WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7

FORDS, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2013

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
TABLE OF CONTENTS
DECEMBER 31, 2013

EXHIBIT		Page Number
	Roster of Officials	1
	Independent Auditor's Report	2-4
	Required Supplementary Information - Part 1	
	Management's Discussion and Analysis	5-11
	Basic Financial Statements	
A-1	Statement of Net Position	12
A-2	Statement of Activities	13
	Governmental Funds:	
B-1	Balance Sheet	14
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	15
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
	Fiduciary Funds:	
B-4	Statement of Fiduciary Net Position	17
B-5	Statement of Changes in Fiduciary Net Position	18
	Notes to the Financial Statements	19-32
	Required Supplementary Information - Part II	
C-1	Budgetary Comparison Schedule - General Fund	33-36
	Other Supplementary Information	
	General Fund:	
D-1	Summary Schedule of Project Expenditures	37
D-2	Schedule of Serial Bonds	38
D-3	Budgetary Comparison Schedule	39

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
TABLE OF CONTENTS
DECEMBER 31, 2013

	Page Number
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 - Independent Auditor's Report	40-41
Statistical Information	42
General Comments	43
Recommendations	44

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
ROSTER OF OFFICIALS
DECEMBER 31, 2013

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
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
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 governmental activities, each major fund, and the aggregate remaining fund information of the Woodbridge Township Fire District No. 7 as of and for the year ended December 31, 2013, 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 Service, 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.

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, 2013, 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 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 additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2014 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's internal control over financial reporting and compliance.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
June 13, 2014

REQUIRED SUPPLEMENTARY INFORMATION

PART 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an 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* issued in June 1999.

Financial Highlights

Key financial highlights for 2013 are as follows:

In total, net position increased $180,418 from 2012.

General revenues accounted for $2,351,808 or 99 percent of all revenues. Program specific revenues accounted for $26,002 or 1 percent of total revenues of $2,377,810.

Total assets of governmental activities decreased by $72,945 as cash and cash equivalents decreased by $3,432 and net capital assets decreased by $69,513.

The District had $2,197,392 in expenses; only $26,002 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $2,351,808 were adequate to provide for these programs.

Among governmental funds, the General Fund had $2,110,987 in revenues and $2,118,258 in expenditures. The General Fund's fund balance decreased $7,271 over 2012.

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:

Government-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 government-wide statements.

Fund Financial Statements (Continued)

- 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 Governement-Wide, Fund Financial Statements and Fiduciary Funds

	Government-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.

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

While this document contains several 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 2013?" 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.

Reporting the District as a Whole
Statement of Net Position and the Statement of Activities (Continued)

These two statements report the District's net position and changes in net 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 statements provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. 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 Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-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.

Table A-1
Summary of Net Position

	Governmental Activities		Percentage Change
	2013	2012	2012-2013
Current and Other Assets	$ 517,299	$ 520,731	-0.66%
Capital Assets, Net	1,720,465	1,789,978	-3.88%
Total Assets	$ 2,237,764	$ 2,310,709	-3.16%
Non-Current Liabilities	$ 140,000	$ 295,000	-52.54%
Other Liabilities	107,868	206,231	-47.70%
Total Liabilities	$ 247,868	$ 501,231	-50.55%
Net Assets:			
Net Investment in Capital Assets	$ 1,580,465	$ 1,494,978	5.72%
Restricted	168,878	68,878	145.18%
Unrestricted	240,553	245,622	-2.06%
Total Net Assets	$ 1,989,896	$ 1,809,478	9.97%

Table A-2
Changes in Net Position

	Governmental Activities		Percentage Change
	2013	2012	2012-2013
REVENUES:			
Program Revenues:			
Charges for Services	$ 24,924	$ 15,516	60.63%
Operating Grants and Contributions	1,078	3,836	-71.90%
General Revenues:			
Property Taxes	1,847,330	1,791,758	3.10%
Other	504,478	539,904	-6.56%
Total Revenues	$ 2,377,810	$ 2,351,014	1.14%
EXPENSES:			
Administration	$ 125,725	$ 76,774	63.76%
Cost of Operations and Maintenance	2,062,046	2,151,220	-4.15%
Interest on Long-Term Debt	9,621	15,360	-37.36%
Total Expenses	$ 2,197,392	$ 2,243,354	-2.05%
Change in Net Position	$ 180,418	$ 107,660	67.58%

