

**FIRE DISTRICT NO. 1  
OF THE TOWNSHIP OF MIDDLE**

**COUNTY OF CAPE MAY**

**REPORT OF AUDIT**

**DECEMBER 31, 2021**

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**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
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**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**

**ROSTER OF OFFICIALS  
DECEMBER 31, 2021**

Board of Commissioners

<b>Officials</b>	<b>Term Expiration</b>
Keith P. Arenberg	2024
Lewis Hand	2025
Michael R. McNulty Sr.	2023
Joseph Trombetta	2024
Philip Woodrow	2025



**HOLT MCNALLY & ASSOCIATES**

Certified Public Accountants & Advisors

## **INDEPENDENT AUDITOR'S REPORT**

Board of Fire Commissioners  
Fire District No. 1 of the Township of Middle  
County of Cape May  
Cape May Court House, New Jersey

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the governmental activities of each major fund and the aggregate remaining fund information of the Fire District No. 1 of the Township of Middle, County of Cape May, State of New Jersey, herein referred to as the District, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the 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 of each major fund and the aggregate remaining fund information of the Fire District No. 1 of the Township of Middle, County of Cape May, State of New Jersey, herein referred to as the District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***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 and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Division of Local Government Services,

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Department of Community Affairs, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants & Advisors*

Medford, New Jersey  
September 16, 2022

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

**INDEPENDENT AUDITOR'S 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  
Fire District No. 1 of the Township of Middle  
County of Cape May  
Cape May Court House, 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 audit requirements as prescribed by Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities of the Fire District No. 1 of the Township of Middle as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Fire District No. 1 of the Township of Middle's basic financial statements and have issued our report thereon dated September 16, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fire District No. 1 of the Township of Middle's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fire District No. 1 of the Township of Middle's internal control. Accordingly, we do not express an opinion on the effectiveness of Fire District No. 1 of the Township of Middle'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.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fire District No. 1 of the Township of Middle'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or audit requirements as prescribed by the Local Finance Board and by the 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 No. 1 of the Township of Middle'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 Local Finance Board and by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants and Advisors*

Medford, New Jersey  
September 16, 2022

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

As management of Fire District No. 1 of the Township of Middle, we offer readers of the Fire District No. 1 of the Township of Middle's financial statements this narrative overview and analysis of the financial activities of the Fire District No. 1 of the Township of Middle for the year ended December 31, 2021. The intent of this narrative is to look at Fire District No. 1 of the Township of Middle's overall financial performance in terms easily understood by the lay person. Please read this in conjunction with the transmittal letters beginning on page 1 and the District's financial statements which begin on page 16. Notes to the financial statements will provide the reader with additional useful information and they begin on page 22.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at December 31, 2021 by approximately \$5 million. In 2020 the excess of assets over liabilities was approximately \$4.39 million. This is an increase of approximately \$621,000.
- During 2021 Fire District No. 1 of the Township of Middle operated at a surplus of approximately \$228,500. In 2020 the district operated at a surplus of approximately \$548,000.
- The District decreased their liabilities by approximately \$124,000 in 2021, and increased their total assets by approximately \$497,000.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. Fire District No. 1 of the Township of Middle's basic financial statements are comprised of three components: district-wide financial statements; fund financial statements; and notes to the basic financial statements.

**Reporting on the District as a Whole**

Our analysis of the District as a whole begins on page 16. District-wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The Statement of Net Position presents information on all the assets and liabilities of Fire District No. 1 of the Township of Middle. The difference between the assets and liabilities is reported as the District's net position. Significant increases or decreases in the District's net position can be an indication of the financial health of the District. The Statement of Activities presents financial information about activities that result in the District's net position increasing or decreasing during the year. Financial activities are recorded when the transactions occur rather than when the cash is received or disbursed. As a result, there could be activities that result in cash flow in a future period.

The district-wide financial statements report on the financial data by function. Fire District No. 1 of the Township of Middle has two basic functions: activities that are supported by property taxes; and activities supported by other governmental activities. Fire District No. 1 of the Township of Middle provides firefighting services to the citizens of Middle Township. The District also provides services for the enforcement of the state and local fire codes and fire prevention education.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Fire District No. 1 of the Township of Middle uses fund accounting to document compliance with finance-related legal matters. Fire District No. 1 of the Township of Middle has one type of fund, which is the governmental funds.

## **Governmental Funds**

Fire District No. 1 of the Township of Middle's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's services.

Fire District No. 1 of the Township of Middle maintains three separate government funds, the General Fund, Capital Projects Fund and the Debt Service Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by N.J.S.A. 40A:14:78-3, Fire District No. 1 of the Township of Middle adopts an annual budget which is voted on by the legal voters of the district on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

## **Notes to Financial Statements**

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

## **District – Wide Financial Analysis**

Fire District No. 1 of the Township of Middle's net position is a useful indicator of the District's financial condition. At the end of 2021, the District's assets exceeded its liabilities by approximately \$5 million. The largest portion of Fire District No. 1 of the Township of Middle's net position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending. Fire District No. 1 of the Township of Middle's investment in capital assets is reported net of related debt. Since the capital assets are not available to liquidate the debt, other sources must be utilized for the repayment of the debt. As of December 31, 2021, the District had approximately \$2.9 million of debt.

## Statement of Net Position

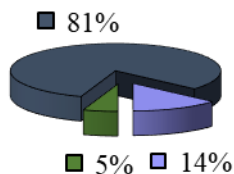
### FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE NET POSITION DECEMBER 31, 2021

	2021	2020	\$ Increase (Decrease)	% Increase (Decrease)
Current and other assets	\$ 3,931,323	\$ 3,604,057	\$ 327,266	9.1%
Capital assets	7,218,816	7,048,774	170,042	2.4%
Total assets	11,150,139	10,652,831	497,308	4.7%
Total liabilities	(6,137,079)	(6,261,179)	124,100	-2.0%
Net position	\$ 5,013,060	\$ 4,391,652	\$ 621,408	14.1%

#### Analysis of net position

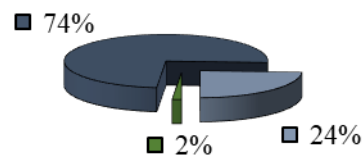
Investment of capital assets, net of related debt	\$ 4,034,231	\$ 3,267,373	\$ 766,858	23.5%
Restricted for:				
Capital projects	315,951	64,000	251,951	393.7%
Unrestricted	662,878	1,060,279	(397,401)	-37.5%
Total net position	\$ 5,013,060	\$ 4,391,652	\$ 621,408	14.1%

#### 2021 Net Position



■ Restrictred for Capital  
■ Invested in Net Assets  
■ Unrestricted

#### 2020 Net Position



■ Restrictred for Capital  
■ Invested in Net Assets  
■ Unrestricted

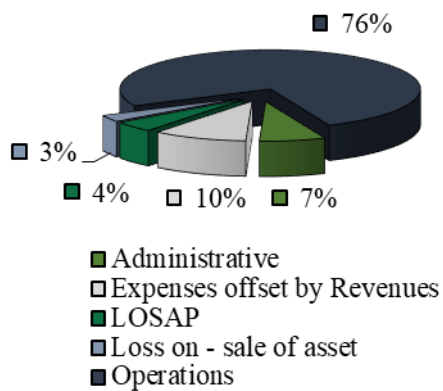
The net position of Fire District No. 1 of the Township of Middle increased \$621,408 as a result of the current year surplus. In 2021 the capital assets decreased by \$434,049 after depreciation expense.

