

**BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Audit Report
For the Year Ended December 31, 2021**

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William J. Martini, Sr., CPA (*Deceased*)
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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

Opinion

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, 2021, 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.

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, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and in compliance with audit standards prescribed by the Local Finance Board and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Fire District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities for Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 are presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

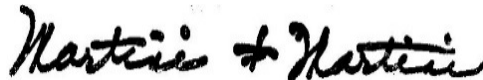
Supplementary Information

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 nonmajor 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 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 30, 2022

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, 2021. 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

Management believes the Fire District's financial position to be strong. The Fire District is well within its stringent financial policies and guidelines as set forth by the Fire District. Some specific items to note include the following:

- Effective July 29, 2021, the Fire District was expanded as a result of dissolution of former Borough of Buena Fire District Number 1, Landisville Volunteer Fire & Rescue Company (hereafter referred to as "Landisville"). This resulted in a transfer of cash and capital assets to the Fire District with a carrying value of \$774,012 and inclusion of Landisville's Length of Service Awards Program valued at \$173,191 at December 31, 2021.
- The net position of the Fire District, which represents the difference between the Fire District's assets and liabilities totaled \$1,530,549 at the close of the current year, an increase of \$533,715, or 54%, in comparison with prior year.
- At the end of the current year, the unassigned fund balance reported for the general fund was \$386,338, an increase of \$255,257, or 195%, in comparison with prior year.
- At the end of the current year, the total debt of the Fire District was \$53,958, a decrease of \$52,427, or 49%, 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.

BOARD OF COMMISSIONERS
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Overview of Financial Statements (Continued)

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.

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.

BOARD OF COMMISSIONERS
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Borough of Buena, Atlantic County
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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 \$1,530,549 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 2021 and 2020.

TABLE 1				
Statement of Net Position				
As of December 31, 2021 & 2020				
	<u>2021</u>	<u>2020</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Assets				
Cash & Cash Equivalents	\$ 584,083	\$ 259,365	\$ 324,718	125%
Investments	694,766	510,012	184,754	36%
Deferred Charges	21,849	21,849	-	0%
Capital Assets, Net	<u>1,079,259</u>	<u>856,101</u>	<u>223,158</u>	<u>26%</u>
Total Assets	<u>\$ 2,379,957</u>	<u>\$ 1,647,327</u>	<u>\$ 732,630</u>	<u>44%</u>
Liabilities				
Accounts Payable	\$ 28,590	\$ 34,098	\$ (5,507)	-16%
Unearned Revenue	72,095	-	72,095	100%
Other Non Current Liabilities	694,766	510,012	184,754	36%
Notes Payable	<u>53,958</u>	<u>106,384</u>	<u>(52,427)</u>	<u>-49%</u>
Total Liabilities	<u>849,408</u>	<u>650,494</u>	<u>198,915</u>	<u>31%</u>
Net Position				
Net Investment in Capital Assets	1,025,301	749,716	275,585	37%
Restricted for Debt Service	9,314	9,305	9	0%
Unrestricted	<u>495,934</u>	<u>237,813</u>	<u>258,121</u>	<u>109%</u>
Total Net Position	<u>1,530,549</u>	<u>996,833</u>	<u>533,715</u>	<u>54%</u>
Total Liabilities & Net Position	<u>\$ 2,379,957</u>	<u>\$ 1,647,327</u>	<u>\$ 732,630</u>	<u>44%</u>

**BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company**
*Management's Discussion & Analysis
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Financial Analysis of the District as a Whole (Continued)

Table 2 reflects the changes in net position for 2021 and 2020.

TABLE 2				
Statement of Activities				
For the Years Ended December 31, 2021 & 2020				
	<u>2021</u>	<u>2020</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Program Expenses				
Operating Appropriations				
Administration	\$ 100,036	\$ 42,323	\$ 57,713	136%
Cost of Operations & Maintenance	117,727	97,227	20,500	21%
LOSAP Contribution (P.L. 1997, c. 388)	28,590	34,098	(5,507)	-16%
Subtotal	246,353	173,647	72,705	42%
Interest on Long Term Debt	3,106	4,594	(1,487)	-32%
Depreciation Expense	224,850	151,521	73,329	48%
Total Program Expenses	474,310	329,762	144,548	44%
Program Revenues				
Operating Grants & Contributions	1,567	862	705	82%
Total Program Revenues	1,567	862	705	82%
Net Program Revenue/(Expense)	(472,743)	(328,900)	(143,842)	44%
General Revenues				
District Property Taxes:				
Levied for General Purposes	176,788	170,610	\$ 6,178	4%
Levied for Debt Service	55,533	55,533	-	0%
Miscellaneous Income	125	367	(242)	-66%
Total General Revenues	232,446	226,510	5,936	3%
Change in Net Position	(240,297)	(102,390)	(137,906)	135%
Net Position - Beginning	996,833	1,099,224	(102,390)	-9%
Merger with Landisville Fire & Rescue Co.	774,012	-	774,012	100%
Net Position @ December 31	\$ 1,530,549	\$ 996,833	\$ 533,716	54%

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Management's Discussion & Analysis
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Financial Analysis of the Government Funds

As the Fire District completed the year, its governmental funds reported a combined fund balance of \$505,248, which is an increase from last year's total combined fund balance of \$247,118. Of the combined ending fund balance of \$505,248, approximately 76% constitutes the unassigned fund balance of \$386,338. 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: \$9,314 and (2) assigned to the general fund for various programs (Truck Emergency: \$67,213, Death Benefits: \$19,213, Length of Service Awards Program - Contribution: \$23,170).

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 \$386,338.

During the current year, the fund balance of the Fire District's general fund increased by \$258,121. The primary factor(s) affecting the fund balance of the general fund are the transfer of cash of \$326,003 to the Fire District as a result of the dissolution of Landisville. Additionally, actual revenues were \$178,430, \$51,358 less than the final anticipated budgeted amount. Expenditures were \$246,353, \$16,565 more than the final estimated general fund budget of \$229,788, resulting in a total deficiency of revenues under expenditures of \$67,923.

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 2021 the debt service fund increased by \$9 due to interest income. Consequently, actual revenues were \$55,542, \$9 more than the final anticipated budget and expenditures were \$55,533, which is equal to the amount budgeted for 2021 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. The final general fund budget estimate of \$229,788 exceeded the actual revenues of \$178,430 by \$51,358. Actual expenditures exceeded the final general fund budget estimate of \$229,788 by \$16,565, which accounts for a total deficiency of revenues under expenditures totaling \$67,923. The most significant budgeted fund is the General Fund.