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 77.7% and 76.2% of revenues for governmental activities for Woodbridge Township Fire District No. 7 for 2013 and 2012, respectively. The District's total revenues were $2,377,810 and $2,351,014 for the years ended December 31, 2013 and 2012, respectively. Charges for services accounted for 1.1% and .7% of revenue, operating grants and contributing 0% and .2% of revenue and miscellaneous revenue accounted for 21.2% and 22.9% for the years ended December 31, 2013 and 2012, respectively.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 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 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Administration	$ 125,725	$ 125,725	$ 76,774	$ 76,774
Cost of Operations and Maintenance	2,062,046	2,036,044	2,151,220	2,131,868
Interest on Long Term Debt	9,621	9,621	15,360	15,360
Total Expenses	$ 2,197,392	$ 2,171,390	$ 2,243,354	$ 2,224,002

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 and capital projects fund and debt service fund are presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to $2,377,810 and $2,351,014 and expenditures were $2,285,081 and $2,322,755 for the years ended December 31, 2013 and 2012, respectively. The change in fund balance for 2013 in the general fund was a decrease of $7,271, an increase of $100,000 in the capital projects fund and no change in debt service 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, 2013 and 2012, and the amount of increases and decreases in relation to prior year amounts.

Table A-4
Summary of Revenues-General Fund

Revenues:	2013	2012	Increase (Decrease) from 2012	Percent of Increase (Decrease)
Local Sources:				
Miscellaneous Revenue	$ 530,480	$ 559,256	$ (28,776)	-5.15%
Property Tax Levy	1,580,507	1,574,275	6,232	0.40%
Total	$ 2,110,987	$ 2,133,531	$ (22,544)	-1.06%

The following schedule presents a summary of General Fund expenditures for the years ended December 31, 2013 and 2012 and the increases and decreases in relation to prior year amounts.

Table A-5
Summary of Expenditures-General Fund

Expenditures:	2013	2012	Increase (Decrease) from 2012	Percent of Increase (Decrease)
Administration	$ 125,725	$ 76,774	$ 48,951	63.76%
Cost of Operations and Maintenance	1,992,533	2,078,498	(85,965)	-4.14%
Total	$ 2,118,258	$ 2,155,272	$ (37,014)	-1.72%

Capital Assets

At the end of the years 2013 and 2012, the District had $1,720,465 and $1,789,978, respectively, invested, net of accumulated depreciation, in buildings and improvements, vehicles and equipment. Table 6 shows 2013 and 2012 balances and the amount of increases and decreases in relation to prior year amounts.

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

	Governmental Activities		Increase (Decrease) from 2012	Percent of Increase (Decrease)
	2013	2012		
Buildings and Building Improvements	$ 1,278,678	$ 1,316,847	$ (38,169)	-2.90%
Vehicles	419,822	445,765	(25,943)	-5.82%
Equipment	21,965	27,366	(5,401)	-19.74%
Total	$ 1,720,465	$ 1,789,978	$ (69,513)	-3.88%

Additional information about the District's capital assets can be found in Note 2 of this report.

Debt Administration

At December 31, 2013 and 2012, the District had $140,000 and $295,000 of outstanding serial bonds payable, respectively.

Table A-7
Summary of Outstanding Long-Term Debt

	2013	2012	Increase (Decrease) from 2012	Percent of Increase (Decrease)
Serial Bonds Payable	$ 140,000	$ 295,000	$ (155,000)	-52.54%

Additional information about the District's long-term debt can be found in Note 2 of this report.

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

Concluded

{THIS PAGE INTENTIONALLY LEFT BLANK}

BASIC FINANCIAL STATEMENTS

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Net Position
As of December 31, 2013

	Governmental Activities	Total
ASSETS		
Cash and Cash Equivalents	$ 517,299	$ 517,299
Capital Assets, Net	1,720,465	1,720,465
Total Assets	$ 2,237,764	$ 2,237,764
LIABILITIES		
Accounts Payable	$ 95,217	$ 95,217
Payroll Liabilities Payable	10,420	10,420
Accrued Interest on Bonds	2,231	2,231
Noncurrent Liabilities:		
Due Within One Year	140,000	140,000
Total Liabilities	$ 247,868	$ 247,868
NET POSITION		
Net Investment in Capital Assets	$ 1,580,465	$ 1,580,465
Restricted For:		
Capital Projects	168,878	168,878
Unrestricted	240,553	240,553
Total Net Position	$ 1,989,896	$ 1,989,896