## Governmental Activities

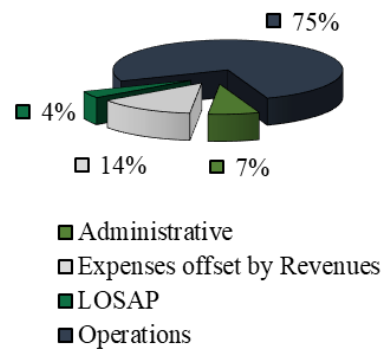
The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting these costs. A summary of these activities follows:

Expenses:	2021	2020	\$ Increase (Decrease)	% Increase (Decrease)
Program expenses:				
Administrative expenses	\$ 93,968	\$ 81,666	\$ 12,302	15.1%
Cost of operations and maintenance	862,798	858,628	4,170	0.5%
Operating appropriations offset with revenue	154,123	155,000	(877)	-0.6%
Loss on - sale of asset	43,284	-	43,284	
Length of service award program contribution	54,296	41,808	12,488	29.9%
Total expenses	<u>\$ 1,208,469</u>	<u>\$ 1,137,102</u>	\$ 71,367	6.3%

**2021 Program Expenses**

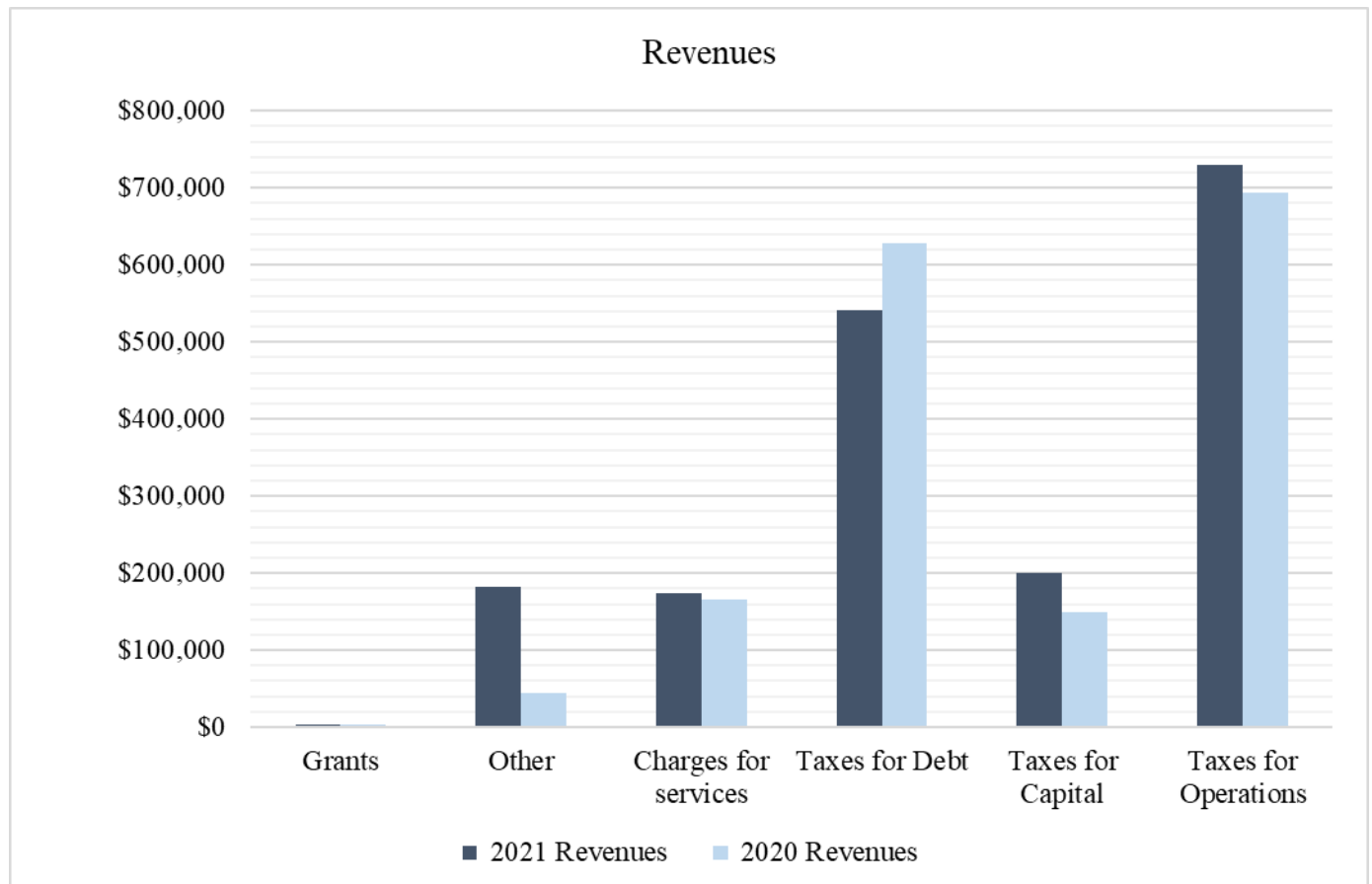


**2020 Program Expenses**



## Governmental Activities (continued)

	<u>2021</u>	<u>2020</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Revenues:				
General revenues:				
Property taxes levied for:				
General purposes	\$ 730,156	\$ 693,235	36,921	5.3%
Capital	200,000	150,000	50,000	33.3%
Debt service	540,682	627,603	(86,921)	-13.8%
Total property taxes levied	<u>1,470,838</u>	<u>1,470,838</u>	-	0.0%
Other revenue	182,538	44,898	137,640	306.6%
Operating grant revenue	3,365	3,365	-	0.0%
Total general revenues	<u>1,656,741</u>	<u>1,519,101</u>	137,640	9.1%
Increase (decrease) in net position	621,408	547,769	73,639	13.4%
Net position, January 1	4,391,652	3,843,883	547,769	14.3%
Net position, December 31	<u>\$ 5,013,060</u>	<u>\$ 4,391,652</u>	621,408	14.1%



Property tax revenue constituted 80% of the total governmental activities revenues received by Fire District No. 1 of the Township of Middle in 2021. In 2020 the property tax revenue constituted 87% of total revenues.

