
**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 2**

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2013

**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 2**

REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2013

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**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 2**

**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2013**

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FINANCIAL SECTION

PREZIOSI NICHOLSON & ASSOCIATES

Professional Association

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners
Township of Buena Vista
Fire District No. 2
Buena Vista, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Buena Vista Fire District No. 2, in the County of Atlantic, State of New Jersey as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Buena Vista Fire District No. 2, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Buena Vista Fire District No. 2's basic financial statements. The related major fund supporting statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements and schedules previously referred to are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 4, 2014, on our consideration of the Township of Buena Vista Fire District No. 2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Township of Buena Vista Fire District No. 2's internal control over financial reporting and compliance.

PREZIOSI • NICHOLSON & ASSOCIATES

James M. Preziosi
Certified Public Accountant

Millville, NJ
June 4, 2014

PREZIOSI NICHOLSON & ASSOCIATES

Professional Association

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners
Township of Buena Vista
Fire District No. 2
Buena Vista, New Jersey

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 the audit requirements 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 each major fund of the Township of Buena Vista Fire District No. 2, in the County of Atlantic, State of New Jersey as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township of Buena Vista Fire District No. 2's basic financial statements, and have issued our report thereon dated June 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Buena Vista Fire District No. 2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Buena Vista Fire District No. 2'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Fire District'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 Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PREZIOSI • NICHOLSON & ASSOCIATES

James M. Preziosi
Certified Public Accountant

Millville, NJ
June 4, 2014

REQUIRED SUPPLEMENTAL INFORMATION
Part I

**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 2**

**Management's Discussion and Analysis
Year Ended December 31, 2013
(Unaudited)**

As management of the Township of Buena Vista Fire District No. 2 (Fire District) we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities of the Fire District for the year ended December 31, 2013. 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 to enhance their understanding of the Fire District's financial performance.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year.

Key financial highlights for 2013 are as follows:

- In total, net position increased by \$7,796, and resulted in ending net position of \$ 1,162,308, or an increase of 0.68 percent.
- Total revenues for the governmental activity were \$326,678.
- Total spending for the governmental activity was \$318,882 for the year.
- The District incurred \$37,185 in capital outlay.
- The District reserved \$60,000 for future capital expenditures.

Overview of the Financial Statements

The 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 of three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

District-wide Financial Statements

The district-wide financial statements are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the Fire District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets 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 the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the Fire District that are principally supported by taxes and intergovernmental revenues (governmental activities). The activity of the Fire District includes firefighting services which are provided to the citizens of the Township of Buena Vista.

**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 2**

**Management's Discussion and Analysis
Year Ended December 31, 2013
(Unaudited)**

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 objectives. The Fire District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire District constitute one fund type, governmental funds.

Governmental Funds

All of the Fire District's activities are reported in governmental funds, which focuses on how money flows into and out of those funds and the balance left at year-end that is available for spending. These funds are reported using an accounting method called 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 District's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's fire-fighting operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

District-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position.

**Buena Vista Township
Fire District No. 2
Net Assets
December 31,**

	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 1,061,595	\$ 592,493
Capital Assets	<u>2,261,005</u>	<u>2,363,825</u>
Total Assets	<u>3,322,600</u>	<u>2,956,318</u>
Long-term Liabilities Outstanding	1,716,246	1,750,000
Other Liabilities	<u>444,046</u>	<u>51,806</u>
Total Liabilities	<u>2,160,292</u>	<u>1,801,806</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	544,759	613,825
Restricted	540,991	316,183
Unrestricted	<u>76,558</u>	<u>224,504</u>
Total Net Position	<u>\$ 1,162,308</u>	<u>\$ 1,154,512</u>

**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 2**

**Management's Discussion and Analysis
Year Ended December 31, 2013
(Unaudited)**

The Statement of Activities shows the cost of the governmental activities' program services and the charges for services and grants offsetting those services. Key elements of the increase in governmental activities are as follows:

**Buena Vista Township
Fire District No. 2
Statement of Activities
For the Years Ended December 31,**

	2013	2012
Expenses:		
Operating Appropriations		
Administration	\$ 22,567	\$ 57,616
Cost of Operations and Maintenance	100,142	79,895
Operating Appropriations	20,000	20,000
Length of Service Award Program	40,000	31,749
Unallocated Depreciation	75,216	31,933
Interest of Long-Term Debt	60,957	17,789
Total Program Services	318,882	238,982
General Revenue:		
Taxes		
Levied for General Purposes	214,413	272,836
Levied for Debt Service	94,712	17,789
State Aid Unrestricted		657
Unrestricted Investment Income	1,191	3,951
Miscellaneous Income	16,362	10,321
Total General Revenues	326,678	305,555
Increase in Net Position	7,796	66,573
Net Position, January 1	1,154,512	1,087,939
Net Position, December 31	\$ 1,162,308	\$ 1,154,512

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The actual expenditures of the general fund were \$182,709, which is below the original budget estimate of \$233,000.

