WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
FORDS, NEW JERSEY

AUDIT REPORT

DECEMBER 31, 2009

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WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
ROSTER OF OFFICIALS
DECEMBER 31, 2009

Board of Fire Commissioners

Dennis Henry -- President

William P. Kazawic, Jr. -- Vice President

Brian Henry -- Secretary

Richard Pinter -- Assistant Secretary

George Brew -- Treasurer

Other Officials

Donald T. Joworisak, Esq. -- Attorney

LERCH, VINCI & HIGGINS, LLP

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ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

Board of Fire Commissioners
Woodbridge Township Fire District No. 7
667 King George Road
Fords, New Jersey 08863

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodbridge Township Fire District No. 7, (the "District") as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Woodbridge Township Fire District No. 7's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Deferred Compensation – Length of Service Awards Program (LOSAP) Fiduciary Fund have not been audited and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to audit nor were we engaged to audit the financial statements of the Length of Service Awards Program as part of the District's financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we audited the financial activities of the Length of Service Award Program, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of the Woodbridge Township Fire District No. 7, as of December 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Woodbridge Township Fire District No. 7 as of December 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2010 on our consideration of the Woodbridge Township Fire District No. 7'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 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.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodbridge Township Fire District No. 7's basic financial statements. The accompanying financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we audited the financial activities of the Length of Service Award Program, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lerch, Vinci & Higgins LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
June 15, 2010

REQUIRED SUPPLEMENTARY INFORMATION

PART 1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED

The 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, 2009. 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.

The Management's Discussion and Analysis (MD&A) is a element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Financial Highlights

Key financial highlights for 2009 are as follows:

In total, net assets increased $158,607 from 2008.

General revenues accounted for $2,096,146 or 99.78 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for $4,705 or 0.22 percent of total revenues of $2,100,851.

Total assets of governmental activities increased by $45,847 as cash and cash equivalents increased by $146,552, and net capital assets decreased by $101,699.

The District had $1,942,244 in expenses; only $4,705 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $2,096,146 and fund balance were adequate to provide for these programs.

Among governmental funds, the General Fund had $1,842,893 in revenues and $1,809,348 in expenditures. The General Fund's fund balance increased $33,545 from 2008.

Using this Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Woodbridge Township Fire District No. 7 as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

District-Wide Financial Statements (Statement of Net Assets and Statement of Activities)

These statements provide both short-term and long-term information about the District's overall financial status.

Fund Financial Statements

Fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1
Major Features of District-Wide, Fund Financial Statements and Fiduciary Funds

	District-wide Statements	Fund Financial Statements Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Instances in which the district administers resources on behalf of someone else
Required financial statements	•Statement of net assets •Statement of activities	•Balance sheet •Statement of revenues, expenditures, and changes in fund balances	•Statement of fiduciary net assets •Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of assets/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included	All assets and liabilities, both short-term, and long-term. The District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions, during the year, regardless of when cash is received or paid

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Woodbridge Township Fire District No. 7, the General Fund is by far the most significant fund.

Continued

Reporting the District as a Whole
Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District, as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required programs and other factors.

Reporting the District's Most Significant Funds
Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transaction. The District's governmental funds are the General Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Notes to the Financial Statements

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

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole. Net assets may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Continued

Table A-1
Summary of Net Assets

	Governmental Activities		Percentage Change
	2009	2008	2008-2009
Current and Other Assets	$ 541,068	$ 393,522	37.49%
Capital Assets	1,632,130	1,733,829	-5.87%
Total Assets	$ 2,173,198	$ 2,127,351	2.16%
Long-Term Liabilities	$ 730,000	$ 855,000	-14.62%
Other Liabilities	112,179	99,939	12.25%
Total Liabilities	$ 842,179	$ 954,939	-11.81%
Net Assets:			
Invested in capital assets, net of related debt	$ 902,130	$ 878,829	2.65%
Restricted	228,448	128,448	77.85%
Unrestricted	200,441	165,135	21.38%
Total Net Assets	$ 1,331,019	$ 1,172,412	13.53%

Table A-2
Changes in Net Assets

	Governmental Activities		Percentage Change
	2009	2008	2008-2009
REVENUES:			
Program Revenues:			
Charges for Services	$ 4,705	$ 16,104	-70.78%
General Revenues:			
Property Taxes	1,573,981	1,491,349	5.54%
State Aid	5,355	6,436	-16.80%
Other	516,810	466,589	10.76%
Total Revenues	$ 2,100,851	$ 1,980,478	6.08%
EXPENSES:			
Administration	$ 67,641	$ 73,316	-7.74%
Cost of Operations and Maintenance	1,704,871	1,674,195	1.83%
Operating Appropriations Offset with Revenues	103,971	107,076	-2.90%
First Aid Squad	2,356	8,000	-70.55%
Length of Services Award Program	32,208	26,720	20.54%
Interest on Long-Term Debt	31,197	35,780	-12.81%
Total Expenses	$ 1,942,244	$ 1,925,087	0.89%
Change in Net Assets	$ 158,607	$ 55,391	186.34%

