

WOODBIDGE TOWNSHIP FIRE DISTRICT #7

Audit Report

For the Years Ended December 31, 2018 and 2017

BART & BART
Certified Public Accountants

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BART & BART *Certified Public Accountants*

104 Main Street, Woodbridge, NJ 07095

(732) 634-5680 FAX (732) 602-1059

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Woodbridge Township Fire District #7
Fords, NJ 08863

Report on the Financial Statements

We have audited the accompanying basic financial statements of the various funds of the Township Fire District #7 (the District), as of and for the year ending December 31, 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the various funds of the Woodbridge Fire District #7 at December 31, 2018, and the results of operations for the years then ended, on the basis of accounting described in Note #1.

Board of Fire Commissioners
Woodbridge Fire District #7

Emphasis of Matter

Adoption of New Accounting Pronouncement

In the year ended December 31, 2018, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

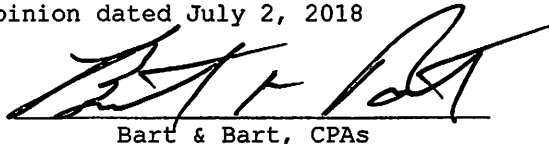
U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 and 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 16, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Predecessor Auditor

The Financial statements of the District as of and for the year ending December 31, 2017, and the related notes to the basic financial statements were audited by a predecessor auditor, who issued an unmodified opinion dated July 2, 2018



Bart & Bart, CPAs

July 16, 2019

BART & BART *Certified Public Accountants*

104 Main Street, Woodbridge, NJ 07095

(732) 634 -5680 FAX (732) 602 -1059

Report on Compliance and on Internal Control over Financial Reporting **Based on an Audit of Financial Statements** **Performed in Accordance with Government Auditing Standards**

Board of Fire Commissioners
Woodbridge Township Fire District #7
Fords, NJ 08863

We have audited the financial statements of Woodbridge Township Fire District #7, Woodbridge Township, New Jersey, for the year ended December 31, 2018, and have issued our report thereon dated July 16, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected or corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies in internal over financial reporting that we consider to be material weaknesses as defined above. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

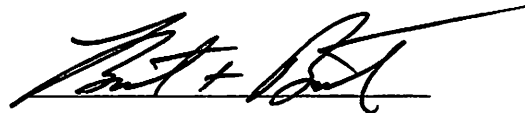
Board of Fire Commissioners
Woodbridge Township Fire District #7
Fords, NJ 08863

Page two

Compliance and Other Matters

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

This report is intended solely for the information and use of the members of the District and its management and for filing with the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Bart + Bart', is written over a horizontal line.

Bart & Bart, CPA's

Woodbridge, NJ
July 16, 2019

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

Unaudited

This discussion and analysis of Woodbridge Township Fire District No. 7's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the district's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2018 as compared to 2017 are as follows:

	<u>As of December 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Assets and Deferred Outflow of Resources	\$ 3,981,342	\$ 3,849,908
Capital Assets - Net	<u>1,515,827</u>	<u>1,631,464</u>
Total Assets	<u>\$5,497,169</u>	<u>\$ 5,481,372</u>
Total Current Liabilities	823,912	806,607
Noncurrent Liabilities		
Net Defined Pension Liability and Deferred Outflows of Resources	9,233,102	9,005,752
Total Liabilities, Reserves and Deferred Inflows of Resources	<u>10,057,014</u>	<u>9,812,359</u>
Net Position		
Restricted:		
Invested in Capital Assets	1,515,827	1,631,464
Unreserved (Deficit)	<u>(4,559,845)</u>	<u>(4,330,987)</u>
Net Position	<u>\$ (6,075,672)</u>	<u>\$ (5,962,451)</u>

Comparative Statement of Revenues, Expenses and Change in Net Position

There was an increase in Operating Revenues from taxation. The Revenue increased \$67,661 or 2.52% from the prior year due to an increase in the voter approved Tax Levy.

Operating Expenses increased \$275,070 or 11.7% from the prior year. Depreciation charged has decreased by \$1,987.

Total Operating Revenues less Total Operating Expenses produced a deficit of \$63,221.

