WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7

FORDS, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2015

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WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
ROSTER OF OFFICIALS
DECEMBER 31, 2015

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
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, 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
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT AMPONSAH, 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, 2015, 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 audits. We conducted our audits 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 opinions.

Basis for Qualified Opinion on Aggregate Remaining Fund Information

The financial statements of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the District's financial statements. The LOSAP Trust Fund financial activities are included in the District's Fiduciary Funds, and represent 100 percent of the net position of the District's Fiduciary Funds as of December 31, 2015.

Qualified Opinion

In our opinion, except for the possible 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 Trust Fund, as described in the "Basis for Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Aggregate Remaining Fund Information of the Woodbridge Township Fire District No. 7 as of December 31, 2015, 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

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Woodbridge Township Fire District No. 7 as of December 31, 2015, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the year ended December 31, 2015, the Woodbridge Township Fire District No. 7 adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information 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 opinions on the financial statements that collectively comprise the Woodbridge Township Fire District No. 7's basic financial statements. The other supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Woodbridge Township Fire District No. 7's basic financial statements.

The supplementary schedules of the general and capital projects funds 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 of the general and capital projects funds listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2016 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
Registered Municipal Accountants

Fair Lawn, New Jersey
June 28, 2016

REQUIRED SUPPLEMENTARY INFORMATION

PART 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

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, 2015. 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 2015 are as follows:

In total, net position decreased $103,292 from 2014.

General revenues accounted for $2,487,666 or 98 percent of all revenues. Program specific revenues accounted for $60,289 or 2 percent of total revenues of $2,547,955.

Total assets of governmental activities increased by $136,352 as cash increased by $22,677, other current assets decreased by $337 and net capital assets increased by $114,012.

The District had $2,651,247 in expenses; only $60,289 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $2,487,666 were adequate to provide for these programs.

Among governmental funds, the General Fund had $2,397,955 in revenues and $2,336,252 in expenditures. The General Fund's fund balance increased $61,703 over 2014.

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.

Major Features of Government-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 asset, deferred outflows/inflows of resources and liability information	All assets, deferred outflows/ inflows of resources 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, deferred outflows/inflows of resources and liabilities both financial and capital and 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

The figure above 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 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows/inflows of resources 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 and Capital Projects 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.

Summary of Net Position

	Governmental Activities		Percentage Change
	2015	2014	2014-2015
Current and Other Assets	$ 671,496	$ 649,156	3.44%
Capital Assets	1,782,350	1,668,338	6.83%
Total Assets	2,453,846	2,317,494	5.88%
Deferred Amounts on Net Pension Liability	1,042,317	248,347	319.70%
Total Deferred Outflows of Resources	1,042,317	248,347	319.70%
Non Current Liabilities	4,041,237	2,861,020	41.25%
Other Liabilities	285,076	260,645	9.37%
Total Liabilities	4,326,313	3,121,665	38.59%
Deferred Amounts on Net Pension Liability	105,011	276,045	(61.96)%
Total Deferred Inflows of Resources	105,011	276,045	(61.96)%
Net Position:			
Net Investment in Capital Assets	1,782,350	1,668,338	6.83%
Restricted	284,314	296,417	(4.08)%
Unrestricted	(3,001,825)	(2,796,624)	(7.34)%
Total Net Position	$ (935,161)	$ (831,869)	(12.42)%

Effective for the year ended December 31, 2015, the District implemented the new accounting guidance GASB Statement No. 68 "Accounting and Financial Reporting for Pensions". As a result, the financial statements reflect the District's proportionate share of the Public Employees Retirement System and Police and Firemen's Retirement System's net pension liability and related deferred outflows of resources and deferred inflows of resources of this cost-sharing multi-employer defined benefit pension plan sponsored and administered by the State of New Jersey. The effect of implementing GASB Statement No. 68 was a reduction in the District's unrestricted net position of $3,290,342 as of December 31, 2015 and $3,052,025 as of December 31, 2014.

The recording of these amounts caused the District's total net position for these years to be in a negative or deficit position at year end as detailed above.