Continued

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District operations. Property taxes made up 74.92% of revenues for governmental activities for Woodbridge Township Fire District No. 7 in 2009. The District's total revenues were $2,100,851 for the year ended December 31, 2009. Charges for services accounted for 0.22% of revenue, state aid accounted for another 0.26% of revenue, other miscellaneous revenue accounted for the remaining 24.60%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table A-3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3
Total Cost of Services vs Net Cost of Services

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Administration	$ 67,641	$ 67,641	$ 73,316	$ 73,316
Cost of Operations and Maintenance	1,704,871	1,704,871	1,674,195	1,674,195
Operating Appropriations Offset with Revenues	103,971	99,266	107,076	90,972
First Aid Squad	2,356	2,356	8,000	8,000
Length of Service Awards Program	32,208	32,208	26,720	26,720
Interest on Long-Term Debt	31,197	31,197	35,780	35,780
Total Expenses	$ 1,942,244	$ 1,937,539	$ 1,925,087	$ 1,908,983

Administration includes expenses associated with administrative and financial supervision of the District.

Cost of Operations and Maintenance involve keeping equipment in an effective working condition.

The District's Funds

All governmental funds (i.e., general fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to $2,100,851 and expenditures were $1,967,306. The change in fund balance for the year in the general fund was a increase of $33,545 and a increase of $100,000 in the capital projects fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the General Fund for the years ended December 31, 2009 and 2008, and the amount and percentage of increases and decreases in relation to prior year revenues.

Continued

Table A-4
Summary of Revenues-General Fund

Revenues:	2009	2008	Increase (Decrease) from 2008	Percent of Increase (Decrease)
Local Sources:				
Miscellaneous Revenue	$ 516,810	$ 466,589	$ 50,221	10.76%
Revenues Offset with Appropriations	5,355	16,104	(10,749)	-66.75%
Property Taxes	1,316,023	1,233,876	82,147	6.66%
State Sources	4,705	6,436	(1,731)	-26.90%
Total	$ 1,842,893	$ 1,723,005	$ 119,888	6.96%

The following schedule presents a summary of General Fund expenditures for the years ended December 31, 2009 and 2008 and the amount and percentage of increases and decreases in relation to prior year amounts.

Table A-5
Summary of Expenditures-General Fund

Expenditures:	2009	2008	Increase (Decrease) from 2008	Percent of Increase (Decrease)
Administration	$ 67,641	$ 73,316	$ (5,675)	-7.74%
Cost of Operations and Maintenance	1,603,172	1,550,216	52,956	3.42%
Operating Appropriations Offset Revenues	103,971	107,076	(3,105)	-2.90%
First Aid Squad	2,356	8,000	(5,644)	-70.55%
Length of Service Award Program	32,208	26,720	5,488	20.54%
Total	$ 1,809,348	$ 1,765,328	$ 44,020	2.49%

Capital Assets

At the end of the year 2009 and 2008, the District had $1,632,130 and $1,733,829 invested in buildings and building improvements, vehicles and equipment. Table A-6 shows 2009 balances compared to 2008.

Table A-6
Summary of Capital Assets
(Net of Depreciation)

	Governmental Activities		Increase (Decrease) from 2008	Percent of Increase (Decrease)
	2009	2008		
Buildings and Building Improvements	$ 1,433,231	$ 1,475,151	$ (41,920)	-2.84%
Vehicles	145,703	196,872	(51,169)	-25.99%
Equipment	53,196	61,806	(8,610)	-13.93%
Total	$ 1,632,130	$ 1,733,829	$ (101,699)	-5.87%

Continued

Debt Administration

At December 31, 2009 and 2008, the District had $730,000 and is $855,000 of outstanding serial bonds, respectively.

Table A-7
Summary of Outstanding Long-Term Debt

2009	2008	Increase (Decrease) from 2008	Percent of Increase (Decrease)
$ 730,000	$ 855,000	$ (125,000)	-14.62%

For the Future

The Woodbridge Township Fire District No. 7 is in good financial condition presently. The District is proud of its community support.

In conclusion, the Woodbridge Township Fire District No. 7 has committed itself to financial excellence for many years. In addition, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact George Brew, Treasurer, at the Woodbridge Township Fire District No. 7, 667 King George Road, Fords, NJ 08863.