BOARD OF COMMISSIONERS
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Borough of Buena, Atlantic County
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Management's Discussion & Analysis
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Capital Assets

The Fire District's net investment in capital assets for its governmental activities as of December 31, 2021 amounts to a historical cost of \$4,217,003, \$1,079,259, 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, 2021 & 2020				
	<u>2021</u>	<u>2020</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
Capital Assets				
Land	\$ 34,699	\$ 17,299	\$ 17,400	101%
Buildings & Improvements	59,821	44,774	15,047	34%
Vehicles & Trucks	981,589	794,028	187,561	24%
Machinery & Equipment	3,150	-	3,150	100%
Total Capital Assets	<u>\$ 1,079,259</u>	<u>\$ 856,101</u>	<u>\$ 223,158</u>	<u>26%</u>
Depreciation Expense				
Buildings & Improvements	\$ 12,962	\$ 7,360	\$ 5,602	76%
Vehicles & Trucks	210,489	144,161	66,328	46%
Machinery & Equipment	1,400	-	1,400	100%
Total Depreciation Expense	<u>\$ 224,850</u>	<u>\$ 151,521</u>	<u>\$ 73,329</u>	<u>48%</u>

**BOARD OF COMMISSIONERS
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Debt Administration & Long Term Obligations

The Fire District had debt for its governmental activities as of December 31, 2021 in the amount of \$53,958. 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 \$53,958 in the year ended December 31 2022. See table 4 below.

TABLE 4				
Debt Administration & Long Term Obligations				
As of December 31, 2021 & 2020				
	2021	2020	Variance (\$)	Variance (%)
Long Term Obligations				
Purchase of Ladder Truck	\$ 53,958	\$ 106,384	\$ (52,427)	-49%
Total Long Term Obligations	\$ 53,958	\$ 106,384	\$ (52,427)	-49%
Maturities				
Due Within One Year	\$ 53,958	\$ 52,427	\$ 1,531	3%
Due Beyond One Year	-	53,958	(53,958)	-100%
Total Maturities	\$ 53,958	\$ 106,384	\$ (52,427)	-49%

Economic Factors & Next Year's Budget

For the 2021 year, the Fire District was able to sustain its budget through the district property tax levy. Approximately 81% of the total anticipated budgeted revenues was derived from the local property tax levy and the other 19% from surplus of fund balances utilized. The 2022 budget was adopted on January 22, 2022 with unanimous vote by the Board of Fire Commissioners and further certified on February 22, 2022 by the State of New Jersey, Department of Community Affairs, Director of the Division of Local Government Services.

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,

	Reference	2021
Assets		
Cash & Cash Equivalents	<i>Exhibit C</i>	\$ 480,071
Restricted Assets:		
Cash & Cash Equivalents	<i>Exhibit C</i>	104,012
Investments - Length of Service Awards Program (LOSAP)	<i>Note 10</i>	694,766
Deferred Charges		21,849
Capital Assets, Net	<i>Schedule 8</i>	1,079,259
Total Assets		\$ 2,379,957
Liabilities		
Accounts Payable		\$ 28,590
Unearned Revenue		72,095
Other Non Current Liabilities (LOSAP)	<i>Note 10</i>	694,766
Notes Payable:		
Due Within One Year	<i>Schedule 10</i>	53,958
Due Beyond One Year	<i>Schedule 10</i>	-
Total Liabilities		849,408
Net Position		
Net Investment in Capital Assets	<i>Schedule 3</i>	1,025,301
Restricted for:		
Debt Service	<i>Schedule 3</i>	9,314
Unrestricted	<i>Schedule 3</i>	495,934
Total Net Position		1,530,549
Total Liabilities & Net Position		\$ 2,379,957

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,

	<u>Reference</u>	<u>2021</u>
Program Expenses		
Operating Appropriations		
Administration	\$ 100,036	
Cost of Operations & Maintenance	117,727	
Length of Service Awards Program - Contribution (P.L. 1997, c. 388)	28,590	
Subtotal	<i>Schedule 2</i>	246,353
Interest on Long Term Notes		3,106
Depreciation Expense	<i>Schedule 8</i>	224,850
Total Program Expenses		474,310
Program Revenues		
Operating Grants & Contributions	<i>Schedule 7</i>	1,567
Total Program Revenues		1,567
Net Program Revenue/(Expense)		(472,743)
General Revenues		
District Property Taxes:		
Levied for General Purposes	<i>Schedule 4</i>	176,788
Levied for Debt Service	<i>Schedule 5</i>	55,533
Miscellaneous Income		125
Total General Revenues		232,446
Change in Net Position		(240,297)
Net Position - Beginning	<i>Schedule 3</i>	996,833
<i>Add: Merger - Landisville Fire & Rescue Co.</i>	<i>Note 16</i>	774,012
Net Position @ December 31,	<i>Schedule 3</i>	\$ 1,530,549

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,

	Reference	2021
Cash Flows From Operating Activities		
District Property Taxes Levied	<i>Schedule 2</i>	\$ 232,321
Operating Grants Received	<i>Schedule 7</i>	1,567
Excess Tax Collections		41,505
Payments to Vendors		(217,763)
Length of Service Awards Program Benefits		(34,098)
Interest Payments - Notes Payable		(3,106)
Other Miscellaneous Receipts		125
Cash Provided by Operating Activities		20,551
Cash Flows From Noncapital Financing Activities		
Cash Transfer - Landisville Fire & Rescue Co.		356,593
Cash Provided by Investing Activities		356,593
Cash Flows from Capital & Related Financing Activities		
Principal Payments - Notes Payable		(52,427)
Cash Used in Financing Activities		(52,427)
Net Cash Provided/(Used)		324,718
Cash & Cash Equivalents - Beginning		259,365
Cash & Cash Equivalents @ December 31,		\$ 584,083
Reconciliation of Cash & Equivalents		
Cash & Cash Equivalents		\$ 480,071
Cash & Cash Equivalents - Restricted		104,012
Total Cash & Cash Equivalents		\$ 584,083
Reconciliation of Change in Net Position to Cash Flows From Operating Activities		
Change in Net Position	<i>Exhibit B</i>	\$ (240,297)
Adjustments for Non Cash Items:		
Depreciation Expense	<i>Schedule 8</i>	224,850
(Increase/(Decrease) in Cash From:		
Accounts Payable, Unearned Revenue, Etc.		35,997
Cash Provided by Operating Activities		\$ 20,551

