

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(With Independent Auditor's Report Thereon)

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2

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MIDDLE TOWNSHIP FIRE DISTRICT NO. 2

**INDEPENDENT AUDITOR'S REPORTS
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2011



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Middle Township Fire District #2
Rio Grande, New Jersey

We have audited the accompanying financial statements of the governmental activities of the Middle Township Fire District #2, Township of Middle, County of Cape May, State of New Jersey, as of and for the year ended December 31, 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Middle Township Fire District #2's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with audit standards prescribed by the Local Finance Board and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, of the Middle Township Fire District #2, Township of Middle, County of Cape May, State of New Jersey, as of December 31, 2011, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America and prescribed by the Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2012, on our consideration of the Middle Township Fire District #2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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, 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

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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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Middle Township Fire District #2's financial statements as a whole. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

HOLMAN & FRENIA, P.C.
HOLMAN & FRENIA, P. C.
Certified Public Accountants

Medford, New Jersey
April 13, 2012



Certified Public Accountants & Consultants

**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**

Board of Fire Commissioners
Middle Township Fire District #2
Rio Grande, New Jersey

We have audited the financial statements of the governmental activities of Middle Township Fire District #2, Township of Middle, County of Cape May, State of New Jersey, as of and for the fiscal year ended December 31, 2010, and have issued our report thereon dated April 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with audit standards prescribed by the Local Finance Board and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Middle Township Fire District #2's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Middle Township Fire District #2's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Middle Township Fire District #2's internal control over financial reporting.

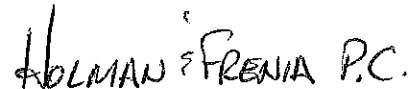
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying *General Comments* section as Finding No's: 2011-01, 2011-02, and 2011-03 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Middle Township Fire District #2's financial statements are free of 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 three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and which is described in the accompanying *General Comments* section as Findings No's: 2011-01, 2011-02, and 2011-03.

This report is intended solely for the information and use of the Middle Township Fire District #2's management and members, others within the entity, and the Division of Local Government Services, state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


HOLMAN & FRENIA, P. C.
Certified Public Accountants

Medford, New Jersey
April 13, 2012

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

The District provides fire protection services to Middle Township. The District is a separate government body known as a Special District and is governed by an elected board of Commissioners. Fire districts are governed by *N.J.S.A.40A:14-70* et al. and organized as a taxing authority charged with the responsibility of providing resources necessary to provide fire-fighting services to the residents within its territorial location. This section of the District's financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended.

Description of the Basic Financial Statements

The financial statements consist of the following parts: Management's discussion and analysis; the basic financial statements consisting of government-wide financial statements, and fund financial statements (governmental and fiduciary); notes to the financial statements; and required supplementary information.

The basic government-wide and fund financial statements present the financial results on different methods of accounting. Included in the financial statements are reconciliations that explain the difference between the two methods.

Government-wide financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Net Assets (Exhibit A-1) and Statement of Activities (Exhibit A-2). The Statement of Net Assets reports all assets and liabilities, both financial and capital, and short-term and long-term of the District. The Statement of Activities reports all revenue and expenses during the year, regardless of when cash is received or paid. This form of reporting is new this fiscal year and will continue in the future.

Governmental funds financial statements are prepared on the modified accrual basis of accounting and current financial resources focus. This the traditional form for our financial statements. The required financial statements are: Balance Sheet (Exhibit B-1) and Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit B-2). The Balance Sheet shows only assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during or soon after the end of the year.

Reconciliation of the Governmental Fund Balance Sheet to the Government-wide Statement of Net Assets (Exhibit B-1) explains the differences between the two balance sheets. Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities, traces the change in fund balances to the change in net assets report in Exhibit B-2A.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities as the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term in-flows and out-flow of spendable resources, as well as on balances of spendable resources available at the end of the year.

The District maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and LEA fund, all of which are considered major funds.