See accompanying Notes to the Financial Statements.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Total
Governmental Activities:						
Administration	$ 125,725				$ (125,725)	$ (125,725)
Cost of Operations, Maintenance and Other	2,062,046	$ 24,924	$ 1,078		(2,036,044)	(2,036,044)
Interest on Long Term Debt	9,621				(9,621)	(9,621)
Total Governmental Activities	$ 2,197,392	$ 24,924	$ 1,078	$ -	$ (2,171,390)	$ (2,171,390)
Total Primary Government	$ 2,197,392	$ 24,924	$ 1,078	$ -	$ (2,171,390)	$ (2,171,390)
General Revenues:						
Property Taxes, Levied for General Purposes					$ 1,680,507	$ 1,680,507
Property Taxes, Levied for Debt Service					166,823	166,823
Other					504,478	504,478
Total General Revenues					$ 2,351,808	$ 2,351,808
Changes in Net Position					$ 180,418	$ 180,418
Net Position - Beginning of Year					1,809,478	1,809,478
Net Position - End of Year					$ 1,989,896	$ 1,989,896

See accompanying Notes to the Financial Statements.

Exhibit B-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Balance Sheet
Governmental Funds
As of December 31, 2013

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Assets:				
Cash and Cash Equivalents	$ 348,421	$ 168,878	$ -	$ 517,299
TOTAL ASSETS	$ 348,421	$ 168,878	$ -	$ 517,299
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 95,217			$ 95,217
Payroll Liabilities Payable	10,420			10,420
Total Liabilities	105,637	-	-	105,637
Fund Balances:				
Restricted:				
Capital Projects		168,878		168,878
Assigned				
Year End Encumbrances	8,900			8,900
Designated for Subsequent Years' Expenditures	80,000			80,000
Unassigned	153,884	-		153,884
Total Fund Balances	242,784	168,878	-	411,662
TOTAL LIABILITIES AND FUND BALANCES	$ 348,421	$ 168,878	$ -	

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 $1,076,680	1,720,465
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	(140,000)
Accrued Interest on Bonds	(2,231)
Net Position of Governmental Activities	$ 1,989,896

See accompanying Notes to the Financial Statements.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources				
Miscellaneous Revenues	$ 530,480			$ 530,480
Property Taxes	1,580,507	$ 100,000	$ 166,823	1,847,330
Total Revenues	2,110,987	100,000	166,823	2,377,810
EXPENDITURES:				
Administration	125,725		-	125,725
Cost of Operations, Maintenance and Other	1,992,533			1,992,533
Debt Service:				
Principal			155,000	155,000
Interest			11,823	11,823
Total Expenditures	2,118,258	-	166,823	2,285,081
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,271)	100,000	-	92,729
Net Change in Fund Balances	(7,271)	100,000	-	92,729
Fund Balances, Beginning of Year	250,055	68,878	-	318,933
Fund Balances, End of Year	$ 242,784	$ 168,878	$ -	$ 411,662

See accompanying Notes to the Financial Statements.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2013

Total Net Change in Fund Balances - Governmental Funds (From B-2)	$	92,729
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		(69,513)
Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		155,000
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
Decrease in Accrued Interest		2,202
Change in Net Position of Governmental Activities	$	180,418

See accompanying Notes to the Financial Statements.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Fiduciary Net Position
Fiduciary Funds
As of December 31, 2013

	Length of Service Award Program (LOSAP) (Unaudited)
ASSETS	
Cash and Investments with Fiscal Agents	$ 400,101
District Contributions Receivable	40,353
TOTAL ASSETS	$ 440,454
NET POSITION	
Held in Trust For:	
Length of Service Award Program	$ 440,454
TOTAL NET POSITION	$ 440,454

See accompanying Notes to the Basic Financial Statements.

Exhibit B-5

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2013

	Length of Service Award Program (LOSAP) (Unaudited)
ADDITIONS	
Contributions:	
District Contributions	$ 40,353
Total Contributions	$ 40,353
Investment Earnings:	
Net Increase in Fair Value of Investments	$ 54,919
Interest	4,571
Net Investment Earnings	$ 59,490
Total Additions	$ 99,843
DEDUCTIONS	
Benefits Returned to Sponsoring Agency	$ 4,892
Benefits Paid to Participants or Beneficiaries	7,000
Total Deductions	$ 11,892
Change in Net Position	$ 87,951
Net Position - Beginning of Year	352,503
Net Position - End of Year	$ 440,454

See accompanying Notes to the Basic Financial Statements.

