

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

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2012

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

**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2012**

TABLE OF CONTENTS

	PAGE
FINANCIAL SECTION	
Independent Auditor's Report	1.
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	3.
Required Supplementary Information – Part I	
Management's Discussion and Analysis	5.
Basic Financial Statements	
District Wide Financial Statements	
Statement of Net Assets	9.
Statement of Activities	10.
Fund Financial Statements	
Governmental Funds	
Balance Sheet	11.
Reconciliation of the Statement of Governmental Fund Balance Sheet to Government-Wide Statement of Net Assets	12.
Statement of Revenues, Expenditures and Changes in Fund Balances	13.
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14.
Notes to Financial Statements	15.
Required Supplementary Information – Part II	
Budgetary Comparison Schedule	
General Fund	26.
Special Revenue Fund	28.
Notes to the Required Supplementary Information	
Budgetary Comparison Schedule – Note to RSI	29.

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

**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2012**

TABLE OF CONTENTS

	PAGE
OTHER SUPPLEMENTARY INFORMATION	
Capital Projects Fund	
Schedule of Project Revenues, Expenditures and Changes in Fund Balances	30.
Schedule of Project Revenues, Expenditures, Balances, and Status	31.
Long Term Debt	
Schedule of Notes Payable	32.
Budgetary Comparison Schedule – Debt Service Fund	33.
Findings and Recommendations	
Schedule of Findings and Recommendations	34.
Summary Schedule of Prior Year Audit Findings and Questioned Costs As Prepared by Management	35.
APPRECIATION	36.

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, 2012, 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, 2012, 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

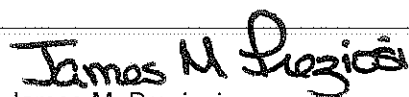
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Buena Vista Fire District No. 2's basic financial statements. The related major fund supporting statements and schedules listed in the table of contents are presented for 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 9, 2013, 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 9, 2013

PREZIOSI NICHOLSON & ASSOCIATES

Professional Association

Certified Public Accountants

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

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, 2012, 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 9, 2013.

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 9, 2013

REQUIRED SUPPLEMENTAL INFORMATION
Part I

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

**Management's Discussion and Analysis
Year Ended December 31, 2012
(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, 2012. 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 2012 are as follows:

- In total, net assets increased by \$66,573, and resulted in ending net assets of \$ 1,154,512, or an increase of 6.1 percent.
- Total revenues for the governmental activity were \$305,555.
- Total spending for the governmental activity was \$238,982 for the year.
- The District incurred \$1,884,725 in construction services for the building expansion project.
- 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 Assets presents information on all the Fire District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Fire District is improving or deteriorating.

The Statement of Activities presents information showing how the Fire District's net assets changed during the most recent year. All changes in the net assets 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, 2012
(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>2012</u>	<u>2011</u>
Current and Other Assets	\$ 592,493	\$ 2,359,293
Capital Assets	<u>2,363,825</u>	<u>511,033</u>
Total Assets	<u>2,956,318</u>	<u>2,870,326</u>
Long-term Liabilities Outstanding	1,750,000	1,750,000
Other Liabilities	<u>51,806</u>	<u>32,387</u>
Total Liabilities	<u>1,801,806</u>	<u>1,782,387</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	613,825	402,133
Restricted	316,183	499,895
Unrestricted	<u>224,504</u>	<u>185,911</u>
Total Net Assets	<u>\$ 1,154,512</u>	<u>\$ 1,087,939</u>

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

**Management's Discussion and Analysis
Year Ended December 31, 2012
(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,**

	<u>2012</u>	<u>2011</u>
Expenses:		
Operating Appropriations		
Administration	\$ 57,616	\$ 92,590
Cost of Operations and Maintenance	79,895	52,529
Operating Appropriations	20,000	20,000
Length of Service Award Program	31,749	25,000
Unallocated Depreciation	31,933	22,850
Interest of Long-Term Debt	<u>17,789</u>	
 Total Program Services	 <u>238,982</u>	 <u>213,269</u>
 General Revenue:		
Taxes		
Levied for General Purposes	272,836	254,100
Levied for Debt Service	17,789	
State Aid Unrestricted	657	
Unrestricted Investment Income	3,951	5,239
Miscellaneous Income	<u>10,321</u>	<u>10,273</u>
 Total General Revenues	 <u>305,555</u>	 <u>269,612</u>
 Increase in Net Assets	 66,573	 56,343
 Net Assets, January 1	 <u>1,087,939</u>	 <u>1,031,596</u>
 Net Assets, December 31	 <u>\$ 1,154,512</u>	 <u>\$ 1,087,939</u>

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 \$249,260, which is below the original budget estimate of \$277,500.

