

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Audit Report*  
For the Year Ended December 31, 2022



William J. Martini, Sr., CPA (*Deceased*)  
William J. Martini, Jr., CPA, RMA, MS\*  
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## INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners  
Fire District Number 2  
Buena Vista Township, Atlantic County  
East Vineland Volunteer Fire Company  
Buena, NJ 08310

### Opinion

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Board of Fire Commissioners, Fire District Number 2, Buena Vista Township, Atlantic County, East Vineland Volunteer Fire Company (hereafter referred to as the 'Fire District') as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Fire District as of December 31, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities for Management for the Financial Statements

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for a reasonable period of time.

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

### Required Supplementary Information

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023 on our consideration of the Fire District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fire District's internal control over financial reporting and compliance.

  
*Martini & Martini, CPA, PA*

Vineland, NJ  
November 8, 2023

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Management's Discussion & Analysis*  
*Required Supplementary Information*

As management of the Board of Fire Commissioners Fire District Number 2, Buena Vista Township, Atlantic County, East Vineland Volunteer Fire Company (hereafter referred to as the 'Fire District'), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole. Readers should also review the information furnished in the notes to the basic financial statements along with the financial statements to enhance their understanding of the Fire District's financial performance.

**Financial Highlights**

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

- The net position of the Fire District, which represents the difference between the Fire District's assets and liabilities totaled \$1,447,162 at the close of the current year, an increase of \$73,626, or 5%, in comparison with prior year.
- At the end of the current year, the unassigned fund balance reported for the general fund was \$73,333, a decrease of \$7,134, or 10%, in comparison with prior year.
- At the end of the current year, the assigned fund balance reported within the general fund for the length of service awards program was \$51,601, an increase of \$39,105, or 313%. This is mainly due to a return of LOSAP forfeitures of \$35,923.
- At the end of the current year, the aggregated balance of net investment in capital assets was \$712,641, a decrease of \$29,930, or 4%, in comparison with prior year.
- At the end of the current year, the total debt of the Fire District was \$1,353,448, a decrease of \$46,127, or 3%, in comparison with prior year.

**Overview of Financial Statements**

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

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

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

The *Statement of Activities* presents information showing how the Fire District's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The *Statement of Cash Flows* presents information showing how the Fire District received and used cash during the year.

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**Overview of Financial Statements (Continued)**

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

*Fund Financial Statements:* A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Fire District maintains one fund type, governmental.

**The Fire District's Funds**

*Governmental Funds:* The operational activities of the Fire District are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are nonspendable, restricted, committed, assigned or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Fire District's fund balances by law, creditors, Fire District Board of Commissioners and the Fire District's annually adopted budget. The unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method referred to as modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Fire District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Fire District's programs. We describe the relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds in a reconciliation provided following the fund financial statements shown in Schedule 2.

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

In addition, the Fire District adopts an annual budget in accordance with *N.J.S.A. 40A:14-78-3*. Budgetary comparison schedules have been provided to demonstrate compliance with the budget.

*Notes to the Financial Statements:* The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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**Financial Analysis of the District as a Whole**

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In this case, the Fire District's assets exceeded liabilities by \$1,447,162 at the close of the current year.

The Fire District's net position reflects its investment in capital assets (i.e., land, buildings, equipment) less any related debt used to acquire those assets that is still outstanding. The Fire District uses these assets to provide firefighting and rescue services to the citizens of the Buena Vista Township, Atlantic County, New Jersey. Consequently, these assets are not available for future spending. Although the Fire District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 provides a summary of the Fire District's net position for 2022 and 2021.

<b>TABLE 1</b>				
<b>Statement of Net Position</b>				
<b>As of December 31, 2022 &amp; 2021</b>				
	<u>2022</u>	<u>2021</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
<b>Assets</b>				
Cash & Cash Equivalents	\$ 557,444	\$ 459,113	\$ 98,331	21%
Investments: Certificates of Deposit	211,654	210,803	851	0%
Investments: LOSAP	520,596	-	520,596	100%
Capital Assets, Net	2,066,089	2,142,147	(76,057)	-4%
	<u>2,066,089</u>	<u>2,142,147</u>	<u>(76,057)</u>	<u>-4%</u>
<b>Total Assets</b>	<b><u>\$ 3,355,784</u></b>	<b><u>\$ 2,812,063</u></b>	<b><u>\$ 543,722</u></b>	<b><u>19%</u></b>
<b>Liabilities</b>				
Accounts Payable	\$ 34,577	\$ 38,951	\$ (4,374)	-11%
Other Non Current Liabilities	520,596	-	520,596	100%
Notes Payable	1,353,448	1,399,575	(46,127)	-3%
<b>Total Liabilities</b>	<b><u>1,908,622</u></b>	<b><u>1,438,527</u></b>	<b><u>470,095</u></b>	<b><u>33%</u></b>
<b>Net Position</b>				
Net Investment in Capital Assets	712,641	742,571	(29,931)	-4%
Restricted for Capital Projects	609,588	538,002	71,586	13%
Unrestricted	124,934	92,963	31,971	34%
<b>Total Net Position</b>	<b><u>1,447,162</u></b>	<b><u>1,373,536</u></b>	<b><u>73,626</u></b>	<b><u>5%</u></b>
<b>Total Liabilities &amp; Net Position</b>	<b><u>\$ 3,355,784</u></b>	<b><u>\$ 2,812,063</u></b>	<b><u>\$ 543,721</u></b>	<b><u>19%</u></b>



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**Financial Analysis of the District as a Whole (Continued)**

Table 2 reflects the changes in net position for 2022 and 2021.

