

**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 4**

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2022

**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 4**

REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2022

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**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 4**
**REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2022**

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FINANCIAL SECTION



CERTIFIED PUBLIC ACCOUNTANTS

MATTHEW J. PREZIOSI, MS, CPA

STEVE P. MENZONI, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners
Township of Buena Vista
Fire District No. 4
Milmay, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Buena Vista Fire District No. 4, in the County of Atlantic, State of New Jersey 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 each major fund of the Township of Buena Vista Fire District No. 4, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. 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 Township of Buena Vista Fire District No. 4 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 opinions.

Responsibilities of 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Township of Buena Vista Fire District No. 4'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.

Auditor's Responsibilities 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 opinions. 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, 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 Township of Buena Vista Fire District No. 4'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 Township of Buena Vista Fire District No. 4'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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2023, on our consideration of the Township of Buena Vista Fire District No. 4's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Township of Buena Vista Fire District No. 4's internal control over financial reporting and compliance.

PREZIOSI ACCOUNTING SERVICES, LLC

Matthew J. Preziosi
Certified Public Accountant
Vineland, NJ
February 6, 2023



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

To the Board of Fire Commissioners
Township of Buena Vista
Fire District No. 4
Milmay, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities and each major fund of the Township of Buena Vista Fire District No. 4, in the County of Atlantic, State of New Jersey as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township of Buena Vista Fire District No. 4's basic financial statements, and have issued our report thereon dated February 6, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Buena Vista Fire District No. 4's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of Buena Vista Fire District No. 4's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

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

PREZIOSI ACCOUNTING SERVICES, LLC



Matthew J. Preziosi
Certified Public Accountant
Vineland, NJ
February 6, 2023

REQUIRED SUPPLEMENTARY INFORMATION
Part I

**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 4**

**Management's Discussion and Analysis
Year Ended December 31, 2022
(Unaudited)**

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

**Buena Vista Township
Fire District No. 4
Statement of Activities**

	For the Years Ended December 31,	
	2022	2021
Expenses:		
Operating Appropriations		
Administration	\$ 15,444	\$ 15,067
Cost of Operations and Maintenance	68,696	61,411
Operating Appropriations	8,000	8,000
Unallocated Depreciation	3,930	3,930
Total Program Services	96,070	88,408
General Revenue:		
Taxes		
Levied for General Purposes	117,960	87,500
State Aid Unrestricted	326	326
Unrestricted Investment Income	43	1
Miscellaneous Income	12,900	9,825
Total General Revenues	131,229	97,652
Increase in Net Position	35,159	9,244
Net Position, January	346,728	337,484
Net Position December 31	\$ 381,887	\$ 346,728

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The actual expenditures of the general fund were \$92,140, which is below the original budget estimate of \$107,960.

**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 4**

**Management's Discussion and Analysis
Year Ended December 31, 2022
(Unaudited)**

As management of the Township of Buena Vista Fire District No. 4 (Fire District) we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities of the Fire District for the year ended December 31, 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 to enhance their understanding of the Fire District's financial performance.

FINANCIAL HIGHLIGHTS

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

Key financial highlights for 2022 are as follows:

- In total, net position increased by \$35,159, and resulted in an ending net position of \$ 381,887, or an increase of 10.1 percent.
- Total revenues for the governmental activity were \$131,229.
- Total spending for the governmental activity was \$96,070 for the year.
- The District did not incur any capital expenditures in 2022.
- The District reserved \$20,000 for future capital expenditures in 2022.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Fire District's basic financial statements. The Fire District's basic financial statements comprise of three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

District-Wide Financial Statements

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

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

The Statement of Activities presents information showing how the Fire District's net position changed during the most recent year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

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

**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 4**

**Management's Discussion and Analysis
Year Ended December 31, 2022
(Unaudited)**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. The Fire District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fire District constitute one fund type, governmental funds.

