WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
FORDS, NEW JERSEY

AUDIT REPORT

DECEMBER 31, 2011

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WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
ROSTER OF OFFICIALS
DECEMBER 31, 2011

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

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ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S 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, 2011, 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 Award 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 Award Program as part of the District's financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Woodbridge Township Fire District No. 7 as of December 31, 2011, 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 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 Deferred Compensation - 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, 2011, 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 July 31, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Woodbridge Township Fire District No. 7 as a whole. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Woodbridge Township Fire District No. 7. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Length of Service Award Program been audited, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lerch, Vinci & Higgins LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
July 31, 2012

REQUIRED SUPPLEMENTARY INFORMATION

PART 1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
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, 2011. 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 2011 are as follows:

In total, net assets increased $196,297 from 2010.

General revenues accounted for $2,265,211 or 98 percent of all revenues. Program specific revenues in the form of charges for services accounted for $42,615 or 2 percent of total revenues of $2,307,826.

Total assets of governmental activities increased by $52,639 as cash and cash equivalents and other assets decreased by $271,497, and net capital assets increased by $324,136.

The District had $2,111,529 in expenses; only $42,615 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $2,265,211 were adequate to provide for these programs.

Among governmental funds, the General Fund had $2,039,863 in revenues and $2,005,187 in expenditures. The General Fund's fund balance increased $34,676 from 2010.

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 2011?" 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 Basic 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
	2011	2010	2010-2011
Current and Other Assets	$ 366,088	$ 637,585	-42.58%
Capital Assets	1,862,700	1,538,564	21.07%
Total Assets	$ 2,228,788	$ 2,176,149	2.42%
Long-Term Liabilities	$ 445,000	$ 590,000	-24.58%
Other Liabilities	81,970	80,628	1.66%
Total Liabilities	$ 526,970	$ 670,628	-21.42%
Net Assets:			
Invested in capital assets, net of related debt	$ 1,417,700	$ 948,564	49.46%
Restricted	18,878	328,448	-94.25%
Unrestricted	265,240	228,509	16.07%
Total Net Assets	$ 1,701,818	$ 1,505,521	13.04%

Table A-2
Changes in Net Assets

	Governmental Activities		Percentage Change
	2011	2010	2010-2011
REVENUES:			
Program Revenues:			
Charges for Services	$ 42,615	$ 16,818	153.39%
General Revenues:			
Property Taxes	1,738,137	1,677,096	3.64%
State Aid	3,836	3,836	0.00%
Other	523,238	516,620	1.28%
Total Revenues	$ 2,307,826	$ 2,214,370	4.22%
EXPENSES:			
Administration	$ 94,462	$ 71,384	32.33%
Cost of Operations and Maintenance	1,816,486	1,799,058	0.97%
Operating Appropriations Offset with Revenues	145,427	108,601	33.91%
Length of Services Award Program	34,246	34,549	-0.88%
Interest on Long-Term Debt	20,908	26,276	-20.43%
Total Expenses	$ 2,111,529	$ 2,039,868	3.51%
Change in Net Assets	$ 196,297	$ 174,502	12.49%

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 75% of revenues for governmental activities for Woodbridge Township Fire District No. 7 in 2011. The District's total revenues were $2,307,826 for the year ended December 31, 2011. Charges for services accounted for 2% of revenue, state aid accounted for another 1% of revenue, other miscellaneous revenue accounted for the remaining 22%.

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 and Net Cost of Services

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Administration	$ 94,462	$ 94,462	$ 71,384	$ 71,384
Cost of Operations and Maintenance	1,816,486	1,816,486	1,799,058	1,799,058
Operating Appropriations Offset with Revenues	145,427	102,812	108,601	91,783
Length of Service Awards Program	34,246	34,246	34,549	34,549
Interest on Long-Term Debt	20,908	20,908	26,276	26,276
Total Expenses	$ 2,111,529	$ 2,068,914	$ 2,039,868	$ 2,023,050

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 $2,307,826 and expenditures were $2,582,720. The change in fund balance for the year in the general fund was an increase of $34,676 and a decrease of $309,570 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, 2011 and 2010, 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:	2011	2010	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Local Sources:				
Miscellaneous Revenue	$ 523,238	$ 516,620	$ 6,618	1.28%
Revenues Offset with Appropriations	3,836	3,836	-	0.00%
Property Taxes	1,470,174	1,408,833	61,341	4.35%
State Sources	42,615	16,818	25,797	153.39%
Total	$ 2,039,863	$ 1,946,107	$ 93,756	4.82%

The following schedule presents a summary of General Fund expenditures for the years ended December 31, 2011 and 2010 and the amount and percentage of increases and decreases in relation to prior year amounts.