Fiduciary Fund

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The District’s fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Expendable Trust Fund

An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include: Length of Service Award Program

Condensed Government-wide Financial Data

	2011	2010
ASSETS:		
Unrestricted Current Assets	\$ 504,099	\$ 252,970
Fixed Assets, Net of Accumulated Depreciation	<u>1,201,110</u>	<u>1,420,096</u>
Total Assets	<u>1,705,209</u>	<u>1,673,066</u>
LIABILITIES:		
Current Liabilities	<u>16,341</u>	<u>39,172</u>
Total Liabilities	<u>16,341</u>	<u>39,172</u>
NET ASSETS:		
Invested in Capital Assets, Net of Accumulated Depreciation & Related Debt	1,201,110	1,420,096
Restricted Net Assets	276,355	54,269
Unrestricted Net Assets	<u>211,403</u>	<u>159,529</u>
Total Net Assets	<u>1,688,868</u>	<u>1,633,894</u>
Total Liabilities and Net Assets	<u>\$1,705,209</u>	<u>\$1,673,066</u>

	2011	2010
Expenditures Governmental Activities, Net of Program Revenues	\$(608,628)	\$(679,289)
General Revenues:		
Property Taxes	540,500	539,800
Interest Income	878	1,474
Other Income	14,824	18,416
Adjustment to Fixed Asset Valuation	<u>107,400</u>	<u>-</u>
Total General Revenues	<u>663,602</u>	<u>559,690</u>
Change in Net Assets	<u>\$ 54,974</u>	<u>\$(119,599)</u>

Financial Analysis of the District as a Whole

The District's net assets increased by \$54,974 for the fiscal year ended December 31, 2011, or approximately 3.36%. Of the \$1,688,868 in net assets, \$1,201,110 is invested in capital assets (net of accumulated depreciation and related debt).

Financial Analysis of the District's Funds

Governmental fund balances increased by \$273,960 from the prior year primarily due to the District's reduction in appropriations.

Budgetary Highlights

Total General Fund revenues were \$38,032 or 6.64% more than budgeted due to revenue from an excess revenues from permits and LEA Rebates as well as forfeitures from LOSAP reserves for disqualified volunteers.

Total General Fund expenditures were \$281,228 or 45.52% less than the amount budgeted. This was primarily due to reservation of fund balance for future capital needs.

