

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
FORDS, NEW JERSEY**

AUDIT REPORT

DECEMBER 31, 2012

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**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
ROSTER OF OFFICIALS
DECEMBER 31, 2012**

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

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
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DEBRA GOLLE, CPA
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EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Woodbridge Township Fire District No. 7 as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Woodbridge Township Fire District No. 7's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

The financial statements of the Length of Service Award Program (LOSAP) 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 LOSAP Fund financial statements as part of our audit of the District's financial statements. The LOSAP Fund financial activities are included in the District's Fiduciary Fund, and represent 100 percent of the assets and liabilities of the District's Fiduciary Funds as of December 31, 2012.

Qualified Opinion

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, as described in the "Basis for Qualified Opinion" paragraph above, the financial statements referred to above present fairly, in all material respects, the financial position of the Woodbridge Township Fire District No. 7 as of December 31, 2012, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Woodbridge Township Fire District No. 7's basic financial statements 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.

The supplementary schedules listed in the table of contents 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. Such 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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 9, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Woodbridge Township Fire District No.7 internal control over financial reporting and compliance.

Lerch, Vinci & Higgins LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
September 9, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
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, 2012. 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 2012 are as follows:

In total, net position increased \$107,660 from 2011.

General revenues accounted for \$2,331,662 or 99 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$19,352 or 1 percent of total revenues of \$2,351,014.

Total assets of governmental activities increased by \$81,921 as cash and cash equivalents and other assets increased by \$154,643, and net capital assets decreased by \$72,722.

The District had \$2,243,354 in expenses; only \$19,352 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$2,331,662 were adequate to provide for these programs.

Among governmental funds, the General Fund had \$2,133,531 in revenues and \$2,155,272 in expenditures. The General Fund's fund balance decreased \$21,741 from 2011.

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 Position 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 position •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 Position 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 Position 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 2012?" The Statement of Net Position 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 position and changes in those position. This change in net position 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 Position 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 Position provides the perspective of the District as a whole. Net Position 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 Position
Summary of Net Position**

	Governmental Activities		Percentage Change 2011-2012
	2012	2011	
Current and Other Assets	\$ 520,731	\$ 366,088	42.24%
Capital Assets	1,789,978	1,862,700	-3.90%
Total Assets	\$ 2,310,709	\$ 2,228,788	3.68%
Non-Current Liabilities	\$ 295,000	\$ 445,000	-33.71%
Other Liabilities	206,231	81,970	151.59%
Total Liabilities	\$ 501,231	\$ 526,970	-4.88%
Net Position:			
Invested in capital assets, net of related debt	\$ 1,494,978	\$ 1,417,700	5.45%
Restricted	68,878	18,878	264.86%
Unrestricted	245,622	265,240	-7.40%
Total Net Position	\$ 1,809,478	\$ 1,701,818	6.33%

**Table A-2
Changes in Net Position**

	Governmental Activities		Percentage Change 2011-2012
	2012	2011	
REVENUES:			
Program Revenues:			
Charges for Services/Operating Grants and Contributions	\$ 19,352	\$ 46,451	-58.34%
General Revenues:			
Property Taxes	1,791,758	1,738,137	3.08%
Other	539,904	523,238	3.19%
Total Revenues	\$ 2,351,014	\$ 2,307,826	1.87%
EXPENSES:			
Administration	\$ 76,774	\$ 94,462	-18.72%
Cost of Operations and Maintenance	2,151,220	1,996,159	7.77%
Interest on Long-Term Debt	15,360	20,908	-26.54%
Total Expenses	\$ 2,243,354	\$ 2,111,529	6.24%
Change in Net Position	\$ 107,660	\$ 196,297	-45.15%

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 76% of revenues for governmental activities for Woodbridge Township Fire District No. 7 in 2012. The District's total revenues were \$2,351,014 for the year ended December 31, 2012. Charges for services accounted for 1% of revenue and other miscellaneous revenue accounted for the remaining 23%.

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 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Administration	\$ 76,774	\$ 76,774	\$ 94,462	\$ 94,462
Cost of Operations and Maintenance	2,151,220	2,131,868	1,996,159	1,953,544
Interest on Long-Term Debt	15,360	15,360	20,908	20,908
Total Expenses	\$ 2,243,354	\$ 2,224,002	\$ 2,111,529	\$ 2,068,914

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 \$2,351,014 and expenditures were \$2,322,755. The change in fund balance for the year in the general fund was a decrease of \$21,741 and an increase of \$50,000 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, 2012 and 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

Continued

Table A-4
Summary of Revenues-General Fund

<u>Revenues:</u>	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease) from 2011</u>	<u>Percent of Increase (Decrease)</u>
Local Sources:				
Miscellaneous Revenue	\$ 559,256	\$ 569,689	\$ (10,433)	-1.83%
Property Taxes	1,574,275	1,470,174	\$ 104,101	7.08%
Total	\$ 2,133,531	\$ 2,039,863	\$ 93,668	4.59%

The following schedule presents a summary of General Fund expenditures for the years ended December 31, 2012 and 2011 and the amount and percentage of increases and decreases in relation to prior year amounts.

Table A-5
Summary of Expenditures-General Fund

<u>Expenditures:</u>	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease) from 2011</u>	<u>Percent of Increase (Decrease)</u>
Administration	\$ 76,774	\$ 94,462	\$ (17,688)	-18.72%
Cost of Operations and Maintenance	2,078,498	1,910,725	\$ 167,773	8.78%
Total	\$ 2,155,272	\$ 2,005,187	\$ (150,085)	-7.48%

Capital Assets

At the end of the year 2012 and 2011, the District had \$1,789,978 and \$1,862,700 invested, net of depreciation, in buildings and building improvements, vehicles and equipment, respectively. Table A-6 shows 2012 balances compared to 2011.