Table A-5
Summary of Expenditures-General Fund

Expenditures:	2011	2010	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Administration	$ 94,462	$ 71,384	$ 23,078	32.33%
Cost of Operations and Maintenance	1,731,052	1,705,492	25,560	1.50%
Operating Appropriations Offset Revenues	145,427	108,601	36,826	33.91%
Length of Service Award Program	34,246	34,549	(303)	-0.88%
Total	$ 2,005,187	$ 1,920,026	$ 85,161	4.44%

Capital Assets

At the end of the year 2011 and 2010, the District had $1,862,700 and $1,583,564 invested, net of depreciation, in buildings and building improvements, vehicles and equipment, respectively. Table A-6 shows 2011 balances compared to 2010.

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

	Governmental Activities		Increase (Decrease) from 2010	Percent of Increase (Decrease)
	2011	2010		
Buildings and Building Improvements	$ 1,355,017	$ 1,393,187	$ (38,170)	-2.74%
Vehicles	471,707	100,791	370,916	368.01%
Equipment	35,976	44,586	(8,610)	-19.31%
Total	$ 1,862,700	$ 1,538,564	$ 324,136	21.07%

Continued

Debt Administration

At December 31, 2011 and 2010, the District had $445,000 and $590,000 of outstanding serial bonds payable, respectively.

Table A-7
Summary of Outstanding Long-Term Debt

	2011	2010	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Serial Bonds Payable	$ 445,000	$ 590,000	$ (145,000)	-24.58%

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.

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BASIC FINANCIAL STATEMENTS

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Net Assets
As of December 31, 2011

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	$ 314,929	$ 314,929
Accounts Receivable	47,943	47,943
Prepaid Expenses	3,216	3,216
Capital Assets, Net	1,862,700	1,862,700
Total Assets	$ 2,228,788	$ 2,228,788
LIABILITIES		
Accounts Payable	$ 60,953	$ 60,953
Unearned Revenue	5,569	5,569
Payroll Liabilities Payable	8,892	8,892
Accrued Interest on Bonds	6,556	6,556
Noncurrent Liabilities:		
Due Within One Year	150,000	150,000
Due Beyond One Year	295,000	295,000
Total Liabilities	$ 526,970	$ 526,970
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ 1,417,700	$ 1,417,700
Restricted For:		
Capital Projects	18,878	18,878
Unrestricted	265,240	265,240
Total Net Assets	$ 1,701,818	$ 1,701,818

See accompanying Notes to the Basic Financial Statements.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Activities
For the Year Ended December 31, 2011

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	$ 94,462				$ (94,462)	$ (94,462)
Cost of Operations and Maintenance	1,816,486				(1,816,486)	(1,816,486)
Operating Appropriations Offset with Revenues	145,427	$ 42,615			(102,812)	(102,812)
Length of Service Award Program	34,246				(34,246)	(34,246)
Interest on Long Term Debt	20,908				(20,908)	(20,908)
Total Governmental Activities	$ 2,111,529	$ 42,615	$ -	$ -	$ (2,068,914)	$ (2,068,914)
Total Primary Government	$ 2,111,529	$ 42,615	$ -	$ -	$ (2,068,914)	$ (2,068,914)
General Revenues:						
Property Taxes, Levied for General Purposes					$ 1,570,174	$ 1,570,174
Property Taxes, Levied for Debt Service					167,963	167,963
State Aid Not Restricted					3,836	3,836
Miscellaneous					523,238	523,238
Total General Revenues					$ 2,265,211	$ 2,265,211
Changes in Net Assets					$ 196,297	$ 196,297
Net Assets - Beginning of Year					1,505,521	1,505,521
Net Assets - End of Year					$ 1,701,818	$ 1,701,818

See accompanying Notes to the Basic Financial Statements.

