charges	21,849	21,849	-	0%
Capital Assets, Net	<u>856,101</u>	<u>1,007,622</u>	<u>(151,521)</u>	<u>-15%</u>
Total Assets	<u>\$ 1,647,327</u>	<u>\$ 1,292,302</u>	<u>\$ 355,025</u>	<u>27%</u>
Liabilities				
Accounts Payable	\$ 34,098	\$ 35,755	\$ (1,657)	-5%
Other Non Current Liabilities	510,012	-	510,012	100%
Notes, Loans & Mortgages	<u>106,384</u>	<u>157,323</u>	<u>(50,939)</u>	<u>-32%</u>
Total Liabilities	<u>650,494</u>	<u>193,078</u>	<u>457,416</u>	<u>237%</u>
Net Position				
Net Investment in Capital Assets	749,716	850,298	(100,582)	-12%
Restricted for Debt Service	9,305	9,276	29	0%
Unrestricted	<u>237,813</u>	<u>239,650</u>	<u>(1,837)</u>	<u>-1%</u>
Total Net Position	<u>996,833</u>	<u>1,099,224</u>	<u>(102,391)</u>	<u>-9%</u>
Total Liabilities & Net Position	<u>\$ 1,647,327</u>	<u>\$ 1,292,302</u>	<u>\$ 355,025</u>	<u>27%</u>

BOARD OF COMMISSIONERS
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Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Management's Discussion & Analysis
Required Supplementary Information

Financial Analysis of the District as a Whole (Continued)

Table 2 reflects the changes in net position for 2020 and 2019.

TABLE 2				
Statement of Activities				
For the Years Ended December 31, 2020 & 2019				
	<u>2020</u>	<u>2019</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Program Expenses				
Operating Appropriations				
Administration	\$ 42,323	\$ 37,943	\$ 4,380	12%
Cost of Operations & Maintenance	97,227	115,581	(18,354)	-16%
LOSAP Contribution (P.L. 1997, c. 388)	34,098	32,255	1,843	6%
Subtotal	173,647	185,778	(12,131)	-7%
Interest on Long Term Debt	4,594	6,039	(1,445)	-24%
Depreciation Expense	151,521	140,585	10,936	8%
Total Program Expenses	329,762	332,402	(2,640)	-1%
Program Revenues				
Operating Grants & Contributions	862	862	-	0%
Total Program Revenues	862	862	-	0%
Net Program Revenue/(Expense)	(328,900)	(331,540)	2,640	-1%
General Revenues				
District Property Taxes:				
Levied for General Purposes	170,610	160,198	\$ 10,412	6%
Levied for Debt Service	55,533	55,533	-	0%
Miscellaneous Income	367	701	(334)	-48%
Total General Revenues	226,510	216,432	10,078	5%
Change in Net Position	(102,390)	(115,108)	12,718	-11%
Net Position - Beginning	1,099,224	1,322,129	(222,905)	-17%
Capital Improvement Projects Completed	-	(107,797)	107,797	-100%
Net Position @ December 31	\$ 996,833	\$ 1,099,224	\$ (102,390)	-9%

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FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
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Management's Discussion & Analysis
Required Supplementary Information

Financial Analysis of the Government Funds

As the Fire District completed the year, its governmental funds reported a combined fund balance of \$247,118, which is a decrease from last year's total combined fund balance of \$248,926. Of the combined ending fund balance of \$247,118, approximately 53% constitutes the unassigned fund balance of \$131,082. The remainder of the fund balance is restricted or assigned to indicate that it is not available for new spending because of the following: (1) restricted for debt service (\$9,305) and (2) assigned to the general fund for various programs (Truck Emergency: \$67,198, Death Benefits: \$18,013, Length of Service Awards Program - Contribution: \$21,523).

General Fund – The general fund is the general operating fund of the Fire District and is used to account for the inflows and outflows of financial resources. The acquisition of certain capital assets, such as firefighting and emergency medical apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current year, the Fire District's unassigned fund balance recorded in the general fund totaled \$131,082.

During the current year, the fund balance of the Fire District's general fund decreased by \$1,837. The primary factor(s) affecting the fund balance of the general fund is general fund actual revenues were \$171,726, \$1,116 more than the final anticipated budgeted amount. Additionally, expenditures were \$173,647, \$3,037 more than the final estimated general fund budget of \$170,610.

Debt Service Fund – The debt service fund of the Fire District is used to account for repayment of long term debt. The debt service fund is a cash reserve financed from local property tax levies to pay the current year principal and interest outstanding on long term debt. During 2020 the debt service fund increased by \$28 due to interest income. Consequently, actual revenues were \$55,561, \$28 more than the final anticipated budget and expenditures were \$55,533, which is equal to the amount budgeted for 2020 debt service appropriations.

General Fund Budgetary Highlights

All budget line items are developed utilizing historical actual amounts that may or may not be incurred in the current year. Actual revenues exceeded the final general fund budget estimate of \$170,610 by \$1,116. Actual expenditures exceeded the final general fund budget estimate of \$170,610 by \$3,037. The most significant budgeted fund is the General Fund.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Management's Discussion & Analysis
Required Supplementary Information

Capital Assets

The Fire District's net investment in capital assets for its governmental activities as of December 31, 2020 amounts to a historical cost of \$2,625,627, \$856,101, net of accumulated depreciation. The net investment in capital assets includes land, building, firefighting equipment and vehicles. See table 3 below.