The Cost of Operations & Maintenance was 78% and 76% of total expenses in 2021 and 2020 respectively. Administration expenses equaled 7% of the total expenses in 2021 and 2020.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS**

Fire District No. 1 of the Township of Middle uses fund accounting to document compliance with finance-related legal requirements.

### **Government Fund**

The primary objective of the District's governmental funds is to report on cash flows in and out during the period and the ending balances of the spendable resources. This information is useful to evaluate the performance of the District and to assess its future needs and available resources.

As of December 31, 2021, the combined balance of the governmental cash funds of Fire District No. 1 of the Township of Middle was \$1,366,907. This balance is \$191,603 lower than last year's combined governmental funds balance. The decrease is due primarily to the use of cash held by trustee for the capital lease purchase in the prior year.

The combined balance of the governmental funds of Fire District No. 1 of the Township of Middle was approximately \$3.8 million. Unassigned fund balance amounted to approximately \$1,050,956 of that total.

The general fund is the main operating fund of Fire District No. 1 of the Township of Middle. At the end of 2021, the total fund balance of the general fund was \$3,512,303. Of this balance, \$1,050,956 of it was unreserved.

During 2021 the general fund balance of Fire District No. 1 of the Township of Middle increased by \$662,551. The primary reason for this increase are as follows:

- The District had revenues of \$394,456 attributable to investments in the length of service award program.

At the end of 2021, the District had a capital projects fund balance of \$315,951. This is a decrease of \$434,049.

- The Board appropriated \$0 for future capital purchases.

### **General Fund Budgetary Highlights**

The Board assumes the responsibilities of the Uniform Fire Safety Act (UFSA) in the District. UFSA revenues are a factor of enforcement. The fees charged in 2021 were approximately 9.46% of the operating revenues.

The 2021 Budget had a deficit in revenues, including the utilization of unrestricted surplus accumulated from prior years in the amount of \$736,000.

The District had total revenues in excess of budgeted of \$202,574. The District had total expenditures of \$2,017,176, which was less than budgeted in the amount of \$346,127



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of December 31, 2021, Fire District No. 1 of the Township of Middle had invested in capital assets for government activities of approximately \$7,218,816 (net of accumulated depreciation). Capital assets consist of firehouse improvements, fire apparatus, fire equipment, and office equipment.

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE  
CAPITAL ASSETS  
(NET OF ACCUMULATED DEPRECIATION)  
DECEMBER 31, 2021

	2021	2020	\$ Increase (Decrease)
Capital assets:			
Land	\$ 1,719,445	\$ 1,719,445	-
Buildings and Improvements	5,295,975	5,295,975	-
Equipment	5,642,003	5,297,453	344,550
Total capital assets	12,657,423	12,312,873	344,550
Accumulated Depreciation	(5,438,607)	(5,409,313)	(29,294)
Total capital assets, net	<u>\$ 7,218,816</u>	<u>\$ 6,903,560</u>	315,256

Additional information on Fire District No. 1 of the Township of Middle's capital assets can be found in Note 5 in the notes to the financial statements.

### Long-Term Obligations

In 2016, Fire District No. 1 of the Township of Middle issued \$3,750,000 of general obligation bonds to refund outstanding callable bonds. The principal payments are paid annually, plus interest, paid semi-annually for ten years. The District had \$2,240,000 of long term debt of serial bonds payable at December 31, 2021.

In 2019, Fire District No. 1 of the Township of Middle entered into a lease agreement with Rosenbauer to finance a 2019 fire truck, in the approximate amount of \$999,039, with an annual interest rate of 3.41%. The District had \$733,649 of long-term debt related to capital lease obligations at December 31, 2021.

As a result of the implementation of GASB 68 the District has noncurrent pension liabilities of approximately \$249,703.

## **ECONOMIC FACTORS AND NEXT YEARS BUDGET**

In 2021, Fire District No. 1 of the Township of Middle was able to cover all its appropriations through the fire tax levy and other revenues. In 2021 the fire tax levy amounted to 80.37% of total revenue collected.

Fire District No. 1 of the Township of Middle adopted their 2021 budget on February 24, 2022. The voters subsequently voted to approve the budget at the February election.

The Board anticipates a zero increase per \$100 of assessed value for the 2022 fire tax rate. It is projected that a family with a home assessed at \$250,000 will pay approximately \$197.50 in 2022 for fire protection.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Fire District No. 1 of the Township of Middle's finances for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to Fire District No. 1 of the Township of Middle, Cape May Court House, New Jersey 08210.

**EXHIBIT A-1**

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Statement of Net Position**  
**December 31, 2021**

	<b>Governmental Activities December 31, 2021</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 1,366,907
Investment in length of service award program (Note 4)	2,461,347
Capital assets, Net (Note 5)	
Nondepreciable	1,719,455
Depreciable	5,499,361
Total Assets	<u>11,047,070</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Related to pensions (Note 7)	35,585
Related to loss on debt refunding	67,484
Total Deferred Outflows of Resources	<u>103,069</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 11,150,139</u></u>
<b>LIABILITIES:</b>	
Current liabilities:	
Accrued interest	53,608
Due to other governments	24,685
Noncurrent Liabilities (Note 6):	
Due within one year	464,720
Due in more than one year	5,430,915
Total Liabilities	<u>5,973,928</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Related to pensions (Note 7)	163,151
Total Deferred Inflows of Resources	<u>163,151</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,137,079</u>
<b>NET POSITION:</b>	
Net investments in capital assets	4,034,231
Restricted for:	
Capital Projects	315,951
Unrestricted	662,878
Total Net Position	<u>5,013,060</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 11,150,139</u></u>