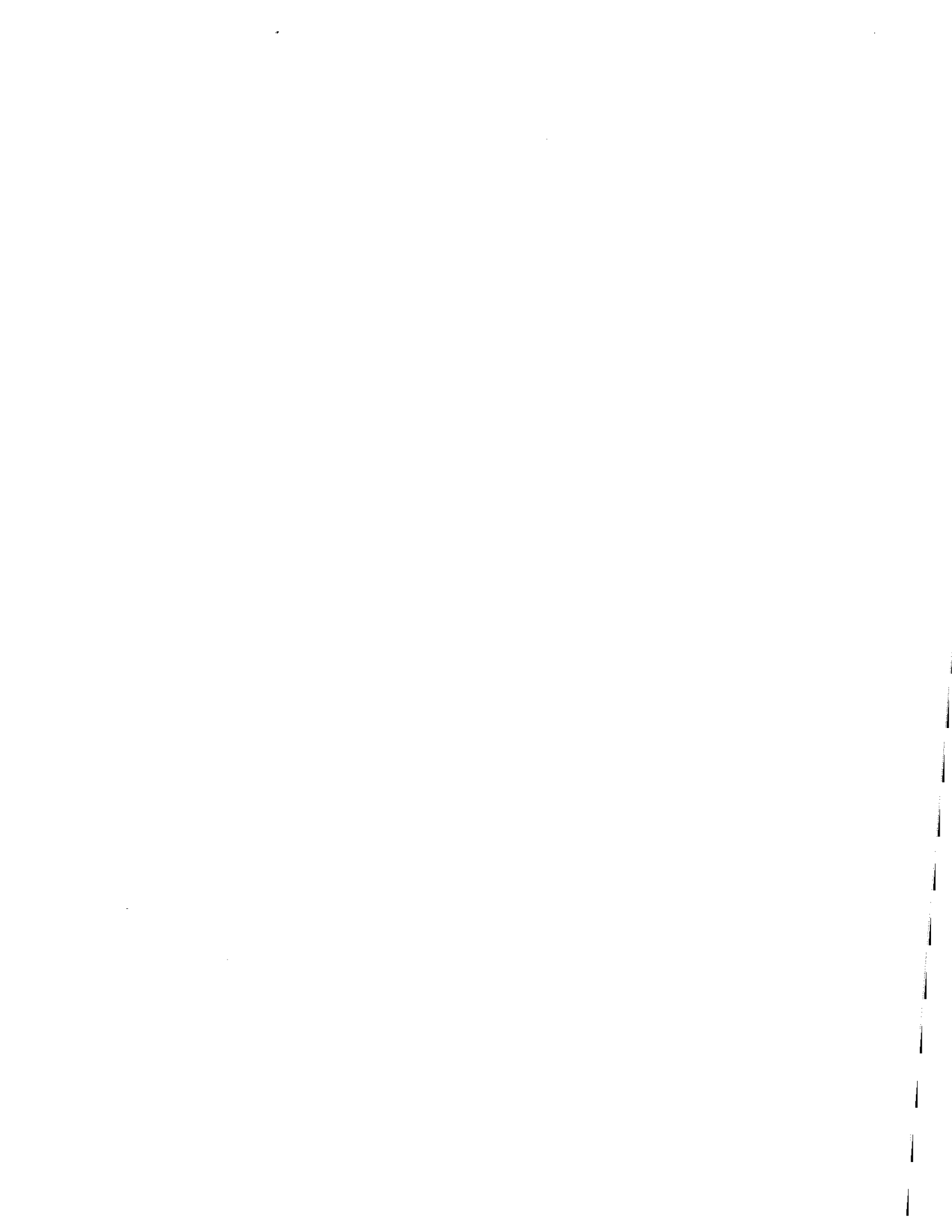
Economic Factors and Next Year's Budget

The District's main source of revenue is property taxes. The District expects property tax revenues to decrease 0.68% for the fiscal year ending December 31, 2012.

Budgeted expenditures are expected to increase 24.9% to \$771,800. This is due primarily to a planned purchase of a Brush Truck and Command Vehicle.

Contacting the District's Financial Management

This financial statement is designed to provide a general overview of the District's finances. If you have questions about this financial statement or need additional financial information, contact the District's office at P.O. Box 151, Rio Grande, New Jersey 08242.



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

A. Government -Wide Financial Statements

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
STATEMENT OF NET ASSETS
DECEMBER 31, 2011
(With Comparative Totals for December 31, 2010)

ASSETS	GOVERNMENTAL ACTIVITIES	
	(Memorandum Only)	
	DECEMBER 2011	DECEMBER 2010
Unrestricted Assets:		
Cash	\$504,099	252,970
Total Unrestricted Assets	504,099	252,970
Property Plant & Equipment (See Note 6):		
Property, Plant & Equipment (Net)	1,201,110	1,420,096
Total Assets	1,705,209	1,673,066
LIABILITIES		
Current Liabilities:		
Accounts Payable	16,341	39,172
Total Liabilities	16,341	39,172
NET ASSETS		
Invested in Capital Assets, Net of Accumulated Depreciation & Related Debt	1,201,110	1,420,096
Restricted Net Assets:		
Capital Outlay	220,000	
New Truck & Equipment	32,864	32,864
Disability Fund	21,448	21,405
LEA	2,043	
Unrestricted Net Assets:		
Unrestricted	166,403	114,229
Unrestricted - Dedicated for Subsequent Year	45,000	45,300
Total Net Assets	\$1,688,868	1,633,894

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

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
COMPARATIVE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011
(With Comparative Totals for December 31, 2010)

FUNCTION PROGRAM	EXPENSES	CHARGES FOR SERVICES	GOVERNMENTAL ACTIVITIES	
			(Memorandum Only)	
			DECEMBER 2011	DECEMBER 2010
Governmental Activities:				
Fire Protection:				
Administration	\$24,566		(24,566)	(29,421)
Cost of Providing Services	309,006	54,330	(254,676)	(303,821)
Depreciation	329,386		(329,386)	(346,047)
			<hr/>	<hr/>
Total Governmental Activities	662,958	54,330	(608,628)	(679,289)
General Revenues:				
District Tax			540,500	539,800
Interest on Investments			878	1,474
Other			14,824	18,416
Adjustment for Fixed Assets Valuation			107,400	
			<hr/>	<hr/>
Total General Revenues			663,602	559,690
Changes in Net Assets			54,974	(119,599)
Net Assets - Beginning of the Year			1,633,894	1,753,493
			<hr/>	<hr/>
End of the Year			\$1,688,868	1,633,894