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

Unaudited

Comparative Statement of Revenues, Expenses and Change in Net Position
(Continued)

Net Position as of December 31, 2018 decreased \$113,221 from (\$5,962,451) to (\$6,075,672), primarily as a result of pension and OPEB liability accruals required by the implementation of GASB 68 & 75.

	<u>Year Ending December 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Operating Revenues	<u>\$ 2,739,681</u>	<u>\$ 2,672,020</u>
Operating Expenses	2,611,325	2,336,255
Operating Income	128,356	335,765
Revenue Offsets	(9,577)	(9,215)
Capital Appropriations	<u>(182,000)</u>	<u> </u>
Total Operating (Deficit)/Surplus	<u>\$ 63,221</u>	<u>\$ 326,550</u>

The following table shows the available fund balance maintained by the district, net of the required pension accruals:

	<u>Year Ending December 31,</u>	
	<u>2018</u>	<u>2017</u>
Net Position	\$ (6,075,672)	\$ (5,962,451)
Less: Deferred Outflow of Resources	(2,471,623)	(2,364,011)
Add: Deferred Inflow of Resources	2,664,823	1,367,288
Net Pension & OPEB Liability	<u>6,568,279</u>	<u>7,638,464</u>
Available Fund Balance	<u>\$685,087</u>	<u>\$ 409,290</u>

Uniform Fire Safety Act revenues increased \$362. Earnings on investments increased \$3,373 and miscellaneous income decreased \$22,162. District taxes increased \$39,180.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

Unaudited

Financial Highlights (Continued)

The following table shows the history of the past ten years property tax levies per \$100 of assessed valuations on property within the District:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2019	\$299,373,100	\$2,203,883	.736
2018	297,692,800	2,136,139	.716
2017	289,049,000	2,096,259	.723
2016	287,698,400	2,029,398	.705
2015	284,899,400	1,936,617	.664
2014	284,894,500	1,893,824	.665
2013	286,574,600	1,847,330	.645
2012	298,900,000	1,791,758	.607
2011	284,769,900	1,738,137	.609
2010	284,044,800	1,677,096	.588

The District had \$2,802,902 in expenses, an increase of \$457,432. Administration costs decreased \$1,400. Costs of operations increased \$276,470. Capital expenditures increased \$182,000. General revenues and fund balance were adequate to provide for these expenses.

For further information, contact Ms. Maria Bucsanszky, E.A., Clerk for the Board of Fire Commissioners, District #1, at PO Box 320, 418 School Street, Woodbridge, NJ 07095.

Woodbridge Township Fire District # 7**SCHEDULE OF PROPORTIONATE SHARE OF PERS NET PENSION LIABILITY (NPL)
DETERMINED AS OF JUNE 30, 2018, PERS MEASUREMENT DATE**

Fiscal Year	District's Proportion	District's Proportion	District's Covered Payroll	District's Proportionate Share of NPL as a % of Covered Payroll Payroll	
2018	0.00047%	\$ 928,241	\$ 318,579	291 %	
2017	0.00042 %	981,515	305,303	321%	
2016	0.00046 %	1,362,363	290,104		470%
2015	0.00045 %	1,028,805	316,228		325%

SCHEDULE OF CONTRIBUTIONS

Fiscal Year	Required Contribution	Contributions Recognized by PERS	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 46,893	\$ 40,345	\$ (6,638)	\$ 318,579	12%
2017	39,061	39,061	-	305,303	12%
2016	40,865	40,865	-	290,104	14.09%
2015	39,402	39,402	-	316,228	12.46%

SCHEDULE OF CHANGES IN TOTAL NET PENSION LIABILITY

Fiscal Year	Beginning Balance Total Net Pension	Difference between Expected & Actual	Change of Assumptions	Difference between Expected & Actual Earnings	Change in Proportion & Actual Less Proportionate Share	Other Changes and Reclassifications	Ending Balance Total Net Pension Liability
2018	\$ 981,525	\$ 17,702	\$ (145,843)	\$ (8,707)	\$ 137,379	\$ (53,815)	\$ 928,241
2017	1,362,363	23,112	725	6,684	91,482	(502,841)	981,525
2016	1,028,865	25,336	282,309	51,948	221,144	(247,179)	1,362,363
2015	667,593	25,544	110,485	16,541	279,113	(71,471)	1,028,865

The Pension Schedules are intended to show information for ten years. The State of New Jersey has issued four years of pension information to the Authority. Additional years' information will be displayed as it becomes available.