The accompanying notes to the financial statements are an<sup>15</sup> integral part of this statement.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Statement of Activities**  
**December 31, 2021**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities December 31, 2021</u>
Government activities:			
Operation appropriations:			
Administration	\$ 93,968	\$ -	\$ (93,968)
Costs of operations and maintenance	769,917	-	(769,917)
Operating appropriations offset with revenues	154,123	(173,136)	19,013
Interest and other charges	92,881	-	(92,881)
Loss on - sale of asset	43,284	-	(43,284)
Length of service award program contribution	54,296	-	(54,296)
	<u>1,208,469</u>	<u>(173,136)</u>	<u>(1,035,333)</u>
Total government activities			
General revenues:			
Miscellaneous revenue			182,538
Operating grant revenues			3,365
Amount raised by taxation			<u>1,470,838</u>
Total general revenues			<u>1,656,741</u>
Change in net position			621,408
Net position, January 1			<u>4,391,652</u>
Net position, December 31			<u><u>\$ 5,013,060</u></u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total December 31, 2021</u>
Assets:			
Current assets:			
Cash	\$ 1,366,907	\$ -	\$ 1,366,907
Interfund receivable	-	315,951	315,951
Total current assets	<u>1,366,907</u>	<u>315,951</u>	<u>1,682,858</u>
Noncurrent assets			
Investment in length of service award program	<u>2,461,347</u>	-	<u>2,461,347</u>
Total noncurrent assets:	<u>2,461,347</u>	-	<u>2,461,347</u>
Total assets	<u>\$ 3,828,254</u>	<u>\$ 315,951</u>	<u>\$ 4,144,205</u>
Liabilities, equity and other credits:			
Interfund payable	\$ 315,951	-	\$ 315,951
Total liabilities	<u>315,951</u>	-	<u>315,951</u>
Fund balances:			
Restricted for:			
Capital Reserve	-	264,000	264,000
Capital Projects	-	51,951	51,951
Investment in length of service award program	2,461,347	-	2,461,347
Unassigned, reported in:			
General fund	<u>1,050,956</u>	-	<u>1,050,956</u>
Total fund balance	<u>3,512,303</u>	<u>315,951</u>	<u>3,828,254</u>
Total liabilities and fund balance	<u>\$ 3,828,254</u>	<u>\$ 315,951</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$12,657,423 and the accumulated depreciation is \$5,438,607.	7,218,816
Accrued interest not recorded in current financial statements.	(53,608)
Accrued PERS pension payable are not recorded in the fund financial statements due to the fact that payables are not due in the period.	(24,685)
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	(60,082)
Long-term liabilities, including net pension liability, bonds payable and investment in length of service award program payable are not due and payable in the current period and are therefore not reported as liabilities in the funds.	<u>(5,895,635)</u>
Net position of governmental activities	<u>\$ 5,013,060</u>

The accompanying notes to the financial statements are an integral part of this statement.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**December 31, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals December 31, 2021</u>
Revenues:				
Miscellaneous anticipated revenue:				
Investment income - unrestricted cash and investments	\$ 2,281	\$ -	\$ -	\$ 2,281
Investment income - length of service award program	394,456	-	-	394,456
Other revenue	180,257	-	-	180,257
Total miscellaneous revenues	576,994	-	-	576,994
Operating grant revenues:				
Supplemental fire service act	3,365	-	-	3,365
Total operating grant revenue	3,365	-	-	3,365
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act revenues:				
Annual registration fee	165,986	-	-	165,986
Penalties and fines	7,150	-	-	7,150
Total uniform fire safety act revenues	173,136	-	-	173,136
Total miscellaneous revenues offset with appropriations	173,136	-	-	173,136
Total revenues	753,495	-	-	753,495
Amount raised by taxation to support district budget	730,156	200,000	540,682	1,470,838
Total anticipated revenues	1,483,651	200,000	540,682	2,224,333
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	36,000	-	-	36,000
Other expenditures:				
Insurance	19,761	-	-	19,761
Permits, licenses and fees	1,307	-	-	1,307
Professional fees	21,046	-	-	21,046
Advertising	546	-	-	546
Elections	3,293	-	-	3,293
Membership and dues	4,700	-	-	4,700
Office supplies	7,315	-	-	7,315
Total administration	93,968	-	-	93,968

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**December 31, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Totals December 31, 2021</u>
Cost of operations and maintenance:				
Salaries and wages	19,200	-	-	19,200
Fringe	35,530	-	-	35,530
Other expenditures:				
Maintenance and repairs	103,940	-	-	103,940
Rental charges	106,675	-	-	106,675
Fire protection services	110,000	-	-	110,000
Other outside services	19,899	-	-	19,899
Training and education	5,495	-	-	5,495
Uniforms	3,826	-	-	3,826
Operating materials and supplies	5,974	-	-	5,974
Oil and fuel	8,561	-	-	8,561
Utilities	50,444	-	-	50,444
Other non-bondable assets	20,514	-	-	20,514
Total cost of operations and maintenance	<u>490,058</u>	<u>-</u>	<u>-</u>	<u>490,058</u>
Operating appropriations offset with revenues:				
Salaries and wages	133,123	-	-	133,123
Fringe benefits	21,000	-	-	21,000
Total operating appropriations offset with revenues	<u>154,123</u>	<u>-</u>	<u>-</u>	<u>154,123</u>
Length of service award program				
Administrative fees	1,576	-	-	1,576
Participant withdrawals	31,375	-	-	31,375
Total length of service award program	<u>32,951</u>	<u>-</u>	<u>-</u>	<u>32,951</u>
Total operating appropriations	<u>771,100</u>	<u>-</u>	<u>-</u>	<u>771,100</u>
Capital expenditures	<u>-</u>	<u>684,049</u>	<u>-</u>	<u>684,049</u>
Debt service for capital appropriations:				
Bond obligations	-	-	325,000	325,000
Interest on bond obligations	-	-	96,100	96,100
Capital leases	-	-	91,446	91,446
Interest on capital leases	-	-	28,136	28,136
Total debt service for capital appropriations	<u>-</u>	<u>-</u>	<u>540,682</u>	<u>540,682</u>
Total governmental expenditures	<u>771,100</u>	<u>684,049</u>	<u>540,682</u>	<u>1,995,831</u>
Other financing sources and uses:				
Transfers	(50,000)	50,000	-	-
Total other financing sources and uses:	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	662,551	(434,049)	-	228,502
Fund Balance, January 1	2,849,752	750,000	-	3,599,752
Fund balance, December 31	<u>\$ 3,512,303</u>	<u>\$ 315,951</u>	<u>\$ -</u>	<u>\$ 3,828,254</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balance in**  
**the Governmental Funds to the Statement of Activities**  
**December 31, 2021**

Total net changes in Fund Balance-Governmental Funds (B-2)	\$	228,502
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Amounts reported for governmental activities in the statement of activities (A-2) are difference because:

Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlays-General Fund	\$	18,785	
Disposal, Net		(43,284)	
Capital Outlay - Capital Fund		684,049	
Depreciation Expense		(344,294)	315,256

Accrual of interest on capital leases and bonds is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the statement of activities.