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

**Management's Discussion and Analysis
Year Ended December 31, 2012
(Unaudited)**

Capital Assets

The Fire District's investment in capital assets for its governmental activities as of December 31, 2012 amounts to \$2,363,825 (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>2012</u>	<u>2011</u>
Land	\$ 255,881	\$ 255,881
Construction in Progress		108,900
Building and Improvements	2,029,332	46,923
Vehicles and Apparatus	57,833	74,083
Equipment	<u>20,779</u>	<u>25,246</u>
Total	<u>\$ 2,363,825</u>	<u>\$ 511,033</u>

Debt Administration

The Fire District has a note in the amount of \$1,750,000 from the United States Department of Agriculture – Rural Development for the purchase of the bond used to finance the new firehouse. More detailed information about the District's debt is presented in the notes to financial statements.

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 Assets
December 31, 2012

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	\$ 276,310
Deposits	40,196
Restricted Assets:	
Cash Capital Reserve	275,987
Capital Assets; net of accumulated depreciation	2,363,825
Total Assets	\$ 2,956,318
LIABILITIES	
Accounts Payable	\$ 51,806
Noncurrent Liabilities:	
Due within One Year	29,713
Due beyond One Year	1,720,287
Total Liabilities	\$ 1,801,806
NET ASSETS	
Investment in Capital Assets; net of related debt	\$ 613,825
Restricted	
Capital Projects	275,987
Other	40,196
Unrestricted	224,504
Total Net Assets	\$ 1,154,512

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Statement of Activities
Year Ended December 31, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET REVENUES
		CHARGES FOR SERVICES	OPERATING GRANTS	(EXPENSES) GOVERNMENTAL ACTIVITIES
Governmental Activities				
Administrative	\$ 57,616	\$ -	\$ -	\$ (57,616)
Operating and Maintenance	79,895			(79,895)
Length of Service Award	31,749			(31,749)
Appropriation for Rescue Squad	20,000			(20,000)
Interest on Long-Term Debt	17,789			(17,789)
Depreciation	31,933			(31,933)
Total Governmental Activities	\$ 238,982	\$ -	\$ -	(238,982)
General Revenues				
Local Tax Levy				290,625
Interest Earned				3,952
Miscellaneous				10,321
Unrestricted Aid				657
Transfers				
Total General Revenues				305,555
Change in Net Assets				66,573
Net Assets; January 1				1,087,939
Net Assets; December 31				\$ 1,154,512

FUND FINANCIAL STATEMENTS

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Governmental Funds
Balance Sheet
December 31, 2012

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
ASSETS					
Cash and Cash Equivalents	\$ 276,310	\$ -	\$ 275,987	\$ -	\$ 552,297
Deposits	40,196				40,196
Total Assets	<u>\$ 316,506</u>	<u>\$ -</u>	<u>\$ 275,987</u>	<u>\$ -</u>	<u>\$ 592,493</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 51,806	\$ -	\$ -	\$ -	\$ 51,806
Total Liabilities	<u>51,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,806</u>
Fund Balances					
Nonspendable	40,196				40,196
Restricted					
Capital Projects			275,987		275,987
Assigned					
Subsequent Year's Expenditures	77,000				77,000
Unassigned	147,504				147,504
Total Fund Balances	<u>264,700</u>	<u>-</u>	<u>275,987</u>	<u>-</u>	<u>540,687</u>
Total Liabilities and Fund Balances	<u>\$ 316,506</u>	<u>\$ -</u>	<u>\$ 275,987</u>	<u>\$ -</u>	<u>\$ 592,493</u>

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Reconciliation of the Statement of the Governmental Fund Balance Sheet
to the District - Wide Statement of Net Assets
December 31, 2012