Changes in Net Position

	Governmental Activities		Percentage Change
	2015	2014	2014-2015
REVENUES:			
Program Revenues:			
Charges for Services	$ 19,288	$ 15,493	24.49%
Operating Grants and Contributions	41,001	11,921	243.94%
General Revenues:			
Property Taxes	1,936,617	1,885,159	2.73%
Other	551,049	514,695	7.06%
Total Revenues	2,547,955	2,427,268	4.97%
EXPENSES:			
Administration	113,052	113,742	(.61)%
Cost of Operations and Maintenance	2,538,195	2,079,547	22.06%
Interest on Debt Service	-	3,719	(100.00)%
Total Expenses	2,651,247	2,197,008	20.68%
Change in Net Position	(103,292)	230,260	(144.86)%
Net Position, Beginning of Year	(831,869)	1,989,896	(141.80)%
Prior Period Adjustment		(3,052,025)	
Net Position, End of Year	$ (935,161)	$ (831,869)	(12.42)%

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District operations. Property taxes made up 76.0% and 77.7% of revenues for governmental activities for Woodbridge Township Fire District No. 7 for 2015 and 2014, respectively. The District's total revenues were $2,547,955 and $2,427,268 for the years ended December 31, 2015 and 2014, respectively. Charges for services accounted for .8% and .6% of revenue, operating grants and contributing 1.6% and .5% of revenue and miscellaneous revenue accounted for 21.6% and 21.2% for the years ended December 31, 2015 and 2014, respectively.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below 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.

Total Cost and Net Cost of Services

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Administration	$ 113,052	$ 113,052	$ 113,742	$ 113,742
Cost of Operations and Maintenance	2,538,195	2,477,906	2,079,547	2,052,133
Interest on Long Term Debt	-	-	3,719	3,719
Total Expenses	$ 2,651,247	$ 2,590,958	$ 2,197,008	$ 2,169,594

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 $2,547,955 and $2,427,268 and expenditures were $2,526,942 and $2,287,112 for the years ended December 31, 2015 and 2014, respectively. The change in fund balance for 2015 in the general fund was an increase of $61,703 and a decrease of $(40,690) in the capital projects fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the General Fund for the years ended December 31, 2015 and 2014, and the amount of increases and decreases in relation to prior year amounts.

Summary of Revenues-General Fund

Revenues:	2015	2014	Increase (Decrease) from 2014	Percent of Increase (Decrease)
Local Sources:				
Miscellaneous Revenue	$ 578,385	$ 542,109	$ 36,276	6.69%
Property Tax Levy	1,786,617	1,594,209	192,408	12.07%
State Sources	32,953	-	32,953	100.00%
Total	$ 2,397,955	$ 2,136,318	$ 261,637	12.25%

The following schedule presents a summary of General Fund expenditures for the years ended December 31, 2015 and 2014 and the increases and decreases in relation to prior year amounts.

Summary of Expenditures-General Fund

Administration	$ 113,052	$ 113,742	$ (690)	(.61)%
Cost of Operations and Maintenance	2,194,076	2,009,959	184,117	9.16%
Capital Outlay	29,124	-	29,124	
Total	$ 2,336,252	$ 2,123,701	$ 212,551	10.01%

Capital Assets

At the end of the years 2015 and 2014, the District had $1,782,350 and $1,668,338, respectively, invested, net of accumulated depreciation, in buildings and improvements, vehicles and equipment. The following table shows 2015 and 2014 balances and the amount of increases and decreases in relation to prior year amounts.

Summary of Capital Assets
(Net of Depreciation)

	Governmental Activities		Increase (Decrease) from 2014	Percent of Increase (Decrease)
	2015	2014		
Buildings and Building Improvements	$ 1,202,339	$ 1,240,508	$ (38,169)	(3.08)%
Vehicles	409,758	393,880	15,878	4.03%
Equipment	170,253	33,950	136,303	401.48%
Total	$ 1,782,350	$ 1,668,338	$ 114,012	6.83%

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

Debt Administration

At December 31, 2015 and 2014, the District had $4,041,237 and $2,861,020 for net pension liability, respectively.