Concluded

BASIC FINANCIAL STATEMENTS

Exhibit A-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Net Assets
December 31, 2009

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	$ 534,307	$ 534,307
Prepaid Expenses	5,767	5,767
Intergovernmental Accounts Receivable	994	994
Capital Assets, Net	1,632,130	1,632,130
Total Assets	$ 2,173,198	$ 2,173,198
LIABILITIES		
Accounts Payable	$ 90,068	$ 90,068
Payroll Liabilities Payable	11,513	11,513
Accrued Interest on Bonds	10,598	10,598
Noncurrent Liabilities:		
Due Within One Year	140,000	140,000
Due Beyond One Year	590,000	590,000
Total Liabilities	$ 842,179	$ 842,179
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ 902,130	$ 902,130
Restricted For:		
Capital Projects	228,448	228,448
Unrestricted	200,441	200,441
Total Net Assets	$ 1,331,019	$ 1,331,019

See accompanying Notes to the Basic Financial Statements.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Activities
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Governmental Activities	Net (Expenses) Revenue and Changes in Net Assets: Total
Governmental Activities:						
Administration	$ 67,641				$ (67,641)	$ (67,641)
Cost of Operations and Maintenance	1,704,871				(1,704,871)	(1,704,871)
Operating Appropriations Offset with Revenues	103,971	4,705			(99,266)	(99,266)
First Aid Squad	2,356				(2,356)	(2,356)
Length of Service Award Program	32,208				(32,208)	(32,208)
Interest on Long Term Debt	31,197				(31,197)	(31,197)
Total Governmental Activities	$ 1,942,244	$ 4,705	$ -	$ -	$ (1,937,539)	$ (1,937,539)
Total Primary Government	$ 1,942,244	$ 4,705	$ -	$ -	$ (1,937,539)	$ (1,937,539)
General Revenues:						
Property Taxes, Levied for General Purposes					$ 1,416,023	$ 1,416,023
Property Taxes, Levied for Debt Service					157,958	157,958
State Aid Not Restricted					5,355	5,355
Miscellaneous					516,810	516,810
Total General Revenues					$ 2,096,146	$ 2,096,146
Changes in Net Assets					$ 158,607	$ 158,607
Net Assets - Beginning of Year					1,172,412	1,172,412
Net Assets - End of Year					$ 1,331,019	$ 1,331,019

See accompanying Notes to the Basic Financial Statements.

Exhibit B-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Balance Sheet
Governmental Funds
December 31, 2009

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Assets:				
Cash and Cash Equivalents	$ 305,859	$ 228,448		$ 534,307
Intergovernmental Receivable	994			994
Prepaid Expense	5,767			5,767
TOTAL ASSETS	$ 312,620	$ 228,448	$ -	$ 541,068
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 90,068			$ 90,068
Payroll Liabilities Payable	11,513			11,513
Total Liabilities	101,581	-	-	101,581
Fund Balances:				
Reserved:				
For Encumbrances	8,600			8,600
Unreserved, Reported In:				
Designated for Subsequent Years' Expenditures	60,000	78,448		138,448
Undesignated	142,439	150,000		292,439
Total Fund Balances	211,039	228,448	-	439,487
TOTAL LIABILITIES AND FUND BALANCES	$ 312,620	$ 228,448	$ -	

Amounts reported for Governmental Activities in the Statement of Net Assets (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 Capital Assets is $2,387,575 and the Accumulated Depreciation is $755,445	1,632,130
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:	
Bonds Payable	(730,000)
Accrued Interest on Bonds	(10,598)
Net Assets of Governmental Activities	$ 1,331,019

See accompanying Notes to the Basic Financial Statements.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General Fund	Capital Projects	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources				
Miscellaneous Revenues	$ 516,810			$ 516,810
Operating Grant Revenue	5,355			5,355
Property Taxes	1,316,023	100,000	157,958	1,573,981
Total Local Sources	1,838,188	100,000	157,958	2,096,146
State Sources	4,705			4,705
Total Revenues	1,842,893	100,000	157,958	2,100,851
EXPENDITURES:				
Administration	67,641			67,641
Cost of Operations and Maintenance	1,603,172			1,603,172
Operating Appropriations Offset With Revenues	103,971			103,971
First Aid Squad	2,356			2,356
Length of Service Award Program	32,208			32,208
Debt Service:				
Principal			125,000	125,000
Interest			32,958	32,958
Total Expenditures	1,809,348	-	157,958	1,967,306
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,545	100,000	-	133,545
Net Change in Fund Balances	33,545	100,000	-	133,545
Fund Balances, Beginning of Year	177,494	128,448	-	305,942
Fund Balances, End of Year	$ 211,039	$ 228,448	$ -	$ 439,487

See accompanying Notes to the Basic Financial Statements.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2009

Total Net Change in Fund Balances - Governmental Funds (From B-2)	$ 133,545
Amounts reported for governmental activities in the Statement of Activities (A-2) are different 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. The amount of depreciation in the period is:	
Depreciation Expense	(101,699)
Repayments of bond principal are expenditures 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.	125,000
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.	1,761
Change in Net Assets of Governmental Activities	$ 158,607

See accompanying Notes to the Basic Financial Statements.