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

B. Fund Financial Statements

Governmental Funds

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
GOVERNMENTAL FUND
BALANCE SHEET
DECEMBER 31, 2011
(With Comparative Totals for December 31, 2010)

	GOVERNMENTAL	TOTALS	
	TYPE FUNDS	(Memorandum Only)	
	GENERAL FUND	DECEMBER 2011	DECEMBER 2010
Assets:			
Cash & Investments	\$504,099	504,099	252,970
Total Assets	\$504,099	504,099	252,970
Liabilities & Fund Balances:			
Liabilities:			
Accounts Payable	\$16,341	16,341	39,172
Total Liabilities	16,341	16,341	39,172
Fund Balances:			
Unassigned	166,403	166,403	114,229
Assigned - Designated for Subsequent Year	45,000	45,000	45,300
Restricted for:			
Capital Outlay	220,000	220,000	
New Truck & Equipment	32,864	32,864	32,864
Disability Fund	21,448	21,448	21,405
LEA	2,043	2,043	
Total Fund Balances	487,758	487,758	213,798
Total Liabilities & Fund Balances	\$504,099	504,099	252,970

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported as assets in the governmental funds.

Total Historical Cost of Capital Assets	\$2,637,980	\$2,527,580
Less: Accumulated Depreciation	(1,436,870)	(1,107,484)
Net Assets (Exhibit A-2)	\$1,688,868	\$1,633,894

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

**MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2011
(With Comparative Totals for December 31, 2010)**

	GOVERNMENTAL	TOTALS	
	TYPE FUNDS	(Memorandum Only)	
	GENERAL FUND	DECEMBER 2011	DECEMBER 2010
Miscellaneous Revenues:			
Interest on Investments	\$878	878	1,474
Registration Fees & Fines	54,330	54,330	22,426
Sale of Assets			132,000
Other	14,824	14,824	18,416
Total Miscellaneous Revenues	70,032	70,032	174,316
Total Revenues	70,032	70,032	174,316
Amount to be Raised by Taxation to Support the District Budget	540,500	540,500	539,800
Total Anticipated Revenues	610,532	610,532	714,116
Expenditures:			
Administration	24,566	24,566	29,421
Cost of Operations	288,906	288,906	298,747
Capital Appropriations			818,577
Length of Service Award Program	23,100	23,100	27,500
Total Expenditures	336,572	336,572	1,174,245
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	273,960	273,960	(460,129)
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	273,960	273,960	(460,129)
Beginning Fund Balance	213,798	213,798	673,927
Ending Fund Balance	\$487,758	487,758	213,798

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

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net Change in Fund Balances - Governmental Funds (Exhibit B-2)	\$273,960
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Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different as follows:

Government funds report Capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year.

Add: Capital Additions	3,000
Add: Fixed Asset Valuation Adjustment	107,400
Less: Current Year Depreciation Expense	<u>(329,386)</u>

Change in Net Assets of Governmental Activities (Exhibit A-2)	<u><u>\$54,974</u></u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

Fiduciary Funds



**MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011
(With Comparative Totals for December 31, 2010)**

	LENGTH OF SERVICE AWARD PROGRAM	TOTALS	
		DECEMBER 2011	DECEMBER 2010 <small>(Memorandum Only)</small>
ASSETS			
Restricted Assets:			
Investments	\$201,341	201,341	205,874
Total Restricted Assets	201,341	201,341	205,874
Total Assets	201,341	201,341	205,874
NET ASSETS			
LOSAP Reserves Invested On Behalf of Participating Volunteers	201,341	201,341	205,874
Total Net Assets	\$201,341	201,341	205,874

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

**MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011
(With Comparative Totals for December 31, 2010)**

	LENGTH OF SERVICE AWARD PROGRAM	TOTALS	
		(Memorandum Only)	
		DECEMBER 2011	DECEMBER 2010
Contributions:			
General Fund Budget Appropriation	\$23,100	23,100	27,500
Total Contributions	23,100	23,100	27,500
Investment Earnings			
Appreciated Value on Restricted Investments	346	346	18,982
Total Investment Earnings	346	346	18,982
Total Additions	23,446	23,446	46,482
Expenditures:			
Investment Fees on Restricted Investments	1,848	1,848	1,050
Withdrawal of Investments by Participants	12,185	12,185	6,250
Forefeitures	13,946	13,946	6,250
Total Expenditures	27,979	27,979	13,550
Change in Net Assets	(4,533)	(4,533)	39,182
Net Assets, January 1	205,874	205,874	166,692
Net Assets, December 31	\$201,341	201,341	205,874