<b>TABLE 2</b>				
<b>Statement of Activities</b>				
<b>For the Years Ended December 31, 2022 &amp; 2021</b>				
	<u>2022</u>	<u>2021</u>	<u>Variance (\$)</u>	<u>Variance (%)</u>
<b>Program Expenses</b>				
<b>Operating Appropriations</b>				
Administration	\$ 22,283	\$ 18,231	\$ 4,052	22%
Cost of Operations & Maintenance	122,705	116,310	6,395	5%
Duly Incorporated Rescue Squad Assoc.	20,000	25,000	(5,000)	-20%
LOSAP Contribution (P.L. 1997, c. 388)	26,836	23,332	3,504	15%
<b>Subtotal</b>	<b>191,825</b>	<b>182,873</b>	<b>8,952</b>	<b>5%</b>
Interest Expense on Capital Debt	48,585	50,158	(1,573)	-3%
Depreciation Expense	104,604	102,231	2,373	2%
<b>Total Program Expenses</b>	<b>345,014</b>	<b>335,262</b>	<b>9,752</b>	<b>3%</b>
<b>Program Revenues</b>				
Operating Grants & Contributions	657	657	-	0%
<b>Total Program Revenues</b>	<b>657</b>	<b>657</b>	<b>-</b>	<b>0%</b>
<b>Net Program Revenue/(Expense)</b>	<b>(344,357)</b>	<b>(334,605)</b>	<b>(9,752)</b>	<b>3%</b>
<b>General Revenues</b>				
District Property Taxes:				
Levied for General Purposes	206,750	218,721	\$ (11,971)	-5%
Levied for Debt Service	94,712	94,712	-	0%
Levied for Capital Projects	70,000	65,000	5,000	8%
Interest Income	1,705	1,951	(246)	-13%
Rental Income	8,894	7,063	1,831	26%
Return of LOSAP Fund Forfeitures	35,923	-	35,923	100%
<b>Total General Revenues</b>	<b>417,983</b>	<b>387,446</b>	<b>30,537</b>	<b>8%</b>
<b>Change in Net Position</b>	<b>73,626</b>	<b>52,841</b>	<b>20,786</b>	<b>39%</b>
<b>Net Position: Beginning</b>	<u>1,373,536</u>	<u>1,320,695</u>	<u>52,841</u>	<u>4%</u>
<b>Net Position @ December 31,</b>	<u><b>\$ 1,447,162</b></u>	<u><b>\$ 1,373,536</b></u>	<u><b>\$ 73,627</b></u>	<u><b>5%</b></u>

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**Financial Analysis of the Government Funds**

As the Fire District completed the year, its governmental funds reported a combined fund balance of \$734,521, which is an increase from last year's total combined fund balance of \$103,557, or 16%. Of the combined ending fund balance of \$734,521, approximately 10% constitutes the unassigned fund balance of \$73,333. The remainder of the fund balance is restricted or assigned to indicate that it is not available for new spending because of the following: (1) restricted for capital projects: \$609,588; and (2) assigned from general fund for the length of service awards program: \$51,601.

General Fund: The general fund is the general operating fund of the Fire District and is used to account for the inflows and outflows of financial resources. The acquisition and disposal of certain capital assets, such as firefighting and emergency medical apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current year, the Fire District's unassigned fund balance recorded in the general fund totaled \$73,333.

During the current year, the fund balance of the Fire District's general fund increased by \$31,971, or 34%. The primary factor(s) affecting the fund balance of the general fund is the return of LOSAP forfeitures to the Fire District of \$35,923 and purchase of capital assets of \$28,547. Additionally, actual revenues were \$216,402, which is \$2,577 in excess of the final anticipated budgeted amount. Expenditures were \$191,825, which is \$22,000 less than the final estimated general fund budget of \$213,825, resulting in a total excess of revenues over expenditures of \$24,577.

Capital Projects Fund: The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, such as firehouses and firefighting apparatus. Generally, the financial resources of the capital projects are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the taxpayers as a separate question on the ballot either during the annual election or at a special election. During 2022, the capital projects fund increased by \$71,586 due to general fund appropriations adopted through the budget and interest income in the amount of \$1,586 earned during the year ended December 31, 2022.

Debt Service Fund: The debt service fund of the Fire District is used to account for repayment of long term debt. The debt service fund is a cash reserve financed from local property tax levies to pay the current year principal and interest outstanding on long term debt. During 2022 the debt service fund did not change as actual revenues were \$94,712, which is equal to the total anticipated budgeted revenues, and actual expenditures were \$94,712, which is equal to the total budgeted expenditures. As such, total inflows equaled total outflows for the debt service fund, resulting in not change in fund balance of \$0.

**General Fund Budgetary Highlights**

All budget line items are developed utilizing historical actual amounts that may or may not be incurred in the current year. The actual revenues of \$216,402 for the general fund exceeded the approved budget estimate of \$213,825 by \$2,577. The general fund approved budget estimate for expenditures of \$213,825 exceeded actual expenditures of \$191,825 by \$22,000, which accounts for total excess of revenues over expenditures of \$24,577. The most significant budgeted fund is the General Fund.

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**Capital Assets**

The Fire District's net investment in capital assets for its governmental activities as of December 31, 2022 amounts to a historical cost of \$3,627,190, \$2,066,089, net of accumulated depreciation. The net investment in capital assets includes land, building, firefighting equipment and vehicles. There were \$28,547 of capital asset purchases made during the year ended December 31, 2022. See table 3 below.

<b>TABLE 3</b>				
<b>Capital Assets, Net of Accumulated Depreciation</b>				
<b>As of December 31, 2022 &amp; 2021</b>				
	<b>2022</b>	<b>2021</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>
<b>Capital Assets</b>				
Land	\$ 270,293	\$ 270,293	\$ -	0%
Buildings & Improvements	1,467,547	1,516,809	(49,263)	-3%
Vehicles & Trucks	283,529	327,216	(43,687)	-13%
Machinery & Equipment	44,720	27,828	16,892	61%
<b>Total Capital Assets, Net</b>	<b>\$ 2,066,089</b>	<b>\$ 2,142,147</b>	<b>\$ (76,057)</b>	<b>-4%</b>
<b>Depreciation Expense</b>				
Buildings & Improvements	\$ 49,263	\$ 49,263	\$ -	0%
Vehicles & Trucks	43,687	42,600	1,087	3%
Machinery & Equipment	11,655	10,368	1,286	12%
<b>Total Depreciation Expense</b>	<b>\$ 104,604</b>	<b>\$ 102,231</b>	<b>\$ 2,373</b>	<b>2%</b>

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**Debt Administration & Long Term Obligations**

The Fire District had debt for its governmental activities as of December 31, 2022 in the amount of \$1,353,448. The outstanding debt relates to two construction loans financed from the United States Department of Agriculture (USDA). See table 4 below.

<b>TABLE 4</b>				
<b>Debt Administration &amp; Long Term Obligations</b>				
<b>As of December 31, 2022 &amp; 2021</b>				
	<b>2022</b>	<b>2021</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>
<b>Long Term Obligations</b>				
Construction Loans	\$ 1,353,448	\$ 1,399,575	\$ (46,127)	-3%
<b>Total Long Term Obligations</b>	<b>\$ 1,353,448</b>	<b>\$ 1,399,575</b>	<b>\$ (46,127)</b>	<b>-3%</b>
<b>Maturities</b>				
Due Within One Year	\$ 47,756	\$ 46,127	\$ 1,629	4%
Due Beyond One Year	1,305,693	1,353,448	(47,756)	-4%
<b>Total Maturities</b>	<b>\$ 1,353,448</b>	<b>\$ 1,399,575</b>	<b>\$ (46,127)</b>	<b>-3%</b>

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

For the 2023 year, the Fire District was able to sustain its budget through the district property tax levy as approximately 99% of the total anticipated budgeted revenues was derived from the local property tax levy. The 2023 budget was adopted on January 17, 2023 with unanimous vote by the Board of Fire Commissioners and further certified on February 18, 2023 by the State of New Jersey, Department of Community Affairs, Director of the Division of Local Government Services.