Exhibit B-4

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2009

	Deferred Compensation (LOSAP) (Unaudited)
ASSETS	
Cash and Investments with Fiscal Agents	$ 279,992
District Contributions Receivable	32,208
TOTAL CURRENT ASSETS	$ 312,200
LIABILITIES	
Intergovernmental Payable	$ 994
TOTAL CURRENT LIABILITIES	$ 994
NET ASSETS	
Held in Trust For:	
Deferred Compensation	$ 311,206
TOTAL NET ASSETS	$ 311,206

See accompanying Notes to the Basic Financial Statements.

Exhibit B-5

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended December 31, 2009

	Deferred Compensation (LOSAP) (Unaudited)
ADDITIONS	
Contributions:	
District Contributions	$ 32,208
Total Contributions	$ 32,208
Investment Earnings:	
Net Increase in Fair Value of Investments	$ 33,355
Interest	5,061
Net Investment Earnings	$ 38,416
Total Additions	$ 70,624
Change in Net Assets	$ 70,624
Net Assets - Beginning of Year	240,582
Net Assets - End of Year	$ 311,206

See accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Woodbridge Township Fire District No. 7 (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Significant changes in the Statement include the following:

A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity:

The Woodbridge Township Fire District No. 7 is a political subdivision of the Township of Woodbridge, Middlesex County, New Jersey. The District functions independently through a Board of Fire Commissioners. The board is comprised of five members elected to three-year terms. The annual Fire District election is held the third Saturday of February.

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

Based on the aforementioned criteria, the District has no component units.

B. Government-wide and Fund Financial Statements:

The district-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to residents or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements: (Continued)

Property taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District considers all of its governmental funds to be major funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. All assets and liabilities associated with these operations (with the exception of the fiduciary fund) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from the issuance of debt or by property taxes that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Additionally, the government reports the following fund type:

Fiduciary Trust Funds - The Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals for the Deferred Compensation Program.

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include 1) charges to residents for services provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets/Budgetary Control:

Annual budgets are prepared each year for the operations of the fire district. The budgets are approved by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budgets are then voted upon by the public, at the annual fire district election held on the third Saturday in February. Budgetary transfers may be made during the last two months of the year.

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

E. 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 in governmental funds are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Encumbrances: (Continued)

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments including LOSAP Fiduciary Fund investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey fire districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. 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 at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. 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 received. Grants from other governments 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.

H. Inventories and Prepaid Expenses:

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represents 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.

J. Capital Assets:

Capital assets, which include buildings and building improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings and Building Improvements	40
Fire Trucks	25
Other Vehicles	5
Equipment	5-25

K. Long-Term Obligations:

Long-term debt is recognized as a liability of the Fire District when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fire District Property Taxes:

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

M. Fund Equity:

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

Reserved for Encumbrances - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at December 31.

Designations of fund balance represent tentative management plans that are subject to change.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2010 District budget certified for taxes.

N. Reclassifications:

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 CASH AND INVESTMENTS

The District's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank for the temporary period ending December 31, 2013. At December 31, 2009 the book value of the District's deposits was $534,307 and the bank balance of the District's deposits was $553,531. Of the bank balances $250,000 was covered by FDIC and $303,531 was covered by GUDPA. In addition, the District had $279,992 invested in its Deferred Compensation Program (LOSAP) with The Variable Annuity Life Insurance Company. This amount is not covered by FDIC or GUDPA.

NOTE 2 CASH AND INVESTMENTS (Continued)

The District is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the local unit or units within which the District is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute. In addition, the District is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2009, the District has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposit and Investment Risk Disclosures" ("GASB 40") and accordingly the District has assessed the Custodial Risk, the Concentration of Credit Risk, Credit Risk and Interest Rate Risk of its cash and investments.

(a) Custodial Credit Risk – The District's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District and are held by either: the counterparty or the counterparty's trust department or agent but not in the District's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.

As of December 31, 2009, the District's bank balance was not exposed to custodial credit risk since the full amount was covered by either FDIC insurance or GUDPA. The District does not have a formal policy for deposit custodial credit risk other than to maintain sufficient funds in the checking account to cover checks that have not cleared the account as of a specific date.

As of December 31, 2009, the District's balance in its Deferred Compensation Program was not covered by FDIC or GUDPA.

(b) Concentration of Credit Risk – This is the risk associated with the amount of investments the District has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

NOTE 2 CASH AND INVESTMENTS (Continued)

(c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the District does not have an investment policy regarding Credit Risk except to the extent previously outlined under the District's investment policy.