TABLE 3				
Capital Assets, Net of Accumulated Depreciation				
As of December 31, 2020 & 2019				
	2020	2019	Variance (\$)	Variance (%)
Capital Assets				
Land	\$ 17,299	\$ 17,299	\$ -	0%
Building	44,774	52,134	(7,360)	-14%
Equipment & Vehicles	794,028	938,189	(144,161)	-15%
Total Capital Assets	\$ 856,101	\$ 1,007,622	\$ (151,521)	-15%
Depreciation Expense				
Building	\$ 7,360	\$ 7,360	\$ -	0%
Equipment & Vehicles	144,161	143,167	994	1%
Total Depreciation Expense	\$ 151,521	\$ 150,526	\$ 995	1%

Debt Administration & Long Term Obligations

The Fire District had debt for its governmental activities as of December 31, 2020 in the amount of \$106,384. The outstanding debt relates to the purchase of a firefighting apparatus (truck). The outstanding debt was financed by KS State Bank and matures in the year ended December 31, 2022. The Fire District is due to pay \$52,427 and \$53,958 in the years ended December 31, 2021 and 2022, respectively. See table 4 below.

TABLE 4				
Debt Administration & Long Term Obligations				
As of December 31, 2020 & 2019				
	2020	2019	Variance (\$)	Variance (%)
Long Term Obligations				
Purchase of Ladder Truck	\$ 106,384	\$ 157,323	\$ (50,939)	-32%
Total Long Term Obligations	\$ 106,384	\$ 157,323	\$ (50,939)	-32%
Maturities				
Due Within One Year	\$ 52,427	\$ 50,939	\$ 1,488	3%
Due Beyond One Year	53,958	106,384	(52,426)	-49%
Total Maturities	\$ 106,384	\$ 157,323	\$ (50,939)	-32%

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
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Management's Discussion & Analysis
Required Supplementary Information

Economic Factors & Next Year's Budget

For the 2020 year, the Fire District was able to sustain its budget through the district property tax levy. 100% of the total anticipated budgeted revenues was derived from the local property tax levy. The 2021 budget was adopted on January 19, 2021 by the Commissioners, and was subsequently approved by the voters at the annual fire district election held on April 20, 2021.

Requests for Information

This financial report is designed to provide a general overview of the Fire District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Minotola Volunteer Fire Company, P.O. Box 176, Minotola, NJ 08341.

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Statement of Net Position
 December 31, 2020

	<u>Reference</u>	<u>2020</u>
Assets		
Cash & Cash Equivalents	<i>Exhibit C</i>	\$ 151,520
Restricted Assets:		
Cash & Cash Equivalents	<i>Exhibit C</i>	107,845
Investments - Length of Service Awards Program (LOSAP)	<i>Note 10</i>	510,012
Deferred Charges		21,849
Capital Assets, Net	<i>Schedule 8</i>	<u>856,101</u>
Total Assets		<u>\$ 1,647,327</u>
Liabilities		
Accounts Payable		\$ 34,098
Other Non Current Liabilities (LOSAP)	<i>Note 10</i>	510,012
Notes, Loans & Mortgages:		
Due Within One Year	<i>Schedule 10</i>	52,427
Due Beyond One Year	<i>Schedule 10</i>	<u>53,958</u>
Total Liabilities		<u>650,494</u>
Net Position		
Net Investment in Capital Assets	<i>Schedule 3</i>	749,716
Restricted for:		
Debt Service	<i>Schedule 3</i>	9,305
Unrestricted	<i>Schedule 3</i>	<u>237,813</u>
Total Net Position		<u>996,833</u>
Total Liabilities & Net Position		<u>\$ 1,647,327</u>

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Statement of Activities
For The Year Ended December 31, 2020

	<u>Reference</u>	<u>2020</u>
Program Expenses		
Operating Appropriations		
Administration	\$ 42,323	
Cost of Operations & Maintenance	97,227	
Length of Service Awards Program - Contribution (P.L. 1997, c. 388)	34,098	
Subtotal	<i>Schedule 4</i>	173,647
Interest on Long Term Notes		4,594
Depreciation Expense	<i>Schedule 8</i>	151,521
Total Program Expenses		<u>329,762</u>
Program Revenues		
Operating Grants & Contributions	<i>Schedule 7</i>	862
Total Program Revenues		<u>862</u>
Net Program Revenue/(Expense)		(328,900)
General Revenues		
District Property Taxes:		
Levied for General Purposes	<i>Schedule 4</i>	170,610
Levied for Debt Service	<i>Schedule 5</i>	55,533
Miscellaneous Income		367
Total General Revenues		<u>226,510</u>
Change in Net Position		(102,390)
Net Position - Beginning	<i>Schedule 3</i>	1,099,224
Net Position @ December 31	<i>Schedule 3</i>	<u><u>\$ 996,833</u></u>

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Statement of Cash Flows
For The Year Ended December 31, 2020

	<u>Reference</u>	<u>2020</u>
Cash Flows From Operating Activities		
District Property Taxes Levied	<i>Schedule 2</i>	\$ 226,143
Operating Grants Received	<i>Schedule 7</i>	862
Payments to Vendors		(143,050)
Length of Service Awards Program Benefits		(32,255)
Other Miscellaneous Receipts		367
Interest Payments - Notes, Loans & Mortgages		(4,594)
Cash Provided/(Used) in Operating Activities		<u>47,474</u>
Cash Flows from Capital & Related Financing Activities		
Principal Payments - Notes, Loans & Mortgages		(50,939)
Cash Provided/(Used) in Financing Activities		<u>(50,939)</u>
Total Cash Provided/(Used)		(3,466)
Cash & Cash Equivalents - Beginning		<u>262,830</u>
Cash & Cash Equivalents @ December 31		<u>\$ 259,365</u>
Reconciliation of Cash & Equivalents		
Cash & Cash Equivalents	<i>Exhibit A</i>	\$ 151,520
Cash & Cash Equivalents - Restricted	<i>Exhibit A</i>	107,845
Total Cash & Cash Equivalents		<u>\$ 259,365</u>
Reconciliation of Change in Net Position to Cash Flows From Operating Activities		
Change in Net Position	<i>Exhibit B</i>	\$ (102,390)
Adjustments for Non Cash Items:		
Depreciation Expense	<i>Schedule 8</i>	151,521
(Increase/(Decrease) in Cash From:		
Accounts Payable, Accrued Expenses, Etc.		(1,657)
Cash Provided/(Used) in Operating Activities		<u>\$ 47,474</u>