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

	<u>Governmental Activities</u>		<u>Increase (Decrease) from 2011</u>	<u>Percent of Increase (Decrease)</u>
	<u>2012</u>	<u>2011</u>		
Buildings and Building Improvements	\$ 1,316,847	\$ 1,355,017	\$ (38,170)	-2.82%
Vehicles	445,765	471,707	(25,942)	-5.50%
Equipment	27,366	35,976	(8,610)	-23.93%
Total	\$ 1,789,978	\$ 1,862,700	\$ (72,722)	-3.90%

Continued

Debt Administration

At December 31, 2012 and 2011, the District had \$295,000 and \$445,000 of outstanding serial bonds payable, respectively.

Table A-7
Summary of Outstanding Long-Term Debt

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease) from 2010</u>	<u>Percent of Increase (Decrease)</u>
Serial Bonds Payable	\$ 295,000	\$ 445,000	\$ (150,000)	-33.71%

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

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Net Position
As of December 31, 2012

	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 514,815	\$ 514,815
Accounts Receivable	3,836	3,836
Prepaid Expenses	2,080	2,080
Capital Assets, Net	<u>1,789,978</u>	<u>1,789,978</u>
Total Assets	<u>\$ 2,310,709</u>	<u>\$ 2,310,709</u>
LIABILITIES		
Accounts Payable	\$ 190,340	\$ 190,340
Payroll Liabilities Payable	11,458	11,458
Accrued Interest on Bonds	4,433	4,433
Noncurrent Liabilities:		-
Due Within One Year	155,000	155,000
Due Beyond One Year	<u>140,000</u>	<u>140,000</u>
Total Liabilities	<u>\$ 501,231</u>	<u>\$ 501,231</u>
NET POSITION		
Invested in Capital Assets, Net of Related Debt	\$ 1,494,978	\$ 1,494,978
Restricted For:		
Capital Projects	68,878	68,878
Unrestricted	<u>245,622</u>	<u>245,622</u>
Total Net Position	<u>\$ 1,809,478</u>	<u>\$ 1,809,478</u>

See accompanying Notes to the Basic Financial Statements.

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Activities
For the Year Ended December 31, 2012

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:						
Administration	\$ 76,774				\$ (76,774)	\$ (76,774)
Cost of Operations and Maintenance	2,151,220	15,516	3,836		(2,131,868)	(2,131,868)
Interest on Long Term Debt	15,360				(15,360)	(15,360)
Total Governmental Activities	\$ 2,243,354	\$ 15,516	\$ 3,836	\$ -	\$ (2,224,002)	\$ (2,224,002)
Total Primary Government	\$ 2,243,354	\$ 15,516	\$ 3,836	\$ -	\$ (2,224,002)	\$ (2,224,002)
General Revenues:						
					\$ 1,624,275	\$ 1,624,275
					167,483	167,483
					539,904	539,904
Total General Revenues					\$ 2,331,662	\$ 2,331,662
Changes in Net Position					\$ 107,660	\$ 107,660
Net Position - Beginning of Year					1,701,818	1,701,818
Net Position - End of Year					\$ 1,809,478	\$ 1,809,478

See accompanying Notes to the Basic Financial Statements.

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
Balance Sheet
Governmental Funds
As of December 31, 2012

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Assets:				
Cash and Cash Equivalents	\$ 445,937	\$ 68,878	\$ -	\$ 514,815
Accounts Receivable	3,836			3,836
Prepaid Expense	2,080			2,080
TOTAL ASSETS	<u>\$ 451,853</u>	<u>\$ 68,878</u>	<u>\$ -</u>	<u>\$ 520,731</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 190,340			\$ 190,340
Payroll Liabilities Payable	11,458			11,458
Total Liabilities	<u>201,798</u>	<u>-</u>	<u>-</u>	<u>201,798</u>
Fund Balances:				
Restricted:				
Capital Projects		68,878		68,878
Assigned				
Year End Encumbrances	8,900			8,900
Designated for Subsequent Years'				
Expenditures	88,000			88,000
Unassigned	153,155	-		153,155
Total Fund Balances	<u>250,055</u>	<u>68,878</u>	<u>-</u>	<u>318,933</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 451,853</u>	<u>\$ 68,878</u>	<u>\$ -</u>	
Amounts reported for Governmental Activities in the Statement of Net Position (A-1) are different because:				
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The Cost of the Capital Assets is \$2,797,145 and the Accumulated Depreciation is \$1,007,167				1,789,978
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				(295,000)
Accrued Interest on Bonds				(4,433)
Net Position of Governmental Activities				<u>\$ 1,809,478</u>

See accompanying Notes to the Basic Financial Statements.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:				
Local Sources				
Miscellaneous Revenues	\$ 559,256			\$ 559,256
Property Taxes	1,574,275	\$ 50,000	\$ 167,483	1,791,758
Total Revenues	<u>2,133,531</u>	<u>50,000</u>	<u>167,483</u>	<u>2,351,014</u>
EXPENDITURES:				
Administration	76,774			76,774
Cost of Operations and Maintenance	2,078,498			2,078,498
Debt Service:				
Principal			150,000	150,000
Interest			17,483	17,483
Total Expenditures	<u>2,155,272</u>	<u>-</u>	<u>167,483</u>	<u>2,322,755</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,741)</u>	<u>50,000</u>	<u>-</u>	<u>28,259</u>
Net Change in Fund Balances	(21,741)	50,000	-	28,259
Fund Balances, Beginning of Year	<u>271,796</u>	<u>18,878</u>	<u>-</u>	<u>290,674</u>
Fund Balances, End of Year	<u>\$ 250,055</u>	<u>\$ 68,878</u>	<u>\$ -</u>	<u>\$ 318,933</u>

See accompanying Notes to the Basic Financial Statements.