	Prior year	61,054	
	Current year	(53,608)	7,446

Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. Principal payments made on long-term liabilities during the year ended December 31, 2021 consist of the following:

Bond repayment	325,000		
Capital lease		91,446	416,446

Deferred charge on retirement of debt, cost of issuance on refunding, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Amortization of Loss on Early Retirement of Debt	(11,247)		
Amortization of Bond Premiums		35,156	23,909

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the statement of activities.

Pension expense	45,650		45,650
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Length of service award program contribution is not reported in the governmental funds as expenditures. However, in the statement of net position, the expense is equal to the amount of contributions to the volunteers accounts as determined by the benefit terms. Change in value of LOSAP investments is not a revenue in the government-wide financial statements as it is payable to the volunteers in accordance with the plan benefits.

District contribution to length of service award program	(54,296)		
Appreciation in fair value of investments		(394,456)	
Administrative fees		1,576	
Participant withdrawals		31,375	(415,801)

Changes in net position of governmental activities	\$	621,408
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**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements**  
**For the year ended December 31, 2021**

**NOTE 1: GENERAL INFORMATION**

**A. Description of Reporting Entity**

Fire District No. 1 of the Township of Middle is a political subdivision of the Township of Middle, County of Cape May, State of New Jersey. A board of five commissioners oversees all of the operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of February.

Fire Districts are governed by the N.J.S.A. 40A: 14-70 et al. and are taxing authorities 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 District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name);
- the District holds the corporate powers of the organization;
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**B. Accounting Records**

The official accounting records of the Fire District No. 1 of the Township of Middle are maintained in the office of the District.

**C. Minutes**

Minutes were recorded for meetings and contained approvals for disbursements.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of the Fire District conform to generally accepted accounting principles (GAAP) applicable to governmental funds of state and local governments in accordance with the 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 District's accounting policies are described below.

The basic financial statements report using the economic resources measurement focus and the accrual basis of accounting generally includes the reclassification or elimination of internal activity

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(between or within funds). Fiduciary fund financial statements also report using the same focus. 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 (see Note 2 N) while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources 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. Expenditures are recorded when the related fund liability is incurred.

**B. Fund Accounting**

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. Each category, in turn is divided into separate “fund types.”

Governmental Funds:

*General Fund*

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

*Capital Projects Fund*

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities such as firehouses and 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 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.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Government-Wide and Fund Financial Statements**

*Government-Wide Financial Statements*

The Government-Wide financial statements (A-1 and A-2) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Individual funds are not displayed but the statements distinguish governmental activities as generally supported through taxes and user fees.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net position is restricted when constraints placed on it is either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, and similar component units, and major component units. However, they are not included in the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net position.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the Fire District No. 1 of the Township of Middle follows the pronouncements of the Governmental Accounting Standards Board (GASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Fire District No. 1 of the Township of Middle's proprietary funds have elected not to apply the standards issued by GASB after November 30, 1989.

**E. 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 adopt the annual budget no later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the fire district.

The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

Amendments may be made to the Fire District budget in accordance with N.J.S.A 40A: 14-78.3.

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 Districts general-purpose financial statements.

**F. 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.

Encumbered appropriations carry over into the next fiscal 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 amounts as of the current year-end. The District did not have any encumbrances at December 31, 2021.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Cash and Cash Equivalents**

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 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 that 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 provision 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 its 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.

**H. Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2021.

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

**I. 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, equipment, 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.

**J. 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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 (with no depreciation applied to the first year of acquisition) over the useful lives of the assets as follows:

Building and Improvements	5 to 40 Years
Equipment	5 to 15 Years

**K. Deferred Outflows and Deferred Inflows of Resources**

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Fire District is required to report the following as deferred outflows of resources and deferred inflows of resources: defined benefit pension plans and postemployment benefit plans.

**L. Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Fire District is eligible to realize the revenue.

**M. 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.

**N. Interfund Receivable/Payable**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Fire District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances.

**O. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, contractually required pension contributions, and length of service awards

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

program contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

**P. Revenues and Expenditures**

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

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

**Q. Fire District Taxes**

Upon proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be realized in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay 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 monies assessed, on or before July 1, an amount equaling 22.5% of all monies assessed, on or before October 1, an amount equaling 25% of all monies assessed and on or before December 31 an amount equal to the difference between the total of all monies assessed and the total of monies previously paid over.

**R. Fund Equity**

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Fire District No. 1 of the Township of Middle 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 District 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 Commissioners.
- 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

Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**S. Net Position**

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in 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.

**T. 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 amount 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.

**U. Interfund Activity**

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

**V. 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, 2021, unrealized gains and losses for the Fire District were not considered to be material to the financial statements taken as a whole, and accordingly, have not been reflected in the financial statements.

**W. Fair Value Measurement**

The District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

*Level III* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values. Subsequent to initial recognition, the District may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by the District in estimating the fair value of its financial instruments:

*Mutual funds:* Valued at the net asset value (NAV) of shares held by the plan at year end.

*Fixed Account Investment Contract:* Valued at the contract's market value as reported by the insurance company.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table in Note 4 sets forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2021.

**X. Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended December 31, 2021:

GASB Statement No. 84, "*Fiduciary Activities*". The objective GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 84 establishes criteria for

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2019. No material changes to the financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

**NOTE 3: CASH AND CASH EQUIVALENTS**

The Fire District is governed by the deposit and investment limitations of New Jersey state law. The deposits and investments held at December 31, 2021, and reported at fair value are as follows:

<u>Type</u>	<u>Carrying Value</u>
<b>Deposits:</b>	
Demand deposits	\$ 1,366,907
Total deposits	<u>\$ 1,366,907</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, 2021, the District's bank balance of \$1,382,466 was insured or collateralized as follows:

Insured	\$ 500,000
Collateralized in the District's name under GUDPA	<u>882,466</u>
Total	<u>\$ 1,382,466</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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 4: INVESTMENTS (continued)**

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.