**Requests for Information**

This financial report is designed to provide a general overview of the Fire District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Buena Vista Township Fire District No. 2, East Vineland Volunteer Fire Company, PO Box 703, Buena, NJ 08310.

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Statement of Net Position*  
December 31,

	<b>Reference</b>	<b>2022</b>
<b>Assets</b>		
Cash & Cash Equivalents	<i>Exhibit C</i>	\$ 81,074
Restricted Assets:		
Cash & Cash Equivalents	<i>Exhibit C</i>	476,371
Investments: Certificates of Deposit		211,654
Investments: Length of Service Awards Program (LOSAP)	<i>Note 10</i>	520,596
Capital Assets, Net	<i>Note 6</i>	2,066,089
<b>Total Assets</b>		<b>\$ 3,355,784</b>
<b>Liabilities</b>		
Accounts Payable		\$ 34,577
Other Non Current Liabilities (LOSAP)	<i>Note 10</i>	520,596
Notes Payable:		
Due Within One Year	<i>Note 8</i>	47,756
Due Beyond One Year	<i>Note 8</i>	1,305,693
<b>Total Liabilities</b>		<b>1,908,622</b>
<b>Net Position</b>		
Net Investment in Capital Assets	<i>Schedule 3</i>	712,641
Restricted for:		
Debt Service	<i>Schedule 3</i>	-
Capital Projects	<i>Schedule 3</i>	609,588
Unrestricted	<i>Schedule 3</i>	124,934
<b>Total Net Position</b>		<b>1,447,162</b>
<b>Total Liabilities &amp; Net Position</b>		<b>\$ 3,355,784</b>

**BOARD OF COMMISSIONERS**  
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*Statement of Activities*  
For The Year Ended December 31,

	<b>Reference</b>	<b>2022</b>
<b>Program Expenses</b>		
<b>Operating Appropriations</b>		
Administration		\$ 22,283
Cost of Operations & Maintenance		122,705
Duly Incorporated Rescue Squad Association		20,000
Length of Service Awards Program: Contribution (P.L. 1997, c. 388)		26,836
<b>Total Operating Appropriations</b>	<i>Schedule 2</i>	<b>191,825</b>
Interest Expense on Capital Debt		48,585
Depreciation Expense	<i>Note 6</i>	104,604
<b>Total Program Expenses</b>		<b>345,014</b>
 <b>Program Revenues</b>		
Operating Grants & Contributions		657
<b>Total Program Revenues</b>		<b>657</b>
 <b>Net Program Revenue/(Expense)</b>		 <b>(344,357)</b>
 <b>General Revenues</b>		
District Property Taxes:		
Levied for General Purposes	<i>Schedule 4</i>	206,750
Levied for Debt Service	<i>Schedule 5</i>	94,712
Levied for Capital Projects	<i>Schedule 6</i>	70,000
Interest Income		1,705
Rental Income		8,894
Return of LOSAP Fund Forfeitures		35,923
<b>Total General Revenues</b>		<b>417,983</b>
 <b>Change in Net Position</b>		 <b>73,626</b>
 <b>Net Position: Beginning</b>	<i>Schedule 3</i>	 1,373,536
 <b>Net Position @ December 31,</b>	<i>Schedule 3</i>	 <b>\$ 1,447,162</b>

**BOARD OF COMMISSIONERS**  
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*Statement of Cash Flows*  
For The Year Ended December 31,

	<b>Reference</b>	<b>2022</b>
<b>Cash Flows From Operating Activities</b>		
District Property Taxes Levied & Received	<i>Schedule 2</i>	\$ 371,462
Operating Grants Received		657
Payments to Vendors & Suppliers		(172,867)
Other Receipts/(Payments):		
Length of Service Awards Program Benefits		(23,332)
Rental Income		8,894
Return of LOSAP Fund Forfeitures		35,923
<b>Cash Provided/(Used) from Operating Activities</b>		<b>220,737</b>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>		
Principal Paid on Capital Debt	<i>Note 8</i>	(46,127)
Interest Paid on Capital Debt		(48,585)
Purchases of Capital Assets	<i>Schedule 3</i>	(28,547)
<b>Cash Provided/(Used) from Capital &amp; Related Financing Activities</b>		<b>(123,259)</b>
<b>Cash Flows from Investing Activities</b>		
Certificates of Deposit Renewals		312,117
Certificates of Deposit Maturities		(312,967)
Interest & Dividends		1,705
<b>Cash Provided/(Used) from Investing Activities</b>		<b>854</b>
<b>Net Cash Provided/(Used)</b>		<b>98,332</b>
<b>Cash &amp; Cash Equivalents: Beginning</b>		<b>459,113</b>
<b>Cash &amp; Cash Equivalents @ December 31,</b>		<b>\$ 557,444</b>
<b>Reconciliation of Cash &amp; Equivalents</b>		
Cash & Cash Equivalents		\$ 81,074
Cash & Cash Equivalents: Restricted		476,371
<b>Total Cash &amp; Cash Equivalents</b>		<b>\$ 557,444</b>
<b>Reconciliation of Change in Net Position to Cash Flows From Operating Activities</b>		
Change in Net Position	<i>Exhibit B</i>	\$ 73,626
Capital Debt Interest Expense Included in Change in Net Position		48,585
Interest Income Included in Change in Net Position		(1,705)
Adjustments for Non Cash Items:		
Depreciation Expense	<i>Note 6</i>	104,604
Increase/(Decrease) in Cash From Accounts Payable		(4,374)
<b>Cash Provided/(Used) from Operating Activities</b>		<b>\$ 220,737</b>

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Combined Balance Sheet:*  
*Governmental Funds & Other Aggregate Balances*  
December 31, 2022