Summary of Outstanding Liabilities

	2015	2014	Increase (Decrease) from 2014	Percent of Increase (Decrease)
Net Pension Liability - PERS	$ 1,028,805	$ 668,593	$ 360,212	53.88%
Net Pension Liability - PFRS	3,012,432	2,192,427	820,005	37.40%
Total	$ 4,041,237	$ 2,861,020	$ 1,180,217	41.25%

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.

FINANCIAL STATEMENTS

Exhibit A-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Net Position
As of December 31, 2015

	Governmental Activities	Total
ASSETS		
Cash	$ 669,213	$ 669,213
Other Current Assets	2,283	2,283
Capital Assets		
Being Depreciated, Net	1,782,350	1,782,350
Total Assets	2,453,846	2,453,846
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts on Net Pension Liability	1,042,317	1,042,317
Total Deferred Outflows of Resources	1,042,317	1,042,317
Total Assets and Deferred Outflows of Resources	3,496,163	3,496,163
LIABILITIES		
Accounts Payable and Other Current Liabilities	94,767	94,767
Unearned Revenue	3,898	3,898
Accrued Pension Obligation	186,411	186,411
Noncurrent Liabilities	4,041,237	4,041,237
Total Liabilities	4,326,313	4,326,313
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts on Net Pension Liability	105,011	105,011
Total Deferred Inflows of Resources	105,011	105,011
Total Liabilities and Deferred Inflows of Resources	4,431,324	4,431,324
NET POSITION		
Investment in Capital Assets	1,782,350	1,782,350
Restricted For:		
Capital Projects	255,727	255,727
Unrestricted	(2,973,238)	(2,973,238)
Total Net Position	$ (935,161)	$ (935,161)

See accompanying Notes to the Financial Statements.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Activities
For the Year Ended December 31, 2015

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	$ 113,052				$ (113,052)	$ (113,052)
Cost of Operations, Maintenance and Other	2,538,195	$ 19,288	$ 41,001	$ -	(2,477,906)	(2,477,906)
Total Governmental Activities	$ 2,651,247	$ 19,288	$ 41,001	$ -	$ (2,590,958)	$ (2,590,958)
Total Primary Government	$ 2,651,247	$ 19,288	$ 41,001	$ -	$ (2,590,958)	$ (2,590,958)
General Revenues:						
Property Taxes, Levied for General Purposes					$ 1,786,617	$ 1,786,617
Property Taxes, Levied for Capital Projects					150,000	150,000
Other					551,049	551,049
Total General Revenues					$ 2,487,666	$ 2,487,666
Changes In Net Position					$ (103,292)	$ (103,292)
Net Position - Beginning of Year (Restated)					(831,869)	(831,869)
Net Position - End of Year					$ (935,161)	$ (935,161)

See accompanying Notes to the Financial Statements.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Balance Sheet
Governmental Funds
As of December 31, 2015

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Assets:			
Cash	$ 413,486	$ 255,727	$ 669,213
Other Current Assets	2,283	-	2,283
TOTAL ASSETS	$ 415,769	$ 255,727	$ 671,496
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 75,913		$ 75,913
Payroll Liabilities Payable	12,281		12,281
Unearned Revenue	3,898		3,898
Other Liabilities	6,573		6,573
Total Liabilities	98,665	-	98,665
Fund Balances:			
Restricted:			
Capital Projects		$ 255,727	255,727
Assigned			
Year End Encumbrances	9,100		9,100
Designated for Subsequent Years' Expenditures	70,000		70,000
Unassigned	238,004	-	238,004
Total Fund Balances	317,104	255,727	572,831
TOTAL LIABILITIES AND FUND BALANCES	$ 415,769	$ 255,727	

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 $3,005,833 and the Accumulated Depreciation is $1,223,483.		1,782,350
The District contributes to pension obligations. The pension obligation accrual at year end is:		(186,411)
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred ouflows of resources or deferred inflows of resources on the statement of net position and deferred over future years.		
Deferred Outflows of Resources	$ 1,042,317	
Deferred Inflows of Resources	(105,011)	
		937,306
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term liabilities at year end consist of:		
Net Pension Liability	(4,041,237)	
		(4,041,237)
Net Position of Governmental Activities		$ (935,161)