Total Fund Balances Governmental Funds	\$ 540,687
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	2,363,825
Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet	(1,750,000)
Total Net Assets Governmental Activities	<u>\$ 1,154,512</u>

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended December 31, 2012

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
REVENUES					
Local Revenues					
Local Tax Levy	\$ 272,836	\$ -	\$ -	\$ 17,789	\$ 290,625
Interest on Investments	3,952				3,952
Miscellaneous	10,321				10,321
Total Local Revenues	<u>287,109</u>	<u>-</u>	<u>-</u>	<u>17,789</u>	<u>304,898</u>
Federal and State					
State Revenues	657				657
Total Federal and State	<u>657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>657</u>
Total Revenues	<u>287,766</u>	<u>-</u>	<u>-</u>	<u>17,789</u>	<u>305,555</u>
EXPENDITURES					
Administrative	57,616				57,616
Operating and Maintenance	79,895				79,895
Length of Service Award	31,749				31,749
Appropriation for Duly Incorporated					
Rescue Squad	20,000				20,000
Capital Outlay			1,884,725		1,884,725
Debt Service				17,789	17,789
Total Expenditures	<u>189,260</u>	<u>-</u>	<u>1,884,725</u>	<u>17,789</u>	<u>2,091,774</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	98,506	-	(1,884,725)	-	(1,786,219)
Other Financing Sources (Uses)					
Capital Reserve	(60,000)		60,000		-
Operating Transfers		-			-
Net Changes in Fund Balance	38,506	-	(1,824,725)	-	(1,786,219)
Fund Balances; January 1	<u>226,194</u>		<u>2,100,712</u>		<u>2,326,906</u>
Fund Balances; December 31	<u>\$ 264,700</u>	<u>\$ -</u>	<u>\$ 275,987</u>	<u>\$ -</u>	<u>\$ 540,687</u>

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, 2012

Net Change in Fund Balance-Governmental Fund	\$ (1,786,219)
--	----------------

Amounts Reported for Governmental Activity in the Statement of Activities is Different because:

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.

Depreciation Expense	(31,933)
Capital Outlay Expenditures	1,884,725

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.

Principal Payments on Long-Term Debt	-
--------------------------------------	---

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.

Change in Accrued Interest	-
----------------------------	---

Governmental Funds report Debt Issues as financing sources. However, in the Statement of Activities, debt issues are not revenues.

Debt Issued	-
-------------	---

Change in Net Assets of Governmental Activities	\$ <u>66,573</u>
---	------------------

NOTES TO FINANCIAL STATEMENTS

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2012

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 assets 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 Assets 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 Assets 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, 2012

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 assets.

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, 2012

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, 2012

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, 2012

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 Assets. 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, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets 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 assets are 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 assets 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, 2012

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 \$552,297 while the balance on the bank records was \$559,164. At December 31, 2012, 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, 2012

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, 2012, none of the government's bank balance was exposed to custodial risk.

Investments

The District did not maintain any investment at December 31, 2012.

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

Cash and Cash Equivalents	\$ 276,310.
Cash Capital Reserve	<u>275,987.</u>
Total Cash and Investments	<u>\$ 552,297.</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, 2012 was as follows:

	Beginning Balance <u>12-31-11</u>	Additions/ (Transfers)	Capital Purchase	Ending Balance <u>12-31-12</u>
Capital Reserve	<u>\$ 459,612.</u>	<u>\$ 60,000.</u>	<u>\$ 243,625.</u>	<u>\$ 275,987.</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 \$31,749 to the LOSAP for the year ending December 31, 2012.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2012

NOTE 5 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2012 was as follows:

	Beginning Balance <u>12-31-11</u>	<u>Additions</u>	<u>Retirements</u>	Ending Balance <u>12-31-12</u>
Governmental Activities				
Land	\$ 255,881.	\$	\$	\$ 255,881.
Buildings and Improvements	435,115.	1,993,625.		2,428,740.
Fire Equipment	44,667.			44,667.
Fire Vehicles	<u>606,500.</u>			<u>606,500.</u>
Total at Historical Cost	1,342,163.	1,993,625.		3,335,788.
Less Accumulated Depreciation	<u>940,030.</u>	<u>31,933.</u>		<u>971,963.</u>
Capital Assets, Net of Depreciation	<u>\$ 402,133.</u>	<u>\$ 1,961,692.</u>	<u>\$</u>	<u>\$ 2,363,825.</u>
Construction in Progress	<u>\$ 108,000.</u>	<u>\$</u>	<u>(\$ 108,000)</u>	<u>\$</u>