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Combined Balance Sheet
Governmental Funds & Other Aggregate Balances
December 31, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Net Investment in Capital Assets</u>	<u>Total Governmental Funds & Aggregate Balances</u>
Assets				
Cash & Cash Equivalents	\$ 567,794	\$ 16,289	\$ -	\$ 584,083
Investments - LOSAP	694,766	-	-	694,766
Interfund Transfers	6,975	(6,975)	-	-
Deferred Charges	21,849	-	-	21,849
Capital Assets, Net	-	-	1,079,259	1,079,259
Total Assets	\$ 1,291,384	\$ 9,314	\$ 1,079,259	\$ 2,379,957
Liabilities & Net Position				
Liabilities				
LOSAP Payable	\$ 28,590	\$ -	\$ -	\$ 28,590
Unearned Revenue	72,095	-	-	72,095
Funds Held in Trust - LOSAP	694,766	-	-	694,766
Notes Payable	-	-	53,958	53,958
Total Liabilities	795,451	-	53,958	849,408
Net Position				
Restricted:				
Debt Service - Long Term Debt	-	9,314	-	9,314
Assigned:				
General Fund:				
Truck Emergency	67,213	-	-	67,213
Death Benefits	19,213	-	-	19,213
LOSAP - Contribution (P.L. 1997, c. 388)	23,170	-	-	23,170
Unassigned:				
General Fund	386,338	-	-	386,338
Net Investment in Capital Assets	-	-	1,025,301	1,025,301
Total Net Position	495,934	9,314	1,025,301	1,530,549
Total Liabilities & Net Position	\$ 1,291,384	\$ 9,314	\$ 1,079,259	\$ 2,379,957

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, 2021

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Operating Grant Revenue	\$ 1,567	\$ -	\$ 1,567
Amount to be Raised by Taxation to Support the District Budget	176,788	55,533	232,321
Interest Income	75	9	84
Total Revenues	178,430	55,542	233,972
Expenditures			
Operating Appropriations			
Administration			
Basic Entitlement Expenditures	1,567	-	1,567
Membership Salaries	16,809	-	16,809
Miscellaneous Expense	879	-	879
Office Supplies Expense	2,267	-	2,267
Professional Expenses & Dispatch Services	75,524	-	75,524
Training & Seminars	2,991	-	2,991
Total Administration	100,036	-	100,036
Operations & Maintenance			
Annual Inspection	18,653	-	18,653
Insurance	12,944	-	12,944
Maintenance & Repairs - Building	19,060	-	19,060
Maintenance & Repairs - Equipment & Truck	31,668	-	31,668
Small Equipment	10,000	-	10,000
Truck Emergency	3,883	-	3,883
Utilities & Phone	21,518	-	21,518
Total Operating & Maintenance	117,727	-	117,727
Length of Service Awards Program Contribution	28,590	-	28,590
Subtotal	246,353	-	246,353
Debt Service Principal & Interest	-	55,533	55,533
Total Expenditures	246,353	55,533	301,886
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ (67,923)	\$ 9	\$ (67,914)

Reconciliation of Change in Net Position per Statement of Activities at Exhibit B

Deficiency of Revenues Under Expenditures (From Above)	\$	(67,914)
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Capital outlays are reported in governmental funds as expenditures. However, in the *Statement of Activities*, 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	(224,850)	
Capital Outlays	52,427	
		(172,424)

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.

Change in Net Position of Governmental Activities per Exhibit B

	\$	(240,297)
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See Independent Auditor's Report & Accompanying Notes

MARTINI & MARTINI, CPA, PA

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, 2021

	General Fund				Total General Fund
	Truck Emergency	Death Benefits	LOSAP	Unassigned	
Fund Balance - Beginning	\$ 67,195	\$ 18,013	\$ 21,523	\$ 131,082	\$ 237,813
Current Year Amounts Raised for LOSAP	-	-	30,214	(30,214)	-
Distributions to be made to Qualified Retirement Plans for Volunteer Firefighters			(28,590)	28,590	-
Interest Earned	18	-	23	-	41
Merger - Landisville Fire & Rescue Co.	-	-	-	326,003	326,003
Current Year Designation for Death Benefits	-	1,200	-	(1,200)	-
Deficiency of Revenues under Expenditures	-	-	-	(67,923)	(67,923)
Fund Balance @ December 31	\$ 67,213	\$ 19,213	\$ 23,170	\$ 386,338	\$ 495,934

	Debt Service Fund				Total Governmental Funds & Aggregate Balances
	Ladder Truck	Building	Total Debt Service Fund	Net Investment in Capital Assets	
Fund Balance - Beginning	\$ 9,305	\$ -	\$ 9,305	\$ 749,716	\$ 996,833
Depreciation Expense	-	-	-	(224,850)	(224,850)
Amounts Provided for Principal Reduction	-	-	-	52,427	52,427
Interest Earned	-	-	-	-	41
Merger - Landisville Fire & Rescue Co.	-	-	-	448,009	774,012
Deficiency of Revenues under Expenditures	9	-	9	-	(67,914)
Fund Balance @ December 31	\$ 9,314	\$ -	\$ 9,314	\$ 1,025,301	\$ 1,530,549

**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. Historically, the annual election was held the third Saturday of every February, but in 2021 was held in April due to a special election bond referendum by the State of NJ Department of Education pursuant to *N.J.S.A. 18A:24-12*.

In October 2021, the Fire District passed Resolution #2021-018. This resolution allows the Fire District, in accordance with *N.J.S.A 19:4-10*, to change the date of their annual election. Commencing with the year ended December 31, 2022, the Fire District changed the date of their annual election from the previously elected third Saturday of February to the date of the November General Election, which is the first Tuesday after the first Monday in November.

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.

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, No. 80 and No. 90, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. The Fire District had no component units for the year ended December 31, 2021.

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 commissioners were in office at December 31, 2021.

Name	Position	Surety Bond
Steven LaPorta	Chairman	\$ 250,000
Jeffrey Pace	Vice Secretary/Treasurer	\$ 250,000
Anthony Abriola	Treasurer	\$ -
Justin Lilla	Secretary	\$ -
Brian Ewan	Vice Chairman	\$ -

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

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.

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.

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)

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.

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.

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)

Budgets & Budgetary Accounting (Continued)

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.

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.

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)

Cash, Cash Equivalents & Investments (Continued)

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, 2021.

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, 2021. The Fire District did not report any prepaid expenses at year end December 31, 2021.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as expenditures in the year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (non-allocation method). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

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, 2021, the following interfund balances remained on the *Combined Balance Sheet – Governmental Funds & Other Aggregate Balances*.

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 2021 year.

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)

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 for buildings and improvements, (2) 5-10 years for vehicles and trucks and (3) 5-15 years for machinery and equipment.

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. See *Note 6*.

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 and laws or regulations of other governments.

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)

Net Position (Continued)

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 Equity & Balances

In accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Fire District reports fund balances 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 spent. 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.

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.

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)

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.

Revenues & Expenditures

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when qualifying expenditures are incurred.