{THIS PAGE INTENTIONALLY LEFT BLANK}

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A. Reporting Entity:

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

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Financial Statements:

Government-Wide Financial Statements

The government-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. 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.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The District reports the following major governmental funds:

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

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

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on long term general obligation debt of governmental funds.

Additionally, the government reports the following fund type:

The Fiduciary Funds are used to account for resources legally held by the District in a trust for Length of Service Award Program 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 their resources be preserved as capital.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. 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. However, expenditures related to compensated absences are recorded only when payment is due.

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

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 government-wide and fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets/Budgetary Control

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

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

E. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

F. Assets, Liabilities and Net Position/Fund Balance

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. All investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey fire districts. (See Note 2)

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities and Net Position/Fund Balance (Continued)

2. Inventories and Prepaid Expenses:

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

3. Capital Assets:

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

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

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

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

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

4. Net Position/Fund Balance

Government-Wide Statements

In the government-wide statements, there are three classes of net position:

- **Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted net position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities and Net Position/Fund Balance (Continued)

4. Net Position/Fund Balance (Continued)

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 have been depleted before unrestricted – net position is applied.

Governmental Fund Statements

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.

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2014 District budget certified for taxes.

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

5. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Certain reclassifications may have been made to the prior year balances in order to conform to the current year presentation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Revenues and Expenditures:

1. Program Revenues

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or 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, investment earnings and miscellaneous revenues.

2. 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.

3. Revenues and Expenditures

Revenues are recorded when they are determined to be both available and measurable. Generally, fees and other non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures are recorded when the related liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash 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 lessor 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. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At December 31, 2013, the book value of the District's deposits was $517,299 and the bank balance of the District's deposits was $545,857. Of the bank balances $250,000 was covered by FDIC and $295,857 was covered by GUDPA.

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash 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, 2013, the District had the following investments:

	Fair Value
2013	
Investment Not Subject to Categorization	
Length of Service Award Progam	$ 400,101

A. Cash Deposits and Investments (Continued)

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, 2013, $400,101 of the District's investments was exposed to custodial credit risk as follows:

	Fair Value
2013	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the District's name	$ 400,101

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

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

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

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets

Capital asset activity for the calendar year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Being Depreciated:				
Buildings and Building Impvts.	$ 1,676,780			$ 1,676,780
Vehicles	1,044,435			1,044,435
Equipment	75,930	-	-	75,930
Total Capital Assets, Being Depreciated	2,797,145	-	-	2,797,145
Accumulated Depreciation For:				
Buildings and Building Impvts.	(359,933)	(38,170)		(398,103)
Vehicles	(598,670)	(25,942)		(624,612)
Equipment	(48,564)	(5,401)	-	(53,965)
Total Accumulated Depreciation	(1,007,167)	(69,513)	-	(1,076,680)
Total Capital Assets, Being Depreciated, Net	1,789,978	(69,513)	-	1,720,465
Governmental Activities Capital Assets, Net	$ 1,789,978	$ (69,513)	$ -	$ 1,720,465

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets (Continued)

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

Cost of Operations and Maintenance	$69,513

C. General Long-Term Debt

Long-term liability activity for the year ended December 31, 2013 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Serial Bonds Payable	$ 295,000	$ -	$ 155,000	$ 140,000	$ 140,000
Total Long-Term Liabilities	$ 295,000	$ -	$ 155,000	$ 140,000	$ 140,000

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

Fiscal Year	General Serial Bonds Principal	Interest	Total
2014	140,000	5,950	145,950
	$ 140,000	$ 5,950	$ 145,950

2. Outstanding Debt

At December 31, 2013, bonds payable consisted of the following issue:

2004 Fire District Bonds, dated August 17, 2004, due in annual installments of $140,000 through August 15, 2014 bearing an interest rate of 4.25%	$140,000

3. Statutory Borrowing Power

The District's remaining borrowing power under N.J.S. 40A:14-85 at December 31, 2013 was as follows:

2% of Assessed Valuation	$5,696,890
Less: Net Debt	140,000
Remaining Borrowing Power	$5,556,890

NOTE 3 OTHER INFORMATION

A. Employee Retirement Systems and Pension Plans

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.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those District employees who are eligible for pension coverage.

Other Pension Funds

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

The cost of living increase for PFRS and PERS is funded directly by each of the respective systems, but is 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.