**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 2**

**Management's Discussion and Analysis
Year Ended December 31, 2013
(Unaudited)**

Capital Assets

The Fire District's investment in capital assets for its governmental activities as of December 31, 2013 amounts to \$2,261,005 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and apparatus, and equipment. The increase in capital assets is due to the new firehouse. More detailed information about the District's capital assets is presented in the notes to financial statements.

**Township of Buena Vista Township
Fire District No. 2
Capital Assets
(Net of Accumulated Depreciation)
December 31,**

	<u>2013</u>	<u>2012</u>
Land	\$ 235,881	\$ 255,881
Building and Improvements	1,930,043	2,029,332
Vehicles and Apparatus	41,584	57,833
Equipment	<u>53,497</u>	<u>20,779</u>
Total	<u>\$ 2,261,005</u>	<u>\$ 2,363,825</u>

Debt Administration

The Fire District has a note in the amount of \$1,716,246 from the United States Department of Agriculture – Rural Development. Note proceeds were used for the construction of the new firehouse. The Fire District received approval from the Local Finance Board to borrow funds, not to exceed \$400,000, for the purchase of fire fighting apparatus.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to:

Buena Vista Township Fire District No. 2
PO Box 703
Buena, NJ 08310

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Statement of Net Position
December 31, 2013

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	\$ 70,600
Construction Fees Receivable	20,098
Prepaid Purchase	607,305
Due From Volunteer Fire Company	64,790
Restricted Assets:	
Cash Capital Reserve	298,802
Capital Assets; net of accumulated depreciation	2,261,005
Total Assets	\$ 3,322,600
 LIABILITIES	
Accounts Payable	\$ 58,832
Advanced Funding	385,214
Noncurrent Liabilities:	
Due within One Year	34,947
Due beyond One Year	1,681,299
Total Liabilities	\$ 2,160,292
 NET POSITION	
Investment in Capital Assets; net of related debt	\$ 544,759
Restricted	
Capital Projects	298,802
Other	242,189
Unrestricted	76,558
Total Net Position	\$ 1,162,308

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Statement of Activities
Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET REVENUES
		CHARGES FOR SERVICES	OPERATING GRANTS	(EXPENSES) GOVERNMENTAL ACTIVITIES
Governmental Activities				
Administrative	\$ 22,567	\$ -	\$ -	\$ (22,567)
Operating and Maintenance	100,142			(100,142)
Length of Service Award	40,000			(40,000)
Appropriation for Rescue Squad	20,000			(20,000)
Interest on Long-Term Debt	60,957			(60,957)
Depreciation	75,216			(75,216)
Total Governmental Activities	<u>\$ 318,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(318,882)</u>
General Revenues				
Local Tax Levy				309,125
Interest Earned				1,191
Miscellaneous				16,362
Transfers				<u> </u>
Total General Revenues				<u>326,678</u>
Change in Net Position				7,796
Net Position; January 1				<u>1,154,512</u>
Net Position; December 31				<u>\$ 1,162,308</u>

FUND FINANCIAL STATEMENTS

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Governmental Funds
Balance Sheet
December 31, 2013

	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
ASSETS					
Cash and Cash Equivalents	\$ 70,600	\$ -	\$ 298,802	\$ -	\$ 369,402
Construction Fees Receivable	20,098				20,098
Prepaid Purchase	607,305				607,305
Due From Volunteer Fire Company	64,790				64,790
Total Assets	\$ 762,793	\$ -	\$ 298,802	\$ -	\$ 1,061,595
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 58,832	\$ -	\$ -	\$ -	\$ 58,832
Advanced Funding	385,214				385,214
Total Liabilities	444,046	-	-	-	444,046
Fund Balances					
Nonspendable	242,188				242,188
Restricted					
Capital Projects			298,802		298,802
Assigned					
Subsequent Year's Expenditures	70,000				70,000
Unassigned	6,559				6,559
Total Fund Balances	318,747	-	298,802	-	617,549
Total Liabilities and Fund Balances	\$ 762,793	\$ -	\$ 298,802	\$ -	\$ 1,061,595