Expenditures are recorded when the related liability is incurred, if measurable, except for un-matured interest on general long term debt, which is recognized when due.

Fire District Taxes

Upon proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be realized in support of the Fire District’s budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule.

Date of Payment Made On or Before	Percentage of Total Assessment Disbursed
April 1st	21.25%
July 1st	22.50%
October 1st	25.00%
December 31st	31.25%

Adopted & Recently Issued Accounting Pronouncements

The Fire District adopted and implemented the following GASB Pronouncements during the year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. There was no significant impact on the First District’s financial statements upon adoption and implementation of this pronouncement.
- Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement changes the name and acronym from Comprehensive Annual Financial Report (CAFR) to Annual Comprehensive Financial Report (AFCR). The requirements of this Statement are effective for reporting periods ending after December 15, 2021. There was no significant impact on the First District’s financial statements upon adoption and implementation of this pronouncement.

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)

Adopted & Recently Issued Accounting Pronouncements (Continued)

The GASB issued the following Statements, which will become effective in future years as disclosed below:

- Statement No. 87, *Leases*. This Statement establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing related to the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the Fire District’s financial statements.
- Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and to improve required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2021. Management has not yet determined the potential impact on the Fire District’s 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, 2021, the Fire District’s bank balances totaling \$609,472 were exposed to custodial credit risk. The total amount of \$609,472 is insured by FDIC and GUDPA. See below for reconciliation from the Fire District’s bank balances totaling \$609,472 to the amount reported on the *Statement of Net Position*.

Bank Balance @ December 31, 2021	\$	609,472
<i>Plus</i> : Deposits in Transit		-
<i>Less</i> : Outstanding Checks		25,389
Book Balance @ December 31, 2021	<u>\$</u>	<u>584,083</u>

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

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, 2021	\$ 287,930,700	\$ 232,321	0.081%
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%

NOTE 6 – CAPITAL ASSETS

The following is a schedule of capital assets and related activity for the year ended December 31, 2021.

Capital Asset Class	Balance @ Dec. 31, 2020	Additions	Retirements	Balance @ Dec. 31, 2021
Land	\$ 17,299	\$ 17,400	\$ -	\$ 34,699
Buildings & Improvements	294,403	224,075	-	518,478
Vehicle & Trucks	2,313,925	619,142	-	2,933,067
Machinery & Equipment	-	730,760	-	730,760
Total Capital Assets @ Cost	2,625,627	1,591,376	-	4,217,003
<i>Less : Accumulated Depreciation</i>	<i>1,769,526</i>	<i>1,368,218</i>	<i>-</i>	<i>3,137,744</i>
Total Capital Assets, Net	\$ 856,101	\$ 223,158	\$ -	\$ 1,079,259

Depreciation expense of \$224,850 was charged to governmental functions and is separately presented on the *Statement of Activities*. All capital asset additions shown above relate to the merger between the Fire District and Landisville Fire & Rescue Company. Additions to accumulated depreciation relates to \$1,143,368 transferred to the Fire District from Landisville Fire & Rescue Company relating to prior periods. The remaining amount relates to current year depreciation of \$73,330 for the assets transferred from Landisville Fire & Rescue and \$151,520 for assets already held by the Fire District, totaling the current year aggregate depreciation expense recognized of \$224,850 for the year ended December 31, 2021. See *Note 16*.

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NOTE 7 – LONG TERM OBLIGATIONS

The following changes occurred in long term obligations for governmental activities during the year ended December 31, 2021.

Obligation Description	Balance @ Dec. 31, 2020	Additions	Deductions	Balance @ Dec. 31, 2021	Due Within One Year	Due Beyond One Year
Notes Payable						
KS State Bank - Ladder Truck	\$ 106,384	\$ -	\$ 52,427	\$ 53,958	\$ 53,958	\$ -
Total Notes, Loans & Mortgages	\$ 106,384	\$ -	\$ 52,427	\$ 53,958	\$ 53,958	\$ -
Other Non Current Liabilities						
Length of Service Awards Program	510,012	304,477	119,723	694,766	-	694,766
Total Other Non Current Liabilities	510,012	304,477	119,723	694,766	-	694,766
Total Long Term Obligations	\$ 616,396	\$ 304,477	\$ 172,150	\$ 748,723	\$ 53,958	\$ 694,766

The above notes payable 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 shown below.

Year Ended	Principal	Interest	Total
Dec. 31, 2022	\$ 53,958	\$ 1,576	\$ 55,533
	\$ 53,958	\$ 1,576	\$ 55,533

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.

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

The 2021 annual budget of the Fire District was adopted on January 22, 2022 by the Board of Fire Commissioners. 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	Utilization in Subsequent Budget
Dec. 31, 2021	\$ 386,338	\$ -
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

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

NOTE 9 – FUND BALANCES

The following is a summary of the various fund balances as reported on the *Combined Balance Sheet – Governmental Funds & Other Aggregate 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 payable as described in *Note 7*. The restricted fund balance for debt service as of December 31, 2021 was \$9,314.

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, 2021 was \$67,213.
- 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 2021 year, the Fire District did not make any payments as a result of casualty. The balance designated to this assigned fund as of December 31, 2021 was \$19,213.
- 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, 2021 was \$28,590, resulting in a fund balance as of December 31, 2021 of \$23,170.

Unassigned – As stated in *Note 1*, the unassigned fund balance classification represents the 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, 2021 was \$386,338.

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*.

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

NOTE 10 – LENGTH OF SERVICE AWARDS PROGRAM (CONTINUED)

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, 2021, the tax deferred income LOSAP plan accumulated earnings balance was \$694,766. \$521,575 relates to the Fire District and \$173,191 relates to Landisville Fire & Rescue Company, which merged with the Fire District during the year ended December 31, 2021.

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.

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.

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)

The Fire District elected to contribute \$1,505 per eligible volunteer, into the LOSAP plan for the year ended December 31, 2021 and incurred an aggregate expense of \$28,590 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.

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, 2021.

Investments – The investments of the LOSAP plan are recorded at fair and contract 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, 2021 was \$694,766, which consisted of the following balances and classifications below.

Total Investments as of December 31, 2021			
<u>Description</u>	<u>Balance</u>	<u>Measurement</u>	<u>Reference</u>
Mutual Funds	\$ 471,345	Fair Value	Note 11
Fixed Account	223,421	Contract Value	Note 12
Total Investments	<u>\$ 694,766</u>		

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

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.

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, 2021, 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 1 inputs as they are valued at the daily closing price as reported by the fund on the active market.

The following table sets forth by level, within the fair value hierarchy, the Fire District’s assets at fair value at December 31, 2021.