Woodbridge Township Fire District # 7

**SCHEDULE OF PROPORTIONATE SHARE OF PFRS NET PENSION LIABILITY (NPL)
DETERMINED AS OF JUNE 30, 2018, PFRS MEASUREMENT DATE**

Fiscal Year	District's Proportion	District's Proportion	District's Covered Payroll	District's Proportionate Share of NPL as a % of Covered Payroll Payroll
2018	0.017%	\$ 2,311,978	\$ 587,759	393%
2017	0.016%	2,570,515	551,601	466%
2016	0.018 %	3,496,698	564,506	619%
2015	0.018 %	3,012,432	572,668	526%

SCHEDULE OF CONTRIBUTIONS

Fiscal Year	Required Contribution	Contributions Recognized by PERS	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 167,308	\$ 147,360	\$ 19,948	\$ 587,750	28%
2017	147,360	147,360	-	551,601	27%
2016	149,247	149,247	-	564,506	26%
2015	147,009	147,009	-	572,688	25%

SCHEDULE OF CHANGES IN TOTAL NET PENSION LIABILITY

Fiscal Year	Beginning Balance Total Net Pension	Difference between Expected & Actual	Change of Assumptions	Difference between Expected & Actual Earnings	Change in Proportion & Actual Less Proportionate Share	Other Changes and Reclassifications	Ending Balance Total Net Pension Liability
2018	\$ 2,570,515	\$ 13,953	\$(394,068)	\$(12,649)	(69,638)	\$ 203,865	\$ 2,311,978
2017	3,496,698	1,589	(104,092)	49,051	(152,375)	(640,446)	2,570,515
2016	3,012,432	(22,941)	404,321	245,007	74,186	(296,327)	3,496,698
2015	2,192,427	(25,983)	556,170	(52,549)	61,947	(280,420)	3,012,432

The Pension Schedules are intended to show information for ten years. The State of New Jersey has issued four years of pension information to the Authority. Additional years' information will be displayed as it becomes available.

Woodbridge Township Fire District #7General FundComparative Statement of Net PositionDecember 31,

<u>ASSETS</u>	<u>2018</u>	<u>2017</u> <u>Restated</u>
Cash	\$ 1,472,490	\$ 1,130,494
Accounts Receivable	37,229	82,265
Other Assets		<u>3,068</u>
Total Assets	1,509,719	1,215,897
Deferred Outflow of Resources		
Deferred Amount of Net Pension Liability	678,645	829,996
Deferred Amount of Net OPEB Liability	<u>1,792,978</u>	<u>1,804,015</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 3,981,342</u>	<u>\$ 3,849,908</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Liabilities and Reserves:		
Accounts Payable	97,649	75,923
Reserve for Future Capital Outlays	713,727	531,727
Reserve for Pension Obligation	-	186,421
Unearned Revenue	12,536	12,536
Net Pension Liability	3,240,219	3,552,040
Net OPEB Liability	<u>3,328,060</u>	<u>4,086,424</u>
Total Liabilities and Reserves	7,392,191	8,445,071
Deferred Inflow of Resources:		
Net Pension Liability	1,144,902	913,730
Net OPEB Liability	<u>1,519,921</u>	<u>453,558</u>
Total Liabilities, Reserves and Deferred Inflows of Resources	<u>\$10,057,014</u>	<u>\$ 9,812,359</u>
Net Position:		
Unrestricted	<u>(6,075,672)</u>	<u>(5,962,451)</u>
Total Net Position	<u>(6,075,672)</u>	<u>(5,962,451)</u>
Total Liabilities, Reserves and Net Position	<u>\$3,981,342</u>	<u>\$ 3,849,908</u>

See accompanying accountant's reports and notes to financial statements.