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
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Combined Balance Sheet
Governmental Funds & Other Aggregate Balances
December 31, 2020

	General Fund	Debt Service Fund	Net Investment in Capital Assets	Total Gov't Funds & Aggregate Balances
Assets				
Cash & Cash Equivalents	\$ 243,085	\$ 16,280	\$ -	\$ 259,365
Investments - LOSAP	510,012	-	-	510,012
Due From/(To) Other Funds	6,975	(6,975)	-	-
Deferred Charges	21,849	-	-	21,849
Capital Assets, Net	-	-	856,101	856,101
Total Assets	\$ 781,922	\$ 9,305	\$ 856,101	\$ 1,647,327
Liabilities & Net Position				
Liabilities				
LOSAP Payable	\$ 34,098	\$ -	\$ -	\$ 34,098
Funds Held in Trust - LOSAP	510,012	-	-	510,012
Notes, Loans & Mortgages	-	-	106,384	106,384
Total Liabilities	544,110	-	106,384	650,494
Net Position				
Restricted:				
Debt Service - Long Term Debt	-	9,305	-	9,305
Assigned:				
General Fund:				
Truck Emergency	67,195	-	-	67,195
Death Benefits	18,013	-	-	18,013
LOSAP - Contribution (P.L. 1997, c. 388)	21,523	-	-	21,523
Unassigned:				
General Fund	131,082	-	-	131,082
Net Investment in Capital Assets	-	-	749,716	749,716
Total Net Position	237,813	9,305	749,716	996,833
Total Liabilities & Net Position	\$ 781,922	\$ 9,305	\$ 856,101	\$ 1,647,327

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Statement of Revenues, Expenditures & Changes in Fund Balances
Governmental Funds
For The Year Ended December 31, 2020

	General Fund	Debt Service Fund	Total Gov't Funds
Revenues			
Operating Grant Revenue	\$ 862	\$ -	\$ 862
Amount to be Raised by Taxation to Support the District Budget	170,610	55,533	226,143
Interest Income	126	28	154
Miscellaneous Income	128	-	128
Total Revenues	171,726	55,561	227,287
Expenditures			
Operating Appropriations			
Administration			
Basic Entitlement Expenditures	862	-	862
Death Benefit	1,200	-	1,200
Membership Salaries	15,974	-	15,974
Miscellaneous Expense	1,135	-	1,135
Office Supplies Expense	972	-	972
Professional Expenses & Dispatch Services	20,683	-	20,683
Training & Seminars	1,498	-	1,498
Total Administration	42,323	-	42,323
Operations & Maintenance			
Annual Inspection	17,096	-	17,096
Insurance	12,007	-	12,007
Maintenance & Repairs - Building	21,307	-	21,307
Maintenance & Repairs - Equipment & Truck	14,942	-	14,942
Small Equipment	9,661	-	9,661
Truck Emergency	5,271	-	5,271
Utilities & Phone	16,943	-	16,943
Total Operating & Maintenance	97,227	-	97,227
Length of Service Awards Program Contribution	34,098	-	34,098
Subtotal	173,647	-	173,647
Debt Service Principal & Interest	-	55,533	55,533
Total Expenditures	173,647	55,533	229,180
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (1,921)	\$ 28	\$ (1,893)
Reconciliation of Change in Net Position (\$102,390) per Statement of Activities per Exhibit B			
Excess/(Deficiency) of Revenues Over/(Under) Expenditures (From Above)			\$ (1,893)
Capital outlays are reported in governmental funds as expenditures. However, in the <i>Statement of Activities</i> , the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the reporting period. See below.			
	Depreciation Expense	(151,521)	
	Capital Outlays	50,939	
			(100,582)
Governmental funds report certain activity related to the length of service awards program and truck emergency fund as restricted revenues and expenses, whereas such activity is a component of the length of service awards and/or specific funds.			
			84
Change in Net Position of Governmental Activities per Exhibit B			\$ (102,390)

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Statement of Revenues, Expenditures & Changes in Balances
Governmental Funds & Other Aggregate Balances
For The Year Ended December 31, 2020

General Fund

	Truck Emergency	Death Benefits	LOSAP	Unassigned	Total General Fund
Fund Balance - Beginning	\$ 67,162	\$ 16,813	\$ 28,659	\$ 127,015	\$ 239,650
Current Year Amounts Raised for LOSAP	-	-	26,910	(26,910)	-
Distributions to be made to Qualified Plans for Volunteers	-	-	(34,098)	34,098	-
Interest Earned	33	-	51	-	84
Current Year Designation	-	1,200	-	(1,200)	-
Deficiency of Revenues over Expenditures	-	-	-	(1,921)	(1,921)
Fund Balance @ December 31	\$ 67,195	\$ 18,013	\$ 21,523	\$ 131,082	\$ 237,813

Debt Service Fund

	Ladder Truck	Building	Total Debt Service Fund	Net Investment in Capital Assets	Total Gov't Funds & Aggregate Balances
Fund Balance - Beginning	\$ 9,276	\$ -	\$ 9,276	\$ 850,298	\$ 1,099,224
Depreciation Expense	-	-	-	(151,521)	(151,521)
Amounts Provided for Principal Reduction	-	-	-	50,939	50,939
Interest Earned	-	-	-	-	84
Deficiency of Revenues over Expenditures	28	-	28	-	(1,893)
Fund Balance @ December 31	\$ 9,305	\$ -	\$ 9,305	\$ 749,716	\$ 996,833

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Board of Fire Commissioners Fire District Number 2, Borough of Buena, Atlantic County, Minotola Volunteer Fire Company (hereafter referred to as the "Fire District") have been prepared to conform 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 following is a summary of the more significant of these policies.

Description of Reporting Entity & Fire District Board of Commissioners

The Fire District is a political subdivision of the Borough of Buena, Atlantic County, New Jersey. It was formed through adoption of an ordinance in accordance with *N.J.S.A. 40A:14-70* of the State of New Jersey to provide fire protection services to the residents of the city of Minotola, Borough 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 firefighting services to the residents within its territorial location.