WOODBIDGE 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, 2012

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 28,259
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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	(72,722)
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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.

	150,000
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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	<u>2,123</u>
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Change in Net Position of Governmental Activities	<u>\$ 107,660</u>
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See accompanying Notes to the Basic Financial Statements.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Fiduciary Net Position
Fiduciary Funds
As of December 31, 2012

	<u>(LOSAP)</u> <u>(Unaudited)</u>
ASSETS	
Cash and Investments with Fiscal Agents	\$ 312,902
District Contributions Receivable	<u>39,601</u>
TOTAL ASSETS	<u>\$ 352,503</u>
NET POSITION	
Held in Trust For:	
Deferred Compensation	<u>\$ 352,503</u>
TOTAL NET POSITION	<u><u>\$ 352,503</u></u>

See accompanying Notes to the Basic Financial Statements.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2012

	(LOSAP) (Unaudited)
ADDITIONS	
Contributions:	
District Contributions	\$ 39,601
Total Contributions	\$ 39,601
Investment Earnings:	
Net Increase in Fair Value of Investments	\$ 21,729
Interest	4,506
Net Investment Earnings	\$ 26,235
Total Additions	\$ 65,836
DEDUCTIONS	
Benefits Paid to Participants or Beneficiaries	\$ 63,834
Total Deductions	\$ 63,834
Change in Net Position	\$ 2,002
Net Position - Beginning of Year	350,501
Net Position - End of Year	\$ 352,503

See accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

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.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Basic Financial Statements:

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. 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.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements: (Continued)

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 district-wide financial statements. The emphasis on fund financial statements is on major individual governmental funds which 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. 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 fund 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.

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:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long term general obligation debt of governmental funds.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the District reports the following fiduciary fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the length of service award program financial activities. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

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.

D. Assets, Liabilities and Net Position

1. 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.

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.

The District has previously 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.

2. 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.

3. Inventories:

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position (Continued)

4. Capital Assets:

Capital assets, which include buildings and building improvements, and furniture and equipment, are reported in the district-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000. 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 extend 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:

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

5. Fund Equity:

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

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District - 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.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Fund Equity: (Continued)

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2013 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 restricted, committed or assigned to specific purposes within the governmental funds.

6. Net Position

Restricted Net Position is limited to outside third-party restrictions either by law or by other organizations or persons external to the Authority. Unrestricted Net Position represents the Net Position neither restricted nor invested in capital assets, net of related debt.

7. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information:

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.

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

B. Encumbrances: (Continued)

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.

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.

C. Fire District Taxes:

Upon the proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be raised in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer 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.

NOTE 3. 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2012, the book value of the District's deposits was \$514,815 and the bank balance of the District's deposits was \$546,805. Of the bank balances \$250,000 was covered by FDIC and \$296,805 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 policy for custodial credit risk. As of December 31, 2012 the District had no balances exposed to custodial credit risk.

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

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, 2012, the District had the following investments:

Fair
Value
(Unaudited)

2012

Investment Not Subject to Categorization

Length of Service Award Program

\$ 312,902

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, 2012, \$312,902 of the District's investments was exposed to custodial credit risk as follows:

Fair
Value
(Unaudited)

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department
but not in the District's name

\$ 312,902

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. As of December 31, 2012, the District's investments in VALIC (Variable Annuity Life Insurance Company), was rated A2 by Moody's Investors Service.

Concentration of Credit Risk – The District places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the District's investments are in VALIC. These are 100% of the District's investments.

The fair value of the above-listed investment was based on quoted market prices.

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Being Depreciated:				
Buildings and Building Impvts.	\$ 1,676,780			\$ 1,676,780
Vehicles	1,044,425			1,044,425
Equipment	<u>75,930</u>	<u>-</u>	<u>-</u>	<u>75,930</u>
Total Capital Assets, Being Depreciated	<u>2,797,145</u>	<u>-</u>	<u>-</u>	<u>2,797,145</u>
Accumulated Depreciation For:				
Buildings and Building Impvts.	(321,763)	(38,170)		(359,933)
Vehicles	(572,728)	(25,942)		(598,670)
Equipment	<u>(39,954)</u>	<u>(8,610)</u>	<u>-</u>	<u>(48,564)</u>
Total Accumulated Depreciation	<u>(934,445)</u>	<u>(72,722)</u>	<u>-</u>	<u>(1,007,167)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,862,700</u>	<u>(72,722)</u>	<u>-</u>	<u>1,789,978</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,862,700</u>	<u>\$ (72,722)</u>	<u>\$ -</u>	<u>\$ 1,789,978</u>

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

NOTE 4. CAPITAL ASSETS (Continued)

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

Governmental Activities:	
Cost of Operations and Maintenance	<u>\$ 72,722</u>

NOTE 5. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended December 31, 2012 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Serial Bonds Payable	\$ 445,000	\$ -	\$ 150,000	\$ 295,000	\$ 155,000
Total Long-Term Liabilities	<u>\$ 445,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 295,000</u>	<u>\$ 155,000</u>

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

<u>Fiscal Year</u>	<u>General Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	155,000	11,823	166,823
2014	<u>140,000</u>	<u>5,950</u>	<u>145,950</u>
	<u>\$ 295,000</u>	<u>\$ 17,773</u>	<u>\$ 312,773</u>

B. Outstanding Debt

At December 31, 2012, 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%	\$110,000
2004 Fire District Bonds, dated August 17, 2004, due in annual installments of \$45,000 to \$140,000 through August 15, 2014 bearing an interest rate of 4.25%	<u>185,000</u>
	<u>\$295,000</u>

C. Bonds and Notes Authorized But Not Issued

At December 31, 2012, there was \$75,000 of bonds and notes authorized but not issued.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 5. 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, 2012 was as follows:

2% of Assessed Valuation	\$5,731,492
Less: Net Debt	<u>370,000</u>
Remaining Borrowing Power	<u>\$5,361,492</u>

NOTE 6. 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 State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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.