EXHIBIT 2

Woodbridge Township Fire District #7
General Fund
Statement of Activities and Changes in Net Position
For the Year Ended December 31, 2018
With Comparative Actual Amounts for the Period Ended December 31, 2017

	<u>2018</u>			<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues and Other				
<u>Financing Sources:</u>				
Miscellaneous Revenues:				
Uniform Fire Safety Act				
- Annual Registration Fees	\$ 23,469	\$ 35,876	\$ 12,407	\$ 33,020
Supplemental Fire Services Act	6,384	4,243	(2,141)	9,829
Earnings on Investments and				
Deposits	1,500	5,709	4,209	2,336
Miscellaneous Income	<u>514,083</u>	<u>507,714</u>	<u>(6,369)</u>	<u>529,876</u>
Total Miscellaneous Revenues	<u>545,436</u>	<u>553,542</u>	<u>8,106</u>	<u>575,061</u>
Fund Balance Appropriated	50,000	50,000	-	-
District Taxes	<u>2,136,139</u>	<u>2,136,139</u>		<u>2,096,959</u>
Total Revenues and Other				
Financing Sources	<u>\$ 2,731,575</u>	<u>\$2,739,681</u>	<u>\$ 8,106</u>	<u>\$2,672,020</u>
<u>Expenditures:</u>				
Current Operating				
Appropriations	\$ 2,534,575	\$2,611,325	\$ (76,750)	\$2,336,255
Appropriations Offset with Revenue:				
Uniform Fire Safety Act	15,000	9,577	5,423	9,215
Capital Appropriations	<u>182,000</u>	<u>182,000</u>		
Total Expenditures	<u>2,731,575</u>	<u>2,802,902</u>	<u>(71,327)</u>	<u>2,345,470</u>
Excess of Revenue over				
Expenditure	-	(63,221)	(63,221)	326,550
Less: Fund Balance Utilized	<u>(50,000)</u>	<u>(50,000)</u>		
Net Position, Beginning of Year	<u>(5,962,451)</u>	<u>(5,962,451)</u>		<u>(3,553,104)</u>
GASB 75 Adjustment	-	-	-	(2,735,897)
Net Position, End of Year	<u>\$ (6,012,451)</u>	<u>(\$6,075,672)</u>	<u>\$ (63,221)</u>	<u>\$(5,962,451)</u>

See accompanying accountant's reports and notes to financial statements.

Woodbridge Township Fire District #7General FundStatement of Expenditures Compared to BudgetFor the Year Ended December 31, 2018With Comparative Actual Amounts for the Period Ended December 31, 2017

	<u>2018</u>		<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
ADMINISTRATION:			
Salaries and Wages	\$ 83,674	\$ 80,493	\$ 3,181
Fringe Benefits	36,802	37,114	(312)
Election	2,000	1,811	189
Membership Dues	300	-	300
Office Expenses	2,000	1,814	186
Professional Services	32,520	24,728	7,792
Outside Service	8,000	-	8,000
Promotions, Awards	4,510	4,509	1
Advertising			812
Total Administration	<u>\$169,806</u>	<u>\$ 150,469</u>	<u>\$ 19,337</u>
COST OF OPERATIONS:			
Salaries and Wages	\$ 1,022,195	\$ 1,018,078	\$ 4,117
Fringe Benefits	453,935	661,119	(207,184)
Insurance	117,000	116,614	386
Maintenance and Repair	210,000	174,039	35,961
Hydrant Services	253,967	253,952	15
Training and Education	15,000	7,965	7,035
Uniforms	40,000	7,995	32,005
Utilities	60,000	45,948	14,052
Other Outside Services	53,200	53,107	93
Mutual Services Agreement	6,500	6,500	-
Radio Agreements	68,000	68,000	-
LOSAP	42,394	29,915	12,479
Operative Materials	22,578	17,624	4,954
Reimbursement of Expenses	-	-	-
Special Funding- PERS			14,397
Total Cost of Operations	<u>2,364,769</u>	<u>2,460,856</u>	<u>(96,087)</u>
Total Current Operating Exps.	<u>2,534,575</u>	<u>2,611,325</u>	<u>(76,750)</u>
EXPENSES OFFSET WITH REVENUE			
Uniform Fire Safety Act, (PL 1983, Ch. 383): Other Expenses	<u>15,000</u>	<u>9,577</u>	<u>5,423</u>
Total Operating Appropriations	<u>\$2,549,575</u>	<u>\$ 2,620,902</u>	<u>\$ (71,327)</u>
CAPITAL APPROPRIATIONS:			
Reserve-Future Capital Outlays	<u>182,000</u>	<u>182,000</u>	
Total Capital Appropriations	<u>182,000</u>	<u>182,000</u>	
Total Appropriations	<u>\$ 2,731,575</u>	<u>\$ 2,802,902</u>	<u>\$ (71,327)</u>

See accompanying accountant's reports and notes to financial statements.