The primary criterion for including activities within the Fire District's reporting entity, as set forth in Section 2100 of the Governmental Account Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Fire District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the Fire District over which the Board of Commissioners exercises operating control.

The Fire District is governed by a board of five commissioners. The following were in office at December 31, 2020:

Name	Position	Surety Bond
Steven LaPorta	Chairman	\$ 250,000
Jeffrey Pace	Secretary/Treasurer	\$ 250,000
Anthony Abriola	Commissioner	\$ -
Jerome Irick	Commissioner	\$ -
James Abba	Commissioner	\$ -

Government-wide & Fund Financial Statements

The Fire District's basic financial statements consist of government-wide statements and fund financial statements which provide a more detailed level of financial information. The government-wide financial statements (i.e., *Statement of Net Position, Statement of Activities*) report information on all of the activities of the government. The Fire District's operations consist of governmental activities, which normally are supported by property taxes and intergovernmental revenues. The Fire District has no business-type activities, which rely to a significant extent on fees and charges for support. If the Fire District had business-type activities, such activities would be reported separately from the governmental activities.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide & Fund Financial Statements (Continued)

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore, is clearly identifiable to a particular function. It is the policy of the Fire District to not allocate indirect expenses to functions in the *Statement of Activities*. Program revenues include (1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (2) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Property taxes and other items not included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the Fire District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Fire District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column.

Measurement Focus, Basis of Accounting & Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes (ad valorem) are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount certified, prior to the end of the fire district year. As such, the Fire District receives four quarterly payments of equal amount.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible with the current period or soon thereafter to pay liabilities of the current period. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, reimbursable-type grants and interest associated with the current year are all considered to be susceptible to be accrued and as such have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the Fire District. The Fire District reports the following major government funds:

General Fund – The general fund is the primary operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in another fund. The acquisition of certain capital assets, such as firefighting apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures.

Debt Service Fund – The debt service fund is used to account for resources that will be used to service long term debt liabilities.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting & Financial Statement Presentation (Continued)

Amounts reported as program revenues include (1) operating grants and contributions, (2) charges to customers or applicants for goods, services or privileges provided and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes levied.

As a general fund, the effect of interfund activity has been eliminated from the government-wide financial statements.

Budgets & 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 no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioner may, by majority vote, adopt the budget.

Amendments may be made to the Fire District budget in accordance with *N.J.S.A 40A:14-78.3*. The budget may not be amended subsequent to its final adoption and approval, except for provisions allowed by *N.J.S.A 40A:14-78.5*.

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.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year end.

The accounting records of the special revenue fund are maintained on a budgetary basis. The budgetary basis is different from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Schedules 4 and 5, includes all amendments and modifications to the adopted budget as approved by the Board of Commissioners.

Schedule 6 presents a reconciliation of the general and debt service fund revenues and expenditures from the budgetary basis of accounting as presented in the fund budgetary comparison schedules to the GAAP basis of accounting as presented in the *Statement of Revenues & Expenditures – Budget to Actual – General Fund* and *Statement of Revenues & Expenditures – Budget to Actual – Debt Service Fund*. Note that the Fire District does not report encumbrances outstanding at year end as expenditures in the government funds since the approved budget follows the modified accrual basis of accounting.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Charges

Deferred charges presented on the *Statement of Activities* represents capital improvements that are in process of being constructed in which the Fire District has incurred the expense in the accounting period it relates. The asset related to the deferred charges has not been used or consumed by the Fire District. As such, when the project is complete, it will be reclassified to the caption *Capital Assets, Net*.

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at year end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed or assigned, should be included within the committed or assigned fund balance, as appropriate.

Encumbered appropriations carry over into the subsequent 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 & Investments

Cash and equivalents include petty cash, change funds, cash in banks, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest. *N.J.S.A. 40A:5-15.1* provides a list of permissible investments that may be purchased by New Jersey fire districts.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Public funds are defined as the funds of any governmental unit. Public depositories include state or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to 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, are available to pay the amount of their deposits to the governmental units.

Inventories

Inventories recorded on the government-wide financial statements are recorded as expenses when consumed rather than purchased. The Fire District did not have any inventory at year end December 31, 2020.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and governmental fund financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2020.

Interfund Transactions & Activity

Interfund receivables and payables represent amounts that are owed, other than charges for goods or services rendered to or from a particular fund within the Fire District, and that are due within one year. Such balances are eliminated in the *Statement of Net Position* to minimize the grossing up of internal balances.

As of December 31, 2020, the following interfund balances remained on the *Combined Balance Sheet – Governmental Funds & Other Aggregate Balances* as follows:

Fund Name	Interfund Receivable	Interfund Payable
General Fund	\$ 6,975	\$ -
Debt Service Fund	-	6,975
Total	\$ 6,975	\$ 6,975

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources or uses in governmental funds. Reimbursements from funds responsible for the particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements. There were no interfund transfers made during the 2020 year.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the Fire District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide *Statement of Net Position*. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The Fire District’s capitalization policy threshold is \$5,000. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives: (1) 40 years of buildings and (2) 5-10 years for equipment, vehicles and firefighting apparatus.

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 through N.J.S.A. 40A:14-87* governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase firefighting 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.

The Fire District does not possess any infrastructure assets.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities & Long Term Obligations

All payables, accrued liabilities and long term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension and length of service awards program contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied and is recorded as a liability until the revenue is both measurable and the Fire District can realize the revenue.

Net Position

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

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

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

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

The Fire District initially applies restricted resources to an expense when incurred for purposes when both restricted and unrestricted net position classifications are applicable.

Fund Balance

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

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

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

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

Accounting 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.

Recently Issued & Adopted Accounting Pronouncements

The Fire District implemented GASB Statement No. 84, *Fiduciary Activities* for the year ended December 31, 2020. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement became effective for the Fire District for the year ended December 31, 2020.