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Reconciliation of the Statement of the Governmental Fund Balance Sheet
to the District - Wide Statement of Net Position
December 31, 2013

Total Fund Balances Governmental Funds	\$ 617,549
Amounts Reported for Governmental Activity in the Statement of Activities are different because:	
Capital assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet	2,261,005
Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet	(1,716,246)
Total Net Position Governmental Activities	<u>\$ 1,162,308</u>

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended December 31, 2013

	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
REVENUES					
Local Revenues					
Local Tax Levy	\$ 214,413	\$ -	\$ -	\$ 94,712	\$ 309,125
Interest on Investments	1,191				1,191
Miscellaneous	16,362				16,362
Total Local Revenues	231,966	-	-	94,712	326,678
Federal and State					
State Revenues					-
Total Federal and State	-	-	-	-	-
Total Revenues	231,966	-	-	94,712	326,678
EXPENDITURES					
Administrative	22,567				22,567
Operating and Maintenance	100,142				100,142
Length of Service Award	40,000				40,000
Appropriation for Duly Incorporated Rescue Squad	20,000				20,000
Capital Outlay			37,185		37,185
Debt Service				94,712	94,712
Total Expenditures	182,709	-	37,185	94,712	314,606
Excess (Deficiency) of Revenues Over (Under) Expenditures	49,257	-	(37,185)	-	12,072
Other Financing Sources (Uses)					
Capital Reserve	(60,000)		60,000		-
Operating Transfers		-			-
Special Item					
Proceeds from Sale of Assets	64,790				64,790
Net Changes in Fund Balance	54,047	-	22,815	-	76,862
Fund Balances; January 1	264,700		275,987		540,687
Fund Balances; December 31	\$ 318,747	\$ -	\$ 298,802	\$ -	\$ 617,549

The accompanying Notes to Financial Statements are an integral part of this statement

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2013

Net Change in Fund Balance-Governmental Fund	\$	76,862
<p>Amounts Reported for Governmental Activity in the Statement of Activities is Different because:</p>		
<p>Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation Expense		(75,215)
Capital Outlay Expenditures		37,185
<p>In the Statement of Activities, only gain on the disposal of capital assets is reported, whereas in Governmental Funds, the proceeds from a sale increases financial resources.</p>		
Proceeds from Sale of Assets		(64,790)
<p>Governmental Funds report Debt Service payments as expenditures. However, in the Statement of Activities, repayment of principal of indebtedness reduces long-term liabilities in the statement of net assets.</p>		
Principal Payments on Long-Term Debt		33,754
<p>Governmental Funds report Interest on Long-Term Debt when the interest payment is due. However, in the Statement of Activities, interest on Long-Term Debt is accrued.</p>		
Change in Accrued Interest		-
<p>Governmental Funds report Debt Issues as financing sources. However, in the Statement of Activities, debt issues are not revenues.</p>		
Debt Issued		-
Change in Net Position of Governmental Activities	\$	7,796

NOTES TO FINANCIAL STATEMENTS

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2013

INTRODUCTION

Fire District No. 2 of the Township of Buena Vista (District) is a political subdivision of the Township of Buena Vista, Atlantic County, New Jersey. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

Fire Districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Component Units – GASB Statement No. 14, *The Financial Reporting Entity*, 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. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. There are no organizations that are considered component units.

Basis of Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described in this Note.

The District's basic financial statements consist of district-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-Wide Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the government. The Statement of Net Position presents the financial condition of the governmental activities of the District at year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. The policy of the District is to not allocate indirect expenses to functions in the Statement of Activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For Fire Districts, only one category of funds exists, that being governmental.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds.

General Fund - The General Fund is the general operating fund of the District. It is used to account for inflows and outflows of its financial resources.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term principal, interest, and related costs.

Measurement Focus

District-Wide Financial Statements - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - All government funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Government fund financial statements, therefore, include reconciliation with brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus (Continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditure.

Revenues – Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within thirty days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute a municipality is required to remit to its District the entire balance of taxes in the amount voted upon or certified, prior to the end of the year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: grants, fees, and rentals.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et al.

The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners 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.

Subsequent to the adoption of the Fire District budget, the amount of money to be raised by taxation in support of the Fire District budget must appear on the ballot for the annual election for approval of the legal voters.