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, 2015

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:			
Local Sources			
Miscellaneous Revenues	$ 578,385		$ 578,385
Property Taxes	1,786,617	$ 150,000	1,936,617
Total - Local Sources	2,365,002	150,000	2,515,002
State Sources	32,953	-	32,953
Total Revenues	2,397,955	150,000	2,547,955
EXPENDITURES:			
Administration	113,052		113,052
Cost of Operations, Maintenance and Other	2,194,076	28,587	2,222,663
Capital Outlay	29,124	162,103	191,227
Total Expenditures	2,336,252	190,690	2,526,942
Excess (Deficiency) of Revenues Over (Under) Expenditures	61,703	(40,690)	21,013
Net Change in Fund Balances	61,703	(40,690)	21,013
Fund Balances, Beginning of Year	255,401	296,417	551,818
Fund Balances, End of Year	$ 317,104	$ 255,727	$ 572,831

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, 2015

Total Net Change in Fund Balances - Governmental Funds (From B-2)		$ 21,013
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital outlay that exceeds depreciation in the period is as follows:		
Depreciation Expense	$ (77,215)	
Capital Outlay	191,227	
		114,012
In the statement of activities, certain operating expense, e.g., net pension liability is measured by the amount accrued during the year. In the governmental funds, however, expenditures for this item is reported in the amount of financial resources used (paid). When the accrued amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceed the accrued amount the difference is an addition to the reconciliation (+).		
Increase in Pension Expense	(238,317)	
		(238,317)
Change in Net Position of Governmental Activities		$ (103,292)

See accompanying Notes to the Financial Statements.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Statement of Fiduciary Net Position
Fiduciary Funds
As of December 31, 2015

	Length of Service Award Program (LOSAP) (Unaudited)
ASSETS	
Cash and Investments with Fiscal Agents	$ 453,488
District Contributions Receivable	37,456
TOTAL ASSETS	$ 490,944
NET POSITION	
Held in Trust For:	
Length of Service Award Program	$ 490,944
TOTAL NET POSITION	$ 490,944

See accompanying Notes to the 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, 2015

	Length of Service Award Program (LOSAP) (Unaudited)
ADDITIONS	
Contributions:	
District Contributions	$ 37,456
Total Contributions	37,456
Investment Earnings:	
Net (Decrease) in Fair Value of Investments	(2,425)
Interest	5,167
Net Investment Earnings	2,742
Total Additions	40,198
DEDUCTIONS	
Benefits Paid to Participants or Beneficiaries	35,251
Total Deductions	35,251
Change in Net Position	4,947
Net Position - Beginning of Year	485,997
Net Position - End of Year	$ 490,944

See accompanying Notes to the Financial Statements.

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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.

A. Reporting Entity

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

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

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB Statements:

- GASB 68, *Accounting and Financial Reporting for Pensions,* will be effective beginning with the year ending December 31, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

The other accounting standard that the District is currently reviewing for applicability and potential impact on the financial statements is:

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

The financial statements include both government-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate government-wide and fund financial statements are presented, they are interrelated. In the government-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the government-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to residents or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate fund financial statements are provided for governmental and fiduciary activities, even though the latter are excluded from the government-wide financial statements. The District considers all of its governmental funds to be major funds.

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.

Additionally, the government reports the following fund type:

The **Fiduciary Trust Fund** is 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.

Reclassifications

Certain reclassifications may have been made to the December 31, 2014 balances to conform to the December 31, 2015 presentation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resource being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The 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, as are the fiduciary fund financial statements. All assets and all liabilities associated with these operations (with the exception of the fiduciary fund) are included on the Statement of Net Position. 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.

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

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.

E. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Cash, Cash Equivalents and Investments (Continued)

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the government-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the government-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions.

5. Pensions

In the government-wide financial statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

6. Net Position/Fund Balance

Government-Wide Statements

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

- **Investment in capital assets** – consists of net capital assets less accumulated depreciation.
- **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)

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

6. Net Position/Fund Balance (Continued)

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 2016 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.

F. Revenues and Expenditures

1. Program Revenues

Amounts reported as program revenues in the government-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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures (Continued)

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 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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. During 2015 the original budget was increased by $9,000, as a result of the reappropriation of prior year general fund encumbrances.