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.

Significant Legislation

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

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

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS 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), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: 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; PFRS active member rates increase from 8.5 percent to 10 percent. 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 was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation (Continued)

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.

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 billion, respectively.

The funded status and funding progress of the retirement systems 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 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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2011 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 (a) a revised investment rate of return for all the retirement systems from 8.25 percent to 7.95 percent; and (b) revised projected salary increases which vary by fund (6.32% for PFRS and 4.52% for PERS).

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 6.50% for PERS and 10.0% 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.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2012, 2011 and 2010, 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 respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PERS</u>	<u>PFRS</u>
2012	\$ 22,973	\$ 128,229
2011	19,410	136,556
2010	17,926	112,642

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 defer the remaining 50% in accordance with P.L. 2009, c.19. The District paid off the deferred obligations in 2013. Accounts payable have been established at December 31, 2012 of \$8,399 for PERS and \$62,628 for PFRS.

NOTE 7. 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 8. 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 Fire District No. 7 has contributed \$1,467 per eligible volunteer into the Program, based on the annual accumulated points of each member for the year ended December 31, 2012.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 8. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (Unaudited) (Continued)

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 Annual 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. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented unaudited in this report as part of the District's Fiduciary Funds.

BUDGETARY COMPARISON SCHEDULES

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Miscellaneous Revenues:					
Shared Services	\$ 517,668	-	\$ 517,668	\$ 528,318	\$ 10,650
Interest on Investments and Deposits	1,500	-	1,500	11,586	10,086
	<u>519,168</u>	<u>-</u>	<u>519,168</u>	<u>539,904</u>	<u>20,736</u>
Operating Grant Revenue:					
Supplemental Fire Services Program	<u>3,052</u>	<u>-</u>	<u>3,052</u>	<u>3,836</u>	<u>784</u>
Miscellaneous Revenues Offset With Appropriations:					
Uniform Fire Safety Act	<u>16,337</u>	<u>-</u>	<u>16,337</u>	<u>15,516</u>	<u>(821)</u>
	<u>16,337</u>	<u>-</u>	<u>16,337</u>	<u>15,516</u>	<u>(821)</u>
Amount to be Raised by Taxation to Support the District Budget	<u>1,574,275</u>	<u>-</u>	<u>1,574,275</u>	<u>1,574,275</u>	<u>-</u>
Total Revenues	\$ 2,112,832	\$ -	\$ 2,112,832	\$ 2,133,531	\$ 20,699

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2012
(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	16,441	-	16,441	16,730	(289)
Total Salaries and Wages	68,441	-	68,441	48,138	20,303
Fringe Benefits	4,700	-	4,700	2,740	1,960
Other Expenses:					
Election	700	-	700	737	(37)
Permits, Licenses and Fees	100	-	100	100	0
Memberships/Dues	300	-	300	330	(30)
Office Expense	2,000	-	2,000	1,413	587
Professional Services	15,000	-	15,000	14,750	250
Promotion	4,000	-	4,000	4,751	(751)
Outside Services	8,000	-	8,000	3,046	4,954
Advertising	900	-	900	869	31
Total Other Expenses	31,000	-	31,000	25,896	5,104
Total Administration	104,141	-	104,141	76,774	27,367

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2012
(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	\$ 499,980	-	\$ 499,980	\$ 481,696	\$ 18,284
Dispatchers	329,280	-	329,280	315,055	14,225
Total Salaries and Wages	829,260	-	829,260	796,751	32,509
Fringe Benefits	549,202	-	549,202	537,011	12,191
Other Expenses:					
Hydrant Rental Charges	229,000	-	229,000	224,317	4,683
Insurance	50,000	-	50,000	45,954	4,046
Maintenance and Repair - Vehicles	57,000	-	57,000	57,534	(534)
Maintenance and Repair - Buildings and Grounds	60,000	-	60,000	59,463	537
Mutual Services Agreement	10,000	-	10,000	10,000	-
Training and Education	8,000	-	8,000	9,567	(1,567)
Operating Materials and Supplies	10,000	-	10,000	52,782	(42,782)
Uniforms and Equipment	40,000	-	40,000	34,245	5,755
Utilities	70,000	-	70,000	55,550	14,450
Reimbursement of Expenses	35,000	-	35,000	34,976	24
Total Other Expenses	569,000	-	569,000	584,388	(15,388)
Total Cost of Operations and Maintenance	1,947,462	-	1,947,462	1,918,150	29,312

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2012
(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	\$ 103,270	-	\$ 103,270	\$ 102,331	\$ 939
Fringe Benefits	7,900	-	7,900	8,219	(319)
Other Expenses	10,000	-	10,000	10,197	(197)
Total Appropriations Offset with Revenues	121,170	-	121,170	120,747	423
Length of Service Award Program	46,059	-	46,059	39,601	6,458
Total Expenditures	2,218,832	-	2,218,832	2,155,272	63,560
Excess (Deficiency) of Revenues Over (Under) Expenditures	(106,000)	-	(106,000)	(21,741)	84,259
Fund Balances, Beginning of Year	271,796	-	271,796	271,796	-
Fund Balances, Ending of Year	\$ 165,796	\$ -	\$ 165,796	\$ 250,055	\$ 84,259
Assigned					
Year End Encumbrances				\$ 8,900	
Designated for Subsequent Year's Expenditures				88,000	
Unassigned				153,155	
Total Fund Balances				\$ 250,055	