Exhibit B-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Balance Sheet
Governmental Funds
As of December 31, 2011

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Assets:				
Cash and Cash Equivalents	$ 296,051	$ 18,878	$ -	$ 314,929
Accounts Receivable	47,943			47,943
Prepaid Expense	3,216			3,216
TOTAL ASSETS	$ 347,210	$ 18,878	$ -	$ 366,088
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 60,953			$ 60,953
Deferred Revenue	5,569			5,569
Payroll Liabilities Payable	8,892			8,892
Total Liabilities	75,414	-	-	75,414
Fund Balances:				
Restricted:				
Capital Projects		18,878		18,878
Assigned:				
For Encumbrances	8,850			8,850
Designated for Subsequent Years' Expenditures	106,000			106,000
Unassigned				
General Fund	156,946			156,946
Total Fund Balances	271,796	18,878	-	290,674
TOTAL LIABILITIES AND FUND BALANCES	$ 347,210	$ 18,878	$ -	
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 $2,797,145 and the Accumulated Depreciation is $934,445				1,862,700
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:				
Serial Bonds Payable				(445,000)
Accrued Interest on Bonds				(6,556)
Net Assets of Governmental Activities				$ 1,701,818

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, 2011

	General Fund	Capital Projects	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources				
Miscellaneous Revenues	$ 523,238			$ 523,238
Operating Grant Revenue	3,836			3,836
Property Taxes	1,470,174	$ 100,000	$ 167,963	1,738,137
Total Local Sources	1,997,248	100,000	167,963	2,265,211
State Sources	42,615			42,615
Total Revenues	2,039,863	100,000	167,963	2,307,826
EXPENDITURES:				
Administration	94,462			94,462
Cost of Operations and Maintenance	1,731,052			1,731,052
Operating Appropriations Offset With Revenues	145,427			145,427
Length of Service Award Program	34,246			34,246
Capital Outlay		409,570		409,570
Debt Service:				
Principal			145,000	145,000
Interest			22,963	22,963
Total Expenditures	2,005,187	409,570	167,963	2,582,720
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,676	(309,570)	-	(274,894)
Net Change in Fund Balances	34,676	(309,570)	-	(274,894)
Fund Balances, Beginning of Year	237,120	328,448	-	565,568
Fund Balances, End of Year	$ 271,796	$ 18,878	$ -	$ 290,674

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, 2011

Total Net Change in Fund Balances - Governmental Funds (From B-2)		$ (274,894)
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 capital outlay in excess of depreciation in the period is:		
Capital Outlay	409,570	
Depreciation Expense	(85,434)	
		324,136
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.		145,000
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.		
Decrease in Accrued Interest		2,055
Change in Net Assets of Governmental Activities		$ 196,297

See accompanying Notes to the Basic Financial Statements.

Exhibit B-4

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Fiduciary Net Assets
Fiduciary Funds
As of December 31, 2011

	(LOSAP) (Unaudited)
ASSETS	
Cash and Investments with Fiscal Agents	$ 316,255
District Contributions Receivable	34,246
TOTAL ASSETS	$ 350,501
NET ASSETS	
Held in Trust For:	
Deferred Compensation	$ 350,501
TOTAL NET ASSETS	$ 350,501

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, 2011

	(LOSAP) (Unaudited)
ADDITIONS	
Contributions:	
District Contributions	$ 34,246
Total Contributions	$ 34,246
Investment Earnings:	
Net Increase/(Decrease) in Fair Value of Investments	$ (5,865)
Interest	5,163
Net Investment Earnings	$ (702)
Total Additions	$ 33,544
DEDUCTIONS	
Benefits Paid to Participants or Beneficiaries	$ 39,159
Total Deductions	$ 39,159
Change in Net Assets	$ (5,615)
Net Assets - Beginning of Year	356,116
Net Assets - End of Year	$ 350,501

See accompanying Notes to the Basic Financial Statements.

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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 government-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 LOSAP 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:

Beginning with year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012 District budget certified for taxes.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

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). The District is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or $200 million for all deposits not covered by the FDIC.

NOTE 2 CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At December 31, 2011 the book value of the District's deposits was $314,929 and the bank balance of the District's deposits was $361,476. Of the bank balances $250,000 was covered by FDIC and $64,929 was covered by GUDPA.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk. As of December 31, 2011 none of the District's bank balances were exposed to custodial credit risk.

Investments

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. Investments include 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 District or bonds or other obligations of the school districts which are a part of the District or school districts located within the District, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). 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, 2011, the District had the following investments:

	Fair Value
2011	
Investment Not Subject to Categorization	
Length of Service Award Progam	$ 316,255

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are held by an outside party. The District does not have a policy for custodial risk. As of December 31, 2011 $316,255 of the District's investments was exposed to custodial credit risk as follows:

	Fair Value
2011	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the District's name	$ 316,255

NOTE 2 CASH AND INVESTMENTS (Continued)

Investments (Continued)

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The District places no limit in the amount the District may invest in any one issuer.