For budgetary purposes the net position of the Governmental Activities as of December 31, 2015 and 2014 is $2,355,181 and $2,220,156, respectively, which excludes the impact of recognizing the net pension liability reported under GASB No. 68.

B. 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.

NOTE 3 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, 2015, the book value of the District's deposits was $669,213 and the bank balance of the District's deposits was $755,521. The District's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account

Insured	$755,521

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk, however, none of the bank balance as of December 31, 2015 was exposed to custodial credit risk.

Investments

The District is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the District or bonds or other obligations of the school districts which are a part of the District or school districts located within the District, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the District is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2015, the District had the following investments:

	Fair Value
2015	
Investment Not Subject to Categorization	
Length of Service Award Progam	$ 453,488

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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, 2015, $453,488 of the District's investments was exposed to custodial credit risk as follows:

	Fair Value
2015	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the District's name	$ 453,488

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.

B. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current year, the unearned revenue reported in the governmental funds was as follows:

General Fund	
Unencumbered 2016 LEA Rebates	$3,898

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the calendar year ended December 31, 2015 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	$ 45,211		1,089,646
Equipment	93,391	146,016	-	239,407
Total Capital Assets, Being Depreciated	2,814,606	191,227	-	3,005,833
Accumulated Depreciation For:				
Buildings and Building Impvts.	(436,272)	(38,169)		(474,441)
Vehicles	(650,555)	(29,333)		(679,888)
Equipment	(59,441)	(9,713)	-	(69,154)
Total Accumulated Depreciation	(1,146,268)	(77,215)	-	(1,223,483)
Total Capital Assets, Being Depreciated, Net	1,668,338	114,012	-	1,782,350
Governmental Activities Capital Assets, Net	$ 1,668,338	$ 114,012	$ -	$ 1,782,350

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

Cost of Operations and Maintenance	$77,215

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-Term Debt

Long-term liability activity for the year ended December 31, 2015 is as follows:

	Beginning Balance (Restated)	Additions	Deductions	Ending Balance
Net Pension Liability - PERS	$ 668,593	$ 399,614	$ 39,402	$ 1,028,805
Net Pension Liability - PFRS	2,192,427	967,014	147,009	3,012,432
Total Long-Term Liabilities	$ 2,861,020	$ 1,366,628	$ 186,411	$ 4,041,237

Statutory Borrowing Power

The District's remaining borrowing power under N.J.S. 40A:14-85 at December 31, 2015 was as follows:

2% of Assessed Valuation	$5,753,988
Less: Net Debt	-
Remaining Borrowing Power	$5,753,988

NOTE 4 OTHER INFORMATION

A. Employee Retirement Systems

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

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

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. PERS is a cost-sharing multi-employer defined benefit pension plan.

NOTE 4 OTHER INFORMATION (Continued)

A. Employee Retirement Systems (Continued)

Other Pension Funds

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

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

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

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.

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, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including PERS is 62.8 percent with an unfunded actuarial accrued liability of $51.0 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and $18.7 billion, respectively, and the aggregate funded ratios and unfunded accrued liability for local PFRS is 62.4 percent and $13.9 billion, respectively.

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

NOTE 4 OTHER INFORMATION (Continued)

A. Employee Retirement Systems (Continued)

Funded Status and Funding Progress (Continued)

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, 2013 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 and (b) changes to projected salary increases 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS and 6.92% for fiscal year 2015 for PERS of employee's annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 for PFRS and PERS, which is cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made.

During the years ended December 31, 2015, 2014 and 2013, the Woodbridge Township Fire District No. 7, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

Year Ended December 31	PERS	PFRS
2015	$ 29,439	$ 133,868
2014	20,139	127,976
2013	26,631	134,872

NOTE 4 OTHER INFORMATION (Continued)

A. Employee Retirement Systems (Continued)

Annual Pension Cost (APC) (Continued)

The PERS and PFRS contributions are recognized in the governmental fund statements (modified accrual) as an expenditure.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2015, the District reported in the statements of net position a liability of $1,028,805 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .00458 percent, which was an increase of .00101 percent from its proportionate share measured as of June 30, 2014 of .00357 percent.