As a result of the implementation of Statement No. 84, the Fire District has determined that the activity related to its length of service awards program meets the criteria for reporting in the governmental funds (general fund), as opposed to the fiduciary fund where it was reported in prior years. There exists no effect on net position as a result of implementation.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 2 – CONCENTRATIONS

A significant source of revenue for the Fire District comes from its ability to levy property taxes (see Note 1 for detail on property taxes). The ability to levy property taxes, and the limits to which property taxes can be levied, are promulgated by state statute. As a result of this dependency, the Fire District’s operations are significantly reliant and impacted by state laws and regulations regarding property taxes to be levied.

NOTE 3 – CUSTODIAL CREDIT RISK RELATED TO DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the Fire District’s deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, *N.J.S.A. 17:9-41 et seq.* requires that governmental units shall deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (“FDIC”). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized.

As of December 31, 2020, the Fire District’s bank balances totaling \$270,061 were exposed to custodial credit risk. The total amount of \$270,061 is insured by FDIC and GUDPA. See below for reconciliation from the Fire District’s bank balances totaling \$270,061 to the amount reported on the *Statement of Net Position*.

Bank Balance @ December 31, 2020	\$ 270,061
Plus : Deposits in Transit	1,140
Less : Outstanding Checks	(11,837)
Book Balance @ December 31, 2020	<u>\$ 259,365</u>

NOTE 4 – RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As such, the Fire District maintains commercial insurance coverage for property, liability and surety bonds.

NOTE 5 – PROPERTY TAX LEVIES

The following is a tabulation of the Fire District’s assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years.

Year Ended	Assessed Valuation	Total Tax Levy	Tax Rate
Dec. 31, 2020	\$ 146,610,600	\$ 226,143	0.154%
Dec. 31, 2019	\$ 147,261,600	\$ 215,731	0.146%
Dec. 31, 2018	\$ 148,874,560	\$ 216,548	0.145%
Dec. 31, 2017	\$ 150,173,500	\$ 273,716	0.182%
Dec. 31, 2016	\$ 152,954,563	\$ 289,447	0.189%

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 is as follows:

Capital Asset Class	Balance @ Dec. 31, 2019	Additions	Retirements	Balance @ Dec. 31, 2020
Land	\$ 17,299	\$ -	\$ -	\$ 17,299
Building	294,403	-	-	294,403
Equipment & Vehicles	2,313,925	-	-	2,313,925
Total Capital Assets @ Cost	2,625,627	-	-	2,625,627
Less : Accumulated Depreciation	1,618,005	151,521	-	1,769,526
Total Capital Assets, Net	\$ 1,007,622	\$ (151,521)	\$ -	\$ 856,101

Depreciation expense of \$151,521 was charged to governmental functions and is separately presented on the *Statement of Activities*.

NOTE 7 – LONG TERM OBLIGATIONS

During the year ended December 31, 2020, the following changes occurred in long term obligations for governmental activities:

Obligation Description	Balance @ Dec. 31, 2019	Additions	Deductions	Balance @ Dec. 31, 2020	Due Within One Year	Due Beyond One Year
Notes, Loans & Mortgages						
KS State Bank - Ladder Truck	\$ 157,323	\$ -	\$ 50,939	\$ 106,384	\$ 52,427	\$ 53,958
Total Notes, Loans & Mortgages	\$ 157,323	\$ -	\$ 50,939	\$ 106,384	\$ 52,427	\$ 53,958
Other Non Current Liabilities						
Length of Service Awards Program	421,409	89,378	775	510,012	-	510,012
Total Other Non Current Liabilities	421,409	89,378	775	510,012	-	510,012
Total Long Term Obligations	\$ 578,732	\$ 89,378	\$ 51,714	\$ 616,396	\$ 52,427	\$ 563,970

The above notes, loans and mortgages obligation represents a loan acquired from KS State Bank to purchase a ladder truck on August 4, 2017. This loan was made in the amount of \$250,000 at an annual interest rate of 2.093% with repayment terms over 5 years at \$55,533 per year. The annual payment of \$55,533 to KS State Bank is made on July 15 of each year and consists of interest of principal amounts as follows:

Year Ended	Principal	Interest	Total
Dec. 31, 2021	\$ 52,427	\$ 3,106	\$ 55,533
Dec. 31, 2022	53,958	1,576	55,533
	\$ 106,384	\$ 4,682	\$ 111,066

For details on the Length of Service Awards Program liability, refer to Note 10. The Fire District's annual required contribution to the program is budgeted and paid from the general fund on an annual basis.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 8 – FUND BALANCES APPROPRIATED – GENERAL FUND (UNASSIGNED DESIGNATION)

The 2021 annual budget of the Fire District was adopted on January 19, 2021 and subsequently approved by the voters at the annual election held on April 20, 2021. The following presents the total fund balance of the general fund (unassigned designation) as of the end of the last five years and the amount utilized in the subsequent year’s budget.

Year Ended	Balance @ Dec. 31	Utilization in Subsequent Budget
Dec. 31, 2020	\$ 131,082	\$ 53,000
Dec. 31, 2019	\$ 127,015	\$ 26,000
Dec. 31, 2018	\$ 248,767	-
Dec. 31, 2017	\$ 245,750	\$ 71,000
Dec. 31, 2016	\$ 234,330	-

NOTE 9 – FUND BALANCES

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restriction, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or (2) imposed by law through constitutional provision or enabling legislation. Specific restrictions for the Fire District’s debt service fund balance are summarized as follows:

- Restricted for Debt Service – This restricted fund balance is used to account for the resources that are used in order to pay down long term outstanding notes, loans and mortgages as described in Note 7. The restricted fund balance for debt service as of December 31, 2020 was \$9,305.