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 and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

NOTE 3 OTHER INFORMATION (Continued)

A. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

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

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 form 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. 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.

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. The financial report 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, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of $47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and $34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and $12.8 billion, respectively.

NOTE 3 OTHER INFORMATION (Continued)

A. Employee Retirement Systems and Pension Plans (Continued)

Funded Status and Funding Progress (Continued)

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, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for PERS and PFRS and (b) changes to projected salary increases, which vary by fund.

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% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS and 10.0% PFRS of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

Annual Pension Cost (APC)

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

During the years ended December 31, 2013, 2012 and 2011, the Woodbridge Township Fire District No. 7 was required to contribute for normal cost pension contributions, accrued liability pension contributions, deferred pension obligation contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

Year Ended December 31	PERS	PFRS
2013	$ 26,631	$ 134,872
2012	22,973	128,229
2011	19,410	136,556

NOTE 3 OTHER INFORMATION (Continued)

B. 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.

C. Fund Balance Appropriated

General Fund – Of the $242,784 General Fund fund balance at December 31, 2013, $8,900 is designated for encumbrances, $80,000 has been appropriated for tax relief and included in the 2014 budget and $153,884 is unassigned.

NOTE 4 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (UNAUDITED)

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

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

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

The Woodbridge Township of Fire District No. 7 contributed $1,495 per eligible volunteer into the Program, based on the annual accumulated points of each member for the year ended December 31, 2013.

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.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Miscellaneous Revenues:					
Shared Services	$ 503,870	-	$ 503,870	$ 496,497	$ (7,373)
Interest on Investments and Deposits	1,500		1,500	368	(1,132)
Miscellaneous	-	-	-	7,613	7,613
	505,370	-	505,370	504,478	(892)
Operating Grant Revenue:					
Supplemental Fire Services Program	6,384	-	6,384	1,078	(5,306)
Miscellaneous Revenues Offset With Appropriations:					
Uniform Fire Safety Act	16,933	-	16,933	24,924	7,991
	16,933	-	16,933	24,924	7,991
Amount to be Raised by Taxation to Support the District Budget	1,580,507	-	1,580,507	1,580,507	-
Total Revenues	$ 2,109,194	$ -	$ 2,109,194	$ 2,110,987	$ 1,793

Continued

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2013
(Continued from prior page)

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Commissioners	$ 26,000	-	$ 26,000	$ 26,000	-
Clerk	30,000	-	30,000	30,293	$ (293)
Bookkeeper	16,441	-	16,441	18,270	(1,829)
Total Salaries and Wages	72,441	-	72,441	74,563	(2,122)
Fringe Benefits	4,700	-	4,700	3,171	1,529
Other Expenses:					
Election	700	-	700	118	582
Permits, Licenses and Fees	100	-	100		100
Memberships/Dues	300	-	300	300	-
Office Expense	2,000	-	2,000	3,261	(1,261)
Professional Services	15,000		15,000	20,193	(5,193)
Promotion	4,000	-	4,000	3,079	921
Outside Services	8,000	-	8,000	20,317	(12,317)
Advertising	900	-	900	723	177
Total Other Expenses	31,000	-	31,000	47,991	(16,991)
Total Administration	108,141	-	108,141	125,725	(17,584)

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2013
(Continued from prior page)

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES: (Continued)					
Cost of Operations and Maintenance:					
Salaries and Wages:					
Firefighters	$ 511,730	-	$ 511,730	$ 478,771	$ 32,959
Dispatchers	330,010	-	330,010	322,520	7,490
Total Salaries and Wages	841,740	-	841,740	801,291	40,449
Fringe Benefits	499,154	-	499,154	488,865	10,289
Other Expenses:					
Hydrant Rental Charges	233,580	-	233,580	226,685	6,895
Insurance	52,000	-	52,000	51,072	928
Maintenance and Repair - Vehicles	55,000	-	55,000	67,328	(12,328)
Maintenance and Repair - Buildings and Grounds	60,000	-	60,000	58,116	1,884
Mutual Services Agreement	10,000	-	10,000	10,000	-
Training and Education	8,000	-	8,000	7,098	902
Operating Materials and Supplies	10,000	-	10,000	6,990	3,010
Uniforms and Equipment	40,000	-	40,000	26,837	13,163
Utilities	70,000	-	70,000	51,905	18,095
Reimbursement of Expenses	40,000	-	40,000	39,705	295
Total Other Expenses	578,580	-	578,580	545,736	32,844
Total Cost of Operations and Maintenance	1,919,474	-	1,919,474	1,835,892	83,582