	General Fund	Capital Projects Fund	Net Investment in Capital Assets	Total Governmental Funds & Aggregate Balances
<b>Assets</b>				
Cash & Cash Equivalents	\$ 159,511	\$ 397,934	\$ -	\$ 557,444
Investments: Certificates of Deposit	-	211,654	-	211,654
Investments: LOSAP	520,596	-	-	520,596
Capital Assets, Net	-	-	2,066,089	2,066,089
<b>Total Assets</b>	<b>\$ 680,107</b>	<b>\$ 609,588</b>	<b>\$ 2,066,089</b>	<b>\$ 3,355,784</b>
<b>Liabilities &amp; Net Position</b>				
<b>Liabilities</b>				
LOSAP Payable	\$ 26,836	\$ -	\$ -	\$ 26,836
Accounts Payable	7,741	-	-	7,741
Funds Held in Trust: LOSAP	520,596	-	-	520,596
Notes Payable	-	-	1,353,448	1,353,448
<b>Total Liabilities</b>	<b>555,173</b>	<b>-</b>	<b>1,353,448</b>	<b>1,908,622</b>
<b>Net Position</b>				
Restricted:				
Capital Projects	-	609,588	-	609,588
Assigned:				
General Fund:				
LOSAP: Contribution (P.L. 1997, c. 388)	51,601	-	-	51,601
Unassigned:				
General Fund	73,333	-	-	73,333
Net Investment in Capital Assets	-	-	712,641	712,641
<b>Total Net Position</b>	<b>124,934</b>	<b>609,588</b>	<b>712,641</b>	<b>1,447,162</b>
<b>Total Liabilities &amp; Net Position</b>	<b>\$ 680,107</b>	<b>\$ 609,588</b>	<b>\$ 2,066,089</b>	<b>\$ 3,355,784</b>



**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**

*Statement of Revenues, Expenditures & Changes in Fund Balances:*  
*Governmental Funds*  
For the Year Ended December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Amount to be Raised by Taxation to Support the District Budget	\$ 206,750	\$ 94,712	\$ 70,000	\$ 371,462
Operating Grant Revenue	657	-	-	657
Interest Income	101	-	1,586	1,687
Rental Income	8,894	-	-	8,894
<b>Total Revenues</b>	<b>216,402</b>	<b>94,712</b>	<b>71,586</b>	<b>382,699</b>
<b>Expenditures</b>				
<b>Operating Appropriations</b>				
<b>Administration</b>				
Miscellaneous Expense	2,220	-	-	2,220
Office Expense	6,203	-	-	6,203
Professional Fees	13,860	-	-	13,860
<b>Total Administration</b>	<b>22,283</b>	<b>-</b>	<b>-</b>	<b>22,283</b>
<b>Operations &amp; Maintenance</b>				
Advertising	527	-	-	527
Insurance	17,352	-	-	17,352
Maintenance & Repairs	50,748	-	-	50,748
Training & Physicals	1,826	-	-	1,826
Uniforms & Protective Gear	27,315	-	-	27,315
Utilities & Phone	24,938	-	-	24,938
<b>Total Operating &amp; Maintenance</b>	<b>122,705</b>	<b>-</b>	<b>-</b>	<b>122,705</b>
<b>Duly Incorporated Rescue Squad Association</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>
<b>Length of Service Awards Program Contribution</b>	<b>26,836</b>	<b>-</b>	<b>-</b>	<b>26,836</b>
<b>Subtotal</b>	<b>191,825</b>	<b>-</b>	<b>-</b>	<b>191,825</b>
<b>Debt Service Principal &amp; Interest</b>	<b>-</b>	<b>94,712</b>	<b>-</b>	<b>94,712</b>
<b>Total Expenditures</b>	<b>191,825</b>	<b>94,712</b>	<b>-</b>	<b>286,537</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ 24,577</b>	<b>\$ -</b>	<b>\$ 71,586</b>	<b>\$ 96,163</b>

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**

*Statement of Revenues, Expenditures & Changes in Fund Balances:*  
*Governmental Funds*  
For the Year Ended December 31, 2022

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

Excess of Revenues Over Expenditures (From Previous Page)	\$ 96,163
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Capital outlays are reported in governmental funds as expenditures. However, in the *Statement of Activities*, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the reporting period.

Capital Outlays	46,127
Depreciation Expense	(104,604)
<b>Total</b>	<b>(58,477)</b>

Governmental funds report certain activity related to the length of service awards program and capital projects as restricted revenues and expenses, whereas such activity is a component of the length of service awards and/or specific

General Fund:	
Return of LOSAP Fund Forfeitures	35,923
Interest Income: LOSAP	18
<b>Total</b>	<b>35,941</b>

<b>Change in Net Position of Governmental Activities per Exhibit B</b>	<b>\$ 73,626</b>
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**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Statement of Revenues, Expenditures & Changes in Balances:*  
*Governmental Funds & Other Aggregate Balances*  
For the Year Ended December 31, 2022

	<b>LOSAP</b>	<b>Unassigned</b>	<b>Total General Fund</b>
<b>Fund Balance: Beginning</b>	\$ 12,496	\$ 80,467	\$ 92,963
Current Year Amounts Raised for LOSAP	30,000	(30,000)	-
Distributions to be made to Qualified Retirement Plans for Volunteer Firefighters	(26,836)	26,836	-
Interest Earned	18	-	18
Return of LOSAP Fund Forfeitures	35,923	-	35,923
Purchases of Capital Assets	-	(28,547)	(28,547)
Excess of Revenues over Expenditures	-	24,577	24,577
<b>Fund Balance @ December 31, 2022</b>	<b>\$ 51,601</b>	<b>\$ 73,333</b>	<b>\$ 124,934</b>

	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Net Investment in Capital Assets</b>	<b>Total Governmental Funds &amp; Aggregate Balances</b>
<b>Fund Balance: Beginning</b>	\$ -	\$ 538,002	\$ 742,571	\$ 1,373,536
Depreciation Expense	-	-	(104,604)	(104,604)
Amounts Provided for Principal Reduction	-	-	46,127	46,127
Interest Earned	-	-	-	18
Return of LOSAP Fund Forfeitures	-	-	-	35,923
Purchases of Capital Assets	-	-	28,547	-
Excess of Revenues over Expenditures	-	71,586	-	96,163
<b>Fund Balance @ December 31, 2022</b>	<b>\$ -</b>	<b>\$ 609,588</b>	<b>\$ 712,641</b>	<b>\$ 1,447,162</b>

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Notes to Financial Statements*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Board of Fire Commissioners Fire District Number 2, Buena Vista Township, Atlantic County, East Vineland Volunteer Fire Company (hereafter referred to as the ‘Fire District’) have been prepared to conform with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Description of Reporting Entity & Fire District Board of Commissioners**

The Fire District is a political subdivision of the Buena Vista Township, Atlantic County, New Jersey. It was formed through adoption of an ordinance in accordance with *N.J.S.A. 40A:14-70* of the State of New Jersey to provide fire protection services to the residents of the Buena Vista Township, 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 on the third Saturday of February.

Fire Districts are governed by *N.J.S.A. 40A:14-70 et al.* and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting services to the residents within its territorial location. The primary criterion for including activities within the Fire District’s reporting entity, as set forth in Section 2100 of the Governmental Account Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Fire District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, No. 80 and No. 90, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. The Fire District had no component units for the year ended December 31, 2022.