SUPPLEMENTARY SCHEDULES

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
Summary Schedule of Project Expenditures
Capital Projects Fund
As of December 31, 2012

<u>Project</u>	<u>Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Adjustments</u>	<u>Current Year</u>	
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
		<u>\$ 700,000</u>	<u>\$ 611,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,650</u>
Less Unfunded Authorizations						
Acquisition of Rescue Vehicle and Equipment						
Acquisition of Fire Truck						
						25,000
						<u>50,000</u>
						<u>75,000</u>
						13,650
Other						<u>55,228</u>
						<u>\$ 68,878</u>

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 7
Schedule of Serial Bonds
Long-Term Debt
As of December 31, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Jan. 1, 2012</u>	<u>Retired</u>	<u>Balance Dec. 31, 2012</u>
			<u>Date</u>	<u>Amount</u>				
Fire District Bonds	06/10/03	\$ 900,000	08/15/13	\$ 110,000	3.60%	\$ 220,000	\$ 110,000	\$ 110,000
Fire District Bonds	08/17/04	450,000	08/15/13 08/15/14	\$ 45,000 140,000	4.25%	225,000	40,000	185,000
						<u>\$ 445,000</u>	<u>\$ 150,000</u>	<u>\$ 295,000</u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:			
Amount to be Raised by Taxation to Support the District Budget	\$ 167,483	\$ 167,483	\$ -
EXPENDITURES:			
Regular Debt Service:			
Interest - General Obligation Bonds	17,483	17,483	-
Redemption of Principal - General Obligation Bonds	150,000	150,000	-
Total Regular Debt Service	167,483	167,483	-
Total Expenditures	\$ 167,483	\$ 167,483	\$ -
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
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ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Woodbridge Township Fire District No. 7, as of and for the year ended December 31, 2012, and the related notes to the financial statements, as listed in the table of contents which collectively comprise the Woodbridge Township Fire District No. 7's basic financial statements, and have issued our report thereon dated September 9, 2013. 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 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 Woodbridge Township Fire District No. 7 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Woodbridge Township Fire District No. 7's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 Woodbridge Township Fire District No. 7's internal control. Accordingly, we do not express an opinion on the effectiveness of the Woodbridge Township Fire District No. 7's internal control.

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

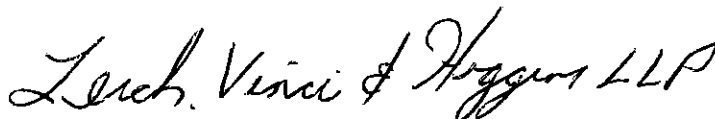
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Woodbridge Township Fire District No. 7's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Woodbridge Township Fire District No. 7's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Woodbridge Township Fire District No. 7's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
September 9, 2013

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:

<u>Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2012	\$ 286,574,600	\$ 1,791,758	0.607
2011	284,844,500	1,738,117	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

Unassigned and Assigned -- Designated for Subsequent Year's Expenditures Fund Balance:

<u>Year</u>	<u>Unassigned Balance, December 31,</u>	<u>Assigned - Designated for Subsequent Year's Expenditures</u>
2012	\$ 153,155	\$ 88,000
2011	165,796	106,000
2010	168,370	60,000
2009	142,439	60,000
2008	64,094	105,000

GENERAL COMMENTS

Current Year

Our audit noted that there were certain instances where there were no quotations obtained for purchases that exceeded the limit per the Local Public Contracts Law. It is recommended that quotations be obtained for all purchases that exceed the quote threshold pursuant to the Local Public Contracts Law.

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.

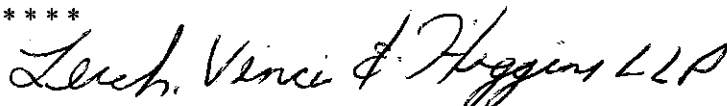
The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the 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 quotations be obtained for all purchases that exceed the quote threshold pursuant to the Local Public Contracts Law.

Status of Prior Year Recommendations

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



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

SYNOPSIS OF THE
WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
FOR THE YEAR ENDED DECEMBER 31, 2012

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
Balance Sheet
Governmental Funds
As of December 31, 2012

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Assets:				
Cash and Cash Equivalents	\$ 445,937	\$ 68,878	\$ -	\$ 514,815
Accounts Receivable	3,836			3,836
Prepaid Expense	2,080			2,080
TOTAL ASSETS	\$ 451,853	\$ 68,878	\$ -	\$ 520,731
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 190,340			\$ 190,340
Payroll Liabilities Payable	11,458			11,458
Total Liabilities	201,798	-	-	201,798
Fund Balances:				
Restricted:				
Capital Projects		68,878		68,878
Assigned				
Year End Encumbrances	8,900			8,900
Designated for Subsequent Years'				
Expenditures	88,000			88,000
Unassigned	153,155	-		153,155
Total Fund Balances	250,055	68,878	-	318,933
TOTAL LIABILITIES AND FUND BALANCES	\$ 451,853	\$ 68,878	\$ -	\$ 520,731