(d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

NOTE 3 CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Being Depreciated:				
Buildings and Building Impvts.	$ 1,676,780			$ 1,676,780
Vehicles	634,865			634,865
Equipment	75,930	-	-	75,930
Total Capital Assets, Being Depreciated	2,387,575	-	-	2,387,575
Accumulated Depreciation For:				
Buildings and Building Impvts.	(201,629)	(41,920)		(243,549)
Vehicles	(437,993)	(51,169)		(489,162)
Equipment	(14,124)	(8,610)	-	(22,734)
Total Accumulated Depreciation	(653,746)	(101,699)	-	(755,445)
Total Capital Assets, Being Depreciated, Net	1,733,829	(101,699)	-	1,632,130
Governmental Activities Capital Assets, Net	$ 1,733,829	$ (101,699)	$ -	$ 1,632,130

Depreciation expense was charged to functions of the District as follows:

Cost of Operations and Maintenance	$101,699

NOTE 4 GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2009 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Serial Bonds Payable	$ 855,000	$ -	$ 125,000	$ 730,000	$ 140,000
Total Long-Term Liabilities	$ 855,000	$ -	$ 125,000	$ 730,000	$ 140,000

A. Schedule of Annual Debt Service For Principal and Interest for Bonded Debt Issued and Outstanding

Fiscal Year	General Serial Bonds Principal	Interest	Total
2010	$ 140,000	$ 28,262	$ 168,262
2011	145,000	22,963	167,963
2012	150,000	17,482	167,482
2013	155,000	11,823	166,823
2014	140,000	5,950	145,950
	$ 730,000	$ 86,480	$ 816,480

B. Outstanding Debt

At December 31, 2009, bonds payable consisted of the following issue:

2003 Fire District Bonds, dated June 10, 2003, due in annual installments through August 15, 2013 bearing an interest rate of 3.60%	$425,000
2004 Fire District Bonds, dated August 17, 2004, due in annual installments through August 15, 2014 bearing an interest rate of 4.25%	305,000
	$730,000

C. Bonds and Notes Authorized But Not Issued

At December 31, 2009, there was $25,000 of bonds and notes authorized but not issued.

D. Statutory Borrowing Power

The District's remaining borrowing power under N.J.S. 40A:14-85 at December 31, 2009 was s follows:

2% of Assessed Valuation	$5,694,868
Less: Net Debt	755,000
Remaining Borrowing Power	$4,939,868

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those District employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pension.

Basis of Accounting

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

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provides an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS and PFRS for payments due in State fiscal year 2009. This law also provides that a local employer may pay 100 percent of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS and PFRS 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 State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 72.6 percent with an unfunded actuarial accrued liability of $34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and $23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and $11.4 billion.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 5.5% for PERS and 8.50% for PFRS of employees' annual compensation.

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. However, due to the enactment of P.L. 2009, c.19, the District opted to contribute a PFRS and PERS amount that reflected a 50 percent reduction of the normal and accrued liability component of the PFRS and PERS obligations due in the year ended December 31, 2009. The unpaid or deferred amount of $47,107 for PFRS and $6,205 for PERS will be paid with interest starting in the 2012 year over a 15 year period. The District is allowed to payoff the deferred pension obligations at any time.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2009, 2008 and 2007, except for the amounts deferred during the year ended December 31, 2009, the District was required to contribute for normal cost pension contributions the following amounts which equaled the required contributions for each year:

Year Ended December 31	PFRS	PERS
2009	$ 7,749	$ 50,981
2008	6,955	91,886
2007	3,899	60,486

NOTE 6 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.

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.

NOTE 7 FUND BALANCE APPROPRIATED

General Fund – Of the $211,039 General Fund fund balance at December 31, 2009, $8,600 is reserved for encumbrances; $60,000 has been appropriated and included as anticipated revenue for the year 2010 and $142,439 is unreserved and undesignated.

Capital Fund – Of the $228,488 Capital Fund fund balance at December 31, 2009, 78,448 is designated for subsequent years' expenditures and $150,000 is undesignated.

NOTE 8 LITIGATION

As of the date of this report there is no litigation pending which, if decided adversely to the District would have a material impact on the District.

NOTE 9 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (UNAUDITED)

The Fire District offers its employees a Length of Service Award 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.

The District has selected VALIC to administer its LOSAP Program. As of December 31, 2009 the District's LOSAP Program had assets of $311,206.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Miscellaneous Revenues:					
Joint Purchasing Agreements	$ 492,598	-	$ 492,598	$ 495,195	$ 2,597
Interest on Investments	2,500	-	2,500	1,452	(1,048)
Miscellaneous	-	-	-	20,163	20,163
	495,098	-	495,098	516,810	21,712
Operating Grant Revenue:					
Supplemental Fire Services Program	5,354	-	5,354	5,355	1
Miscellaneous Revenues Offset With Appropriations:					
Safer Grant	32,000		32,000		(32,000)
Uniform Fire Safety Act	16,337	-	16,337	4,705	(11,632)
	48,337	-	48,337	4,705	(43,632)
Amount to be Raised by Taxation to Support the District Budget	1,316,023	-	1,316,023	1,316,023	-
Total Revenues	$ 1,864,812	$ -	$ 1,864,812	$ 1,842,893	$ (21,919)