The financial statements include all funds of the Fire District over which the Board of Commissioners exercises operating control.

The Fire District is governed by a board of five commissioners. The following commissioners were in office at December 31, 2022.

<u>Name</u>	<u>Position</u>	<u>Surety Bond</u>
David Ricci	Chairman	\$ 20,000
Wayne Corsiglia	Secretary	\$ 20,000
Ronald Ruggeri	Treasurer	\$ 20,000
Mark Panco	Commissioner	\$ -
Lonnie Ricci	Commissioner	\$ -

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Notes to Financial Statements*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-wide & Fund Financial Statements**

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

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

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

**Measurement Focus, Basis of Accounting & Financial Statement Presentation**

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

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

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

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Notes to Financial Statements*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The Fire District reports the following major government funds:

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

Capital Projects Fund: The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, such as firehouses and firefighting apparatus. Generally, the financial resources of the capital projects fund are derived from the issuance of debt or by the reservation of fund balance, which must be authorized by the taxpayers 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 resources that will be used to service long term debt liabilities.

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

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

**Budgets & Budgetary Accounting**

The Fire District must adopt an annual budget in accordance with *N.J.S.A. 40A:14-78.1 et al.* The fire commissioners must introduce and approve the annual budget no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire 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, except for provisions allowed by *N.J.S.A. 40A:14-78.5*.

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

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

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Notes to Financial Statements*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets & Budgetary Accounting (Continued)**

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

The budget, as detailed on Schedules 4, 5 and 6, includes all amendments and modifications to the adopted budget as approved by the Board of Commissioners.

Schedule 7 presents a reconciliation of the general, capital projects and debt service fund revenues and expenditures from the budgetary basis of accounting as presented in the fund budgetary comparison schedules to the GAAP basis of accounting as presented in the *Statement of Revenues & Expenditures: Budget to Actual: General Fund*, *Statement of Revenues & Expenditures: Budget to Actual: Capital Projects Fund* and *Statement of Revenues & Expenditures: Budget to Actual: Debt Service Fund*. Note that the Fire District does not report encumbrances outstanding at year end as expenditures in the government funds since the approved budget follows the modified accrual basis of accounting.

**Encumbrances**

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

Encumbered appropriations carry over into the subsequent year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the adopted budget by the outstanding encumbrance amount as of the current year end.

**Deferred Outflows & Deferred Inflows of Resources**

The *Statement of Net Position* reports separate line items for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, if applicable are reported after total assets and represent a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, if applicable are reported after total liabilities and represent an increase of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Fire District did not report any deferred outflows of resources or deferred inflows of resources as of December 31, 2022.

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Notes to Financial Statements*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash, Cash Equivalents & Investments**

Cash and equivalents include petty cash, change funds, cash in banks, and all highly liquid investments, including certificates of deposits, with a maturity of three months or less as of the end of the financial reporting period. Certificates of deposit are stated at cost plus accrued interest, which approximates fair value.

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

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

Public funds are defined as the funds of any governmental unit. Public depositories include state or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, are available to pay the amount of their deposits to the governmental units.

**Inventories**

Inventories recorded on the government-wide financial statements are recorded as expenses when consumed rather than purchased. The Fire District did not have any inventory at year end December 31, 2022.

**Interfund Transactions & Activity**

Interfund receivables and payables represent amounts that are owed, other than charges for goods or services rendered to or from a particular fund within the Fire District, and that are due within one year. Such balances are eliminated in the *Statement of Net Position* to minimize the grossing up of internal balances. The Fire District did not report any interfund receivables or payables as of December 31, 2022.

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources or uses in governmental funds. Reimbursements from funds responsible for the particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements. During the year ended December 31, 2022, the Fire District transferred the following interfund and aggregate balances.

<b>Fund Name / Aggregate Balance</b>	<b>Interfund Transfer Out</b>	<b>Interfund Transfer In</b>
General Fund	\$ 28,547	\$ -
Net Investment in Capital Assets	-	28,547
<b>Total</b>	<b>\$ 28,547</b>	<b>\$ 28,547</b>



**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Notes to Financial Statements*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and governmental fund financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2022. The Fire District did not report any prepaid expenses at year end December 31, 2022.

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

**Capital Assets**

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

The Fire District's capitalization policy threshold is \$5,000. Other costs incurred for repairs and maintenance are expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives: (1) 40 years for buildings, (2) 5-10 years for improvements, (3) 10 years for equipment and (4) 10-15 years for fire trucks and vehicles.

*N.J.S.A 40A:14-94* governs the procedures for the acquisition of property and equipment for Fire Districts, and *N.J.S.A. 40A:14-85 through N.J.S.A. 40A:14-87* governs procedures for the issuance of any debt related to such purchases. In summary, Fire Districts may purchase firefighting apparatus and equipment, land and/or buildings to house such property in an amount not exceeding 5 mills on the dollar of the last assessed valuation of property within the district upon the approval of the legal voters. Debts may be issued up to \$60,000 or 2 percent of the assessed valuation of property, whichever is larger.

The Fire District does not possess any infrastructure assets. See *Note 6* for the schedule of capital assets related activity for the year ended December 31, 2022.

**Accrued Liabilities & Long Term Obligations**

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

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied and is recorded as a liability until the revenue is both measurable and the Fire District can realize the revenue. During the year ended December 31, 2022, the Fire District recognized no revenues derived from prior year unearned revenues.

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Notes to Financial Statements*

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

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

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

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

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

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

**Fund Equity & Balances**

In accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Fire District reports fund balances in classifications that comprise a hierarchy based primarily on the extent to which the Fire District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Fire District's classifications and determination policies as are follows:

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

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

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

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

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Equity & Balances (Continued)**

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

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

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Revenues & Expenditures**

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

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

**Fire District Taxes**

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

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

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**NOTE 2: CONCENTRATIONS**

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

**NOTE 3: CUSTODIAL CREDIT RISK RELATED TO DEPOSITS**

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

As of December 31, 2022, the Fire District's bank balances totaling \$785,622 were exposed to custodial credit risk. The total amount of \$785,622 is insured by FDIC and GUDPA. See below for reconciliation from the Fire District's bank balances to the amount reported on the *Statement of Net Position*.