Investments at Fair Value as of December 31, 2021				
Description	Level 1	Level 2	Level 3	Total
Mutual Funds (LOSAP)	\$ 471,345	\$ -	\$ -	\$ 471,345
Total Investments at Fair Value	\$ 471,345	\$ -	\$ -	\$ 471,345

The Fire District is also subject to various risks related to investments as described below.

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.

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

NOTE 11 – FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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

- 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;
- 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 \$223,421 as of December 31, 2021. 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*.

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FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
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Notes to Financial Statements

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.

NOTE 14 – RELATED PARTY TRANSACTIONS

The Fire District entered into related party transactions totaling \$2,055 during the year ended December 31, 2021 as shown below.

- 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 \$924.
- Cash reimbursements made to various related parties. These amounts totaled \$1,131.

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, 2021.

NOTE 16 – EXPANSION DUE TO DISSOLUTION OF LANDISVILLE FIRE & RESCUE COMPANY

Effective July 29, 2021, the Fire District was expanded as a result of dissolution of former Board of Commissioners, Fire District Number 1, Borough of Buena, Atlantic County, Landisville Fire & Rescue Company (“Landisville”). This resulted in a transfer of cash and capital assets, to the Fire District with a carrying value of \$774,012 at December 31, 2021. See *Schedule 3* for the increase of the general fund and net investment in capital assets.

A formal hearing with Local Finance Board and Division of Local Government Services, Department of Community Affairs, State of New Jersey was conducted, and the dissolution of Landisville and expansion of the Fire District was authorized by Borough of Buena Ordinance #701. The statute permits an increase in the Levy Cap for assumption of services and expansion of the Fire District to perform fire and safety services in the previously identified area subject to fire and safety services provided by Landisville. The Borough of Buena has advised the Fire District that the Levy Cap for the Fire District would be increased to \$376,000.

The dissolution and enlargement of the Fire District were conducted in accordance with *N.J.A.C. 40A:5A-20: Dissolution of Authority by Local Unit* and *N.J.A.C 40A:14-90: Enlargement of Fire District*, which authorizes the Mayor and the Council of the Borough of Buena to dissolve Landisville and enlarge the Fire District.

N.J.A.C 40A:5A-20 states that the governing body of a local unit which has established an authority shall have the power and is authorized by ordinance in the case of a municipality to dissolve the authority, except that the ordinance shall be approved by the Local Finance Board prior to adoption.

N.J.A.C 40A:14-90 states that the governing body of a municipality having a fire district therein, by ordinance, may enlarge such fire district by extending the boundaries thereof to include additional territory in such municipality but not included in another fire district.

NOTE 17 – SUBSEQUENT EVENTS

The Fire District has evaluated subsequent events through June 30, 2022, the date which the financial statements were available to be issued.

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, 2021

	<u>General Fund</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Anticipated Revenues			
Amount to be Raised by Taxation to Support the District Budget	\$ 176,788	\$ 176,788	\$ -
Total Anticipated Revenues	176,788	176,788	-
Non-Budgetary Revenues			
Operating Grant Revenue			
Supplemental Fire Services Grant (P.L. 1985, Ch. 295)	-	1,567	1,567
Interest Income	-	75	75
Fund Balance Utilized	53,000	-	(53,000)
Total Non-Budgetary Revenues	53,000	1,642	(51,358)
Total Revenues	229,788	178,430	(51,358)
Expenditures			
Operating Appropriations			
Administration			
Basic Entitlement Expenditures	-	1,567	1,567
Death Benefit	1,200	-	(1,200)
Membership Salaries	18,500	16,809	(1,691)
Miscellaneous Expense	-	879	879
Office Supplies Expense	2,000	2,267	267
Professional Expenses & Dispatch Services	14,000	75,524	61,524
Training & Seminars	6,000	2,991	(3,009)
Total Administration	41,700	100,036	58,336
Operations & Maintenance			
Annual Inspection	17,000	18,653	1,653
Insurance	15,000	12,944	(2,056)
Maintenance & Repairs - Building	10,000	19,060	9,060
Maintenance & Repairs - Equipment & Truck	15,874	31,668	15,794
Small Equipment	11,000	10,000	(1,000)
Truck Emergency	20,000	3,883	(16,117)
Utilities & Phone	16,000	21,518	5,518
Total Operations & Maintenance	104,874	117,727	12,853
Length of Service Awards Program Contribution	30,214	28,590	(1,624)
Total Capital Projects Appropriations - Budget to Actual			
Fire Hall Improvements & New Fire Truck	53,000	-	(53,000)
Total Expenditures	229,788	246,353	16,565
Deficiency of Revenues Under Expenditures	\$ -	\$ (67,923)	\$ (67,923)

**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, 2021*

	<u>Debt Service Fund</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Anticipated Revenues			
Amount to be Raised by Taxation to Support the District Budget	\$ 55,533	\$ 55,533	\$ -
Total Anticipated Revenues	<u>55,533</u>	<u>55,533</u>	<u>-</u>
Miscellaneous Revenues:			
Interest Income	-	9	9
Total Miscellaneous Revenues	<u>-</u>	<u>9</u>	<u>9</u>
Total Revenues	55,533	55,542	9
Expenditures			
Operating Appropriations			
Interest & Principal Payment on Long Term Debt	55,533	55,533	-
Total Expenditures	<u>55,533</u>	<u>55,533</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 9</u>

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, 2021

Notes to the Required Supplementary Information

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

	<u>Total Governmental Funds</u>
Sources & Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Revenue"	
From the Budgetary Comparison Schedules (Schedules 4 & 5)	\$ 233,972
Total Revenues as reported on the <i>Statement of Revenues,</i> <i>Expenditures & Changes in Fund Balances - Governmental Funds</i> (Schedule 2)	<u>\$ 233,972</u>
Variance	<u><u>\$ -</u></u>
Uses & Outflows of Resources	
Actual Amounts (Budgetary Basis) "Total Expenditures"	
From the Budgetary Comparison Schedules (Schedules 4 & 5)	\$ 301,886
Total Expenditures as reported on the <i>Statement of Revenues,</i> <i>Expenditures & Changes in Fund Balances - Governmental Funds</i> (Schedule 2)	<u>\$ 301,886</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, 2021

<u>State Grantor or Program Title</u>	<u>Grant Amount</u>	<u>Pass Through Number</u>	<u>Grant Effective Period</u>	<u>Current Year Amount Disbursed</u>
Passed Through Borough of Buena				
Supplemental Fire Services Grant	\$ 1,567	P.L 1985 C. 295	Jan. 1, 2021 - Dec. 31, 2021	\$ 1,567

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Schedule of Capital Assets
December 31, 2021