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

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2

NOTES TO FINANCIAL STATEMENTS

**MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Note 1. General Information

Description of Reporting Entity

Fire District No.2 of the Township of Middle is a political subdivision of the Township of Middle, Cape May County, New Jersey. It was formed through the adoption of a Township ordinance. A board of 5 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. are organized as a taxing authority charge with the responsibility of providing the resources necessary to provide fire-fighting services to the residents within its territorial location.

Middle Township Fire District No. 2 is not a component unit of any other financial reporting entity nor does the Fire District have any component units to be presented in accordance with Governmental Accounting Standards Board Statement No. 14.

District Officials

The District is governed by a Board of five Commissioners. The following were in office at December 31, 2011:

Officials	Term Expires March
Salvatore DeSimone – Chairman	2013
Matthew Mattera – Vice Chairman	2012
Jean Zimmerman – Secretary	2014
Connie Johnson – Treasurer	2013
Robert Zimmerman – Commissioner	2013

Accounting Records

The official accounting records of the District are maintained in the office of Middle Township Fire District No. 2.

Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2. Significant Accounting Policies

Change in Accounting Principles – During the year ended December 31, 2011, the District maintained their records in accordance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.

Statement No. 34 establishes certain reporting requirements that are designed to make governmental annual reports more comprehensive. Statement No. 34 also requires that management’s discussion and analysis, an overview to the Group’s financial activities, be presented before the financial statements are required supplementary information.

a. Basis Of Accounting and Measurement Focus – The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts, which include its assets, liabilities, fund equities, revenues and expenses or expenditures. The District uses a chart of accounts based on the uniform accounting system prescribed by the State Controller.

b. Financial Statements

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental activities for the District.

The basic financial statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets, and long-term liabilities are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Governmental Fund Financial Statements

The District’s Government Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance for all major governmental funds and non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the Government-Wide financial statements.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2. Significant Accounting Policies (continued):

current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the different measurement focus and basis of accounting.

Accordingly, the Fire District accounts for its financial transactions through the use of the following funds and account groups when applicable:

Governmental Funds:

General Fund -- The General Fund is the general operating fund of the Fire District and is used to account for its inflows and outflows of financial resources. The acquisition of certain capital assets, such as fire fighting apparatus and equipment, is accounted for in the General Fund when it is responsible for the financing of such purposes.

Special Revenue Fund -- The Special Revenue Fund is used to account for the proceeds of specific revenues sources, such as state or federal government grants and appropriations that are legally restricted to expenditures for specified purposes.

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 fire houses and fire fighting 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 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 general long-term debt.

Trust and Agency Fund -- The Trust and Agency Fund is used to account for assets held by the Fire District on behalf of outside parties, including other governments, or on behalf of other funds within the Fire District.

Budgets and Budgetary Accounting

The Fire District must adopt an annual budget in accordance with *N.J.S.A.40A:14-78* 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 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:4-78.3*. The budget may not be amended subsequent to its final adoption and approval.

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2. Significant Accounting Policies (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 financial statements.

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.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds, and cash in banks. All certificates of deposit are recorded as cash regardless of the date of maturity. 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 its investments, which may be purchased by Fire Districts.

The Governmental Unit Deposit Protection Act, P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C-17:9-44 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or F.S.L.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such express by eligible collateral with a market value at least equal to 100% of such excess.

Inventories and Prepaid Expenses – Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase.

Debt Limitation – *N.J.S.A.40A:14-84* 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

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2. Significant Accounting Policies (continued):

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.

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 or 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.

Capital Assets – Capital Assets, which include land, building, improvements, and equipment, are reported in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The District has set capitalization thresholds for reporting capital assets of \$2,000.

Depreciation is recorded on the straight-line method over the useful lives of the assets as follows:

Station and Improvements	40 Years
Equipment	10 Years
Mobile Equipment	10 Years

Inventory, Materials, and Supplies – The inventory on hand at any time is small. Accordingly, purchases are charged directly to fixed assets or to maintenance costs, as applicable.