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:				
Local Sources				
Miscellaneous Revenues	\$ 559,256			\$ 559,256
Property Taxes	1,574,275	\$ 50,000	\$ 167,483	1,791,758
Total Revenues	<u>2,133,531</u>	<u>50,000</u>	<u>167,483</u>	<u>2,351,014</u>
EXPENDITURES:				
Administration	76,774			76,774
Cost of Operations and Maintenance	2,078,498			2,078,498
Debt Service:				
Principal			150,000	150,000
Interest			17,483	17,483
Total Expenditures	<u>2,155,272</u>	<u>-</u>	<u>167,483</u>	<u>2,322,755</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,741)</u>	<u>50,000</u>	<u>-</u>	<u>28,259</u>
Net Change in Fund Balances	(21,741)	50,000	-	28,259
Fund Balances, Beginning of Year	<u>271,796</u>	<u>18,878</u>	<u>-</u>	<u>290,674</u>
Fund Balances, End of Year	<u>\$ 250,055</u>	<u>\$ 68,878</u>	<u>\$ -</u>	<u>\$ 318,933</u>

RECOMMENDATIONS

It is recommended that quotations be obtained for all purchases that exceed the quote threshold pursuant to the Local Public Contracts Law.

The above summary or synopsis was prepared from the report of the audit of the Township of Woodbridge Fire District No. 7, County of Middlesex, for the year ended December 31, 2012. This report of audit, submitted by Gary W. Higgins of Lerch, Vinci & Higgins, LLP, Certified Public Accountants, is on file with the District Secretary and may be inspected by any interested

SECRETARY

AUDIT QUESTIONNAIRE FOR FIRE DISTRICT AUDITS

Each question must be answered. Please circle Yes or No. If any are not applicable, insert N/A as your answer.

FIRE DISTRICT: Woodbridge Township Fire District No. 7

YEAR UNDER AUDIT: 2012

AUDITOR SIGNATURE: 

AUDITOR FIRM: Lerch, Vinci & Higgins, LLP

AUDITOR ADDRESS: 17-17 Route 208
Fair Lawn, NJ 07410

AUDITOR PHONE #: (201) 791-7100

"NO" answers must be explained in detail. Attach additional sheets if more space is required. Answers to questions which indicate corrections or improvements are required must be covered by comment and recommendation in the audit report. If not covered, explain in detail.

AUDIT QUESTIONNAIRE

FIRE DISTRICT: Woodbridge Township Fire District No. 7

General

- | | | | |
|----|--|--------------------------------------|----|
| 1. | Is a general ledger maintained by the district? | ☒ YES | NO |
| 2. | Are key employees bonded in amounts required by organization policy? | ☒ YES | NO |
| 3. | Is insurance coverage in force for at least the following: | | |
| | Loss or damage to assets from fire and other hazards? | ☒ YES | NO |
| | Public Liability and property damage? | ☒ YES | NO |
| | Robbery, burglary, theft and disappearance? | ☒ YES | NO |
| | Worker's compensation? | ☒ YES | NO |
| 4. | Are loans to employees prohibited? | ☒ YES | NO |
| 5. | Has the Bureau of Authority Regulation been notified of deficiencies in the accounting system or records? <i>N/A</i> | YES | NO |
| 6. | Has a corrective action plan been filed for the previous year audit report? | ☒ YES | NO |

Cash and Investments

- | | | | |
|----|---|--------------------------------------|-------------------------------------|
| 1. | Has the district adopted a cash management plan? | ☒ YES | NO |
| 2. | Are all depositories and accounts authorized by resolution of the governing body? | ☒ YES | NO |
| 3. | Are receipts deposited within 48 hours? | ☒ YES | NO |
| 4. | Are the duties of personnel who receive and deposit cash separate from investments, cash disbursing, and bookkeeping? <i>Due to size of organization.</i> | YES | ☒ NO |
| 5. | Are cash receipts adequately safeguarded before deposit? | ☒ YES | NO |
| 6. | Is responsibility for the petty cash fund vested in only one person? <i>N/A</i> | YES | NO |

7.	Are petty cash disbursements supported by signed receipts which are attached to reimbursement vouchers? <i>N/A</i>	YES	NO
8.	Are check signers designated by resolution?	YES	NO
9.	If a mechanical check signer is used, is the signature plate under adequate control? <i>N/A</i>	YES	NO
	Are there procedures to control and record the check numbers and amount of checks signed? <i>N/A</i>	YES	NO
10.	Is there adequate security over blank checks?	YES	NO
11.	Are the duties of personnel who disburse cash separate from the function of approving vouchers? <i>Due to size.</i>	YES	NO
12.	Are bank statements reconciled monthly?	YES	NO
	Is the sequence of check numbers accounted for?	YES	NO
	Are check endorsements scrutinized?	YES	NO
13.	Are outstanding checks older than 6 months investigated?	YES	NO
14.	Are investments under the control of a responsible official who does not receive or disburse cash? <i>N/A.</i>	YES	NO
15.	Are all investments issued in the name of the district? <i>N/A</i>	YES	NO
16.	Are all investment transactions approved by the governing body? <i>N/A</i>	YES	NO
17.	Are all investments permitted by law or bond agreement? <i>N/A</i>	YES	NO
18.	Are perpetual records of investments reflecting all pertinent information maintained? <i>N/A</i>	YES	NO
19.	Is interest income verified?	YES	NO
	Is it promptly recorded in the accounting records?	YES	NO
20.	Are investments examined periodically and verified with the detail record and control account? <i>N/A</i>	YES	NO
21.	Are investments protected against loss or theft? <i>N/A</i>	YES	NO