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the Fire District's basic fund financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments in U.S. obligations are stated at cost, which approximates market value. Fire Districts are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or with the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by Fire Districts.

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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets purchased are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Fire Trucks	15 years
Fire Fighting Equipment	10 years
Office Equipment	5 years
Furniture and Equipment	5 years

N.J.S.A. 40A:14-84 governs the procedures for the acquisition of property and equipment for Fire Districts, and N.J.S.A. 40A:14-85 to 87 governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase fire fighting apparatus and equipment and land and buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debt may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

Compensated Absences

The District does not have compensated absences.

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances, other than in the special revenue fund, are reported as reservations of fund balances at year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the Fire District has received advances are reflected in the balance sheet as deferred revenues at year end.

Encumbered appropriations carry over into the next 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.

Long-Term Obligations

In the government-wide financial statements, debt principal payments of both government and business type-activities are reported as decreases in the balance of the liability in the Statement of Net position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact. The "not 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, grantors, 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 District's highest level of decision-making authority, which, for the District, is the Board of Commissioners. Such formal action consists of an affirmative vote by the Board of Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Commissioners removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

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

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 government 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.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

Interfund Transactions

All interfund transactions, except quasi external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

Fire District Taxes

Upon the 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 raised 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 over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

At year-end, the carrying amount of the District's deposits was \$369,402 while the balance on the bank records was \$380,064. At December 31, 2013, all deposits were insured or collateralized by securities held by the District's agent in the District's name.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Concentration of Credit Risk. The District places no limit on the amount the district may invest in any one issuer.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2013

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes that are treated as cash equivalents. As of December 31, 2013, none of the government's bank balance was exposed to custodial risk.

Investments

The District did not maintain any investment at December 31, 2013.

Cash and investments are included on the basic financial statements as follows:

Cash and Cash Equivalents	\$ 70,600.
Cash Capital Reserve	<u>298,802.</u>
Total Cash and Investments	<u>\$ 369,402.</u>

NOTE 3 RESERVE ACCOUNT

Capital reserve accounts may be established for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. Capital reserve activity for the year ended December 31, 2013 was as follows:

	Beginning Balance <u>12-31-12</u>	Additions/ (Transfers)	Capital Purchase	Ending Balance <u>12-31-13</u>
Capital Reserve	\$ <u>275,987.</u>	\$ <u>60,000.</u>	\$ <u>37,185.</u>	\$ <u>298,802.</u>

NOTE 4 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

The District contributes to a Length of Service Awards Program administered by the Lincoln Financial Group. The District can contribute at least \$100 and no more than \$1,588 per year to each qualifying active volunteer member. The District contributed \$40,000 to the LOSAP for the year ending December 31, 2013.

NOTE 5 PREPAID PURCHASE

In November 2013, the District entered into an agreement to purchase a heavy duty rescue pumper. The District received a \$35,319 discount by prepaying the total contract price. As of December 31, 2013 the prepaid purchase balance was \$607,305.

Newfield National Bank advance credit to the District to fund part of the prepayment. The amount advanced at December 31, 2013 was \$385,214 and is shown on the Statement of Net Position as advanced funding.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2013

NOTE 6 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance 12-31-12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance 12-31-13</u>
Governmental Activities				
Land	\$ 255,881.	\$.	\$ 20,000.	\$ 235,881.
Buildings and Improvements	2,428,740.		435,115.	1,993,625.
Fire Equipment	44,667.	37,185.		81,852.
Fire Vehicles	606,500.			606,500.
Total at Historical Cost	3,335,788.	37,185.	455,115.	2,917,858.
Less Accumulated Depreciation	971,963.	75,215.	(390,325.)	656,853.
Capital Assets, Net of Depreciation	\$ 2,363,825.	(\$ 38,030.)	\$ 64,790.	\$ 2,261,005.

NOTE 7 LONG-TERM OBLIGATIONS

During the year ended December 31, 2013, the following changes occurred in long-term obligations:

	<u>Beginning Balance 12-31-12</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 12-31-13</u>
Governmental Activities				
USDA Note Payable	\$ 1,347,000.	\$.	\$ 25,980.	\$ 1,321,020.
USDA Note Payable	403,000.		7,774.	395,226.
Total Notes Payable	\$ 1,750,000.	\$.	\$ 33,754.	\$ 1,716,226.

Note Payable

The United States Department of Agriculture – Rural Development (USRD) purchased on December 5, 2012 the Fire District's bond of \$1,750,000 at an annual interest rate of 3.5% for a term of 30 years. The debt service schedule will be non-conforming. Debt service payments are made by the District to the USRD on a semi-annual basis.