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the Fire District’s intent to be used for specific purposes, but are neither restricted nor committed. The Fire District’s assigned fund balance is 100% maintained with the general fund, with the following designations summarized as follows:

- Truck Emergency Designation – Monies assigned to the truck emergency designation represents unforeseeable or unexpected events that result in repair of the Fire District’s emergency vehicles and apparatus. The balance designated to this assigned fund as of December 31, 2020 was \$67,195.
- Death Benefits Designation – Monies assigned to the death benefits designation represents a cash reserve for a benefits payout to the beneficiary of volunteer firefighters whom incur casualties. During the 2020 year, the Fire District made one payment in the amount of \$1,200 as a result of a casualty. The balance designated to this assigned fund as of December 31, 2020 was \$18,013.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 9 – FUND BALANCES (CONTINUED)
ASSIGNED (CONTINUED)

- *Length of Service Awards Program Contribution Designation* – 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. The LOSAP contribution for the year ended December 31, 2020 was \$34,098, resulting in a fund balance as of December 31, 2020 of \$21,523.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed or assigned to specific purposes. The Fire District’s unassigned general fund balance as of December 31, 2020 was \$131,082.

NOTE 10 – LENGTH OF SERVICE AWARDS PROGRAM

Plan Description – The Fire District’s Length of Service Awards Program (“LOSAP”), which is a defined contribution plan reported in the Fire District’s general fund was created by a Fire District Resolution adopted on February 17, 2001 pursuant to Section 457 (e)(11)(B) 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 accumulated assets of the LOSAP plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pension – An Amendment of GASB Statement No. 27*.

The voters of the Fire District 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 LOSAP plan by qualified volunteers was calendar year 2001. The Plan provides tax deferred income benefits to active firefighters and emergency medical personnel pursuant to Emergency Services Volunteer Length of Service Award Program Act P.L. 1997, c.388 signed into law on January 18, 1998. All investments maintained in the LOSAP plan are administered by The Lincoln National Life Insurance Company and/or Lincoln Life & Annuity Company of New York (Lincoln” or “Plan Administrator”). The Fire District’s practical involvement in administering the LOSAP plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

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. Pursuant to *N.J.S.A 40A:14-187*, all accumulated proceeds shall remain restricted for the volunteer members. As of December 31, 2020, the tax deferred income LOSAP plan accumulated earnings balance was \$510,012.

The tax deferred income benefits of the Minotola Volunteer Fire Company come from contributions made solely by the governing body of the Fire District, on behalf of those volunteers who meet the criteria of the LOSAP plan created by that governing body. Participants should refer to the LOSAP plan agreement for a more complete description of the plan’s provisions.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 10 – LENGTH OF SERVICE AWARDS PROGRAM

Plan Amendments – The Fire District may make minor amendments to the provisions of the LOSAP plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The LOSAP plan can only be amended by resolution of the governing body of the Fire District, and the following procedures must be following:

- Any amendment to the LOSAP plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (“Director”) prior to implementation by the Fire District’s governing body, provided, however, that any amendment required by the IRS, may be adopted by the Fire District’s governing body without the advance approval of the Director, although such amendment shall be filed with the Director;
- The documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and
- The Fire District shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Fire District may amend the LOSAP plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the Fire District shall notify all participants in writing prior to making any amendment to the LOSAP plan.

Contributions – If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 in the initial plan year. While the maximum amount is set by statute, once a LOSAP plan is adopted, it is subject to period increases that are related to the consumer price index pursuant to *N.J.S.A 40A: 14-185(f)*. The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually.

The Fire District elected to contribute \$1,483 per eligible volunteer, into the LOSAP plan for the year ended December 31, 2020 and incurred an aggregate expense of \$34,098 as presented on the *Statement of Activities*. Participants direct the investment of the contributions into various investment options offered by the LOSAP plan. The Fire District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the LOSAP plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

Participant Accounts – Each participant’s account is credited with the Fire District’s contribution and LOSAP plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account. The Fire District has placed the amounts deferred, including earnings in a trust maintained by a third-party administrator for exclusive benefit of the LOSAP plan participants and their beneficiaries. The contributions from the Fire District, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Fire District. These funds, however, are not available for funding the operations of the Fire District.

Vesting – The Fire District, in accordance with *N.J.S.A. 40A:14-188* and *N.J.A.C 5:30-11.63*, may make a yearly contribution to the deferred income length of service awards program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with the changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the LOSAP plan.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 10 – LENGTH OF SERVICE AWARDS PROGRAM (CONTINUED)

Payment of Benefits – Upon separation from volunteer service, retirement, disability, termination of the LOSAP plan or financial hardship, a participant may withdrawal funds via lump sum, periodic payments or annuity payments without IRS penalty. In the case of death, with certain exceptions, any amount invested under the participant’s account is paid to the beneficiary or the participants estate. In the event of an unforeseeable emergency, as outlined in the LOSAP plan document, a participant or beneficiary entitled to the vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

Forfeitures & Forfeited Accounts – There were no forfeitures during the year ended December 31, 2020.

Investments – The investments of the LOSAP plan are recorded at fair value and investments offered to participants include various variable annuities. The Fire District has classified these investments as restricted assets as presented on the *Statement of Net Position*.

Plan Information – Additional information about the Fire District’s LOSAP plan can be obtained by contacting the Plan Administrator.

As stated above the LOSAP plan accumulated earnings balance at December 31, 2020 was \$510,012, which consisted of the following:

Total Investments as of December 31, 2020			
<u>Description</u>	<u>Balance</u>	<u>Measurement</u>	<u>Reference</u>
Mutual Funds	\$ 353,002	Fair Value	Note 11
Fixed Account	157,010	Contract Value	Note 12
Total Investments	<u>\$ 510,012</u>		

NOTE 11 – FAIR VALUE MEASUREMENTS

The Fire District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different level of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fire District has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level 2 – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 11 – FAIR VALUE MEASUREMENTS (CONTINUED)

Subsequent to initial recognition, the Fire District may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis at fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amount to their fair value.

At December 31, 2020, the Fire District’s investments consisted of mutual funds reported at fair value and a fixed account related to a fully-benefit responsive investment contract (See Note 12) that is reported at contract value.