NOTE 6 LONG-TERM OBLIGATIONS

During the year ended December 31, 2012, the following changes occurred in long-term obligations:

	Beginning Balance <u>12-31-11</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>12-31-12</u>
Governmental Activities				
Bond Anticipation Notes	\$ 1,750,000.	\$	\$ 1,750,000.	\$
USDA Note Payable		1,347,000.		1,347,000.
USDA Note Payable		<u>403,000.</u>		<u>403,000.</u>
Total Notes Payable	<u>\$ 1,750,000.</u>	<u>\$ 1,750,000.</u>	<u>\$ 1,750,000.</u>	<u>\$ 1,750,000.</u>

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2012

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 4.25% 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>
2013	\$ 29,713.	\$ 74,063.	\$ 103,776.
2014	30,990.	72,786.	103,776.
2015	32,321.	71,455.	103,776.
2016	33,709.	70,067.	103,776.
2017	35,732.	68,044.	103,776.
2018-2043	1,587,535.	979,247.	2,566,782.
	<u>\$ 1,750,000.</u>	<u>\$ 1,335,662.</u>	<u>\$ 3,085,662.</u>

NOTE 7 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 8 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, 2012.

NOTE 9 SUBSEQUENT EVENTS

The District evaluated subsequent events through June 9, 2013, 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.

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Notes to Financial Statements
December 31, 2012

NOTE 10 FUND BALANCES

NONSPENDABLE

As stated 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 – Prepaid expenses and deposits at December 31, 2012 were \$40,196.

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.

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, 2013, \$77,000 of general fund balance at December 31, 2012.

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, 2012, \$147,504 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, 2012

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Local Tax Levy	\$ 205,625	\$ 205,625	\$ 272,836	\$ 67,211
Total Taxes	205,625	205,625	272,836	67,211
Federal and State				
Supplemental Fire Service			657	657
Total Federal and State	-	-	657	657
Miscellaneous Revenue				
Interest Earned	1,500	1,500	3,952	2,452
Miscellaneous Revenue	375	375	10,321	9,946
Total Miscellaneous Revenue	1,875	1,875	14,273	12,398
Total Revenues	207,500	207,500	287,766	80,266
EXPENDITURES				
Administrative				
Miscellaneous	5,500	5,500	4,859	641
Office Expense	6,500	6,500	5,642	858
Professional Services	59,000	59,000	47,115	11,885
	71,000	71,000	57,616	13,384
Operating and Maintenance				
Advertising	1,000	1,000	153	847
Insurance	16,000	16,000	10,901	5,099
Maintenance and Repair	20,000	20,000	20,959	(959)
Operating Supplies	41,500	34,751	29,090	5,661
Training and Education	4,000	4,000	385	3,615
Utilities	19,000	19,000	18,407	593
	101,500	94,751	79,895	14,856
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, 2012

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
<i>(Continued from Prior Page)</i>				
LOSAP				
Length of Service Award	25,000	31,749	31,749	-
	<u>25,000</u>	<u>31,749</u>	<u>31,749</u>	<u>-</u>
Capital Outlay				
Capital Expenditures				-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>217,500</u>	<u>217,500</u>	<u>189,260</u>	<u>28,240</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(10,000)	98,506	108,506
Other Financing Sources (Uses)				
Capital Reserves	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Net Changes in Fund Balance	(70,000)	(70,000)	38,506	108,506
Fund Balances; January 1	<u>226,194</u>	<u>226,194</u>	<u>226,194</u>	<u>-</u>
Fund Balances; December 31	<u>\$ 156,194</u>	<u>\$ 156,194</u>	<u>\$ 264,700</u>	<u>\$ 108,506</u>

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Special Revenue Fund
Budgetary Comparison Schedule
Year Ended December 31, 2012