Cash in Bank	\$ 336,920
Certificates of Deposit	448,702
<b>Bank Balance @ December 31, 2022</b>	<b>785,622</b>
<i>Plus:</i> Deposits in Transit	-
<i>Less:</i> Outstanding Checks	16,524
<b>Book Balance @ December 31, 2022</b>	<b>\$ 769,098</b>

**NOTE 4: RISK MANAGEMENT**

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

**NOTE 5: PROPERTY TAX LEVIES**

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

Year Ended	Assessed Valuation	Total Tax Levy	Tax Rate
Dec. 31, 2022	\$ 158,813,200	\$ 371,462	0.234%
Dec. 31, 2021	\$ 159,856,200	\$ 378,433	0.237%
Dec. 31, 2020	\$ 158,871,300	\$ 364,921	0.230%
Dec. 31, 2019	\$ 156,896,000	\$ 353,043	0.225%
Dec. 31, 2018	\$ 166,462,300	\$ 334,045	0.201%

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**NOTE 6: CAPITAL ASSETS**

The following is a schedule of capital assets and related activity for the year ended December 31, 2022.

<b>Capital Asset Class</b>	<b>Balance @ Dec. 31, 2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance @ Dec. 31, 2022</b>
Land	\$ 270,293	\$ -	\$ -	\$ 270,293
Buildings & Improvements	1,967,881	-	-	1,967,881
Vehicle & Trucks	1,212,117	-	-	1,212,117
Machinery & Equipment	148,352	28,547	-	176,899
<b>Total Capital Assets @ Cost</b>	<b>3,598,643</b>	<b>28,547</b>	<b>-</b>	<b>3,627,190</b>
<i>Less: Accumulated Depreciation</i>	1,456,496	104,604	-	1,561,100
<b>Total Capital Assets, Net</b>	<b>\$ 2,142,147</b>	<b>\$ (76,057)</b>	<b>\$ -</b>	<b>\$ 2,066,089</b>

Depreciation expense of \$104,604 was charged to governmental functions and is separately presented on the *Statement of Activities*.

**NOTE 7: FUND BALANCES APPROPRIATED: GENERAL FUND (UNASSIGNED DESIGNATION)**

The 2023 annual budget of the Fire District was adopted on January 17, 2023 by the Board of Fire Commissioners. The following presents the total fund balance of the general fund (unassigned designation) as of the end of the last five years and the amount utilized in the subsequent year's budget.

<b>Year Ended</b>	<b>Balance</b>	<b>Utilization in Subsequent Budget</b>
Dec. 31, 2022	\$ 73,333	\$ -
Dec. 31, 2021	\$ 92,963	\$ -
Dec. 31, 2020	\$ 47,444	\$ 2,954
Dec. 31, 2019	\$ 63,454	\$ 63,454
Dec. 31, 2018	\$ 64,079	\$ 64,079

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**NOTE 8: LONG TERM OBLIGATIONS**

The following changes occurred in long term obligations for governmental activities during the year ended December 31, 2022.

Obligation Description	Balance @ Dec. 31, 2021	Additions	Deductions	Balance @ Dec. 31, 2022	Due Within One Year	Due Beyond One Year
<b>Notes Payable</b>						
USDA 001 (\$1,347,000)	\$ 1,077,285	\$ -	\$ 35,503	\$ 1,041,783	\$ 36,756	\$ 1,005,026
USDA 002 (\$403,000)	322,290	-	10,624	311,666	10,999	300,667
<b>Total Notes Payable</b>	<b>1,399,575</b>	<b>-</b>	<b>46,127</b>	<b>1,353,449</b>	<b>47,756</b>	<b>1,305,693</b>
<b>Other Non Current Liabilities</b>						
Length of Service Awards Program	706,316	26,836	212,555	520,596	-	520,596
<b>Total Other Non Current Liabilities</b>	<b>706,316</b>	<b>26,836</b>	<b>212,555</b>	<b>520,596</b>	<b>-</b>	<b>520,596</b>
<b>Total Long Term Obligations</b>	<b>\$ 2,105,891</b>	<b>\$ 26,836</b>	<b>\$ 258,682</b>	<b>\$ 1,874,045</b>	<b>\$ 47,756</b>	<b>\$ 1,826,290</b>

The United States Department of Agriculture purchased on December 5, 2012 the Fire District's general obligation bonds for a total amount of \$1,750,000, as shown above within notes USDA 001 and USDA 002. This financing represented construction loans totaling \$1,750,000, subject to an annual interest rate of 3.50% with repayment terms over 30 years. Payments are due semiannually on the 26<sup>th</sup> day of April and October terminating on October 26, 2042, unless the principal amount is paid sooner. The following is a schedule of repayments.

Year Ended	Principal	Interest	Total
December 31,			
2023	\$ 47,756	\$ 46,956	\$ 94,712
2024	49,442	45,270	94,712
2025	51,187	43,525	94,712
2026	52,994	41,718	94,712
2027	54,865	39,847	94,712
2028 - 2042	1,097,204	322,155	1,419,359
	<b>\$ 1,353,448</b>	<b>\$ 539,471</b>	<b>\$ 1,892,919</b>

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

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**NOTE 9: FUND BALANCES**

The following is a summary of the various fund balances as reported on the *Combined Balance Sheet: Governmental Funds & Other Aggregate Balances*:

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

- Restricted for Debt Service: This restricted fund balance is used to account for the resources that are used in order to pay down long term outstanding notes payable as described in *Note 7*. The restricted fund balance for debt service as of December 31, 2022 was \$0.
- Restricted for Capital Projects: This restricted fund balance is to be used for purchases or capital expenditures in future year(s). When the Fire District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Commissioners prior to any expenditure appropriated within the district budget. The restricted fund balance for capital projects totaled \$609,588 as of December 31, 2022.

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

- Length of Service Awards Program Contribution Designation: The Length of Service Awards Program shall provide for fixed annual contributions to a deferred income account for each volunteer member that meets the criteria of the program. Amounts deferred under the program and all income attributed to the reserve are the exclusive property of the Fire District, subject to the claims of its general creditors. Participants' rights under the plan are equal to those of a general creditor of the Fire District in an amount equal to the fair market value of the deferred account for each participant. It is unlikely that the Fire District would use plan assets to satisfy claims of the general creditors in the future. The LOSAP contribution for the year ended December 31, 2022 was \$26,836. Additionally, there was a return of length of service awards program forfeitures of \$35,923 in 2022, resulting fund balance as of December 31, 2022 of \$51,601.

Unassigned: As stated in *Note 1*, the unassigned fund balance classification represents the fund balance that has not been restricted, committed or assigned to specific purposes. The Fire District's unassigned general fund balance as of December 31, 2022 was \$73,333.

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**NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM**

Plan Description: The Fire District's Length of Service Awards Program (LOSAP), which is a defined contribution plan reported in the Fire District's general fund was created by a Fire District Resolution adopted pursuant to Section 457 (e)(11)(B) of the Internal Revenue Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The accumulated assets of the LOSAP plan are not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 68, *Accounting and Financial Reporting for Pension: An Amendment of GASB Statement No. 27*.