EXHIBIT 4

Woodbridge Township Fire District #7General Fixed Assets Account GroupComparative Statement of Net PositionDecember 31, 2018 and 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Building:		
Fire House	\$ 1,682,155	\$ 1,682,655
Equipment:		
Vehicles	1,089,646	1,089,646
Equipment	<u>307,396</u>	<u>307,396</u>
Total Assets	3,079,197	3,079,197
Less Accumulated Depreciation:		
Building	589,351	551,049
Vehicles	780,261	749,857
Equipment	<u>193,758</u>	<u>146,827</u>
Total Accumulated Depreciation	<u>1,563,370</u>	<u>1,447,733</u>
Total Net Assets	<u>\$1,515,827</u>	<u>\$1,631,464</u>
<u>NET POSITION</u>		
Investment in General Fixed Assets	<u>\$1,515,827</u>	<u>\$1,631,464</u>

See accompanying accountant's reports and notes to financial statements.

Woodbridge Township Fire District #7General Fixed Assets Account GroupStatement of Activities and Changes in Net PositionDecember 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Revenues and Other Financing Sources:</u>		
Purchase of Equipment - Net	-	<u>\$ 39,000</u>
Total Revenues and Other Financing Sources	<u> </u>	<u>\$ 39,000</u>
<u>Expenditures:</u>		
Depreciation	<u>\$115,637</u>	<u>\$ 117,624</u>
Total Expenditures	<u>\$115,637</u>	<u>117,624</u>
Deficit of Revenue Over Expenditures	(115,637)	(78,624)
Net Position, Beginning of Year	<u>1,631,464</u>	<u>1,710,088</u>
Net Position, End of Year	<u>1,515,827</u>	<u>\$1,631,464</u>

See accompanying accountant's reports and notes to financial statements.

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Years Ended December 31, 2018 and 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Woodbridge Township Fire District #7 (The District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Separate financial statements are provided for the following separate funds:

General Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds, except as otherwise noted.

Capital Fund - Resources and expenditures for the acquisition of general capital facilities, other than those acquired through the general fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group - Shows the District's investment in buildings and equipment, net of accumulated depreciation.

The following is a summary of the significant policies:

Basis of Accounting - The modified accrual basis of accounting is followed. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable, except that interest and principal due on general obligation debt are accounted for as expenditures in the year becoming due and payable.

Inventories of Supplies - Purchases of materials and supplies are recognized and recorded as expenditures when they are acquired, regardless of when used.

The District has adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68* ("GASB 73"). Statement No. 73 requires the Authority to present a 10-year schedule of changes in total net pension liability is presented in Required Supplementary Information of these financial statements. The District also implemented GASB Statement No. 82, *Pension Issues*, which requires presentation of covered payroll, defined as payroll on which contributions are based, and ratios that use that measure, in schedules of required supplementary information.

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

All reported capital assets except for land are depreciated. At December 31, 2018 and 2017, capital assets and the useful lives used for determination of annual depreciation were as follows:

	Balance December 31, 2017	Current Year's Activity		Balance December 31, 2018
		Increase	Decrease	
Depreciable:				
Buildings & Improvs.	\$ 1,682,155	\$ -	-	\$ 1,682,155
Vehicles	1,089,646	-	-	1,089,646
Equipment	<u>307,396</u>			<u>307,396</u>
	3,079,197	-	-	3,079,197
Less: Accumulated Depreciation	<u>1,447,733</u>	<u>115,637</u>		<u>1,563,370</u>
	<u>\$ 1,631,464</u>	<u>\$ (115,637)</u>	<u>\$</u>	<u>\$ 1,515,827</u>

	Balance December 31, 2016	Current Year's Activity		Balance December 31, 2016
		Increase	Decrease	
Depreciable:				
Buildings & Improvs.	\$ 1,682,155	\$ -	-	\$ 1,682,155
Vehicles	1,089,646	-	-	1,089,646
Equipment	<u>268,396</u>	<u>39,000</u>		<u>307,396</u>
	3,040,197	39,000	-	3,079,197
Less: Accumulated Depreciation	<u>1,330,109</u>	<u>117,624</u>		<u>1,447,733</u>
	<u>\$ 1,710,088</u>	<u>\$ (78,624)</u>		<u>\$ 1,631,464</u>

Depreciation expense for the years ended December 31, 2018 and 2017 were \$115,637 and \$117,624, respectively.