Principal and interest due on outstanding note is as follows:

<u>Year Ending December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 34,947.	\$ 59,765.	\$ 94,712.
2015	36,180.	58,532.	94,712.
2016	37,457.	57,255.	94,712.
2017	38,780.	55,932.	94,712.
2018	40,150.	54,562.	94,712.
2019-2043	1,528,732.	744,036.	2,272,768.
	\$ 1,716,246.	\$ 1,030,082.	\$ 2,746,328.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2013

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

The District received approval from the State of New Jersey Local Finance Board to borrow funds not to exceed \$400,000 for the acquisition of fire fighting apparatus.

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to personnel; and natural disasters.

The District maintains commercial insurance coverage for liability and property.

NOTE 9 CONTINGENT LIABILITIES

The District is subject to claims and lawsuits which arise primarily in the course of business. The District does not anticipate any losses with respect to such existing or pending claims and lawsuits at December 31, 2013.

NOTE 10 SUBSEQUENT EVENTS

The District evaluated subsequent events through June 4, 2014, the date the financial statements were available to be issued. No events, other than those described in these notes, have occurred that require disclosure or adjustments.

NOTE 11 FUND BALANCES

NONSPENDABLE

As state in Note 1, 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. Nonspendable fund balance is summarized as follows:

Other – Construction Fees Receivable \$20,098 and Prepaid Purchase (net of advanced funding) \$222,091.

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Specific restrictions of the District's fund balance are summarized as follows:

For Future Capital Projects – These funds are restricted for future capital expenditures to be made in future years. When the District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2013

NOTE 11 FUND BALANCES (CONTINUED)

ASSIGNED

As stated in Note 1, the assigned fund balance classification represents amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the District's fund balance are summarized as follows:

For Subsequent Year's Expenditures – The District has appropriated and included as anticipated revenue for the year ending December 31, 2014, \$70,000 of general fund balance at December 31, 2013.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The District's unassigned fund balance is summarized as follows:

General Fund – As of December 31, 2013, \$6,559 of general fund balance was unassigned.

REQUIRED SUPPLEMENTAL INFORMATION
Part II

BUDGETARY COMPARISON SCHEDULES

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
General Fund
Budgetary Comparison Schedule
Year Ended December 31, 2013

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Local Tax Levy	\$ 214,125	\$ 214,125	\$ 214,413	\$ 288
Total Taxes	214,125	214,125	214,413	288
Federal and State				
Supplemental Fire Service				-
Total Federal and State	-	-	-	-
Miscellaneous Revenue				
Interest Earned	1,500	1,500	1,191	(309)
Miscellaneous Revenue	375	375	16,362	15,987
Total Miscellaneous Revenue	1,875	1,875	17,553	15,678
Total Revenues	216,000	216,000	231,966	15,966
EXPENDITURES				
Administrative				
Miscellaneous	10,000	10,000	4,017	5,983
Office Expense	6,500	6,500	2,495	4,005
Professional Services	15,500	15,500	16,055	(555)
	32,000	32,000	22,567	9,433
Operating and Maintenance				
Advertising	1,000	1,000	329	671
Insurance	15,000	15,000	13,286	1,714
Maintenance and Repair	25,000	25,000	24,475	525
Operating Supplies	59,000	59,000	27,358	31,642
Training and Education	4,000	4,000	1,505	2,495
Uniforms	12,000	12,000	11,437	563
Utilities	25,000	25,000	21,752	3,248
	141,000	141,000	100,142	40,858
Appropriations For Duly Incorporated				
Rescue Squad Association	20,000	20,000	20,000	-
	20,000	20,000	20,000	-

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
General Fund
Budgetary Comparison Schedule
Year Ended December 31, 2013

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<i>(Continued from Prior Page)</i>				
LOSAP				
Length of Service Award	40,000	40,000	40,000	-
	40,000	40,000	40,000	-
Capital Outlay				
Capital Expenditures				-
	-	-	-	-
Total Expenditures	233,000	233,000	182,709	50,291
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,000)	(17,000)	49,257	66,257
Other Financing Sources (Uses) Capital Reserves	(60,000)	(60,000)	(60,000)	-
Special Item Proceeds from Sale of Assets			64,790	64,790
Net Changes in Fund Balance	(77,000)	(77,000)	54,047	131,047
Fund Balances; January 1	264,700	264,700	264,700	-
Fund Balances; December 31	\$ 187,700	\$ 187,700	\$ 318,747	\$ 131,047