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2009
(Continued from prior page)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Commissioners	$ 26,000	-	$ 26,000	$ 26,000	-
Clerk	5,408	-	5,408	5,408	-
Bookkeeper	13,746	-	13,746	13,746	-
Total Salaries and Wages	45,154	-	45,154	45,154	-
Fringe Benefits	3,000	-	3,000	-	3,000
Other Expenses:					
Election	1,000	-	1,000	(107)	$ 1,107
Permits, Licenses and Fees	100	-	100	-	100
Memberships/Dues	100	-	100	80	20
Office Expense	2,500	-	2,500	3,505	(1,005)
Professional Services	25,000	$ 8,600	33,600	15,250	18,350
Promotion	1,500	-	1,500	1,208	292
Outside Services	8,000	-	8,000	1,872	6,128
Advertising	1,000	-	1,000	679	321
Total Other Expenses	39,200	8,600	47,800	22,487	25,313
Total Administration	87,354	8,600	95,954	67,641	28,313

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2009
(Continued from prior page)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES: (Continued)					
Cost of Operations and Maintenance:					
Salaries and Wages:					
Firefighters	$ 425,179	-	$ 425,179	$ 410,496	$ 14,683
Dispatchers	302,100	-	302,100	301,499	601
Total Salaries and Wages	727,279	-	727,279	711,995	15,284
Fringe Benefits	375,000	-	375,000	323,316	51,684
Other Expenses:					
Hydrant Rental Charges	210,000	-	210,000	210,347	(347)
Insurance	50,000	-	50,000	40,498	9,502
Maintenance and Repair - Vehicles	73,000	-	73,000	95,142	(22,142)
Maintenance and Repair - Buildings and Grounds	70,000	-	70,000	90,010	(20,010)
Mutual Services Agreement	10,000	-	10,000	10,000	-
Training and Education	8,000	-	8,000	5,398	2,602
Operating Materials and Supplies	15,000	-	15,000	6,337	8,663
Uniforms and Equipment	49,932	-	49,932	20,948	28,984
Utilities	65,000	-	65,000	54,181	10,819
Reimbursement of Expenses	35,000	-	35,000	35,000	-
Total Other Expenses	585,932	-	585,932	567,861	18,071
Total Cost of Operations and Maintenance	1,688,211	-	1,688,211	1,603,172	85,039

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2009
(Continued from prior page)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES: (Continued)					
Operating Appropriations Offset With Revenues:					
Uniform Fire Safety Act:					
Salaries and Wages	$ 96,380	-	$ 96,380	$ 95,533	$ 847
Fringe Benefits	6,000	-	6,000	-	6,000
Other Expenses	10,000	-	10,000	8,438	1,562
Safer Grant:					
Salaries and Wages	32,000	-	32,000	-	32,000
Total Appropriations Offset with Revenues	144,380	-	144,380	103,971	40,409
First Aid Squad	10,000	-	10,000	2,356	7,644
Length of Service Award Program	42,011	-	42,011	32,208	9,803
Total Expenditures	1,971,956	$ 8,600	1,980,556	1,809,348	171,208
Excess (Deficiency) of Revenues Over (Under) Expenditures	(107,144)	(8,600)	(115,744)	33,545	149,289
Fund Balances, Beginning of Year	177,494	-	177,494	177,494	-
Fund Balances, Ending of Year	$ 70,350	$ (8,600)	$ 61,750	$ 211,039	$ 149,289

Reserve for Encumbrances	$ 8,600
Unreserved-Designated for Subsequent Year's Expenditures	60,000
Unreserved Fund Balance	142,439
Total Fund Balances	$ 211,039

OTHER SUPPLEMENTARY INFORMATION

Exhibit D-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Comparative Balance Sheets
General Fund
As of December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and Cash Equivalents	$ 305,859	$ 259,307
Intergovernmental Receivable	994	994
Prepaid Expense	5,767	5,767
TOTAL ASSETS	$ 312,620	$ 266,068
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	$ 90,068	$ 79,337
Payroll Liabilities Payable	11,513	8,243
Total Liabilities	101,581	87,580
Fund Balance:		
Reserved for Encumbrances	8,600	8,400
Unreserved:		
Designated for Subsequent Year's Expenditures	60,000	105,000
Undesignated	142,439	64,094
Total Fund Balance	211,039	177,494
TOTAL LIABILITIES AND FUND BALANCE	$ 312,620	$ 265,074

Exhibit E-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Comparative Balance Sheets
Capital Projects Fund
As of December 31, 2009 and 2008

	2009	2008
ASSETS		
Cash and Cash Equivalents	$ 228,448	$ 128,448
TOTAL ASSETS	$ 228,448	$ 128,448
LIABILITIES AND FUND BALANCE		
Fund Balance:		
Designated for Subsequent Years' Expenditures:		
Building and Dispatchers Facility Improvements	$ 81	$ 81
Building and Dispatch Facility Renovation	30,147	30,147
Chief's Vehicle	19,790	19,790
Acquisition of Rescue Vehicle and Equipment	28,430	28,430
Undesignated	150,000	50,000
Total Fund Balances	$ 228,448	$ 128,448
TOTAL LIABILITIES AND FUND BALANCE	$ 228,448	$ 128,448