Continued

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2013
(Continued from prior page)

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES: (Continued)					
Operating Appropriations Offset With Revenues:					
Uniform Fire Safety Act:					
Salaries and Wages	$ 105,620	-	$ 105,620	$ 103,507	$ 2,113
Fringe Benefits	7,900	-	7,900	4,402	3,498
Other Expenses	10,000	-	10,000	8,379	1,621
Total Appropriations Offset with Revenues	123,520	-	123,520	116,288	7,232
Length of Service Award Program	46,059	-	46,059	40,353	5,706
Total Expenditures	2,197,194	-	2,197,194	2,118,258	78,936
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,000)	-	(88,000)	(7,271)	80,729
Fund Balances, Beginning of Year	250,055	-	250,055	250,055	-
Fund Balances, Ending of Year	$ 162,055	$ -	$ 162,055	$ 242,784	$ 80,729
Assigned					
Year End Encumbrances				$ 8,900	
Designated for Subsequent Year's Expenditures				80,000	
Unassigned				153,884	
Total Fund Balances				$ 242,784	

OTHER SUPPLEMENTARY INFORMATION

Exhibit D-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Summary Schedule of Project Expenditures
Capital Projects Fund
As of December 31, 2013

Project	Date	Appropriations	Expenditures to Date: Prior Years	Expenditures to Date: Cancellations	Expenditures to Date: Current Year	Unexpended Balance
Chief's Vehicle	02/19/05	$ 50,000	30,210	$ 19,790	-	-
Acquisition of Rescue Vehicle and Equipment	2007, 2008	225,000	171,570	53,430	-	-
Acquisition of Fire Truck	2011	425,000	409,570	15,430	-	-
		$ 700,000	$ 611,350	$ 88,650	$ -	$ -
			Plus:			
			Other			168,878
						$ 168,878

Exhibit D-2

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Schedule of Serial Bonds
Long-Term Debt
As of December 31, 2013

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding Date	Maturities of Bonds Outstanding Amount	Interest Rate	Balance Jan. 1, 2013	Retired	Balance Dec. 31, 2013
Fire District Bonds	06/10/03	$ 900,000			3.60%	$ 110,000	$ 110,000	
Fire District Bonds	08/17/04	450,000	08/15/14	$ 140,000	4.25%	185,000	45,000	$ 140,000
						$ 295,000	$ 155,000	$ 140,000

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2013

	Final Budget	Actual	Variance Final to Actual
REVENUES:			
Amount to be Raised by Taxation to Support the District Budget	$ 166,823	$ 166,823	$ -
EXPENDITURES:			
Regular Debt Service:			
Interest - General Obligation Bonds	11,823	11,823	-
Redemption of Principal - General Obligation Bonds	155,000	155,000	-
Total Regular Debt Service	166,823	166,823	-
Total Expenditures	$ 166,823	$ 166,823	$ -
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
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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 governmental activities, each major fund, and the aggregate remaining fund information of the Woodbridge Township Fire District No. 7 as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 13, 2014. The financial statements of the Length of Service Award (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

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 (internal control) 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 Borough'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.

We also noted a certain matter that we reported to management of the Woodbridge Township Fire District No. 7 in the section of this report entitled "General Comments and Recommendations".

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

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
June 13, 2014

STATISTICAL INFORMATION

Property Tax Levies:

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

Calendar Year	Assessed Valuations	Total Tax Levy	Property Tax Rates
2013	$ 284,844,500	$ 1,847,330	0.649
2012	285,556,400	1,791,758	0.627
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

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

Year Ended December 31,	Unassigned Balance, December 31,	Assigned - Designated for Subsequent Year's Expenditures
2013	$ 153,884	$ 80,000
2012	153,155	88,000
2011	165,796	106,000
2010	168,370	60,000
2009	142,439	60,000

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Prior Year Findings - Unresolved

Our audit revealed 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 has entered into a shared service agreement with the Township of Woodbridge to utilize the Township's Qualified Purchasing Agent (QPA). The bid threshold approved for the Township's QPA is $36,000.

The Governing Body of the District has the responsibility of determining whether the expenditures in any category will exceed $36,000 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

Corrective action was not taken on the prior year recommendation denoted with an asterisk (*).

* * * * * * * * * *

Lerch, Vinci & Higgins LLP

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

Gary W. Higgins

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405