For the year ended December 31, 2015, the District recognized in the statement of activities pension expense of $128,204 for PERS. At December 31, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 24,544	
Changes of Assumptions	110,485	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		$ 16,541
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	279,113	-
Total	$ 414,142	$ 16,541

NOTE 4 OTHER INFORMATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2016	$ 82,927
2017	82,927
2018	82,927
2019	92,888
2020	55,932
	$ 397,601

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PERS	2015
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40% Based on Age
Thereafter	3.15-5.40% Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000

NOTE 4 OTHER INFORMATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation was based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 is summarized in the following table:

	2015	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

Year	Discount Rate
2015	4.90%

NOTE 4 OTHER INFORMATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

	PERS
Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80 as of June 30, 2015. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability as of December 31, 2015 calculated using the discount rate of 4.90% as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	$ 1,278,679	$ 1,028,805	$ 819,313

The sensitivity analysis was based on the proportionate share of the District's net pension liability at December 31, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 4 OTHER INFORMATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Police and Firemen's Retirement System (PFRS)

At December 31, 2015, the District reported in the statements of net position a liability of $3,012,432 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .01809 percent, which was an increase of .00066 percent from its proportionate share measured as of June 30, 2014 of .01743 percent.

For the year ended December 31, 2015, the District recognized in the statement of activities pension expense of $273,420 for PFRS. At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PFRS pension from the following sources:

	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience		$ 25,983
Changes of Assumptions	$ 556,170	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		52,429
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	72,005	10,058
Total	$ 628,175	$ 88,470

At December 31, 2015 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2016	$ 104,697
2017	104,697
2018	104,697
2019	160,630
2020	64,984
Thereafter	-
	$ 539,705

NOTE 4 OTHER INFORMATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PFRS	2015
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.60-9.48% Based on Age
Thereafter	3.60-10.48% Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

NOTE 4 OTHER INFORMATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

	2015	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

Year	Discount Rate
2015	5.79%

NOTE 4 OTHER INFORMATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

* The municipal bond return rate used is 3.80% as of June 30, 2015. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PFRS net pension liability as of December 31, 2015 calculated using the discount rate of 5.79%, as well as what the District's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
District's Proportionate Share of the PFRS Net Pension Liability	$ 3,971,342	$ 3,012,432	$ 2,230,527

The sensitivity analysis was based on the proportionate share of the District's net pension liability at December 31, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

NOTE 4 OTHER INFORMATION (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the District is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the District by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the District's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2015, the District recognized in the government-wide statement of activities (accrual basis) pension expense of $32,953 for PFRS – Special Funding. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At December 31, 2015, the State's proportionate share of the net pension liability attributable to the District for the PFRS special funding situation is $264,180. The State's proportionate share attributable to the District was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

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 $317,104 General Fund fund balance at December 31, 2015, $9,100 is designated for encumbrances; $70,000 has been appropriated for tax relief and included in the 2016 budget and $238,004 is unassigned.

Capital Projects Fund – Of the $255,727 Capital Projects Fund fund balance at December 31, 2015, $255,727 is restricted for capital projects.

NOTE 5 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 $1,510 per eligible volunteer into the Program, based on the annual accumulated points of each member for the year ended December 31, 2015. The total District contribution for the year ended December 31, 2015 was $37,456.

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

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

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the District perform a separate review report of the Program in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the program are presented as unaudited in this report as part of the District's Fiduciary Funds.

NOTE 5 RESTATEMENT

On January 1, 2015, the District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The District has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended December 31, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System (PERS) and Police and Firemen's Retirement System's (PFRS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of $3,052,025. The result of this restatement is to reduce total net position of Governmental Activities at December 31, 2014 from $2,220,156 as originally reported to $(831,869) as adjusted for the effects of the change in accounting principle.