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	$ 409,570		1,044,435
Equipment	75,930	-	-	75,930
Total Capital Assets, Being Depreciated	2,387,575	409,570	-	2,797,145
Accumulated Depreciation For:				
Buildings and Building Impvts.	(283,593)	(38,170)		(321,763)
Vehicles	(534,074)	(38,654)		(572,728)
Equipment	(31,344)	(8,610)	-	(39,954)
Total Accumulated Depreciation	(849,011)	(85,434)	-	(934,445)
Total Capital Assets, Being Depreciated, Net	1,538,564	324,136	-	1,862,700
Governmental Activities Capital Assets, Net	$ 1,538,564	$ 324,136	$ -	$ 1,862,700

NOTE 3 CAPITAL ASSETS (Continued)

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

Cost of Operations and Maintenance	$85,434

NOTE 4 GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2011 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Serial Bonds Payable	$ 590,000	$ -	$ 145,000	$ 445,000	$ 150,000
Total Long-Term Liabilities	$ 590,000	$ -	$ 145,000	$ 445,000	$ 150,000

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

Fiscal Year	General Serial Bonds Principal	Interest	Total
2012	$ 150,000	$ 17,482	$ 167,482
2013	155,000	11,823	166,823
2014	140,000	5,950	145,950
	$ 445,000	$ 35,255	$ 480,255

B. Outstanding Debt

At December 31, 2011, bonds payable consisted of the following issue:

2003 Fire District Bonds, dated June 10, 2003, due in annual installments of $110,000 through August 15, 2013 bearing an interest rate of 3.60%	$220,000
2004 Fire District Bonds, dated August 17, 2004, due in annual installments of $40,000 to $140,000 through August 15, 2014 bearing an interest rate of 4.25%	225,000
	$445,000

C. Bonds and Notes Authorized But Not Issued

At December 31, 2011, there was $125,000 of bonds and notes authorized but not issued.

NOTE 4 GENERAL LONG-TERM DEBT (Continued)

D. Statutory Borrowing Power

The District's remaining borrowing power under N.J.S. 40A:14-85 at December 31, 2011 was as follows:

2% of Assessed Valuation	$5,695,398
Less: Net Debt	570,000
Remaining Borrowing Power	$5,125,398

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 10 years of service for pension benefits and, if applicable, 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/pensions.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operates and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 70.5 percent with an unfunded actuarial accrued liability of $36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and $25.6 billion and the aggregate funded ratio and unfunded accrued liability for local PERS is 78.5 percent and $10.7 billion, respectively.

The funded status and funding progress of the retirement system includes 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 system 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 July 1, 2010 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 the retirement system; and (2) 5.45 percent for projected salary increases for the retirement system.

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 retirement system requires employee contributions based on 6.50% for PERS and 8.50% for PFRS.

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2011, 2010 and 2009, except for the amounts deferred during the year ended December 31, 2009, the District was required to contribute for normal cost pension contributions accrued liability pension contributions and non-contributory life insurance premiums, the following amounts which equaled the required contributions for each year:

Year Ended December 31	PERS	PFRS
2011	$ 19,410	$ 136,556
2010	17,926	112,642
2009	7,749	50,981

During the year ended December 31, 2009 the District elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled $53,312 and will be paid back with interest over 15 years beginning in the 2012 year. The District is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total liability including accrued interest (at 8.25%) at December 31, 2011 is $66,337.

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, injuries to employees 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 $271,796 General Fund fund balance at December 31, 2011, $8,850 is reserved for encumbrances; $106,000 has been appropriated and included as anticipated revenue for the year 2012 and $156,946 is unreserved and undesignated.

Capital Fund – Of the $18,878 Capital Fund fund balance at December 31, 2011, $(36,350) is designated for capital projects and $55,228 is undesignated.

The District has an accumulated deficit of $36,350 in the designated fund balance of the Capital Projects Fund as of December 30, 2011. This deficit is the result of the District incurring expenditures for capital projects, which was prior to the incurring of permanent debt or funding provided in the District's annual budget. As the District permanently finances these appropriations or funds them in a future budget, the District will realize as revenues the proceeds of the financing or budget revenue. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

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 Woodbridge Township Fire District No. 7 Length of Service Award Program (LOSAP) was created pursuant to Section 457 (e)(11)(13) of the Internal Revenue Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997.