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, fire districts are allowed to deposit funds in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or,

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The amount on deposit of the District's cash and cash equivalents at December 31, 2018, is as follows:

Checking Account	<u>\$ 1,472,490</u>
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Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS

New Jersey statutes permit the District to purchase the following investments:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

C. RISK ANALYSIS

All bank deposits, as of the net position date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act.

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 3. PENSION

Employees participate in both the Public Employees' Retirement System of New Jersey (PERS), as well as the Police and Firemen's Pension System; (PFRS). Both are contributory defined benefit public employee retirement systems that were established by State statute. The Systems are sponsored and administered by the Division of Pensions and Benefits. The Systems are considered a cost-sharing, multiple-employer plan. Covered employees are required by statute to contribute a certain percentage of their salary to the Plans. The Division of Pensions bills the District annually for its required contributions.

Following is the total of the District's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended December 31, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Net Pension Liabilities	\$ 3,240,219	\$ 3,552,040
Deferred Outflow of Resources	678,645	829,996
Deferred Inflow of Resources	1,144,902	913,730
Pension Expense	302,630	323,863
Contributions Made	187,705	196,871

PERS and PFRS are a cost-sharing, multiple-employer defined benefit pension plans. Both provide retirement and disability benefits, annual cost of living adjustments and benefits to plan members and their beneficiaries. As a condition of employment, all District full-time employees are required to be members.

Plan Description and Benefits - PERS

PERS members can apply for a service retirement of age 60 if enrolled before November 2, 2008 (Tier 1 or Tier 2), or at age 62 if enrolled on or after November 2, 2008, but before June 28, 2011 (Tier 3 or Tier 4), or at age 65 if enrolled on or after June 28, 2011 (Tier 5) regardless of the amount of service credit earned.

Tier 1, 2 or 3: Annual Benefit = Years of Service Credit, divided by 55, times Final Average Salary (average salary of the last three years of credited service or the highest three fiscal years of credited service, whichever provides the higher benefit). Tier 4 or Tier 5: Annual Benefit = Years of Service Credit, divided by 60, times Final Average Salary (average salary of the last five years of credited service or the highest five fiscal years of credited service, whichever provides the higher benefit). Pension benefits fully vest on reaching 10 years of service. Vested employees who were enrolled prior to July 1, 2007, and who have established 25 years or more of creditable service may retire without penalty at or after age 55 and receive full retirement benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 3. PENSION (Continued)

Contributions

Employees contribution rates to PERS governed by P.L. 2011, C. 78, effective June 28, 2011, were increased from 5.5% of salary to 6.5% of salary, and a phase-in to 7.5% of salary over a seven year period. Covered District employees are required by PERS to contribute 7.06% of their salaries. State statute requires the District to contribute an actuarially determined rate which includes the normal cost and the unfunded accrued liability. The amount of the District's contribution is certified each year by PERS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments 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.

Plan Description - PFRS

PFRS is a cost-sharing multiple-employer defined pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). The vesting and benefit provisions are set by N.J.S.A. 43:16A PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior.
3	Members who were eligible to enroll on or after June 28, 2011.

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 3. PENSION (Continued)

The local employers' contribution amounts are based on an actuarially rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS 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.

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non - employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Assumptions - PERS

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Through 2026	1.65 - 4.15%	1.65 - 4.15%
	Based on Age	Based on Age
Thereafter	2.65 - 5.15%	2.65 - 5.15%
	Based on Age	Based on Age
Investment Rate of Return	7.00%	7.00%

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 3. PENSION (Continued)

Assumptions - PERS (Continued)

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and 2017 respectively. 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 made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.66% and 5.00% as of December 31, 2018 and 2017, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

**Sensitivity of the Districts Proportionate Share of the PERS Local Share
Net Pension Liability to Changes in the Discount Rate**