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Capital Assets			
Land	\$ 34,699	\$ -	\$ 34,699
Buildings & Improvements	518,478	458,657	59,821
Vehicles & Trucks	2,933,067	1,951,477	981,589
Machinery & Equipment	730,760	727,610	3,150
Total Capital Assets	<u>\$ 4,217,003</u>	<u>\$ 3,137,744</u>	<u>\$ 1,079,259</u>

Depreciation Expense was recorded as follows:

	<u>Life</u>	<u>Depreciation Expense</u>
Depreciation Expense		
Buildings & Improvements	40 yrs	\$ 12,962
Vehicles & Trucks	5-10 yrs	210,489
Machinery & Equipment	5-15 yrs	1,400
Total Depreciation Expense		<u>\$ 224,850</u>

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, 2021

Purpose

Purchase of Ladder Truck

Total

<u>Balance @ Jan. 1, 2021</u>	<u>2021 Advance</u>	<u>Paid By Budget</u>	<u>Balance @ Dec. 31, 2021</u>
\$ 106,384	\$ -	\$ 52,427	\$ 53,958
<u>\$ 106,384</u>	<u>\$ -</u>	<u>\$ 52,427</u>	<u>\$ 53,958</u>

**BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company**
Schedule of Notes Payable
December 31, 2021

	2021
1) KS State Bank	\$ 53,958
Date - 08/04/2017	
Amount - \$250,000	
Term - 5 years @ \$55,533 per year	
Interest - 2.903%	
Collateral - Ladder Truck	
Total Notes Payable	53,958
Current Maturities	53,958
Total Notes Payable - Non Current	\$ -
Principal payments on the above note is due as follows:	
2022	\$ 53,958
2023	-
2024	-
2025	-
2026 & Beyond	-
Total	\$ 53,958

William J. Martini, Sr., CPA (*Deceased*)
William J. Martini, Jr., CPA, RMA, MS*
John R. Martini, CPA, CFP

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

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

To the Board of 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, 2021, 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 30, 2022.

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 were not identified.

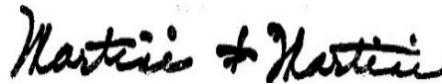
Report on Compliance & Other Matters

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,

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 30, 2022

BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Schedule of Current Year Audit Findings
December 31, 2021

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 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company
Schedule of Prior Year Audit Findings
December 31, 2021

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 (*Deceased*)
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 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, 2021 and have issued our report thereon dated June 30, 2022. 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.

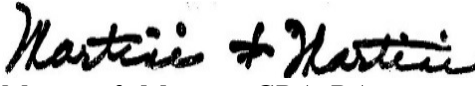
Management of the Fire District is responsible for establishing and maintaining a system on internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system 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, 2021 audit report on the financial statements dated June 30, 2022. 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
Martini & Martini, CPA, PA

Vineland, NJ
June 30, 2022

APPENDIX C

ANNUAL AUDIT RESOLUTION

WHEREAS, *N.J.S.A. 40A:5A-5* requires the governing body of each local authority to cause an annual audit of its accounts to be made, and

WHEREAS, the annual audit report for the fiscal year ended December 31, 2021 has been completed and filed with the Board of Commissioners, Fire District Number 2, Borough of Buena, Atlantic County, New Jersey pursuant to *N.J.S.A. 40A:5A-15*, and


WHEREAS, *N.J.S.A. 40A:5A-17*, requires the governing body of each authority to, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, and specifically the sections of the audit report entitled "General Comments & Recommendations," and has evidenced same by group affidavit in the form prescribed by the Local Finance Board, and

WHEREAS, the members of the governing body have received the annual audit and have personally reviewed the annual audit, and have specifically reviewed the sections of the annual audit report entitled "General Comments & Recommendations," in accordance with *N.J.S.A. 40A:5A-17*,

NOW, THEREFORE BE IT RESOLVED, that the governing body of the Board of Commissioners, Fire District Number 2, Borough of Buena, Atlantic County, New Jersey hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended December 31, 2021, and specifically has reviewed the sections of the audit report entitled *General Comments & Recommendations*, and has evidenced same by group affidavit in the form prescribed by the Local Finance Board.

BE IT FURTHER RESOLVED that the secretary of the authority is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this resolution.

IT IS HEREBY CERTIFIED THAT THIS IS A TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING HELD ON July 26, 2022



Treasurer





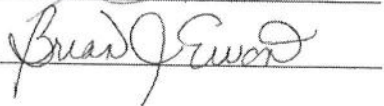
7/26/22

Date

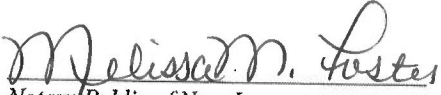
LOCAL AUTHORITIES GROUP AFFIDAVIT FORM
PRESCRIBED BY THE NEW JERSEY LOCAL FINANCE BOARD
AUDIT REVIEW CERTIFICATE

We, the members of the governing body of the Board of Commissioners, Fire District Number 2, Borough of Buena, Atlantic County, New Jersey, being of full age and being duly sworn according to law, upon our oath depose and say:

1. We are duly elected members of the Board of Commissioners, Fire District Number 2, Borough of Buena, Atlantic County, New Jersey.
2. We certify, pursuant to *N.J.S.A. 40A:5A-17*, that we have each reviewed the annual audit report for the fiscal year ended December 31, 2021, and specifically the sections of the audit report entitled *General Comments & Recommendations*.

(PRINT NAME)	(SIGNATURE)
<u>Steven LaPorta, Chairman</u>	
<u>Jeffrey Pace, Vice Secretary/Treasurer</u>	
<u>Anthony Abriola, Treasurer</u>	
<u>Justin Lilla, Secretary</u>	
<u>Brian Ewan, Vice Chairman</u>	

Sworn to and subscribed before me this 29th day of July, 2022


Notary Public of New Jersey

MELISSA M. FOSTER
NOTARY PUBLIC OF NEW JERSEY
Commission # 50040908
My Commission Expires 6/27/2026

Minotola Volunteer Fire Company
 Fire District Number 2, Borough of Buena
 Atlantic County, New Jersey
Synopsis of 2021 Annual Financial Statement Audit

Summary of synopsis of audit report for Minotola Fire Company (Borough of Buena, Fire District Number 2) for the year ended December 31, 2021 as required by *N.J.S.A 40A:5A-16*.