The tax deferred income benefits for active volunteer members of the Woodbridge Township Fire District No. 7 come from contributions made solely by the District, on behalf of those volunteers who meet the criteria of the Program created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services will publish changes to the permitted maximum on an annual basis.

The Woodbridge Township of Fire District No. 7 contributed $1,427 and $1,400 per eligible volunteer into the Program, based on the annual accumulated points of each member for the years ended December 31, 2011 and 2010.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the District has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the Program participants and their beneficiaries.

Variable Annuity Life Insurance Company (VALIC) is the administrator of the Program. The District's practical involvement in administering the Program is essentially limited to verifying the eligibility of each participant and remitting the funds to the Program administrator.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the District perform a separate review report of the Program in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Auditing Review Services.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Miscellaneous Revenues:					
Joint Purchasing Agreements	$ 507,420	-	$ 507,420	$ 504,280	$ (3,140)
Interest/Miscellaneous	2,500	-	2,500	18,958	16,458
	509,920	-	509,920	523,238	13,318
Operating Grant Revenue:					
Supplemental Fire Services Program	3,052	-	3,052	3,836	784
Miscellaneous Revenues Offset With Appropriations:					
Safer Grant	32,000		32,000	24,676	(7,324)
Uniform Fire Safety Act	16,337	-	16,337	17,939	1,602
	48,337	-	48,337	42,615	(5,722)
Amount to be Raised by Taxation to Support the District Budget	1,470,174	-	1,470,174	1,470,174	-
Total Revenues	$ 2,031,483	$ -	$ 2,031,483	$ 2,039,863	$ 8,380

Continued

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2011
(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	26,000	-	26,000	5,408	$ 20,592
Bookkeeper	14,441	-	14,441	14,441	-
Total Salaries and Wages	66,441	-	66,441	45,849	20,592
Fringe Benefits	4,700	-	4,700	4,605	95
Other Expenses:					
Election	700	-	700	260	440
Permits, Licenses and Fees	100	-	100		100
Memberships/Dues	100	-	100	330	(230)
Office Expense	2,000	-	2,000	8,875	(6,875)
Professional Services	25,000		25,000	16,381	8,619
Promotion	4,000	-	4,000	2,707	1,293
Outside Services	8,000	-	8,000	14,484	(6,484)
Advertising	700	-	700	971	(271)
Total Other Expenses	40,600	-	40,600	44,008	(3,408)
Total Administration	111,741	-	111,741	94,462	17,279

Continued

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2011
(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	$ 451,490	-	$ 451,490	$ 453,905	$ (2,415)
Dispatchers	321,470	-	321,470	318,040	3,430
Total Salaries and Wages	772,960	-	772,960	771,945	1,015
Fringe Benefits	440,968	-	440,968	446,671	(5,703)
Other Expenses:					
Hydrant Rental Charges	229,000	-	229,000	222,347	6,653
Insurance	50,000	-	50,000	45,375	4,625
Maintenance and Repair - Vehicles	57,000	-	57,000	43,818	13,182
Maintenance and Repair - Buildings and Grounds	60,000	-	60,000	74,252	(14,252)
Mutual Services Agreement	10,000	-	10,000	10,000	-
Training and Education	8,000	-	8,000	2,400	5,600
Operating Materials and Supplies	10,000	-	10,000	1,988	8,012
Uniforms and Equipment	40,000	-	40,000	13,849	26,151
Utilities	70,000	-	70,000	64,440	5,560
Reimbursement of Expenses	35,000	-	35,000	33,967	1,033
Total Other Expenses	569,000	-	569,000	512,436	56,564
Total Cost of Operations and Maintenance	1,782,928	-	1,782,928	1,731,052	51,876

Continued

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2011
(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	$ 102,103	-	$ 102,103	$ 98,020	$ 4,083
Fringe Benefits	7,900	-	7,900	9,210	(1,310)
Other Expenses	10,000	-	10,000	13,521	(3,521)
Safer Grant:					
Salaries and Wages	32,000	-	32,000	24,676	7,324
Total Appropriations Offset with Revenues	152,003	-	152,003	145,427	6,576
Length of Service Award Program	44,811	-	44,811	34,246	10,565
Total Expenditures	2,091,483	-	2,091,483	2,005,187	86,296
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,000)	-	(60,000)	34,676	94,676
Fund Balances, Beginning of Year	237,120	-	237,120	237,120	-
Fund Balances, Ending of Year	$ 177,120	$ -	$ 177,120	$ 271,796	$ 94,676