	At 1% decrease <u>(4.66%)</u>	At current discount <u>rate (5.66%)</u>	At 1% increase <u>(6.66%)</u>
2018	<u>\$ 1,030,347</u>	<u>\$ 928,241</u>	<u>\$ 779,722</u>
	At 1% decrease <u>(4.0%)</u>	At current discount <u>rate (5.0%)</u>	At 1% increase <u>(6.00%)</u>
2017	<u>\$ 1,217,648</u>	<u>\$ 981,525</u>	<u>\$ 784,805</u>

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 3. PENSION (Continued)

Assumptions - PFRS

<u>PFRS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Through 2026	2.10 - 8.98% Based on Age	1.10 - 8.98% Based on Age
Thereafter	3.10 - 9.98% Based on Age	2.10 - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%

The discount rate used to measure the total pension liability was 6.51% and 6.14% as of June 30, 2018 and June 30, 2017, respectively. 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 made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The following presents the District's proportionate share of the PFRS net pension liability calculated using the discount rate of 6.51% and 6.14% as of December 31, 2017 and 2016, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

**Sensitivity of the District's Proportionate Share of the PFRS Local Share
Net Pension Liability to Changes in the Discount Rate**

	At 1% decrease <u>(5.51%)</u>	At current discount <u>rate (6.51%)</u>	At 1% increase <u>(7.51%)</u>
2018	<u>\$ 3,051,810</u>	<u>\$ 2,311,978</u>	<u>\$ 1,757,103</u>
	At 1% decrease <u>(5.14%)</u>	At current discount <u>rate (6.14%)</u>	At 1% increase <u>(7.14%)</u>
2017	<u>\$ 3,386,865</u>	<u>\$ 2,570,515</u>	<u>\$ 1,899,790</u>

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 3. PENSION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension.

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflow of resources, deferred inflow of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, The Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2018 and 2017, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2018 and 2017, respectively.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS and PFRS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentage presented in the PERS and PFRS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2018 and 2017. The District's proportionate share of the collective net pension liability as of December 31, 2018 was 0.0008% and 0.0825 for PERS and PFRS, respectively.

At December 31, 2018 & 2017, the amount recognized as the District's proportionate share of the PERS and PFRS net pension liability was \$3,240,219 & \$3,552,040, respectively. For the years ended December 31, 2018 & 2017, the District recognized PERS and PFRS pension expense of \$302,630 & \$323,863, respectively.

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 3. PENSION (Continued)

At December 31, 2018 and 2017, the Agency's deferred outflows of resources and deferred inflows of resources related to the PERS and PFRS pension are from the following sources:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference Between Expected and Actual Experience	\$ 41,223	\$ 14,354	\$ 39,788	\$ 15,087
Changes of Assumptions	351,411	891,322	514,716	617,993
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	21,356	55,735	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>286,011</u>	<u>217,870</u>	<u>219,757</u>	<u>280,650</u>
Total	<u>\$678,645</u>	<u>\$1,144,902</u>	<u>\$829,996</u>	<u>\$913,730</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources to PERS and PFRS pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Total</u>
2018	\$ (51,806)
2019	(51,806)
2020	(51,806)
Thereafter	<u>(310,389)</u>
	<u>\$ (466,257)</u>

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 3. PENSION (Continued)

BASIS OF ACCOUNTING

The financial statements of the PERS and PFRS pension fund are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the fund. Benefits or refunds are recognized when due and payable in accordance with the terms of the fund.

INVESTMENT VALUATION

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290. More information on mortality rates and other assumptions, and investment policies, can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

**NOTE 4. ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS
OTHER THAN PENSION - GASB 75**

Plan Description and Benefits Provided

The State Health Benefit Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription, drug, and Medicare Part B reimbursement to retirees and their covered dependents of local employers.

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**NOTE 4. ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS
OTHER THAN PENSION - GASB 75 (Continued)**

The employer contributions for the participating local employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: Teachers' Pension Annuity Fund (TPAF), the Public Employees' Retirement System (PERS, the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, the future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Total Nonemployer OPEB Liability

The portion of the Total Nonemployer OPEB Liability that was associated with the District at December 31, 2018 was as follows:

	<u>2018</u>	<u>2017</u>
Nonemployer OPEB Liability:		
District's proportionate share	\$3,328,060	\$4,086,424

The Total Nonemployer OPEB Liability as of December 31, 2018 was determined by an actuarial valuation as of June 30, 2018.