Fund Balance Reserve – Fund balance reserves indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use.

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 expenses during the reporting period. Actual results could differ from those estimates.

Unrealized Gains and Losses – Governmental Accounting Standards Board (GASB) has established GASB-31, which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of December 31, 2011 the unrealized gains for the District were not considered to be material to the financial statements taken as a whole, and accordingly, has not been reflected in the financial statements.

**MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Note 2. Significant Accounting Policies (continued):

Subsequent Events – Fire District No. 2 of the Township of Middle has evaluated subsequent events occurring after December 31, 2011 through the date of April 13, 2012, which is the date the financial statements were available to be issued.

Note 3. Cash and Cash Equivalents

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$504,099</u>
Total Deposits	<u>\$504,099</u>

Reconciliation to Governmental Fund Statements:

Governmental Funds	<u>\$504,099</u>
Total	<u>\$504,099</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of December 31, 2011, the District's bank balance of \$531,636 was insured or collateralized as follows:

Insured	\$497,534
Collateralized in the District's Name	
Under GUDPA (See Note 5)	<u>34,102</u>
Total	<u>\$531,636</u>

Note 4. Investments

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Fire District will not be able to recover the value of its investments or collateral securities that are in the 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 or the counterparty's trust department or agent but not in the Fire District's name. All of the District's investments are held in the name of the District and are collateralized by GUDPA.

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 4. Investments (continued):

B. 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. Maturities of investments held at December 31, 2011, are provided in the above schedule.

As of December 31, 2011, the Fire District had the following investments and maturities:

C. Investment Credit Risk

The Fire District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- 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;
- 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;
- 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;
- Local Government investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or

Agreements for the repurchase of fully collateralized securities.

Investment

LOSAP Investment Account	<u>\$201,341</u>
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MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 5. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2010 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

**MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Note 5. Governmental Unit Deposit Protection Act (GUDPA) (continued):

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 6. Property Tax Levies

Following is a tabulation of Fire District assessed valuation, tax levies and property tax rates per \$100.00 of assessed valuations for the current year:

Year	Assessed Valuations	Total Tax Levy	Property Tax Rates
2011	\$671,010,200	\$540,500	\$0.08

Note 7. Changes in Fixed Assets

Fixed assets as of December 31, 2011 consisted of the following:

	Balance December 31, 2010	Additions	Deletions	Balance December 31, 2011
Truck	\$1,486,580		\$ -	\$1,486,580
Equipment	1,041,000	\$ 110,400		1,151,400
Subtotal	<u>2,527,580</u>	<u>110,400</u>		<u>2,637,980</u>
Less:				
Accumulated Depreciation	<u>(1,107,484)</u>	<u>(329,386)</u>		<u>(1,436,870)</u>
Total	<u>\$1,420,096</u>	<u>\$(218,986)</u>	<u>\$ -</u>	<u>\$1,201,110</u>

Note 8. LOSAP Program

The LOSAP Program, more commonly known as the Length of Service Award Program was put into effect on January 19, 1998 by Governor Whitman. The LOSAP Program is a voluntary system established to provide tax-deferred income benefits to active volunteer members of an emergency service organization. The tax-deferred income benefits for emergency service volunteers come from contributions made solely by the governing body of the Fire District. For 2011, the District contributed \$23,100 into the LOSAP Program. The market value of the investment as of December 31, 2011 was \$201,341.

MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 9. Risk Management

The District is exposed to various risks of loss relation to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. Fire District No. 2 of the Township of Middle is insured with an Accident & Sickness Policy in addition to being covered by the Atlantic County Municipal Joint Insurance Fund.