Mutual Funds – Mutual funds are considered level inputs as they are valued at the daily closing price as reported by the fund on the active market.

The following table sets for by level, within the fair value hierarchy, the Fire District’s assets at fair value at December 31, 2020.

Investments at Fair Value as of December 31, 2020				
Description	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 353,002	\$ -	\$ -	\$ 353,002
Total Investments at Fair Value	\$ 353,002	\$ -	\$ -	\$ 353,002

The Fire District is also subject to various risks related to investments as follows:

Custodial Credit Risk Related to Investments – For an investment, custodial credit risk is a risk that, in the event of the failure of a counterparty, the Fire District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fire District and are held by either the counterparty of the counterparty’s trust department or agent, but not in the Fire District’s name. All of the Fire District’s investments are held in the name of the Fire District.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Fire District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2020 are provided in the schedule below.

Investment Credit Risk – The Fire District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Local Government investment pools;

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 11 – FAIR VALUE MEASUREMENTS (CONTINUED)

Investment Credit Risk (Continued)

- Bonds or other obligations of the Fire District or bonds or other obligations of the local unit or units within which the Fire District is located and agreements to repurchase of fully collateralized securities;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Fire District; or
- Deposits with the State of New Jersey Cash Management Fund established pursuant section 1 of P.L. 1977, c.281;
- Agreements for repurchase of fully collateralized securities.

NOTE 12 – CONTRACT VALUE MEASUREMENTS

Contract value is the relevant measure for the portion of the net assets available for benefits of the Fire District's defined contribution Length of Service Awards Program attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP plan.

The Fire District's LOSAP plan held a fully benefit-responsive investment contract with Lincoln totaling \$157,010 as of December 31, 2020. Lincoln maintains contributions in individual and group deferred annuity contracts (Fixed Accounts) registered with the Securities and Exchange Commission, that provide for investment options for retirement plans including a Fixed Account. The Fixed Accounts are issued by Lincoln which guarantee a minimum fixed rate of interest as specified in the contract. Interest is credited daily and the interest crediting rate is declared on a quarterly basis. The Fixed Accounts are guaranteed against loss of principal, minus all withdrawals, including charges and adjustments. The guarantee is based on Lincoln's ability to meet its financial obligations from general assets.

The Fixed Accounts continue in-force until they are terminated by either Lincoln or the LOSAP plan. For this reason, such contracts are referred to as "evergreen" contracts and do not have a defined maturity date.

The Fixed Accounts are supported by the general assets of Lincoln but due to the nature of these contracts, it does not have assets assigned to it and therefore the contract is the asset and is reported at contract value on the LOSAP plan's summary report. The contract value represents the amount participants would receive if they were to initiate a transaction under the terms of the ongoing plan. These contracts meet the fully benefit-responsive investment contract criteria and therefore are reported at contract value on the Fire District's *Statement of Net Position and Combined Balance Sheet – Governmental Funds & Other Aggregate Balances*.

NOTE 13 – PURCHASE OF FIRE HALL

During 1983, the Fire District purchased land and constructed a fire hall in which the Fire District could utilize. This asset is deeded to Minotola Volunteer Fire Company.

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to Financial Statements

NOTE 14 – RELATED PARTY TRANSACTIONS

The Fire District entered into related party transactions totaling \$1,854 during the year ended December 31, 2020 as follows:

- Bathroom repairs performed by “A.E. English Plumbing & Heating”, in which the owner Arnold English is the previous Board of Fire Commissioners Chairman. These amounts totaled to \$255.
- Death benefit payment made to beneficiary of a firefighter who has passed away. This amount totaled \$1,200.
- Cash reimbursements made to various related parties. These amounts totaled \$399.

NOTE 15 – CONTINGENT LIABILITIES

The Fire District is subject to claims and lawsuits which arise primarily in the course of business. The Fire District does not anticipate any losses with respect to such existing or pending claims and lawsuits at December 31, 2020.

NOTE 16 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through June 15, 2021, the date which the financial statements were available to be issued.

At this stage, the impact on our operations and results has not been significant as a result of COVID-19, but the outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic shutdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Statement of Revenues & Expenditures
Budget to Actual
General Fund
For The Year Ended December 31, 2020

	General Fund		
	Final Budget	Actual	Variance
Revenues			
Anticipated Revenues			
Amount to be Raised by Taxation to Support the District Budget	\$ 170,610	\$ 170,610	\$ -
Total Anticipated Revenues	170,610	170,610	-
Non-Budgetary Revenues			
Operating Grant Revenue			
Supplemental Fire Services Grant (P.L. 1985, Ch. 295)	-	862	862
Interest Income	-	126	126
Other Miscellaneous	-	128	128
Total Non-Budgetary Revenues	-	1,116	1,116
Total Revenues	170,610	171,726	1,116
Expenditures			
Operating Appropriations			
Administration			
Basic Entitlement Expenditures	-	862	862
Death Benefit	1,200	1,200	-
Membership Salaries	17,500	15,974	(1,527)
Miscellaneous Expense	1,000	1,135	135
Office Supplies Expense	2,000	972	(1,028)
Professional Expenses & Dispatch Services	14,000	20,683	6,683
Training & Seminars	6,000	1,498	(4,502)
Total Administration	41,700	42,323	623
Operations & Maintenance			
Annual Inspection	16,000	17,096	1,096
Insurance	15,000	12,007	(2,993)
Maintenance & Repairs - Building	10,000	21,307	11,307
Maintenance & Repairs - Equipment & Truck	14,000	14,942	942
Small Equipment	11,000	9,661	(1,339)
Truck Emergency	20,000	5,271	(14,729)
Utilities & Phone	16,000	16,943	943
Total Operations & Maintenance	102,000	97,227	(4,773)
Length of Service Awards Program Contribution	26,910	34,098	7,188
Total Expenditures	170,610	173,647	3,037
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ (1,921)	\$ (1,921)