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended December 31, 2013

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Federal and State Revenue				
FEMA Grant	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Operations and Maintenance				-
Supplies				-
Capital Outlay				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-		-
Other Financing Sources (Uses)				
Operating Transfers - Match		-	-	
Net Changes in Fund Balance	-	-	-	-
Fund Balances; January 1				
Fund Balances; December 31	\$ -	\$ -	\$ -	\$ -

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 2
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
Year Ended December 31, 2013

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources / Inflows of Resources		
Actual amounts (budgetary basis) "Revenue" from the Budgetary Comparison Schedule	\$ 231,966	\$ -
Grant accounting budgetary basis differed from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Total Revenue as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 231,966</u>	<u>\$ -</u>
Uses / Outflows of Resources		
Actual amounts (budgetary basis) "Expenditures" from the Budgetary Comparison Schedule	\$ 182,709	\$ -
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 182,709</u>	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

CAPITAL PROJECTS FUND

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Capital Projects Fund
Schedule of Project Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2013

	<u>BUILDING RESERVE</u>	<u>LAND RESERVE</u>	<u>TOTAL</u>
REVENUES AND OTHER SOURCES			
Operating Transfers	\$ 60,000	\$ -	\$ 60,000
Bond Anticipation Notes			-
	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Total Revenues and Other Financing Sources			
EXPENDITURES			
Construction Services			-
Capital Outlay	37,185		37,185
	<u>37,185</u>	<u>-</u>	<u>37,185</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,815	-	22,815
Other Financing Sources (Uses) Transfers			-
	<u>22,815</u>	<u>-</u>	<u>22,815</u>
Net Changes in Fund Balance			
Fund Balances; January 1	221,868	54,119	275,987
	<u>221,868</u>	<u>54,119</u>	<u>275,987</u>
Fund Balances; December 31	<u>\$ 244,683</u>	<u>\$ 54,119</u>	<u>\$ 298,802</u>

LONG TERM DEBT

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 2
Long-Term Debt
Schedule of Notes Payable
Year Ended December 31, 2013

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES				ISSUED	RETIRED	BALANCE 12-31-2013
			DATE	AMOUNT	INTEREST RATE	BALANCE 12-31-2012			
US Department of Agriculture Rural Development Loan	12-05-2012	\$ 1,347,000				\$ 1,347,000	\$ -	\$ 25,980	\$ 1,321,020
			2014	\$ 26,898	3.50%				
			2015	27,847	3.50%				
			2016	28,830	3.50%				
			2017	29,848	3.50%				
			2018	30,902	3.50%				
			2019	31,993	3.50%				
		2020-2043	1,144,702	3.50%					
US Department of Agriculture Rural Development Loan	12-05-2012	\$ 403,000				403,000	-	7,774	395,226
			2014	\$ 8,049	3.50%				
			2015	8,333	3.50%				
			2016	8,627	3.50%				
			2017	8,932	3.50%				
			2018	9,248	3.50%				
			2019	9,573	3.50%				
		2020-2043	342,464	3.50%					
						<u>\$ 1,750,000</u>	<u>\$ -</u>	<u>\$ 33,754</u>	<u>\$ 1,716,246</u>

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Debt Service Fund
Budgetary Comparison Schedule
Year Ended December 31, 2013

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Local Tax Levy	\$ 95,000	\$ 95,000	\$ 94,712	\$ (288)
Total Revenues	95,000	95,000	94,712	(288)
EXPENDITURES				
Debt Service				
Principal	34,000	34,000	33,755	245
Interest	61,000	61,000	60,957	43
Total Expenditures	95,000	95,000	94,712	288
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses) Operating Transfers				-
Net Changes in Fund Balance	-	-	-	-
Fund Balances; January 1	-	-	-	-
Fund Balances; December 31	\$ -	\$ -	\$ -	\$ -

FINDINGS AND RECOMMENDATIONS

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Schedule of Findings and Recommendations
Year Ended December 31, 2013

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

This section identifies 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 with audit requirements as prescribed by the Bureau of Authority, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None

**BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Summary Schedule of Prior Year Audit Findings and
Questioned Costs as Prepared by Management
Year Ended December 31, 2013**

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

None

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 2

Year Ended December 31, 2013

APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the District officials during the course of the audit.

PREZIOSI • NICHOLSON & ASSOCIATES

James M. Preziosi
Certified Public Accountant