**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, 2021, are provided in the below schedule.

**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.

As of December 31, 2021, the Fire District had the following investments and maturities:

<b>Assets at Fair Value as of December 31, 2021</b>				
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
LOSAP:				
Mutual Funds	\$ 2,272,674	\$ -	\$ -	\$ 2,272,674
Total mutual funds:	2,272,674	-	-	2,272,674
Fixed account investment contract	188,673	-	-	188,673
Total LOSAP at fair value	<u>\$ 2,461,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,461,347</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 5: CAPITAL ASSETS**

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

Capital assets consisted of the following at December 31, 2021:

	<u>Balance</u> <u>December 31, 2020</u>	<u>Additions</u>	<u>Adjustments</u> <u>and Transfers</u>	<u>Balance</u> <u>December 31, 2021</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,719,445	\$ -	\$ -	\$ 1,719,445
Total Capital Assets not being depreciated	1,719,445	-	-	1,719,445
Capital Assets being depreciated:				
Buildings and Improvements	5,295,975	-	-	5,295,975
Equipment	5,297,453	702,834	(358,284)	5,642,003
Total Capital Assets being depreciated	10,593,428	702,834	(358,284)	10,937,978
Less: Accumulated Depreciation:				
Buildings and Improvements	(1,732,425)	(139,041)	-	(1,871,466)
Equipment	(3,676,888)	(205,253)	315,000	(3,567,141)
Total Accumulated Depreciation	(5,409,313)	(344,294)	315,000	(5,438,607)
Total Capital Assets being depreciated, net	5,184,115	358,540	(43,284)	5,499,371
Total Capital Assets, net	\$ 6,903,560	\$ 358,540	\$ (43,284)	\$ 7,218,816

**NOTE 6: LONG-TERM OBLIGATIONS**

During the year ended December 31, 2021, the following changes occurred in long-term obligations:

**DEBT SUMMARY LEAD SHEET**

	Principal Outstanding <u>12/31/2020</u>	<u>Increases</u>	<u>Decreases</u>	Principal Outstanding <u>12/31/2021</u>	Due Within <u>One Year</u>
Bonds Payable	\$ 2,565,000	\$ -	\$ (325,000)	\$ 2,240,000	\$ 335,000
Amortization of Bond Premiums	246,092	-	(35,156)	210,936	35,156
Obligations under Capital Lease	825,095	-	(91,446)	733,649	94,564
Net Pension Liability	335,658	-	(85,955)	249,703	-
Length of service award program	2,045,547	448,752	(32,952)	2,461,347	-
Long-term Liabilities	<u>\$ 6,017,392</u>	<u>\$ 448,752</u>	<u>\$ (570,509)</u>	<u>\$ 5,895,635</u>	<u>\$ 464,720</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 6: LONG-TERM OBLIGATIONS (continued)**

**A. Bonds Payable**

On February 10, 2016, District issued refunding bonds in the amount of \$3,750,000 for the refunding of the 2007 general obligation bonds.

Principal and interest due on bonds outstanding is as follows:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 335,000	\$ 82,900	\$ 417,900
2023	350,000	69,200	419,200
2024	370,000	54,800	424,800
2025	380,000	39,800	419,800
2026	395,000	24,300	419,300
2027	410,000	8,200	418,200
Total	<u>\$ 2,240,000</u>	<u>\$ 279,200</u>	<u>\$ 2,519,200</u>

**B. Capital Leases Payable**

On May 25, 2018, the District entered into a lease agreement with Rosenbauer to finance a 2018 apparatus unit in the amount of \$999,039. The following schedule represents a summary of the capital lease commitment as of December 31, 2021:

Year Ending December 31,	Principal	Interest	Total
2022	\$ 94,564	\$ 25,017	\$ 119,582
2023	97,789	21,793	119,582
2024	101,123	18,458	119,582
2025	104,572	15,010	119,582
2026	108,138	11,444	119,582
2027-2028	227,463	11,700	239,163
	<u>\$ 733,649</u>	<u>\$ 103,422</u>	<u>\$ 837,071</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 7. PENSION OBLIGATIONS**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's

Annual Comprehensive Financial Report (ACFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2020, the State's pension contribution was less than the actuarial determined amount. The local

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 7. PENSION OBLIGATIONS (CONTINUED):**

**A. Public Employees' Retirement System (PERS)**

employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2021, the District's contractually required contribution to PERS plan was \$24,685.

**Components of Net Pension Liability** - At December 31, 2021, the District's proportionate share of the PERS net pension liability was \$249,703. The net pension liability was measured as of June 30, 2021. The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The District's proportion measured as of June 30, 2021, was 0.00211% which was an increase of 0.00004% from its proportion measured as of June 30, 2020.

**Balances at December 31, 2021 and December 31, 2020**

	<u>12/31/2021</u>	<u>12/30/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Collective Deferred Outflows of Resources	\$ 248,531,007	\$ 1,383,360,202
Collective Deferred Inflows of Resources	7,422,916,600	6,885,726,332
Collective Net Pension Liability	11,972,782,878	16,435,616,426
District's portion of the Plan's total Net Pension Liability	0.00211%	0.00206%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2021, the District's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2021 measurement date is \$(23,135). This expense is not recognized by the District because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the District contributed \$24,685 to the plan in 2021.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 7. PENSION OBLIGATIONS (CONTINUED):**

**A. Public Employees' Retirement System (PERS)**

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 3,938	\$ 1,788
Changes of Assumptions	1,300	88,896
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	65,778
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	<u>30,347</u>	<u>6,689</u>
	<u>\$ 35,585</u>	<u>\$ 163,151</u>



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 7. PENSION OBLIGATIONS (CONTINUED):**

**A. Public Employees' Retirement System (PERS)**

The District will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<b>Deferred Outflow of <u>Resources</u></b>	<b>Deferred Inflow of <u>Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	5.13	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	-	5.13
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	-	5.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 7. PENSION OBLIGATIONS (CONTINUED):**

**A. Public Employees' Retirement System (PERS)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending</b>	
<b><u>Dec 31,</u></b>	<b><u>Amount</u></b>
2022	\$ (51,612)
2023	(38,770)
2024	(29,018)
2025	(33,336)
2026	<u>25,170</u>
	<u><u>\$ (127,566)</u></u>

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4%

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 7. PENSION OBLIGATIONS (CONTINUED):**

**A. Public Employees' Retirement System (PERS)**

adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State employer and

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 7. PENSION OBLIGATIONS (CONTINUED):**

**A. Public Employees' Retirement System (PERS)**

100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
District's Proportionate Share of the Net Pension Liability	\$ 343,669	\$ 249,703	\$ 174,879

**NOTE 8: LENGTH OF SERVICE AWARDS PROGRAM**

The District's length of service awards program ("LOSAP"), which is reported in the District's general fund, pursuant to Section 457 (e)(11)(B) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the length of service award program as enacted into federal law in 1997. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

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

Contributions – if an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,787 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The District elected to contribute up to a maximum amount of \$1,787 for the year ended December 31, 2021, per eligible volunteer, into the Plan. During the year ended December 31, 2021, the District contributed a total of \$54,296 to the A plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 8: LENGTH OF SERVICE AWARDS PROGRAM (continued)**

Participant Accounts – Each participant’s account is credited with the District’s contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account. The District has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the District’s creditors until distributed as benefit payments, are not available for funding the operations of the District. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Lincoln Financial Group (“Plan Administrator”), an approved Length of Service Awards Program provider, is the administrator of the Plan. The District’s practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

Vesting – Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

Payment of Benefits – Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant’s account is paid to the beneficiary or the participant’s estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2021, payouts of \$15,000 were made to vested participants.