Exhibit E-2

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Comparative Schedules of Revenues and Expenditures
Capital Projects Fund
For the Years Ended December 31, 2009 and 2008

	2009	2008
REVENUES		
Amount to be Raised by Taxation	$ 100,000	$ 100,000
Total Revenues	100,000	100,000
EXPENDITURES		
Capital Projects	-	194,563
Total Expenditures	-	194,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	100,000	(94,563)
Fund Balance, Beginning of Year	128,448	223,011
Fund Balance, End of Year	$ 228,448	$ 128,448

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Summary Schedule of Project Expenditures
Capital Projects Fund
As of December 31, 2009

Project	Date	Appropriations	Expenditures to Date: Prior Years	Expenditures to Date: Current Year	Unexpended Balance
Building and Dispatchers Facility Improvements	2000, 2001	$ 230,000	$ 229,919	-	$ 81
Building and Dispatch Facility Renovation	02/15/03, 04/05/04	1,350,000	1,319,853	$ -	30,147
Chief's Vehicle	02/19/05	50,000	30,210	-	19,790
Acquisition of Rescue Vehicle and Equipment	2007, 2008	225,000	171,570.00	-	53,430
		$ 1,855,000	$ 1,751,552	$ -	$ 103,448
			Less Unfunded Authorizations		25,000
					$ 78,448

Exhibit F-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Comparative Schedules of Fiduciary Net Assets
Fiduciary Funds
as of December 31, 2009 and 2008

	Deferred Compensation (LOSAP) (Unaudited)	
	2009	2008
ASSETS		
Cash and Investments with Fiscal Agents	$ 279,992	$ 212,169
District Contributions Receivable	32,208	28,413
TOTAL CURRENT ASSETS	$ 312,200	$ 240,582
LIABILITIES		
Intergovernmental Payable	$ 994	$ 994
TOTAL CURRENT LIABILITIES	$ 994	$ 994
NET ASSETS		
Held in Trust For:		
Deferred Compensation	$ 311,206	$ 240,582
TOTAL NET ASSETS	$ 311,206	$ 240,582

Exhibit F-2

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Comparative Schedules of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Years Ended December 31, 2009 and 2008

	Deferred Compensation (LOSAP) (Unaudited)	
	2009	2008
ADDITIONS		
Contributions:		
District Contributions	$ 32,208	$ 28,413
Total Contributions	$ 32,208	$ 28,413
Investment Earnings:		
Net Increase in Fair Value of Investments	$ 33,355	$ -
Interest	5,061	3,956
Net Investment Earnings	$ 38,416	$ 3,956
Total Additions	$ 70,624	$ 32,369
DEDUCTIONS		
Benefits Returned to District		$ 2,688
Benefits Paid to Participants or Beneficiaries		6,156
Net Decrease in Fair Value of Investments	-	60,864
Total Deductions	$ -	$ 69,708
Change in Net Assets	$ 70,624	$ (37,339)
Net Assets - Beginning of Year	$ 240,582	$ 277,921
Net Assets - End of Year	$ 311,206	$ 240,582

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Schedule of Serial Bonds
Long-Term Debt
December 31, 2009

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Date	Maturities of Bonds Outstanding Amount	Interest Rate	Balance Jan. 1, 2009	Retired	Balance Dec. 31, 2009
Fire District Bonds	06/10/03	$ 900,000	08/15/10	$ 100,000	3.60%	$ 520,000	$ 95,000	$ 425,000
			08/15/11	105,000				
			08/15/12	110,000				
			08/15/13	110,000				
Fire District Bonds	08/17/04	450,000	08/15/10	$ 40,000	4.25%	335,000	30,000	305,000
			08/15/11	40,000				
			08/15/12	40,000				
			08/15/13	45,000				
			08/15/14	140,000				
						$ 855,000	$ 125,000	$ 730,000

Exhibit H-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2009

	Final Budget	Actual	Variance Final to Actual
REVENUES:			
Amount to be Raised by Taxation to Support the District Budget	$ 157,958	$ 157,958	$ -
EXPENDITURES:			
Regular Debt Service:			
Interest - General Obligation Bonds	32,958	32,958	-
Redemption of Principal - General Obligation Bonds	125,000	125,000	-
Total Regular Debt Service	157,958	157,958	-
Total Expenditures	$ 157,958	$ 157,958	$ -
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	$ -	$ -	$ -

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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
Woodbridge Township Fire District No. 7
667 King George Road
Fords, New Jersey 08863

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Woodbridge Township Fire District No. 7 as of and for the year ended December 31, 2009, which collectively comprise the Woodbridge Township Fire District No. 7's basic financial statements and have issued our report thereon dated June 15, 2010. The financial statements of the Length of Service Award Program (LOSAP) have not been audited, and we were not required by the Division of Local Government Services to audit nor were we engaged to audit the LOSAP – Deferred Compensation Fund financial statements as part of our audit of the District's financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses,we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

Internal Control Over Financial Reporting (continued)

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2009-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Woodbridge Township Fire District No. 7's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and responses as item 2009-1.

