

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
DEFERRED COMPENSATION PROGRAM
(LENGTH OF SERVICE AWARD PROGRAM)
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**



LERCH, VINCI & HIGGINS, LLP

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ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying statements of net position available for benefits for the Woodbridge Township Fire District No. 7 Length of Service Award Program Trust Fund as of December 31, 2013 and 2012, and the related statements of changes in net position available for benefits for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management of the Woodbridge Township Fire District No. 7. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Woodbridge Township Fire District No. 7 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management has not presented the management discussion and analysis information that the Government Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements. Such omitted information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of our reviews of the financial statements are not affected by this missing information.

Lerch, Vinci & Higgins LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
June 13, 2014

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
DEFERRED COMPENSATION PROGRAM
LENGTH OF SERVICE AWARD PROGRAM
STATEMENTS OF NET POSITION AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Investments Held by Trustee	\$ 400,101	\$ 312,902
Contribution Receivable	<u>40,353</u>	<u>39,601</u>
 TOTAL ASSETS	 <u>440,454</u>	 <u>352,503</u>
 LIABILITIES		
Intergovernmental Payable	 <u>-</u>	 <u>-</u>
 NET POSITION AVAILABLE FOR BENEFITS	 <u>\$ 440,454</u>	 <u>\$ 352,503</u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
DEFERRED COMPENSATION PROGRAM
LENGTH OF SERVICE AWARD PROGRAM
STATEMENTS OF CHANGES IN NET POSITION
AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ADDITIONS		
District Contributions	\$ 40,353	\$ 39,601
Investment Return	<u>59,490</u>	<u>26,235</u>
TOTAL ADDITIONS	<u>99,843</u>	<u>65,836</u>
DEDUCTIONS		
Benefits Returned to Sponsoring Agency	4,892	
Benefits Paid to Participants or Beneficiaries	<u>7,000</u>	<u>63,834</u>
TOTAL DEDUCTIONS	<u>11,892</u>	<u>63,834</u>
Change in Net Position	87,951	2,002
Net Position, Beginning of Year	<u>352,503</u>	<u>350,501</u>
Net Position, End of Year	<u><u>\$ 440,454</u></u>	<u><u>\$ 352,503</u></u>

NOTES TO FINANCIAL STATEMENTS

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
LENGTH OF SERVICE AWARD PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 DESCRIPTION OF THE PROGRAM

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 and \$1,467 per eligible volunteer into the Program, based on the annual accumulated points of each member for the years ended December 31, 2013 and 2012, respectively.

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

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

Reporting Requirements

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

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
LENGTH OF SERVICE AWARD PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs.

The accrual basis of accounting is used for measuring financial position and changes in fiduciary net assets of pension and other employee benefit trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and deductions are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

Assets, Liabilities and Net Position

1. Investments

Investments are reported at fair value.

2. Receivables and Payables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to remain uncollectible. Contributions due from the District are recognized when due, since the District has a legal requirement to make the contribution.

Liabilities are recognized when due. A liability for benefits payable is recognized when the employee's rights to receive such benefits have vested and the employee notifies the Program of his or her intent to retire.

3. Net Position

The difference between Program assets and Program liabilities is reported as *net position available for benefits*.

NOTE 3 INVESTMENTS

An investment agreement was entered into at the inception of the Program between the District and Variable Annuity Life Insurance Company, whereby Variable Annuity Life Insurance Company, would have custody of the securities of the Program and also advises the Program participants as to investment alternatives.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
LENGTH OF SERVICE AWARD PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 INVESTMENTS (Continued)

The investments consist of stocks, bonds, money markets, fixed investments and guaranteed accumulation. Each participant may choose his/her allocation from among these investments. The investments are made by the Variable Life Insurance Company for the benefit of Program participants. The investments are valued at market value at the end of each year and the applicable gains or losses are posted to the individual's account.

As of December 31, 2013 and 2012, the value of the Program's investments were \$400,101 and \$312,902, respectively.

Custodial Credit Risk – Investments – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the entity will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2013 and 2012, the Program had invested \$400,101 and \$312,902 in various securities held by the investment's counterparty, not in the name of the Program.

Investment return is summarized as follows:

	<u>2013</u>	<u>2012</u>
Interest Income	\$ 4,571	\$ 4,506
Net Realized as Unrealized Gains/Losses	<u>54,919</u>	<u>21,729</u>
Investment Return	<u>\$59,490</u>	<u>\$26,235</u>

NOTE 4 RECEIVABLES

Receivables as of December 31, 2013 and 2012, including the applicable allowance for uncollectible accounts are as follows:

	<u>2013</u>	<u>2012</u>
District Contribution Receivable – Woodbridge Township Fire District No. 7	\$40,353	\$39,601
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$40,353</u>	<u>\$39,601</u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
LENGTH OF SERVICE AWARD PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 5 VESTING AND BENEFIT PROVISIONS

Members who join after implementation of the Program become vested after the completion of five (5) years of active service.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 7
LENGTH OF SERVICE AWARD PROGRAM
FINDINGS AND RECOMMENDATIONS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Findings and Recommendations

There are none.