Forfeited Accounts – There were forfeitures of \$ 16,375.07 during the year ended December 31, 2021.

Investments – The investments of the length of service awards program reported on the governmental funds balance sheet are recorded at fair value.

Plan Information – Additional information about the Fire District’s length of service awards program can be obtained by contacting the Plan Administrator.

**NOTE 9: FUNDING AND CONCENTRATIONS**

The activities of the Board of Commissioners are primarily funded by striking a fire tax rate on property owners of the Fire District, as provided for by the state statute. For the year ended December 31, 2021, the fire tax rate on Fire District No. 1 was \$.085 per \$100 of assessed valuation.

The tax revenue is supplemented by income earned on surplus funds invested in a money market fund and investments during the year. The District also participates in the Supplemental Fire Services Program and received a basic entitlement grant of \$3,365.

The ability to levy property taxes, and the limits to which property taxes can be levied, are promulgated by State statute. As a result of this dependency, the Fire District’s operations are significantly reliant and impacted by State laws and regulations regarding property taxes.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 10: RISK MANAGEMENT**

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

**A. Property and Liability Insurance**

The District maintains commercial insurance coverage for property, liability and surety bonds. Insurance coverage was maintained in amounts consistent with prior years. The District did not have any claims that exceeded coverage.

**B. New Jersey Unemployment Compensation Insurance**

The Fire District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Fire District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Fire District is billed quarterly for amounts due to the State.

**NOTE 11. DEFERRED COMPENSATION**

The Fire District offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Fire District or its creditors. Since the Fire District does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Fire District's financial statements.

**NOTE 12: INTERFUND RECEIVABLE/PAYABLE**

The purpose of the interfunds is for short-term borrowing. As of December 31, 2021, the following interfund balances remained on the balance sheet:

<u>Fund</u>	<u>Interfund receivable</u>	<u>Interfund payable</u>
General	\$ -	\$ 315,951
Capital projects	315,951	-
Totals	<u>\$ 315,951</u>	<u>\$ 315,951</u>

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 13: FUND BALANCES APPROPRIATED**

The 2021 annual budget of the Fire District was adopted on January 11, 2021 and subsequently approved by the voters at the annual election. The budget utilized \$686,000 and \$50,000 of reserved fund balance in the capital fund and general fund, respectively.

The following presents the fund balance as of the end of the last five years and the amount utilized in the subsequent year's budget:

<u>For the year ended December 31,</u>	<u>Balance at December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2021	\$ 3,828,254	\$ -	0.00%
2020	3,599,752	736,000	20.45%
2019	2,893,684	15,000	0.52%
2018	2,410,313	153,500	6.37%
2017	2,268,253	224,073	9.88%

**NOTE 14: FUND BALANCES**

**Restricted**

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

**General Fund**

**Length of Service Awards Program (LOSAP)** - Pursuant to N.J.S.A. 40A:14-187, all accumulated proceeds shall remain restricted for the volunteer members. As a result, there exists at December 31, 2021 a restricted fund balance in the amount of \$2,461,347 for future benefit payments of volunteers.

**Capital Fund**

**Capital Projects Fund** - of the \$315,951 Capital Projects Fund fund balance at December 31, 2021, \$264,000 has been restricted for future capital purchases and \$51,951 has been restricted for capital projects.

**Assigned**

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

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to Financial Statements (continued)**  
**For the year ended December 31, 2021**

**NOTE 14: FUND BALANCES (continued)**

**General Fund**

**For Subsequent Year's Expenditures** - The Fire District has appropriated and included as an anticipated revenue for the year ending December 31, 2021, \$0 of general fund balance a December 31, 2021.

**Capital Fund**

**For Subsequent Year's Expenditures** - The Fire District has appropriated and included as an anticipated revenue for the year ending December 31, 2021, \$0 of capital fund balance a December 31, 2021.

**Unassigned**

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

**General Fund** - As of December 31, 2021, \$1,050,956 of general fund balance was unassigned.

**NOTE 15: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2021 and September 16, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements. No items have come to the attention of the District that would require disclosure.



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Budgetary Comparison Schedule**  
**December 31, 2021**

	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance</b>
Revenues:				
Miscellaneous anticipated revenue:				
Investment income	\$ 400	\$ 400	\$ 2,281	\$ 1,881
Other revenue	2,700	2,700	180,257	177,557
Total miscellaneous revenues	3,100	3,100	182,538	179,438
Operating grant revenues:				
Supplemental fire service act	3,365	3,365	3,365	-
Total operating grant revenue	3,365	3,365	3,365	-
Miscellaneous revenues offset with appropriations:				
Uniform fire safety act revenues:				
Annual registration fee	145,000	145,000	165,986	20,986
Penalties and fines	5,000	5,000	7,150	2,150
Total uniform fire safety act revenues	150,000	150,000	173,136	23,136
Total miscellaneous revenues offset with appropriations	150,000	150,000	173,136	23,136
Amount raised by taxation to support district budget	1,470,838	1,470,838	1,470,838	-
Total anticipated revenues	1,627,303	1,627,303	1,829,877	202,574
Expenditures:				
Operating appropriations:				
Administration:				
Salaries and wages	36,000	36,000	36,000	-
Other expenditures:				
Insurance	35,000	35,000	19,761	15,239
Permits, licenses and fees	2,000	2,000	1,307	693
Professional fees	20,000	20,000	21,046	(1,046)
Advertising	1,000	1,000	546	454
Promotion	4,000	4,000	-	4,000
Elections	4,000	4,000	3,293	707
Membership/dues	5,000	5,000	4,700	300
Office supplies	6,000	6,000	7,315	(1,315)
Total administration	113,000	113,000	93,968	19,032
Cost of operations and maintenance:				
Salaries and wages	19,200	19,200	19,200	-
Fringe	59,000	54,000	35,530	18,470
Other expenditures:				
Maintenance and repairs	135,000	135,000	103,940	31,060
Rental charges	107,000	112,000	106,675	5,325
Fire protection services	110,000	110,000	110,000	-
Other outside services	9,000	9,000	19,899	(10,899)
Training and education	6,000	6,000	5,495	505
Uniforms	8,000	8,000	3,826	4,174
Operating materials and supplies	6,000	6,000	5,974	26
Oil and fuel	10,000	10,000	8,561	1,439
Utilities	56,000	56,000	50,444	5,556
Contingent expenses	2,500	2,500	-	2,500
Other non-bondable assets	29,315	29,315	20,514	8,801
Total cost of operations and maintenance	557,015	557,015	490,058	66,957

FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE  
Budgetary Comparison Schedule  
December 31, 2021

	Original Budget	Modified Budget	Actual Budgetary Basis	Variance
Operating appropriations offset with revenues:				
Salaries and wages	138,000	138,000	133,123	4,877
Fringe benefits	23,606	23,606	21,000	2,606
Total operating appropriations offset with revenues	161,606	161,606	154,123	7,483
Length of service award program	55,000	55,000	54,296	704
Capital appropriations	936,000	936,000	684,049	251,951
Debt service for capital appropriations:				
Bond obligations	325,000	325,000	325,000	-
Interest on bond obligations	96,100	96,100	96,100	-
Capital leases	91,446	91,446	91,446	-
Interest on capital leases	28,136	28,136	28,136	-
Total debt service for capital appropriations	540,682	540,682	540,682	-
Total appropriations	2,363,303	2,363,303	2,017,176	346,127
Excess of revenues over/(under) expenditures	(736,000)	(736,000)	(187,299)	548,701
Fund balance, January 1	1,554,205	1,554,205	1,554,205	-
Fund balance, December 31	\$ 818,205	\$ 818,205	\$ 1,366,906	\$ 548,701

**RECAPITULATION OF FUND BALANCE**

Restricted fund balance:	
Capital reserve	\$ 264,000
Capital projects	51,951
Unassigned fund balance	1,050,956
Total - budgetary basis	1,366,907
Reconciliation to governmental fund statements (GAAP):	
Length of service award program investment balance not recognized on the budgetary basis	2,461,347
Total fund balance per governmental funds (GAAP)	\$ 3,828,254

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to the Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the year ended December 31, 2021**

	<b>Total Governmental Funds</b>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Revenue"	
From the Budgetary Comparison Schedule (C-1)	\$ 1,829,877
Difference - Budget to GAAP:	
Budgetary basis differs from GAAP in that the District does not budget for length of service award program investment income. GASB 73 requires the investment appreciation in the length of service award program to be shown in financial statements using the current financial resources measurement focus and modified accrual basis of accounting:	
	<u>394,456</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 2,224,333</u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Appropriations"	
From the Budgetary Comparison Schedule (C-1)	\$ 2,017,176
Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service award program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the Plan.	
Length of service award program district contribution	(54,296)
Administration fees	1,576
Participant withdrawals	<u>31,375</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 1,995,831</u>

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employees' Retirement System**  
**Last Eight Fiscal Years \***

	Measurement Date Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.00206%	0.00206%	0.00204%	0.00189%	0.00199%	0.00177%	0.00193%	0.00188%
District's proportionate share of the net pension liability (asset)	\$ 249,703	\$ 335,658	\$ 367,147	\$ 371,391	\$ 462,933	\$ 522,975	\$ 433,825	\$ 352,068
District's covered-employee payroll	\$ 151,192	\$ 145,865	\$ 149,440	\$ 149,440	\$ 143,831	\$ 123,878	\$ 137,201	\$ 133,074
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	165.16%	230.12%	245.68%	248.52%	321.86%	422.17%	316.20%	264.57%
Plan fiduciary net position as a percentage of the total pension liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Schedule of District Contributions**  
**Public Employees' Retirement System**  
**Last Eight Fiscal Years \***

	Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 24,685	\$ 22,517	\$ 19,820	\$ 18,762	\$ 18,243	\$ 15,687	\$ 16,615	\$ 15,502
Contributions in relation to the contractually required contribution	(24,685)	(22,517)	(19,820)	(18,762)	(18,243)	(15,687)	(16,615)	(15,502)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 156,391	\$ 151,192	\$ 145,865	\$ 142,661	\$ 149,440	\$ 143,831	\$ 123,878	\$ 137,201
Contributions as a percentage of covered-employee payroll	15.78%	14.89%	13.59%	13.15%	12.21%	10.91%	13.41%	11.30%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2021**

**Public Employees' Retirement System (PERS)**

***Changes of Benefit Terms***

None.

***Changes of Assumptions***

The discount rate remained unchanged from 7.00% as of June 30, 2020, to 7.00% as of June 30, 2021.

EXHIBIT F-1

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Capital Projects Fund**  
**Statement of Project Expenditures**  
**For the year ended December 31, 2021**

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance December 31, 2021</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Purchase of a fire apparatus	07/20/20	\$ 686,000	\$ -	\$ 684,049	\$ 1,951
Purchase of pickup truck	12/23/20	50,000	-	-	50,000
Total		\$ 736,000	\$ -	\$ 684,049	\$ 51,951

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Long-Term Debt**  
**Schedule of Serial Bonds Payable**  
**December 31, 2021**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance December 31, 2020</u>	<u>Retired</u>	<u>Balance December 31, 2021</u>
General Refunded Bonds, 2016	2/10/16	\$3,640,000	2/1/22	\$ 335,000	4.0%	\$ 2,565,000	\$ 325,000	\$ 2,240,000
			2/1/23	350,000	4.0%			
			2/1/24	370,000	4.0%			
			2/1/25	380,000	4.0%			
			2/1/26	395,000	4.0%			
			2/1/27	410,000	4.0%			
Total						\$ 2,565,000	\$ 325,000	\$ 2,240,000



**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE**  
**Long-Term Debt**  
**Schedule of Obligations Under Capital Leases**  
**December 31, 2021**

<u>Description</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Balance December 31, 2020</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance December 31, 2021</u>
			<u>Principal</u>	<u>Interest</u>					
Fire Truck	5/25/2018	10 years	\$ 999,039	\$ 196,776	3.410%	\$ 825,095	\$ -	\$ 91,446	\$ 733,649
					Total	\$ 825,095	\$ -	\$ 91,446	\$ 733,649

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**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE  
SCHEDULE OF FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

*No current year financial statements findings.*

**FIRE DISTRICT NO. 1 OF THE TOWNSHIP OF MIDDLE  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

This section identifies the status of prior year findings related to the financial statements.

*No prior year financial statements findings.*

**Acknowledgment**

We received the complete cooperation of all the staff of the District and we greatly appreciate the courtesies extended to the members of the audit team.

Should you have any questions, please contact us.

**HOLT MCNALLY & ASSOCIATES, INC.**  
*Certified Public Accountants and Advisors*

Medford, New Jersey  
September 16, 2022