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

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating volunteers and not be accessible by the Fire District or its creditors. Pursuant to *N.J.S.A 40A:14-187*, all accumulated proceeds shall remain restricted for the volunteer members. As of December 31, 2022, the tax deferred income LOSAP plan accumulated earnings balance was \$520,596.

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

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

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



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**NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM (CONTINUED)**

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

The Fire District elected to contribute an average of \$1,579 per eligible volunteer (17 eligible volunteers), into the LOSAP plan for the year ended December 31, 2022 and incurred an aggregate expense of \$26,836 as presented on the *Statement of Activities*. Participants direct the investment of the contributions into various investment options offered by the LOSAP plan. The Fire District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the LOSAP plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

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

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

Payment of Benefits: Upon separation from volunteer service, retirement, disability, termination of the LOSAP plan or financial hardship, a participant may withdrawal funds via lump sum, periodic payments or annuity payments without IRS penalty. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participants estate. In the event of an unforeseeable emergency, as outlined in the LOSAP plan document, a participant or beneficiary entitled to the vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2022, LOSAP payment of benefits totaled \$39,065.

Forfeitures & Forfeited Accounts: During the year ended December 31, 2022 there were six participants whom received payment of benefits that were forfeited and returned back to the Fire District. The total aggregate forfeited amount of \$35,923 was deposited back into the LOSAP general fund designation. This amount is shown within the *Statement of Activities*, under the caption *Return of LOSAP Fund Forfeitures*.

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

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

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**NOTE 10: LENGTH OF SERVICE AWARDS PROGRAM (CONTINUED)**

As stated above the LOSAP plan accumulated earnings balance at December 31, 2022 was \$520,596, which consisted of the following balances and classifications below.

<b>Total Investments as of December 31, 2022</b>			
<u>Description</u>	<u>Balance</u>	<u>Measurement</u>	<u>Reference</u>
Mutual Funds	\$ 430,193	Fair Value	Note 11
Fixed Account	90,404	Contract Value	Note 12
<b>Total Investments</b>	<b><u>\$ 520,596</u></b>		

**NOTE 11: FAIR VALUE MEASUREMENTS**

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

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

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

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

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

At December 31, 2022, the Fire District's investments consisted of certificates of deposit and mutual funds reported at fair value and a fixed account related to a fully-benefit responsive investment contract (*Note 12*) that is reported at contract value.

Mutual Funds: Mutual funds are considered level 1 inputs as they are valued at the daily closing price as reported by the fund on the active market.

Certificates of Deposit: Certificates of Deposit are considered level 2 inputs as they are valued at cost, plus accrued interest, which approximates fair value. Market-linked certificates of deposits are valued on the basis of the performance of the underlying asset.

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**NOTE 11: FAIR VALUE MEASUREMENTS**

The following table sets forth, by level, within the fair value hierarchy, the Fire District's assets at fair value at December 31, 2022.

<b>Investments at Fair Value as of December 31, 2022</b>				
<b>Description</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds (LOSAP)	\$ 430,193	\$ -	\$ -	\$ 430,193
Certificates of Deposit	-	448,702	-	448,702
<b>Total Investments at Fair Value</b>	<b>\$ 430,193</b>	<b>\$ 448,702</b>	<b>\$ -</b>	<b>\$ 878,895</b>

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

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

*Investment Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Fire District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Local Government investment pools;
- Bonds or other obligations of the Fire District or bonds or other obligations of the local unit or units within which the Fire District is located and agreements to repurchase of fully collateralized securities;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Fire District;
- Deposits with the State of New Jersey Cash Management Fund established pursuant section 1 of P.L. 1977, c.281; or
- Agreements for repurchase of fully collateralized securities.

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**NOTE 12: CONTRACT VALUE MEASUREMENTS**

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

The Fire District's LOSAP plan held a fully benefit-responsive investment contract with Lincoln totaling \$90,404 as of December 31, 2022. Lincoln maintains contributions in individual and group deferred annuity contracts (Fixed Accounts) registered with the Securities and Exchange Commission, that provide for investment options for retirement plans including a Fixed Account. The Fixed Accounts are issued by Lincoln which guarantee a minimum fixed rate of interest as specified in the contract. Interest is credited daily and the interest crediting rate is declared on a quarterly basis. The Fixed Accounts are guaranteed against loss of principal, minus all withdrawals, including charges and adjustments. The guarantee is based on Lincoln's ability to meet its financial obligations from general assets.

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

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

**NOTE 13: RELATED PARTY TRANSACTIONS**

The Fire District entered into related party transactions totaling \$6,500 during the year ended December 31, 2022, which relates to professional service fees incurred by the Fire District from Fabieti, Hale, Hammerstedt & Powers, CPA, PA where a relative of the Fire District's chairman is an officer and partner.

**NOTE 14: CONTINGENT LIABILITIES**

The Fire District is subject to claims and lawsuits which arise primarily in the course of business. The Fire District does not anticipate any losses with respect to such existing or pending claims and lawsuits at December 31, 2022.

**NOTE 15: SUBSEQUENT EVENTS**

The Fire District has evaluated subsequent events through November 8, 2023, the date which the financial statements were available to be issued.

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*Statement of Revenues & Expenditures:*  
*Budget to Actual: General Fund*  
For the Year Ended December 31, 2022

	<b>General Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
<b>Anticipated Revenues</b>			
Amount to be Raised by Taxation to Support the District Budget	\$ 206,750	\$ 206,750	\$ -
Rental Income	6,875	8,894	2,019
Interest Income	200	101	(99)
<b>Total Anticipated Revenues</b>	<b>213,825</b>	<b>215,745</b>	<b>1,920</b>
<b>Non-Budgetary Revenues</b>			
Operating Grant Revenue			
Supplemental Fire Services Grant (P.L. 1985, Ch. 295)	-	657	657
<b>Total Non-Budgetary Revenues</b>	<b>-</b>	<b>657</b>	<b>657</b>
<b>Total Revenues</b>	<b>213,825</b>	<b>216,402</b>	<b>2,577</b>
<b>Expenditures</b>			
<b>Operating Appropriations</b>			
<b>Administration</b>			
Miscellaneous Expense	3,000	2,220	(780)
Office Expense	5,500	6,203	703
Professional Fees	13,625	13,860	235
<b>Total Administration</b>	<b>22,125</b>	<b>22,283</b>	<b>158</b>
<b>Operations &amp; Maintenance</b>			
Advertising	300	527	227
Insurance	20,000	17,352	(2,648)
Maintenance & Repairs	52,000	50,748	(1,252)
Training & Physicals	5,000	1,826	(3,174)
Uniforms & Protective Gear	44,400	27,315	(17,085)
Utilities & Phone	20,000	24,938	4,938
<b>Total Operations &amp; Maintenance</b>	<b>141,700</b>	<b>122,705</b>	<b>(18,995)</b>
<b>Duly Incorporated Rescue Squad Association</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>
<b>Length of Service Awards Program Contribution</b>	<b>30,000</b>	<b>26,836</b>	<b>(3,164)</b>
<b>Total Expenditures</b>	<b>213,825</b>	<b>191,825</b>	<b>(22,000)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ -</b>	<b>\$ 24,577</b>	<b>\$ 24,577</b>