	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, 2012

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	\$ 287,766	\$ -
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>\$ 287,766</u>	<u>\$ -</u>
Uses / Outflows of Resources		
Actual amounts (budgetary basis) "Expenditures" from the Budgetary Comparison Schedule	\$ 189,260	\$ -
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>\$ 189,260</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, 2012

	NEW FACILITY	BUILDING RESERVE	LAND RESERVE	TOTAL
REVENUES AND OTHER SOURCES				
Operating Transfers	\$ -	\$ 60,000	\$ -	\$ 60,000
Bond Anticipation Notes				-
Total Revenues and Other Financing Sources	-	60,000	-	60,000
EXPENDITURES				
Construction Services				-
Capital Outlay	1,641,100	243,625		1,884,725
Total Expenditures	1,641,100	243,625	-	1,884,725
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,641,100)	(183,625)	-	(1,824,725)
Other Financing Sources (Uses) Transfers				-
Net Changes in Fund Balance	(1,641,100)	(183,625)	-	(1,824,725)
Fund Balances; January 1	1,641,100	405,493	54,119	2,100,712
Fund Balances; December 31	\$ -	\$ 221,868	\$ 54,119	\$ 275,987

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Balance and Status
From Inception and for the Year Ended December 31, 2012

NEW FIRE HOUSE PROJECT	PRIOR PERIODS	CURRENT PERIOD	TOTAL	REVISED AUTHORIZED COST
REVENUES AND OTHER SOURCES				
Bond Anticipation Notes	\$ 1,750,000	\$ -	\$ 1,750,000	\$ 1,750,000
Capital Reserve		335,000	335,000	335,000
Total Revenues and Other Financing Sources	<u>1,750,000</u>	<u>335,000</u>	<u>2,085,000</u>	<u>2,085,000</u>
EXPENDITURES AND OTHER SOURCES				
Bond Issuance Costs		21,000	21,000	21,000
Construction Services	108,900	1,863,725	1,972,625	2,064,000
Transfer to Capital Reserve		91,375	91,375	
Total Expenditures	<u>108,900</u>	<u>1,976,100</u>	<u>2,085,000</u>	<u>2,085,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,641,100</u>	<u>\$ (1,641,100)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Bond Authorization	02-19-2011
Bonds Authorized	\$ 1,750,000
Bonds Issued	\$ -
Original Authorized Costs	\$ 1,750,000
Additional Authorized Costs	\$ 335,000
Revised Authorized Costs	\$ 2,085,000
Percentage of Completion	100%

LONG TERM DEBT

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 2
Long-Term Debt
Schedule of Notes Payable
Year Ended December 31, 2012

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES			INTEREST RATE	BALANCE 12-31-2011	ISSUED	RETIRED	BALANCE 12-31-2012
			DATE	AMOUNT						
US Department of Agriculture Rural Development Loan	12-05-2012	\$ 1,347,000				\$ -	\$ 1,347,000	-	\$ 1,347,000	
			2013	\$ 22,871	4.25%					
			2014	23,853	4.25%					
			2015	24,878	4.25%					
			2016	25,947	4.25%					
			2017	27,061	4.25%					
			2018	28,223	4.25%					
			2019-2043	1,194,167	4.25%					
US Department of Agriculture Rural Development Loan	12-05-2012	\$ 403,000				\$ -	\$ 403,000	-	\$ 403,000	
			2013	\$ 6,842	4.25%					
			2014	7,137	4.25%					
			2015	7,443	4.25%					
			2016	7,762	4.25%					
			2017	8,096	4.25%					
			2018	8,443	4.25%					
			2019-2043	357,277	4.25%					
						\$ -	\$ 1,750,000	-	\$ 1,750,000	

BUENA VISTA TOWNSHIP FIRE DISTRICT NO. 2
Debt Service Fund
Budgetary Comparison Schedule
Year Ended December 31, 2012

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Local Tax Levy	\$ 85,000	\$ 85,000	\$ 17,789	\$ (67,211)
Total Revenues	85,000	85,000	17,789	(67,211)
EXPENDITURES				
Debt Service				
Principal	29,000	29,000	-	29,000
Interest	56,000	56,000	17,789	38,211
Total Expenditures	85,000	85,000	17,789	67,211
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, 2012

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, 2012

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, 2012

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