We also noted a certain matter that we have reported to management of the District in the Section of our report entitled "General Comments and Recommendations".

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Fire Commissioners, management and 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.

Lerch, Vinci & Higgins LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
June 15, 2010

STATISTICAL INFORMATION

Property Tax Levies:

Following is a tabulation of district assessed valuations, tax levies and property tax rates per $100 of assessed valuations for the current and preceding four years:

Fiscal Year	Assessed Valuations	Total Tax Levy	Property Tax Rates
2008	$ 284,044,800	$ 1,573,981	0.552
2008	284,427,400	1,491,349	0.520
2007	284,427,400	1,380,510	0.483
2006	285,997,300	1,282,376	0.446
2005	286,041,200	1,167,921	0.406

Unreserved Fund Balance:

Fiscal Year Ended	End of Fiscal Year	Utilization in Subsequent Budget
December 31, 2009	$ 202,439	$ 60,000
December 31, 2008	169,094	105,000
December 31, 2007	211,417	106,000
December 31, 2006	255,459	149,000
December 31, 2005	299,749	150,000

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2009-1:

Certain vouchers approved for payment did not include a certification of the claimant that the bill or demand is correct.

Criteria or specific requirement:

New Jersey Local Fiscal Affairs – NJSA 40A:5-16, "Payment of Moneys of Local Unit".

Condition:

See Finding 2009-1.

Context:

Numerous paid vouchers did not contain a claimant's certification that the bill is correct.

Effect:

The District is not in compliance with NJ Local Fiscal Affairs Law.

Cause:

Unknown.

Recommendation:

All vouchers contain a claimant's certification prior to being presented to the Board of Commissioners for payment.

Management's Response:

The District will make efforts to obtain a claimant's certification prior to being presented to the Board of Commissioners for payment.

Contracts and Agreements Required to be Advertised For N.J.S. 40A:11-3

Bid Threshold; Period of Contracts

a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of $21,000, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971, c. 198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to $29,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

GENERAL COMMENTS (Continued)

Contracts and Agreements Required to be Advertised For N.J.S. 40A:11-3 (Continued)

Bid Threshold; Period of Contracts (Continued)

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c. 440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c. 198 (C.40A:11-2) (pending before the Legislature as section 6 of this bill), and shall round the adjustment to the nearest $1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

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

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

N.J.S. 40A:11-6.1 states:

"Award of purchases, contracts, or agreements.

a. For all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, and for those contracts that are for subject matter enumerated in subsection (1) of section 5 of P.L. 1971, c. 198 (C.40A:11-5), except for paragraph (a) of that subsection concerning professional services and paragraph (b) of that subsection concerning work by employees of the contracting unit, the contracting agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The contracting agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor.

b. When in excess of the bid threshold, and after documented effort by the contracting agent to secure competitive quotations, a contract for extraordinary unspecifiable services may be awarded upon a determination in writing by the contracting agent that the solicitation of competitive quotations is impracticable. Any such contract shall be awarded by resolution of the governing body.

GENERAL COMMENTS (Continued)

Contracts and Agreements Required to be Advertised For N.J.S. 40A:11-3 (Continued)

Bid Threshold; Period of Contracts (Continued)

c. If authorized by the governing body by resolution or ordinance, all contracts that are in the aggregate less than 15 percent of the bid threshold may be awarded by the contracting agent without soliciting competitive quotations.

d. Whenever two or more responses to a request of a contracting agent offer equal prices and are the lowest responsible bids or proposals, the contracting unit may award the contract to the vendor whose response, in the discretion of the contracting unit, is the most advantageous, price and other factors considered. In such a case, the award resolution or purchase order documentation shall explain why the vendor selected is the most advantageous.

Current Year

Our audit indicated certain expenditures were made under a State contract for fire equipment; however the vendor was not approved by Board resolution. No recommendation is warranted since this is considered an isolated and unintentional instance.

The audit revealed that two professional service contracts awarded were not approved by resolution of the Commissioners. Additionally, the District did not advertise in an official newspaper the award of the contracts. It is recommended that all professional service contracts be approved by resolution of the Commissioners and advertised in an official newspaper.

RECOMMENDATIONS

It is recommended that:

* 1. Vouchers contain a claimant's certification prior to being presented to the Board of Commissioners for payment.

2. All professional service contracts be approved by resolution of the Commissioners and advertised in an official newspaper.

Status of Prior Year Recommendations

A review of all prior year recommendations was made. The recommendation denoted with an asterisk above is repeated from the prior year.

* * * * * * * * * *

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

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

Lerch, Vinci & Higgins LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary W. Higgins
Registered Municipal Accountant
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