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, 2015

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES:					
Miscellaneous Revenues:					
Shared Services	$ 514,083	-	$ 514,083	$ 521,274	$ 7,191
Interest on Investments and Deposits	1,500		1,500	5,237	3,737
Miscellaneous		-	-	24,538	24,538
	515,583	-	515,583	551,049	35,466
Operating Grant Revenue:					
Supplemental Fire Services Program	6,384	-	6,384	8,048	1,664
Miscellaneous Revenues Offset With Appropriations:					
Uniform Fire Safety Act	18,268	-	18,268	19,288	1,020
	18,268	-	18,268	19,288	1,020
Amount to be Raised by Taxation to Support the District Budget	1,786,617	-	1,786,617	1,786,617	-
State Sources					
On-Behalf PFRS Special Funding (Non-Budget)	-	-	-	32,953	32,953
Total Revenues	$ 2,326,852	$ -	$ 2,326,852	$ 2,397,955	$ 71,103

Continued

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015
(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	31,220	-	31,220	36,104	$ (4,884)
Bookkeeper	17,500	-	17,500	17,500	-
Total Salaries and Wages	74,720	-	74,720	79,604	(4,884)
Fringe Benefits	15,403	-	15,403	2,691	12,712
Other Expenses:					
Election	700	-	700	625	75
Permits, Licenses and Fees	100	-	100		100
Memberships/Dues	300	-	300	380	(80)
Office Expense	2,000	-	2,000	861	1,139
Professional Services	17,000	$ 9,000	26,000	17,333	8,667
Promotion	4,000	-	4,000	2,359	1,641
Outside Services	8,000	-	8,000	8,217	(217)
Advertising	900	-	900	982	(82)
Total Other Expenses	33,000	9,000	42,000	30,757	11,243
Total Administration	123,123	9,000	132,123	113,052	19,071

Continued

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015
(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	$ 660,654	-	$ 660,654	$ 615,756	$ 44,898
Dispatchers	352,900	-	352,900	344,420	8,480
Total Salaries and Wages	1,013,554	-	1,013,554	960,176	53,378
Fringe Benefits	453,512	-	453,512	471,456	(17,944)
Other Expenses:					
Hydrant Rental Charges	237,084	-	237,084	239,271	(2,187)
Insurance	55,000	-	55,000	46,365	8,635
Maintenance and Repair - Vehicles	55,000	-	55,000	115,182	(60,182)
Maintenance and Repair - Buildings and Grounds	170,000	-	170,000	133,666	36,334
Mutual Services Agreement	7,500	-	7,500	7,500	-
Training and Education	8,000	-	8,000	8,171	(171)
Operating Materials and Supplies	10,000	-	10,000	8,438	1,562
Uniforms and Equipment	40,000	-	40,000	31,261	8,739
Utilities	60,000	-	60,000	44,521	15,479
Retiree Health Benefits	36,990	-	36,990	37,133	(143)
Reimbursement of Expenses	40,000	-	40,000	40,000	-
Total Other Expenses	719,574	-	719,574	711,508	8,066
Total Cost of Operations and Maintenance	2,186,640	-	2,186,640	2,143,140	43,500

Continued

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015
(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	$ 8,268	-	$ 8,268		$ 8,268
Other Expenses	10,000	-	10,000	9,651	349
Total Appropriations Offset with Revenues	18,268	-	18,268	9,651	8,617
Length of Service Award Program	48,821	$ -	48,821	37,456	11,365
On-Behalf PFRS Special Funding (Non-Budget)	-	-	-	32,953	(32,953)
Total Expenditures	2,376,852	9,000	2,385,852	2,336,252	49,600
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(9,000)	(59,000)	61,703	120,703
Fund Balances, Beginning of Year	255,401	-	255,401	255,401	-
Fund Balances, Ending of Year	$ 205,401	$ (9,000)	$ 196,401	$ 317,104	$ 120,703
Assigned					
Year End Encumbrances				$ 9,100	
Designated for Subsequent Year's Expenditures				70,000	
Unassigned				238,004	
Total Fund Balances				$ 317,104	

REQUIRED SUPPLEMENTARY INFORMATION

PART III

EXHIBIT D-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Three Fiscal Years *