Governmental Funds

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

Notes to the Financial Statements

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

District-wide Financial Analysis

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

**Buena Vista Township
Fire District No. 4
Net Position**

	December 31,	
	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 260,039	\$ 220,950
Capital Assets	<u>121,848</u>	<u>125,779</u>
Total Assets	<u>381,887</u>	<u>346,728</u>
Long-term Liabilities Outstanding		
Other Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	121,848	125,779
Restricted	105,431	85,431
Unrestricted	<u>154,608</u>	<u>135,519</u>
Total Net Position	<u>\$ 381,887</u>	<u>\$ 346,728</u>

**BUENA VISTA TOWNSHIP
FIRE DISTRICT NO. 4**

**Management's Discussion and Analysis
Year Ended December 31, 2022
(Unaudited)**

Capital Assets

The Fire District's investment in capital assets for its governmental activities as of December 31, 2022 amounts to \$121,848 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and apparatus, and equipment. More detailed information about the District's capital assets is presented in the notes to financial statements.

Debt Administration

The District had no long term financial obligations outstanding at year end.

Contacting the District's Financial Management

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

Buena Vista Township Fire District No. 4
PO Box 90
Milmay, NJ 08340

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Statement of Net Position
December 31, 2022

ASSETS

Cash and Cash Equivalents	\$	154,608
Cash Capital Reserve		105,431
Prepaid Expense		
Capital Assets; net of accumulated depreciation		121,848

Total Assets		381,887
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LIABILITIES

Accounts Payable	\$	-
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Total Liabilities		-
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NET POSITION

Investment in Capital Assets; net of related debt	\$	121,848
Restricted		
Capital Reserve		105,431
Unrestricted		154,608

Total Net Position	\$	381,887
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TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Statement of Activities
Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET REVENUES (EXPENSES) GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS	
Governmental Activities				
Administrative	\$ 15,444	\$ -	\$ -	\$ (15,444)
Operating and Maintenance	68,696			(68,696)
Appropriations for Duly Incorporated Rescue Squad	8,000			(8,000)
Depreciation	3,930			(3,930)
Interest on Long-Term Debt				-
Total Governmental Activities	<u>\$ 96,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(96,070)</u>
General Revenues				
Local Tax Levy				117,960
Unrestricted Aid				326
Interest Earned				43
Miscellaneous				12,900
Total General Revenues				<u>131,229</u>
Change in Net Position				35,159
Net Position; January 1				<u>346,728</u>
Net Position; December 31				<u>\$ 381,887</u>

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Governmental Funds
Balance Sheet
December 31, 2022

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
ASSETS					
Cash and Cash Equivalents	\$ 154,608	\$ -	\$ -	\$ -	\$ 154,608
Cash Capital Reserve			105,431		105,431
Prepaid Expenses					-
Total Assets	<u>\$ 154,608</u>	<u>\$ -</u>	<u>\$ 105,431</u>	<u>\$ -</u>	<u>\$ 260,039</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted					
Capital Reserves			105,431		105,431
Assigned					
Subsequent Year's Expenditures					-
Unassigned	154,608				154,608
Total Fund Balances	<u>154,608</u>	<u>-</u>	<u>105,431</u>	<u>-</u>	<u>260,039</u>
Total Liabilities and Fund Balances	<u>\$ 154,608</u>	<u>\$ -</u>	<u>\$ 105,431</u>	<u>\$ -</u>	<u>\$ 260,039</u>

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Reconciliation of the Statement of the Governmental Fund Balance Sheet
to the District - Wide Statement of Net Assets
December 31, 2022

Total Fund Balances Governmental Funds \$ 260,039

Amounts Reported for Governmental Activity in the Statement of
Activities are different because:

Capital assets used in Governmental Activities are not current financial
resources and, therefore, are not reported in the Governmental
Funds Balance Sheet 121,848

Long-Term liabilities are not due and payable in the current period and,
therefore, are not reported in the Governmental Funds Balance Sheet -

Total Net Position Governmental Activities \$ 381,887

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
Year Ended December 31, 2022