Accounts Receivable and Income*(District Taxes, User Charges and Miscellaneous)*

- | | | | |
|----|--|------------|----|
| 1. | Has the district tax levy been verified with the Abstract of Ratables? | <u>YES</u> | NO |
| 2. | Does the district tax revenue agree to the tax levy? | <u>YES</u> | NO |
| 3. | Are billings to users independently verified? <i>N/A</i> | YES | NO |
| 4. | Is there segregation of duties between accounts receivable, record maintenance, billing, and receipt of cash? <i>N/A</i> | YES | NO |
| 5. | Are total accounts receivable balances verified with the accounts receivable control periodically? <i>N/A</i> | YES | NO |
| 6. | Are delinquent accounts receivable reviewed and collection procedures initiated by a responsible official? <i>N/A</i> | YES | NO |
| 7. | Are accounts receivable records promptly posted? <i>N/A</i> | YES | NO |
| | Billings to users? <i>N/A</i> | YES | NO |
| | Cash receipts? <i>N/A</i> | YES | NO |
| 8. | Are adjustments to accounts receivable approved by a responsible official?
<i>N/A</i> | YES | NO |

Inventory *N/A*

- | | | | |
|----|---|-----|----|
| 1. | Is the storage area properly safeguarded to prevent damage to materials and unauthorized removal? | YES | NO |
| 2. | Do quantities appear reasonable for normal consumption? | YES | NO |
| 3. | Are physical inventories taken annually? | YES | NO |

Accounts Payable and Purchasing

1. Are the following requirements of the Local Public Contracts Law (40A:11) being followed and documented:
- | | | |
|---|--------------------------------------|--------------------------|
| Competitive bidding and contract award? | ☒ YES | ☐ NO |
| Informal quotations on purchases not requiring public bidding (40A:11-6.1)? | ☒ YES | ☐ NO |
| Certificate of availability of funds prior to award of contracts (Reg. 5:30-14.5)? | ☒ YES | ☐ NO |
| Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)? | ☒ YES | ☐ NO |
| Emergency purchases and contracts (40A:11-6)? <i>N/A</i> | YES | NO |
2. Are prenumbered purchase orders issued for all purchases, except petty cash purchases? *Due to size.*
- | | | |
|--|-----|-------------------------------------|
| | YES | ☒ NO |
|--|-----|-------------------------------------|
3. Is there a record of all purchase orders issued?
- | | | |
|--|--------------------------------------|--------------------------|
| | ☒ YES | ☐ NO |
|--|--------------------------------------|--------------------------|
4. Are quantities and description of materials and supplies received:
- | | | |
|--|--------------------------------------|--------------------------|
| Compared to purchase orders? | ☒ YES | ☐ NO |
| Compared to vendors' invoices? | ☒ YES | ☐ NO |
| Verified with packing or delivery slips? | ☒ YES | ☐ NO |
5. Are open purchase orders reviewed periodically? *N/A*
- | | | |
|--|-----|--------------------------|
| | YES | ☐ NO |
|--|-----|--------------------------|
6. Do vouchers approved for payment contain:
- | | | |
|---|--------------------------------------|--------------------------|
| Signature of person who verified quantities and description of materials received or services rendered? | ☒ YES | ☐ NO |
| Copies of purchase order, delivery slips, etc.? | ☒ YES | ☐ NO |
7. Were all vouchers approved by the governing body?
- | | | |
|--|--------------------------------------|--------------------------|
| | ☒ YES | ☐ NO |
|--|--------------------------------------|--------------------------|
8. Is there segregation of duties between the purchasing, receiving and cash disbursement functions?
- | | | |
|--|-----|-------------------------------------|
| | YES | ☒ NO |
|--|-----|-------------------------------------|
9. Are total accounts payable balances verified with the accounts payable control periodically? *N/A*
- | | | |
|--|-----|--------------------------|
| | YES | ☐ NO |
|--|-----|--------------------------|

Payroll

- | | | | |
|----|---|--------------------------------------|-------------------------------------|
| 1. | Are the functions of payroll preparation and distribution separated? | YES | ☒ NO |
| 2. | Are names added to and deleted from payroll and rates of pay changed only upon written authorization? | YES | ☒ NO |
| 3. | Are new employees, employee promotions and rates of pay approved by the governing body? | ☒ YES | NO |
| 4. | Are payroll deductions promptly paid to the proper agencies? | ☒ YES | NO |
| 5. | Are records maintained to control and verify vacation time, sick leave, etc. taken and accumulated? | ☒ YES | NO |
| 6. | Are all employees paid by check? | ☒ YES | NO |
| 7. | Is there a separate bank account for payroll disbursements? | YES | ☒ NO |
| | Are deposits in exact amount of payrolls? N/A | YES | NO |
| | Is the payroll bank balance reconciled monthly by someone independent of payroll preparation? N/A | YES | NO |
| | Are payroll procedures established by resolution of the governing body? N/A | YES | NO |

Property, Plant and Equipment

- | | | | |
|----|--|--------------------------------------|-------------------------------------|
| 1. | Are detailed fixed asset records maintained? <i>Vehicles only.</i> | YES | ☒ NO |
| | Are fixed assets properly identified with the fixed asset records? | YES | NO |
| | Are additions and deletions properly authorized and promptly recorded? | ☒ YES | NO |
| 2. | Is the documentation substantiating the cost of fixed assets permanently filed? | YES | ☒ NO |
| 3. | Is there a written policy defining items to be capitalized and those to be expenses? | YES | ☒ NO |
| 4. | Does the capitalization of interest and other indirect costs conform to accounting principles? N/A | YES | NO |
| 5. | Do fixed asset additions conform to the adopted or amended capital budget? N/A | YES | NO |