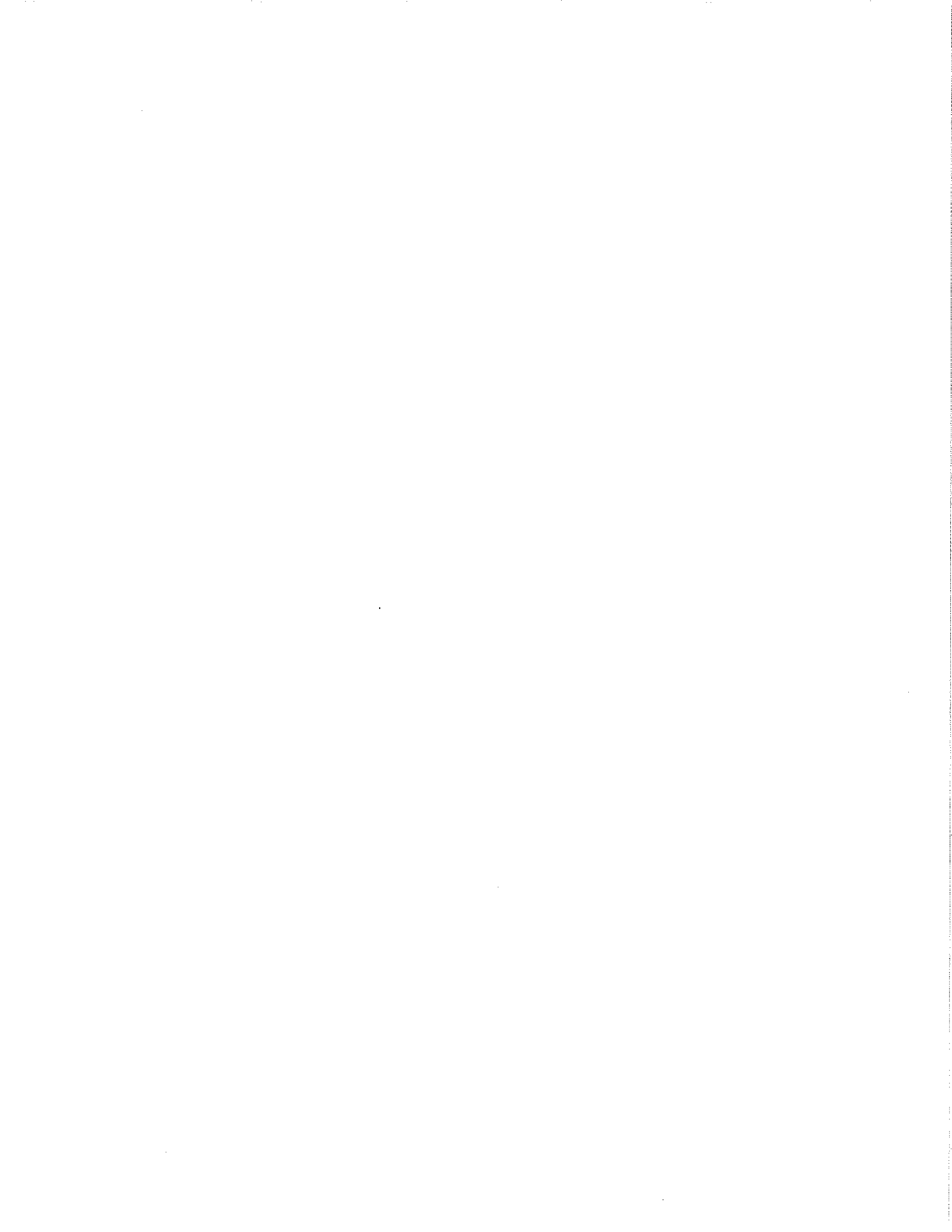
Note 10. GASB #54 Fund Balance Disclosures

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, Middle Township Fire District No.2 classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules



MIDDLE TOWNSHIP FIRE DISTRICT NO. 2
BUDGETARY COMPARISON SCHEDULE
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	FINAL BUDGET	ADJUSTED FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Miscellaneous Revenues:				
Interest on Investments			878	878
Registration Fees & Fines	\$32,000	32,000	54,330	22,330
Other			14,824	14,824
Total Miscellaneous Revenues Anticipated	32,000	32,000	70,032	38,032
Amount to be Raised by Taxation to Support the District Budget	540,500	540,500	540,500	
Total Revenues	572,500	572,500	610,532	38,032
EXPENDITURES				
Operating Appropriations:				
Administration:				
Salaries and Wages	16,000	16,000	14,000	2,000
Professional Services	10,000	10,000	8,840	1,160
Advertisements	300	300	201	99
Elections	1,000	1,000	612	388
Office Expenses	2,500	2,500	913	1,587
Total Administration	29,800	29,800	24,566	5,234
Cost of Operations:				
Insurance	50,000	50,000	43,582	6,418
Other Operating Materials	100,000	100,000	92,208	7,792
Fire Hydrant Rentals or Services	50,000	50,000	41,325	8,675
Supplies	2,000	2,000		2,000
Training & Education	3,000	3,000	1,869	1,131
Travel Expenses	2,000	2,000		2,000
Gas & Oil	10,000	10,000	7,527	2,473
Utilities	33,000	33,000	25,375	7,625
Maintenance & Repairs	40,000	40,000	34,457	5,543
Medical Costs	14,000	14,000		14,000
LEA Expenses	32,000	32,000	42,563	(10,563)
Total Cost of Operations	336,000	336,000	288,906	47,094
Length of Service Award Program (LOSAP) - Contribution (P.L. 1997, c388) Annual Contribution	32,000	32,000	23,100	8,900
Total Length of Service Award Program (LOSAP) - Contribution (P.L. 1997, c388)	32,000	32,000	23,100	8,900
Capital Outlay:				
Reserve for Future Capital Outlays	220,000	220,000		220,000
Total Capital Outlay	220,000	220,000		220,000
Total Expenditures	617,800	617,800	336,572	281,228
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(45,300)	(45,300)	273,960	319,260
Fund Balances, January 1	213,798	213,798	213,798	
Fund Balances, December 31	\$168,498	168,498	487,758	319,260

GENERAL COMMENTS AND RECOMMENDATIONS



Certified Public Accountants & Consultants

Board of Fire Commissioners
Middle Township Fire District No. 2
Rio Grande, New Jersey 08242

We have audited the basic financial statements of the Middle Township Fire District No. 2 in the County of Cape May for the year ended December 31, 2011. In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year then ended.

GENERAL COMMENTS

Contracts and Agreements Required to be advertised by (N.J.S.A.40A:11-4)

N.J.S.A.40A:11-4 - Every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other Law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500 except by contract or agreement.

It is pointed out that the Board of Fire Commissioners has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per *N.J.S.A.40A:11-5*.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Contracts and Agreements Requiring Solicitation of Quotations

The examination of expenditures did not reveal any individual payments, contracts or agreements in excess of \$2,625 "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provision of (*N.J.S.A.40A:11-6.1*).

Examination of Bills

A test check of paid bills was made and each bill, upon proper approval, was considered as a separate and individual contract unless the records disclosed it to be a part payment or estimate.

***Finding No. 2011-01:**

The District does not properly approve all vouchers for payment in accordance with the requirements of *N.J.A.C.5:31-4.1*.

Recommendation:

That the District is required to follow the requirements of *N.J.A.C.5:31-4.1* when approving claims and the payment of all District moneys.

Budget

A review of the District expenditures and budget charges indicated the following:

***Finding No. 2011-02:**

The District overspent certain lines of the approved 2011 Fire District Budget. *N.J.S.A.40A:14-78.9* permits a district to transfer budget appropriations in the last two months of a fiscal year to cover line item expenditures that may exceed originally budgeted amounts.

Recommendation:

That the District is required to follow the requirements of *N.J.S.A.40A:14-78.9* regarding budget transfers.

Fixed Assets

***Finding No. 2011-03:**

The District does not maintain a detailed fixed assets ledger as required by the Division of Local Government Services.

Recommendation:

That the District have an appraisal of all capital assets of the District to comply with requirements of the Division of Local Government Services and provide calculations to comply with requirements of the Government Accounting Standards Board.

Follow-up of Prior Year Findings

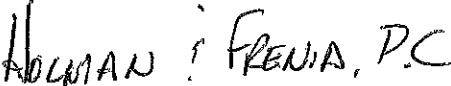
In accordance with Government Auditing Standards, our procedures included a review of all prior year findings. Corrective action was taken on all prior year findings except with those marked above with an asterisk (*).

Acknowledgment

We received the complete cooperation of all the staff of the Middle Township Fire District No. 2 and we greatly appreciate the courtesies extended to the members of the audit team.

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should you have any questions concerning our comments or recommendations, or should you desire any assistance in implementing our recommendations, please call me.


HOLMAN & FRENIA, P. C.
Certified Public Accountants

Medford Office
April 13, 2012