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
REVENUES					
Local Revenues					
Local Tax Levy	\$ 117,960	\$ -	\$ -	\$ -	\$ 117,960
Interest on Investments	43				43
Miscellaneous	12,900				12,900
Total Local Revenues	<u>130,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,903</u>
Federal and State					
State Revenues	326				326
Total Federal and State	<u>326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326</u>
Total Revenues	<u>131,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,229</u>
EXPENDITURES					
Administrative	15,444				15,444
Operating and Maintenance	68,696				68,696
Appropriation for Duly Incorporated Rescue Squad	8,000				8,000
Capital Outlay					-
Total Expenditures	<u>92,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,140</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,089	-	-	-	39,089
Other Financing Sources (Uses)					
Capital Reserve	(20,000)		20,000		-
Net Changes in Fund Balance	19,089	-	20,000	-	39,089
Fund Balances; January 1	<u>135,519</u>		<u>85,431</u>		<u>220,950</u>
Fund Balances; December 31	<u>\$ 154,608</u>	<u>\$ -</u>	<u>\$ 105,431</u>	<u>\$ -</u>	<u>\$ 260,039</u>

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2022

Net Change in Fund Balance-Governmental Fund	\$	39,089
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Amounts Reported for Governmental Activity in the Statement of Activities is Different because:

Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation Expense		(3,930)
Capital Outlay Expenditures		

Governmental Funds report Debt Service payments as expenditures. However, in the Statement of Activities, repayment of principal of indebtedness reduces long-term liabilities in the statement of net assets.

Principal Payments on Long-Term Debt		-
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Governmental Funds report Interest on Long-Term Debt when the interest payment is due. However, in the Statement of Activities, interest on Long-Term Debt is accrued.

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

Debt Issued		-
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Change in Net Position of Governmental Activities	\$	35,159
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NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

Fire District No. 4 of the Township of Buena Vista (District) is a political subdivision of the Township of Buena Vista, Atlantic County, New Jersey. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

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

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

Component Units

In evaluating how to define the District for financial reporting purposes, management has considered all potential units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB No. 39, Determining Whether Certain Organizations are Component Units, and GASB No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion from reporting entity is the existence of special financial relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within reporting entity.

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial statements of the District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with provisions of N.J.A.C. 5:31-7-1. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

The basic financial statements report using the economic resources management focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. The tax revenues are recognized in the year for which they are levied while the grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon thereafter, within 60 days of the end of the fiscal year.

District-Wide Statements

The district-wide financial statements include statement of net position and the statement of activities. These statements report financial information of the District as a whole excluding the fiduciary activities. All inter-fund activity has been eliminated in the statement of activities. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

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

Fund Financial Statements

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories; governmental, proprietary and fiduciary. For the District, only one category of funds exists, that being governmental.

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types:

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

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

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

Capital Projects Fund – The Capital Projects Fund is used to account for 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 voters as a separate question of 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 general long-term debt.

Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflow of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

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

Basis of Accounting

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

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

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

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

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

Budgets and Budgetary Accounting

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

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

Amendments may be made to the Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval.

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

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

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

Cash and Cash Equivalents

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

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

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

Use of Estimates

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

Capital Assets

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

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

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Compensated Absences

The District does not have compensated absences.

Encumbrances

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

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

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

Long-Term Obligations

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

Net Position

Net position represents the difference between the summation of assets and the deferred outflows of resources, and the 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 borrowings used for 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

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

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

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

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

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

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

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

Interfund Transactions

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

TOWNSHIP OF BUENA VISTA FIRE DISTRICT NO. 4
Notes to Financial Statements
Year Ended December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

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

Fire District Taxes

Upon the proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be raised in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

Impact of Recently Issued Accounting Principles

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92 "Omnibus 2020." This statement effective for fiscal periods beginning after June 15, 2021, is not expected to have any effect on the District's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93 "Replacement of Interbank Offered Rates." This statement effective for fiscal periods beginning after June 15, 2020, is not expected to have any effect on the District's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Applications." This statement effective for fiscal periods beginning after June 15, 2022, is not expected to have any effect on the District's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." This statement, effective immediately, is not expected to have any effect on the District's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96 "Subscription Based Information Technology Arrangements." This statement effective for fiscal periods beginning after June 15, 2022, is not expected to have any effect on the District's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This statement, effective immediately, is not expected to have any effect on the District's financial reporting.

In October 2021, the Governmental Accounting Standards Board (GASB) issued Statement No. 98 "The Annual Comprehensive Financial Report." This statement, effective immediately, is not expected to have a significant impact on the District's financial reporting.