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Statement of Revenues & Expenditures
Budget to Actual
Debt Service Fund
 For The Year Ended December 31, 2020

	Debt Service Fund		
	Final Budget	Actual	Variance
Revenues			
Anticipated Revenues			
Amount to be Raised by Taxation to Support the District Budget	\$ 55,533	\$ 55,533	\$ -
Total Anticipated Revenues	55,533	55,533	-
Miscellaneous Revenues:			
Interest Income	-	28	28
Total Miscellaneous Revenues	-	28	28
Total Revenues	55,533	55,561	28
Expenditures			
Operating Appropriations			
Interest & Principal Payment on Long Term Debt	55,533	55,533	-
Total Expenditures	55,533	55,533	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ 28	\$ 28

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Notes to the Required Supplementary Information
Budgetary vs. GAAP Basis
 For the Year Ended December 31, 2020

Notes to the Required Supplementary Information

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>Total Gov't Funds</u>
Sources & Inflows of Resources:	
Actual Amounts (Budgetary Basis) " Total Revenue"	
From the Budgetary Comparison Schedules (Schedules 4 & 5)	\$ 227,287
Total Revenues as reported on the <i>Statement of Revenues,</i>	
<i>Expenditures & Changes in Fund Balances - Governmental Funds</i> (Schedule 2)	<u>\$ 227,287</u>
Variance	<u><u>\$ -</u></u>
Uses & Outflows of Resources	
Actual Amounts (Budgetary Basis) "Total Expenditures"	
From the Budgetary Comparison Schedules (Schedules 4 & 5)	\$ 229,180
Total Expenditures as reported on the <i>Statement of Revenues,</i>	
<i>Expenditures & Changes in Fund Balances - Governmental Funds</i> (Schedule 2)	<u>\$ 229,180</u>
Variance	<u><u>\$ -</u></u>

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Schedule of State Awards
December 31, 2020

State Grantor or Program Title	Grant Amount	Pass Through Number	Grant Effective Period	Current Year Amount Disbursed
Passed Through Borough of Buena Supplemental Fire Services Grant	\$ 862	P.L 1985 C. 295	Jan. 1, 2020 - Dec. 31, 2020	\$ 862

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Schedule of Capital Assets
 December 31, 2020

	Cost	Accum. Depreciation	Book Value
Capital Assets			
Land	\$ 17,299	\$ -	\$ 17,299
Building	294,403	249,629	44,774
Equipment & Vehicles	2,313,925	1,519,897	794,028
Total Capital Assets	\$ 2,625,627	\$ 1,769,526	\$ 856,101

Depreciation Expense was recorded as follows:

	Life	Deprec. Expense
Depreciation Expense		
Building	40 yrs	\$ 7,360
Equipment & Vehicles	5-10 yrs	144,161
Total Depreciation Expense		\$ 151,521

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Schedule of Amount to be Provided for Retirement of Debt
 December 31, 2020

Purpose	<u>Balance @ Jan. 1, 2020</u>	<u>2020 Advance</u>	<u>Paid By Budget</u>	<u>Balance @ Dec. 31, 2020</u>
Purchase of Ladder Truck	\$ 157,323	\$ -	\$ 50,939	\$ 106,384
Total	\$ 157,323	\$ -	\$ 50,939	\$ 106,384

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Schedule of Notes, Loans & Mortgages
 December 31, 2020

1) KS State Bank	\$ 106,384
Date - 08/04/2017	
Amount - \$250,000	
Term - 5 years @ \$55,533 per year	
Interest - 2.903%	
Collateral - Ladder Truck	
Total Notes, Loans & Mortgages	106,384
 Current Maturities	 52,427
 Long Term Liabilities	 \$ 53,958
 Principal payments on the above loan is due as follows:	
2021	\$ 52,427
2022	53,958
2023	-
2024	-
2025 & Beyond	-
Total	\$ 106,384

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

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

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

To the Board of Fire Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Buena, New Jersey 08341

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requires as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. The financial statements of the governmental activities and the aggregate remaining fund information of the Board of Commissioners, Fire District Number 2, Borough of Buena, Atlantic County, Minotola Volunteer Fire Company (hereafter referred to as the "Fire District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued our report thereon dated June 15, 2021. Our report on the financial statements included an emphasis of matter paragraph describing the adoption of the new accounting principle adopted in the year ended December 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fire District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

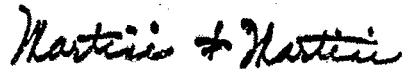
Compliance & Other Matters

As part of obtaining reasonable assurance about whether the Fire District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully,



Martini & Martini, CPA, PA

Vineland, NJ
June 15, 2021

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Schedule of Current Year Audit Findings
December 31, 2020

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

Financial Statements

There were no current year findings.

Federal Awards

There were no current year findings.

State Awards

There were no current year findings.

Board of Commissioners
Fire District Number Two
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Schedule of Prior Year Audit Findings
December 31, 2020

This section identifies the status of prior year findings related to the financial statements, Federal awards and state awards that are required to be reported in accordance with the *Government Auditing Standards* and in compliance with the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Financial Statements

There were no prior year findings.

Federal Awards

There were no prior year findings.

State Awards

There were no prior year findings.

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

GENERAL COMMENTS & RECOMMENDATIONS

To the Board of Fire Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Buena, New Jersey

We have examined the financial statements of the Board of Commissioners Fire District Number 2, Borough of Buena, Atlantic County, Minotola Volunteer Fire Company (hereafter referred to as the "Fire District") as of and for the year ended December 31, 2020 and have issued our report thereon dated June 15, 2021. As part of our examination, we made a study and evaluation of the system of internal accounting control of the Fire District to the extent we deemed necessary to evaluate the system as required by auditing standards generally accepted in the United States of America.

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 were more limited than would be necessary to express an opinion on the system of internal control taken as a whole.

Management of the Fire District 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 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, 2020 audit report on the financial statements dated June 15, 2021. 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.

Respectfully,


Martini & Martini, CPA, PA

Vineland, NJ
June 15, 2021