The Total Nonemployer OPEB Liability was determined separately based on actual data of the District.

On December 31, 2018, the District's proportion was 0.021243 percent, which was an increase of 0.001227 from its proportion measured as of December 31, 2017.

The State, a Nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants.

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**NOTE 4. ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS
OTHER THAN PENSION - GASB 75 (Continued)**

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation 2.5 %

Salary increases Through 2026 1.65% - 8.98% Based on Age

Thereafter 2.65% - 9.98% Based on Age

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year suing the MP-2017 scale. Post-Retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year suing the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year suing the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is initially 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Plan B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

the discount rate for June 30, 2018 and 2017 was 3.7% and 3.855, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**NOTE 4. ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS
OTHER THAN PENSION - GASB 75 (Continued)**

**Sensitivity of the Total Nonemployer OPEB Liability to Changes in the
Discount Rate**

The following presents the total nonemployer OPEB liability associated with the Authority as of December 31, 2018 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>December 31, 2018</u>		
	<u>1.00% Decrease (2.87%)</u>	<u>At Discount Rate (3.87%)</u>	<u>1.00% Increase (4.87%)</u>
State of New Jersey's Nonemployer OPEB Liability Associated with the District	\$3,860,549	\$3,328,060	\$2,862,131

	<u>December 31, 2017</u>		
	<u>1.00% Decrease (2.58%)</u>	<u>At Discount Rate (3.58%)</u>	<u>1.00% Increase (4.58%)</u>
State of New Jersey's Nonemployer OPEB Liability Associated with the District	\$4,781,116	\$4,086,424	\$3,514,324

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of
Resources Related to OPEB

As of June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired Authority employee's OPEB associated with the following sources:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Changes of assumptions	\$ 844,206	\$ -	\$453,558	-
Difference Between Expenditures and Actual	675,715	3,759	-	700
Changes in Proportion		<u>1,791,239</u>		<u>1,803,315</u>
	<u>\$3,397,932</u>	<u>\$ 1,792,978</u>	<u>\$1,228,241</u>	<u>\$1,804,015</u>

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**NOTE 4. ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS
OTHER THAN PENSION - GASB 75 (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of
Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2019	\$ (30,339)
2020	(30,339)
2021	(30,339)
2022	(30,339)
2023	(30,339)
Total Thereafter	<u>(121,362)</u>
	<u>\$(273,057)</u>

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-029 or on their website at <http://www.nj.gov/pension/benefits>.

Woodbridge Township Fire District #7

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

Note 5. RESTATEMENT

On January 1, 2018, the District implemented GASB Statement No. 75, "Financial Reporting for Post Employment Benefit Plans Other Than Pensions." The District has determined the effect of implementing this accounting change on the financial statements previously reported as of December 31, 2017, was to recognize the District's proportionate share of Public Employees' OPEB benefit plans other than pensions. net liability, contributions payable, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$2,735,897. The net effect of this restatement is a decrease in total net position at December 31, 2017, from \$(3,553,104) as originally reported, to \$(5,962,451).

Note 6. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

The Fire District offers its employees a Length of Service Awards Program in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Program and all income attributed to those amounts are the exclusive property of the Fire District, subject to the claims of its general creditors. Participants' rights under the Program are equal to those of a general creditor of the Fire District in an amount equal to the fair market value of the deferred account for each participant. It is unlikely that the Fire District would use Program assets to satisfy claims of the general creditors in the future.

Note 7. SUBSEQUENT EVENTS

In Management's opinion, there are no material events subsequent to December 31, 2018, which would require recognition in the financial statements.

Woodbridge Township Fire District #7

ROSTER OF OFFICIALS

Board of Commissioners

Dennis Henry	President
William Kazawic	Vice President
George Brew	Treasurer
Brian Henry	Secretary
Richard Pinter	Assistant Treasurer/Secretary

Other Officials

Maria Bucsanszky	Accountant
Donald T. Jaworsiak	Attorney

Surety Company

Employee Dishonesty coverage for \$500,000 on each employee and \$25,000 on the Treasurer.

WOODBIDGE TOWNSHIP FIRE DISTRICT #7

Comments and Recommendations

For the Year Ended December 31, 2018

NONE