<u>Statement of Net Position</u>	
Assets	
Cash, Investments & Deferred Charges	\$ 1,300,698
Capital Assets, Net	1,079,259
Total Assets	<u>\$ 2,379,957</u>
Liabilities	
Accounts Payable & Current Liabilities	\$ 154,643
Non Current Liabilities	694,766
Total Liabilities	<u>849,408</u>
Net Position	
Net Investment in Capital Assets	1,025,301
Restricted for Debt Service	9,314
Unrestricted	495,934
Total Net Position	<u>1,530,549</u>
Total Liabilities & Net Position	<u>\$ 2,379,957</u>
<u>Statement of Activities</u>	
Revenues	
District Property Taxes Levied	\$ 232,321
Governmental Grants	1,567
Miscellaneous	125
Total Revenues	<u>234,013</u>
Expenditures	
Administration, Operations & Maintenance	165,336
Length of Service Awards Program	28,590
Debt Service Related Expenditures	55,533
Depreciation Expense	224,850
Total Expenditures	<u>474,310</u>
Change in Net Position	(240,297)
Net Position @ January 1, 2021	996,833
<i>Add: Merger - Landisville Fire & Rescue Co.</i>	774,012
Net Position @ December 31, 2021	<u>\$ 1,530,549</u>

The above summary or synopsis was prepared from the report of the audit of the Minotola Fire Company, Fire District Number 2, County of Atlantic, New Jersey for the year ended December 31, 2021. The report of audit, submitted by Martini & Martini, CPA, PA is on file at the Buena Borough Clerk's Office and may be inspected by any interested party.

Board of Commissioners
Fire District Number 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company

Corrective Action – Not Applicable.


APPENDIX B

AUDIT QUESTIONNAIRE FOR FIRE DISTRICT AUDITS

Each question must be answered. Please circle Yes or No. If any are not applicable, insert N/A as your answer.

FIRE DISTRICT Borough of Buena Board of Fire Commissioners: Minotola Fire District #2

YEAR UNDER AUDIT For the Year Ended December 31, 2021

AUDITOR SIGNATURE 

AUDITOR FIRM Martini & Martini, CPA, PA

AUDITOR ADDRESS 1135 East Chestnut Avenue
Vineland, NJ 08360

AUDITOR PHONE # (856) 691-8934

"NO" answers must be explained in detail. Attach additional sheets if more space is required. Answers to questions which indicate corrections or improvements are required must be covered by comment and recommendation in the audit report. If not covered, explain in detail.

AUDIT QUESTIONNAIRE

FIRE DISTRICT Minotola Volunteer Fire Company

General

- | | | | |
|----|---|-----|-----|
| 1. | Is a general ledger maintained by the district? | YES | NO |
| 2. | Are key employees bonded in amounts required by organization policy? | YES | NO |
| 3. | Is insurance coverage in force for at least the following: | | |
| | Loss or damage to assets from fire and other hazards? | YES | NO |
| | Public liability and property damage? | YES | NO |
| | Robbery, burglary, theft and disappearance? | YES | NO |
| | Worker's compensation? | | N/A |
| 4. | Are loans to employees prohibited? | YES | NO |
| 5. | Has the Bureau of Authority Regulation been notified of deficiencies in the accounting system or records? (Prior Years) | YES | NO |
| 6. | Has a corrective action plan been filed for the previous year audit report?
(Prior Years) | YES | NO |

Cash and Investments

- | | | | |
|----|--|-----|-----|
| 1. | Has the district adopted a cash management plan? | YES | NO |
| 2. | Are all depositories and accounts authorized by resolution of the governing body? | YES | NO |
| 3. | Are receipts deposited within 48 hours? | YES | NO |
| 4. | Are the duties of personnel who receive and deposit cash separate from investments, cash disbursing, and bookkeeping? (Bank Reconciliations are prepared with all Board members present) | YES | NO |
| 5. | Are cash receipts adequately safeguarded before deposit? | YES | NO |
| 6. | Is responsibility for the petty cash fund vested in only one person? | | N/A |

7.	Are petty cash disbursements supported by signed receipts which are attached to reimbursement vouchers?		N/A
8.	Are check signers designated by resolution?	YES	NO
9.	If a mechanical check signer issued, is the signature plate under adequate control?		N/A
	Are there procedures to control and record the check numbers and amount of check signed?		N/A
10.	Is there adequate security over blank checks?	YES	NO
11.	Are the duties of personnel who disburse cash separate from the function of approving vouchers?	YES	NO
12.	Are bank statements reconciled monthly?	YES	NO
	Is the sequence of check numbers accounted for?	YES	NO
	Are check endorsements scrutinized?	YES	NO
13.	Are outstanding checks older than 6 months investigated?	YES	NO
14.	Are investments under the control of a responsible official who does not receive or disburse cash?		N/A
15.	Are all investments issued in the name of the district?		N/A
16.	Are all investment transactions approved by the governing body?		N/A
17.	Are all investments permitted by law or bond agreement?		N/A
18.	Are perpetual records of investments reflecting all pertinent information maintained?		N/A
19.	Is interest income verified?	YES	NO
	Is it promptly recorded in the accounting records?	YES	NO
20.	Are investments examined periodically and verified with the detail record and control account?		N/A
21.	Are investments protected against loss or theft?		N/A

Accounts Receivable and Income
(District Taxes, User Charges and Miscellaneous)

- | | | | |
|----|--|-----|-----|
| 1. | Has the district tax levy been verified with the Abstract of Ratables? | YES | NO |
| 2. | Does the district tax revenue agree to the tax levy? | YES | NO |
| 3. | Are billings to users independently verified? | | N/A |
| 4. | Is there segregation of duties between accounts receivable , record maintenance, billing, and receipt of cash? | YES | NO |
| 5. | Are total accounts receivable balances verified with the accounts receivable control periodically? | YES | NO |
| 6. | Are delinquent accounts receivable reviewed and collection procedures initiated by a responsible official? | YES | NO |
| 7. | Are accounts receivable records promptly posted? | YES | NO |
| | Billings to users? | YES | NO |
| | Cash receipts? | YES | NO |
| 8. | Are adjustments to accounts receivable approved by a responsible official? | YES | NO |

Inventory

- | | | | |
|----|---|-----|----|
| 1. | Is the storage area properly safeguarded to prevent damage to materials and unauthorized removal? | YES | NO |
| 2. | Do quantities appear reasonable for normal consumption? | YES | NO |
| 3. | Are physical inventories taken annually? | YES | NO |

Accounts Payable and Purchasing

1. Are the following requirements of the Local Public Contracts Law (40A:11) being followed and documented:
 - Competitive bidding and contract award? YES NO
 - Informal quotations on purchases not requiring public bidding (40A:11-6.1)? YES NO
 - Certificate of availability of funds prior to award of contracts (Reg.5:30-14.5)? YES NO
 - Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)? YES NO
 - Emergency purchases and contracts (40A:11-6)? YES NO
2. Are prenumbered purchase orders issued for all purchases, except petty cash purchases? YES NO
3. Is there a record of all purchase orders issued? YES NO
4. Are quantities and description of materials and supplies received:
 - Compared to purchase orders? YES NO
 - Compared to vendors' invoices? YES NO
 - Verified with packing or delivery slips? YES NO
5. Are open purchase orders reviewed periodically? YES NO
6. Do vouchers approved for payment contain:
 - Signature of person who verified quantities and description of materials received or services rendered? YES NO
 - Copies of purchase order, delivery slips, etc.? YES NO
7. Were all vouchers approved by the governing body? YES NO
8. Is there segregation of duties between the purchasing, receiving and cash disbursement functions? YES NO
9. Are total accounts payable balances verified with the accounts payable control periodically? YES NO