Assigned	
Reserve for Encumbrances	$ 8,850
Unreserved-Designated for Subsequent Year's Expenditures	106,000
Unassigned	
Undesignated Fund Balance	156,946
Total Fund Balances	$ 271,796

Exhibit D-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Comparative Schedule of Assets, Liabilities and Fund Balance
General Fund
As of December 31, 2011 and 2010

	2011	2010
ASSETS		
Cash and Cash Equivalents	$ 296,051	$ 309,137
Accounts Receivable	47,943	
Prepaid Expense	3,216	-
TOTAL ASSETS	$ 347,210	$ 309,137
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	$ 60,953	$ 65,501
Deferred Revenue	5,569	5,725
Payroll Liabilities Payable	8,892	791
Total Liabilities	75,414	72,017
Fund Balance:		
Assigned:		
Reserved for Encumbrances	8,850	8,750
Designated for Subsequent Year's Expenditures	106,000	60,000
Unassigned:		
General Fund	156,946	168,370
Total Fund Balance	271,796	237,120
TOTAL LIABILITIES AND FUND BALANCE	$ 347,210	$ 309,137

Exhibit E-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Comparative Schedule of Assets, Liabilities and Fund Balance
Capital Projects Fund
As of December 31, 2011 and 2010

	2011	2010
ASSETS		
Cash and Cash Equivalents	$ 18,878	$ 328,448
TOTAL ASSETS	$ 18,878	$ 328,448
LIABILITIES AND FUND BALANCE		
Restricted Fund Balance:		
Chief's Vehicle	$ 19,790	$ 19,790
Acquisition of Rescue Vehicle and Equipment	28,430	28,430
Acquisition of Fire Truck	(84,570)	
Other	55,228	280,228
Total Fund Balances	$ 18,878	$ 328,448
TOTAL LIABILITIES AND FUND BALANCE	$ 18,878	$ 328,448

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Comparative Schedules of Revenues, Expenditures and Change in Fund Balance
Capital Projects Fund
For the Years Ended December 31, 2011 and 2010

	2011	2010
REVENUES		
Amount to be Raised by Taxation	$ 100,000	$ 100,000
Total Revenues	100,000	100,000
EXPENDITURES		
Capital Projects	409,570	-
Total Expenditures	409,570	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(309,570)	100,000
Fund Balance, Beginning of Year	328,448	228,448
Fund Balance, End of Year	$ 18,878	$ 328,448

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Summary Schedule of Project Expenditures
Capital Projects Fund
As of December 31, 2011

Project	Date	Appropriations	Expenditures to Date: Prior Years	Expenditures to Date: Current Year	Unexpended Balance
Chief's Vehicle	02/19/05	$ 50,000	$ 30,210		$ 19,790
Acquisition of Rescue Vehicle and Equipment	2007, 2008	225,000	171,570		53,430
Acquisition of Fire Truck	2011	425,000	-	$ 409,570	15,430
		$ 700,000	$ 201,780	$ 409,570	$ 88,650

Less Unfunded Authorizations	
Acquisition of Rescue Vehicle and Equipment	25,000
Acquisition of Fire Truck	100,000
	125,000
	(36,350)
Other	55,228
Total Fund Balance	$ 18,878

Exhibit F-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Comparative Schedules of Fiduciary Net Assets
Fiduciary Funds
As of December 31, 2011 and 2010

	(LOSAP) (Unaudited) 2011	2010
ASSETS		
Cash and Investments with Fiscal Agents	$ 316,255	$ 321,567
District Contributions Receivable	34,246	34,549
TOTAL CURRENT ASSETS	$ 350,501	$ 356,116
LIABILITIES		
Intergovernmental Payable	$ -	$ -
TOTAL CURRENT LIABILITIES	$ -	$ -
NET ASSETS		
Held in Trust For: Deferred Compensation	$ 350,501	$ 356,116
TOTAL NET ASSETS	$ 350,501	$ 356,116