- | | | | |
|----|--|--------------------------------------|-------------------------------------|
| 6. | Are fixed assets carried on the accounting records at cost or, if acquired by gift, at fair market value at date of gift? | ☒ YES | NO |
| 7. | Is a physical inventory of fixed assets taken periodically and verified to fixed asset records? | YES | ☒ NO |
| 8. | Are dispositions of fixed assets properly recorded and sales proceeds promptly accounted for in the accounting records? <i>N/A</i> | YES | NO |
| 9. | Are fixed assets properly safeguarded against loss by fire, unauthorized use or theft? | ☒ YES | NO |

Long and Short Term Debt

- | | | | |
|----|---|--------------------------------------|----|
| 1. | Is a detailed record such as a bond or note register maintained of debt issued and outstanding? | ☒ YES | NO |
| | Are principal and interest due dates and amounts reflected and date of payment recorded? | ☒ YES | NO |
| 2. | Are debt issues properly authorized by the governing body? | ☒ YES | NO |
| 3. | Does the expenditure of borrowed funds conform to the purposes authorized? | ☒ YES | NO |
| 4. | Are paid bonds and notes properly cancelled and accounted for? <i>N/A</i> | YES | NO |
| 5. | Are required sinking fund deposits promptly made? <i>N/A</i> | YES | NO |

Capital Leases *N/A*

- | | | | |
|----|--|-----|----|
| 1. | Have all capital leases been approved by the voters? | YES | NO |
| 2. | Has the project financing for capital leases been approved by the Local Finance Board? | YES | NO |

Budget System

- | | | | |
|----|---|------------|-----------|
| 1. | Were the adopted operating budget and amendments thereto approved by the Director of Local Government Services? | <u>YES</u> | NO |
| 2. | Were the adopted budgets and amendments recorded in the minutes? | <u>YES</u> | NO |
| 3. | Are there sufficient controls to monitor expenses and revenues against budgeted amounts? | <u>YES</u> | NO |
| 4. | Is a budget status report periodically furnished to the governing body? | <u>YES</u> | NO |
| 5. | Are appropriations encumbered when purchase orders are issued? | YES | <u>NO</u> |
| 6. | Are fixed assets acquired through budget appropriations properly capitalized? | <u>YES</u> | NO |

Grant Management N/A

- | | | | |
|----|---|-----|----|
| 1. | Is a permanent file of each grant maintained? | YES | NO |
| 2. | Does the accounting system provide details of eligible expenditures to be reimbursed from each grant? | YES | NO |
| 3. | Is each expenditure reviewed for compliance with the terms of the applicable grant? | YES | NO |
| 4. | Are all required reports promptly filed with the grantor agency? | YES | NO |
| 5. | Were grant reimbursement requests filed promptly? | YES | NO |
| 6. | Are assets acquired from grant funds properly identified? | YES | NO |
| 7. | If indirect costs are chargeable to grants, has the method of allocation been approved? | YES | NO |

Electronic Data Processing

- | | | | |
|-----|--|--------------------------------------|-------------------------------------|
| 1. | Does the district utilize electronic data processing for accounting or financial functions?
<i>(If "no", disregard items 2 through 10).</i> | ☒ YES | ☐ NO |
| 2. | If "yes", was the system approved by the Division of Local Government Services? | ☐ YES | ☒ NO |
| 3. | Are there sufficient audit trails to identify documents being processed and identify output? | ☒ YES | ☐ NO |
| 4. | Are master files updated periodically and on schedule to prevent loss of data in transaction files? | ☒ YES | ☐ NO |
| 5. | Are their periodic printouts of updated files affected by E.D.P. transactions? | ☒ YES | ☐ NO |
| 6. | Are authorized users validated by user codes and passwords? | ☒ YES | ☐ NO |
| 7. | Are terminals located in a secure area, to prevent access by unauthorized personnel? | ☒ YES | ☐ NO |
| 8. | Are there copies of all critical materials such as programs, master files, transaction files, etc.? | ☒ YES | ☐ NO |
| 9. | Are these copies stored in a safe location (offsite or in a fireproof vault onsite)? | ☐ YES | ☒ NO |
| 10. | Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.? | ☒ YES | ☐ NO |

The foregoing Questionnaire must be separately filed with the Division of Local Government Services for each report of Audit. It is not to be bound in this report.



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

September 20, 2013

Thomas Neff, Director
Division of Local Government Services
101 S. Broad Street
PO Box 803
Trenton, NJ 08625

Dear Mr. Neff:

Enclosed please find two (2) copies of the Report of Audit for the Woodbridge Township Fire District No. 7 for the year ended December 31, 2012. Also, enclosed please find the Audit Questionnaire.

Very truly yours,
LERCH, VINCI & HIGGINS, LLP

Gary W. Higgins

Gary W. Higgins
Certified Public Accountant

Enclosure



LERCH, VINCI & HIGGINS, LLP

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September 20, 2013

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

Enclosed please find fifteen (15) copies of the Report of Audit for the Woodbridge Township Fire District No. 7 for the year ended December 31, 2012. Also, please find the Synopsis of Audit.

Very truly yours,
LERCH, VINCI & HIGGINS, LLP

Gary W. Higgins

Gary W. Higgins
Certified Public Accountant

Enclosure



LERCH, VINCI & HIGGINS, LLP

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LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

September 20, 2013

John Mitch, Municipal Clerk
Township of Woodbridge
1 Main Street
Woodbridge, NJ 07095

Dear Mr. Mitch:

Enclosed please find one (1) copy of the Report of Audit for the Woodbridge Township Fire District No. 7 for the year ended December 31, 2012.

Very truly yours,
LERCH, VINCI & HIGGINS, LLP

Gary W. Higgins

Gary W. Higgins
Certified Public Accountant