**BOARD OF COMMISSIONERS  
FIRE DISTRICT NUMBER 2  
Buena Vista Township, Atlantic County  
East Vineland Volunteer Fire Company**

*Statement of Revenues & Expenditures:  
Budget to Actual: Debt Service Fund  
For the Year Ended December 31, 2022*

	<b>Debt Service Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
<b>Anticipated Revenues</b>			
Amount to be Raised by Taxation to Support the District Budget	\$ 94,712	\$ 94,712	\$ -
<b>Total Anticipated Revenues</b>	<b>94,712</b>	<b>94,712</b>	<b>-</b>
<b>Non-Budgetary Revenues</b>			
<b>Total Non-Budgetary Revenues</b>	-	-	-
<b>Total Revenues</b>	<b>94,712</b>	<b>94,712</b>	<b>-</b>
<b>Expenditures</b>			
<b>Operating Appropriations</b>			
Principal Payment on Capital Debt	46,127	46,127	-
Interest Payment on Capital Debt	48,585	48,585	-
<b>Total Expenditures</b>	<b>94,712</b>	<b>94,712</b>	<b>-</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**BOARD OF COMMISSIONERS  
FIRE DISTRICT NUMBER 2  
Buena Vista Township, Atlantic County  
East Vineland Volunteer Fire Company**

*Statement of Revenues & Expenditures:  
Budget to Actual: Capital Projects Fund  
For the Year Ended December 31, 2022*

	<b>Capital Projects Fund</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
<b>Anticipated Revenues</b>			
Amount to be Raised by Taxation to Support the District Budget	\$ 70,000	\$ 70,000	\$ -
<b>Total Anticipated Revenues</b>	<b>70,000</b>	<b>70,000</b>	<b>-</b>
<b>Non-Budgetary Revenues</b>			
Interest Income	-	1,586	1,586
<b>Total Non-Budgetary Revenues</b>	<b>-</b>	<b>1,586</b>	<b>1,586</b>
<b>Total Revenues</b>	<b>70,000</b>	<b>71,586</b>	<b>1,586</b>
<b>Expenditures</b>			
<b>Operating Appropriations</b>			
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ 70,000</b>	<b>\$ 71,586</b>	<b>\$ 1,586</b>

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Notes to the Required Supplementary Information:*  
*Budgetary vs. GAAP Basis*  
For the Year Ended December 31, 2022

**Notes to the Required Supplementary Information**

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

	<b>Total Governmental Funds</b>
	<b>Funds</b>
<b>Sources &amp; Inflows of Resources:</b>	
Actual Amounts (Budgetary Basis) "Total Revenue"	
From the Budgetary Comparison Schedules (Schedules 4 & 5)	\$ 382,699
Total Revenues as reported on the <i>Statement of Revenues,</i> <i>Expenditures &amp; Changes in Fund Balances: Governmental Funds</i> (Schedule 2)	382,699
Variance	\$ -
<b>Uses &amp; Outflows of Resources:</b>	
Actual Amounts (Budgetary Basis) "Total Expenditures"	
From the Budgetary Comparison Schedules (Schedules 4 & 5)	\$ 286,537
Total Expenditures as reported on the <i>Statement of Revenues,</i> <i>Expenditures &amp; Changes in Fund Balances: Governmental Funds</i> (Schedule 2)	286,537
Variance	\$ -



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

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

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

Board of Commissioners  
Fire District Number 2  
Buena Vista Township, Atlantic County  
East Vineland Volunteer Fire Company  
Buena, New Jersey 08310

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in compliance with audit requires as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. The financial statements of the governmental activities and the aggregate remaining fund information of the Board of Commissioners, Fire District Number 2, Buena Vista Township, Atlantic County, East Vineland Volunteer Fire Company (hereafter referred to as the 'Fire District'), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued our report thereon dated November 8, 2023.

**Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance & Other Matters**

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

## **Purpose of this Report**

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

  
*Martini & Martini, CPA, PA*

Vineland, NJ  
November 8, 2023

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Schedule of Current Year Audit Findings*  
December 31, 2022

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

**Financial Statements**

There were no current year findings.

**Federal Awards**

There were no current year findings.

**State Awards**

There were no current year findings.

**BOARD OF COMMISSIONERS**  
**FIRE DISTRICT NUMBER 2**  
**Buena Vista Township, Atlantic County**  
**East Vineland Volunteer Fire Company**  
*Schedule of Prior Year Audit Findings*  
December 31, 2022

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

**Financial Statements**

There were no prior year findings.

**Federal Awards**

There were no prior year findings.

**State Awards**

There were no prior year findings.

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## GENERAL COMMENTS & RECOMMENDATIONS

Board of Commissioners  
Fire District Number 2  
Buena Vista Township, Atlantic County  
East Vineland Volunteer Fire Company  
Buena, New Jersey 08310

We have examined the financial statements of the Board of Commissioners Fire District Number 2, Buena Vista Township, Atlantic County, East Vineland Volunteer Fire Company (hereafter referred to as the 'Fire District') as of and for the year ended December 31, 2022 and have issued our report thereon dated November 8, 2023. As part of our examination, we made a study and evaluation of the system of internal accounting control of the Fire District to the extent we deemed necessary to evaluate the system as required by auditing standards generally accepted in the United States of America.

The purpose of our study and evaluation was to determine the nature, timing, and extent of performing the auditing procedures for expressing an opinion on the financial statements. Our study and evaluation were more limited than would be necessary to express an opinion on the system of internal control taken as a whole.

Management of the Fire District is responsible for establishing and maintaining a system on internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements.

Because of the inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of accounting control of the Fire District taken as a whole.

These conditions were considered in determining the nature, timing and extent of audit tests to be applied in our examination of the financial statements, and this report does not affect our December 31, 2022 audit report on the financial statements dated November 8, 2023.

*Martini & Martini*  
Martini & Martini, CPA, PA

Vineland, NJ  
November 8, 2023