Payroll

- | | | |
|----|---|-----|
| 1. | Are the functions of payroll preparation and distribution separated? | N/A |
| 2. | Are names added to and deleted from payroll and rates of pay changed only upon written authorization? | N/A |
| 3. | Are new employees, employee promotions and rates of pay approved by the governing body? | N/A |
| 4. | Are payroll deductions promptly paid to the proper agencies? | N/A |
| 5. | Are records maintained to control and verify vacation time, sick leave, etc., taken and accumulated? | N/A |
| 6. | Are all employees paid by check? | N/A |
| 7. | Is there a separate bank account for payroll disbursements? | N/A |
| | Are deposits in exact amount of payroll? | N/A |
| | Is the payroll bank balance reconciled monthly by someone independent of payroll preparation? | N/A |
| | Are payroll procedures established by resolution of the governing body? | N/A |

Property, Plant and Equipment

- | | | | |
|----|--|-----|----|
| 1. | Are detailed fixed asset records maintained?
(Consists of large assets - trucks, equip, etc.) | YES | NO |
| | Are fixed assets properly identified with the fixed asset records? | YES | NO |
| | Are additions and deletions properly authorized and promptly recorded? | YES | NO |
| 2. | Is the documentation substantiating the cost of fixed assets permanently filed? | YES | NO |
| 3. | Is there a written policy defining items to be capitalized and those to be expensed? | YES | NO |
| 4. | Does the capitalization of interest and other indirect costs conform to accounting principles? | YES | NO |
| 5. | Do fixed asset additions conform to the adopted or amended capital budget? | YES | NO |

- | | | | |
|----|---|-----|----|
| 6. | Are fixed assets carried on the accounting records at cost or, if acquired by gift, at fair market value at date of gift? | YES | NO |
| 7. | Is a physical inventory of fixed assets taken periodically and verified to fixed asset records? | YES | NO |
| 8. | Are dispositions of fixed assets properly recorded and sales proceeds promptly accounted for in the accounting records? | YES | NO |
| 9. | Are fixed assets properly safeguarded against loss by fire, unauthorized use or theft? | YES | NO |

Long and Short Term Debt

- | | | | |
|----|---|-----|----|
| 1. | Is a detailed record such as a bond or note register maintained of debt issued and outstanding? | YES | NO |
| | Are principal and interest due dates and amounts reflected and date of payment recorded? | YES | NO |
| 2. | Are debt issues properly authorized by the governing body? | YES | NO |
| 3. | Does the expenditure of borrowed funds conform to the purposes authorized? | YES | NO |
| 4. | Are paid bonds and notes properly cancelled and accounted for? | YES | NO |
| 5. | Are required sinking fund deposits promptly made? | YES | NO |

Capital Leases

- | | | |
|----|--|-----|
| 1. | Have all capital leases been approved by the voters? | N/A |
| 2. | Has the project financing for capital leases been approved by the Local Finance Board? | N/A |

Budget System

- | | | | |
|----|---|-----|----|
| 1. | Were the adopted operating and capital budgets and amendments there to approved by the Director of Local Government Services? | YES | NO |
| 2. | Were the adopted budgets and amendments recorded in the minutes? | YES | NO |
| 3. | Are there sufficient controls to monitor expenses and revenues against budgeted amounts? | YES | NO |
| 4. | Is a budget status report periodically furnished to the governing body? | YES | NO |
| 5. | Are appropriations encumbered when purchase orders are issued? | YES | NO |
| 6. | Are fixed assets acquired through budget appropriations properly capitalized? | YES | NO |

Grant Management

- | | | | |
|----|---|-----|----|
| 1. | Is a permanent file of each grant maintained? | YES | NO |
| 2. | Does the accounting system provide details of eligible expenditures to be reimbursed from each grant? | YES | NO |
| 3. | Is each expenditure reviewed for compliance with the terms of the applicable grant? | YES | NO |
| 4. | Are all required reports promptly filed with the grant or agency? | YES | NO |
| 5. | Were grant reimbursement requests filed promptly? | YES | NO |
| 6. | Are assets acquired from grant funds properly identified? | YES | NO |
| 7. | If indirect costs are chargeable to grants, has the method of allocation been approved? | YES | NO |

Electronic Data Processing (QuickBooks)

- | | | | |
|-----|--|-----|-----|
| 1. | Does the district utilize Electronic Data Processing for accounting or financial functions?
<i>(If "no," disregard items 2 through 14).</i> | YES | NO |
| 2. | If "yes," was the system approved by the Division of Local Government Services? | | N/A |
| 3. | Are there sufficient audit trails to identify documents being processing and identify out put? | YES | NO |
| 4. | Are master files updated periodically and on schedule prevent loss of data in transaction files? | YES | NO |
| 5. | Are there periodic printouts of updated files by E.D.P. transactions? | YES | NO |
| 6. | Are authorized users validated by user codes and passwords? | YES | NO |
| 7. | Are terminals located in a secure area, to prevent access by unauthorized personnel? | YES | NO |
| 8. | Are there copies of all critical materials such as programs, master files, transaction files, etc.? | YES | NO |
| 9. | Are these copies stored in a safe location (off site or in a fire proof vault on site)? | YES | NO |
| 10. | Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.? | YES | NO |

The foregoing Questionnaire must be separately filed with the Division of Local Government Services for each report of Audit. It is not to be bound in the report.

**BOARD OF COMMISSIONERS
FIRE DISTRICT NUMBER 2
Borough of Buena, Atlantic County
Minotola Volunteer Fire Company**

Certification of Review of Audit

We have reviewed the audit report of the Board of Commissioners, Fire District Number 2, Borough of Buena, Atlantic County for the year ended December 31, 2021.

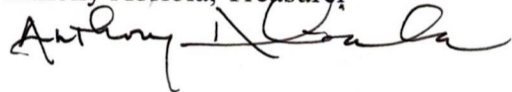
Steven LaPorta, Chairman



Jeffrey Pace, Vice Secretary/Treasurer



Anthony Abriola, Treasurer



Justin Lilla, Secretary



Brian Ewan, Vice Chairman