	2015	2014	2013
District's Proportion of the Net Position Liability (Asset)	0.00458 %	0.00357 %	0.00267 %
District's Proportionate Share of the Net Pension Liability (Asset)	$ 1,028,805	$ 668,593	$ 510,825
District's Covered-Employee Payroll	$ 316,228	$ 246,971	$ 184,423
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	325%	271%	277%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%	48.72%

* The amounts presented for each year were determined as of June 30 of the respective year.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

EXHIBIT D-2

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Three Fiscal Years

	2015	2014	2013
Statutorily Required Contribution	$ 39,402	$ 29,439	$ 20,139
Contributions in Relation to the Statutorily Required Contributions	39,402	29,439	20,139
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered- Employee Payroll	$ 316,228	$ 246,971	$ 184,423
Contributions as a Percentage of Covered-Employee Payroll	12.46%	11.92%	10.92%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

POLICE AND FIREMEN'S RETIREMENT SYSTEM
Last Three Fiscal Years *

	2015	2014	2013
District's Proportion of the Net Position Liability (Asset)	0.01808 %	0.01742 %	0.01754 %
District's Proportionate Share of the Net Pension Liability (Asset)	$ 3,012,432	$ 2,192,427	$ 2,331,932
District's Covered-Employee Payroll	$ 572,688	$ 550,444	$ 550,434
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	526%	398%	424%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	62.41%	58.70%

* The amounts presented for each year were determined as of June 30 of the respective year.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

EXHIBIT D-4

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

POLICE AND FIREMEN'S RETIREMENT SYSTEM
Last Three Fiscal Years

	2015	2014	2013
Statutorily Required Contribution	$ 147,009	$ 133,868	$ 127,976
Contributions in Relation to the Statutorily Required Contributions	147,009	133,868	127,976
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered- Employee Payroll	$ 572,688	$ 550,444	$ 550,434
Contributions as a Percentage of Covered-Employee Payroll	25.67%	24.32%	23.25%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

EXHIBIT D-5

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SPECIAL FUNDING

POLICE AND FIREMEN'S RETIREMENT SYSTEM
Last Three Fiscal Years

	2015	2014	2013
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	$ -	$ -	$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	$ 264,180	$ 236,088	$ 217,364
District's Covered-Employee Payroll	N/A	N/A	N/A
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	29.07%	34.70%	34.91%

N/A - Not Available

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 3.

OTHER SUPPLEMENTARY INFORMATION

Exhibit E-1

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 7
Schedule of Revenues, Expenditures and Changes in Fund Balance
Capital Projects Fund
For the Year Ended December 31, 2015

	2015
REVENUES	
Amount to be Raised by Taxation	$ 150,000
Total Revenues	$ 150,000
EXPENDITURES	
Purchase of Vehicles and Equipment	$ 190,690
Total Expenditures	$ 190,690
Excess of Revenues Over Expenditures	$ (40,690)
Fund Balance, Beginning of Year	296,417
Fund Balance, End of Year	$ 255,727

LERCH, VINCI & HIGGINS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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, 2015, 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, and have issued our report thereon dated June 28, 2016. Our report on the basic financial statements was modified because of the presentation of the unaudited Length of Service Award Program (LOSAP) Fiduciary Fund financial statements.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

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

Purpose of this Report

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

Lerch, Vinci & Higgins LLP

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

Fair Lawn, New Jersey
June 28, 2016

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
2015	$ 287,699,400	$ 1,936,617	0.664
2014	284,899,400	1,885,159	0.662
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

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
2015	$ 238,004	$ 70,000
2014	196,401	50,000
2013	153,844	80,000
2012	153,155	88,000
2011	165,796	106,000

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Prior Year Unresolved

Our audit noted that certain employees received a lump sum payment for holiday pay that was included in pensionable wages reported which is not allowable under State pension regulations. The new Bargaining Agreement was revised once the old Bargaining Agreement ended on March 31, 2016 to include holiday pay to be paid bi-weekly and part of the employee's salary; therefore no recommendation is warranted.

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 $40,000. 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 $40,000.

The Governing Body of the District has the responsibility of determining whether the expenditures in any category will exceed $40,000 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

There are none.

Status of Prior Year Recommendations

Corrective action was taken on the prior year recommendation.

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Lerch, Vinci & Higgins LLP

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

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405