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, 2011 and 2010

	(LOSAP) (Unaudited) 2011	2010
ADDITIONS		
Contributions:		
District Contributions	$ 34,246	$ 34,549
Total Contributions	$ 34,246	$ 34,549
Investment Earnings:		
Net Increase/(Decrease) in Fair Value of Investments	$ (5,865)	$ 25,311
Interest	5,163	5,481
Net Investment Earnings	$ (702)	$ 30,792
Total Additions	$ 33,544	$ 65,341
DEDUCTIONS		
Benefits Returned to District	$ -	$ 3,588
Benefits Paid to Participants or Beneficiaries	39,159	16,843
Total Deductions	$ 39,159	$ 20,431
Change in Net Assets	$ (5,615)	$ 44,910
Net Assets - Beginning of Year	$ 356,116	$ 311,206
Net Assets - End of Year	$ 350,501	$ 356,116

Exhibit G-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Schedule of Serial Bonds
Long-Term Debt
As of December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Date	Maturities of Bonds Outstanding Amount	Interest Rate	Balance Jan. 1, 2011	Retired	Balance Dec. 31, 2011
Fire District Bonds	06/10/03	$ 900,000	08/15/12	$ 110,000	3.60%	$ 325,000	$ 105,000	$ 220,000
			08/15/13	110,000				
Fire District Bonds	08/17/04	450,000	08/15/12	$ 40,000	4.25%	265,000	40,000	225,000
			08/15/13	45,000				
			08/15/14	140,000				
						$ 590,000	$ 145,000	$ 445,000

Exhibit H-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2011

	Final Budget	Actual	Variance Final to Actual
REVENUES:			
Amount to be Raised by Taxation to Support the District Budget	$ 167,963	$ 167,963	$ -
EXPENDITURES:			
Regular Debt Service:			
Interest - General Obligation Bonds	22,963	22,963	-
Redemption of Principal - General Obligation Bonds	145,000	145,000	-
Total Regular Debt Service	167,963	167,963	-
Total Expenditures	$ 167,963	$ 167,963	$ -
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, 2011, which collectively comprise the Woodbridge Township Fire District No. 7's basic financial statements and have issued our report thereon dated July 31, 2012. 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

Management of the District is responsible for establishing and maintaining effective 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.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

Internal Control Over Financial Reporting (continued)

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, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting described in the accompanying schedule of findings and responses as item 2011-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 matters that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and responses as item 2011-1.

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 management, the Board of Fire Commissioners, others within the Authority, New Jersey State Department of Community Affairs 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
July 31, 2012

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
SCHEDULE OF FINDINGS AND RESPONSES

Current Year

Finding 2011-1:

Our audit of expenditures revealed that fire truck repairs exceeded the bid threshold, however bids were not solicited.

Criteria or specific requirement:

New Jersey Local Public Contracts Law – NJSA 40A:11-1 et seq.

Condition:

The District incurred expenditures for fire truck repairs in excess of the bid threshold of $17,500 without soliciting bids.

Questioned Costs:

Not Applicable.

Context:

See Finding 2011-1.

Effect:

The District is not in compliance with NJ Local Public Contracts Law.

Cause:

Unknown.

Recommendation:

Bids be solicited for all expenditures that exceed the bid threshold.

Management's Response:

The District has reviewed this finding and has indicated that corrective action will be taken.

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:

Calendar Year	Assessed Valuations	Total Tax Levy	Property Tax Rates
2011	$ 284,844,500	$ 1,738,137	$0.609
2010	284,769,900	1,677,096	0.588
2009	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

Unreserved Fund Balance:

Year Ended December 31,	End of Year	Utilization in Subsequent Budget
2011	$ 271,796	$ 106,000
2010	228,370	60,000
2009	202,439	60,000
2008	169,094	105,000
2007	211,417	106,000

GENERAL COMMENTS

Current Year

There are none.

Contracts and Agreements Required To Be Advertised For N.J.S. 40a:11-4

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

If the District has a purchasing agent who is qualified pursuant to subsection b. of Section 9 of P.L. 1971, c.198 (C.40A:11-9), the District may establish the bid threshold up to a maximum of $36,000. The District does not have a qualified purchasing agent.

The Governing Body of the District has the responsibility of determining whether the expenditures in any category will exceed $17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the District attorney's opinion should be sought before a commitment is made.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings 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 violations existed.

RECOMMENDATIONS

It is recommended that bids be solicited for all expenditures that exceed the bid threshold.

Status of Prior Year Recommendations

A review of the prior year recommendation was made. Corrective action was taken.

* * * * * * * * * *

Lerch, Vinci & Higgins LLP

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

Gary W. Higgins

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405