

**WOODBRIIDGE TOWNSHIP  
FIRE DISTRICT NO. 9  
COUNTY OF MIDDLESEX, NEW JERSEY**

**REPORT OF AUDIT  
FOR THE YEAR ENDED  
DECEMBER 31, 2017**

***HODULIK & MORRISON, P.A.***  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
HIGHLAND PARK, N.J.



**WOODBRIAGE TOWNSHIP  
FIRE DISTRICT NO. 9  
COUNTY OF MIDDLESEX, NEW JERSEY**

**TABLE OF CONTENTS**

	<b><u>PAGE(S)</u></b>
<b><u>SUPPLEMENTARY SCHEDULES – PART IV</u></b>	56
Sch. 4 Balance Sheet - Fund Basis - General Fund	57
Sch. 5 Balance Sheet - Joint Board of Fire Commissioners - Fund Basis	58
Sch. 6 Balance Sheet – Capital Projects - Woodbridge Fire District #9	59
Sch. 7 Comparative Schedule of Revenues and Expenditures - Capital Projects Fund - Woodbridge Fire District #9	60
Sch. 8 Summary Schedule of Project Expenditures - Capital Projects Fund - Woodbridge Fire District #9	61
Sch. 9 Supplemental Schedule of Statistical Information	62
Sch. 10 Officials in Office and Surety Coverage	63
 General Comments and Recommendations	 64 - 69

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Chairman and Members of the  
Township of Woodbridge Fire District No. 9  
Iselin, New Jersey

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and aggregate discretely presented component unit of the Township of Woodbridge Fire District No. 9, Iselin, New Jersey (the "District") as of December 31, 2017, and related notes to the financial statements, which collectively comprise the District'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 risk 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 that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Length of Service Award Program (LOSAP)**

The financial statements referred to in the first paragraph include the assets, liabilities and net apposition of the District's Length of Service Award Program (LOSAP), which represent 100% of the District's fiduciary fund. Pursuant to N.J. State regulation, LOSAP is subject to an independent accountant's review only and we were not engaged to audit the LOSAP financial statements as part of our audit of the District's financial statements. Accordingly, the financial statements of the District's LOSAP are unaudited and we do not express an opinion on the accompanying LOSAP financial statements included within the fiduciary fund.

### **Basis for Qualified Opinion – Governmental Activities and General Fund**

The Fire District did not recognize the OPEB liability pursuant to GASB 45 – Other Post Retirement Benefits (OPEB) in the financial statements or notes to financial statements. The amount that should have been reported could not reasonably be determined.

### **Qualified Opinion**

In our opinion, except for the adjustments, if any, as might have been determined to be necessary had we audited the financial activities of the Length of Service Award Program and the omitted OPEB liability pursuant to GASB 45, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund the aggregate remaining fund information and aggregate discretely presented component unit of the Township of Woodbridge Fire District No.9, Iselin, New Jersey, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

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

#### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Woodbridge Fire District No. 9, Iselin, New Jersey, the basic financial statements. Supplemental data and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the Basic financial statements.

The Supplemental data and schedules are the responsibility of management and were derived directly from and related 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 supplemental data section is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

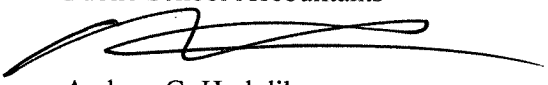
The supplemental data section has not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In Accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2019, on our consideration of the Township of Woodbridge Fire District No. 9's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over the financial reporting or on compliance. That report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the Township of Woodbridge Fire District No.9's internal control over financial reporting and compliance.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants



Andrew G. Hodulik  
Registered Municipal Accountant  
No. 406

Highland Park, New Jersey  
January 15, 2019

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**INDEPENDENT AUDITOR'S 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**

Honorable Chairman and Members of the  
Township of Woodbridge Fire District No.9  
Iselin, New Jersey

We have audited, 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 and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and aggregate discretely presented component unit of the governmental activities of the Township of Woodbridge Fire District No. 9, Iselin, New Jersey, (the "District") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Township of Woodbridge Fire District No.9's basic financial statements, and have issued our report thereon dated January 15, 2019. Our report qualifies an opinion on the financial statements because of unaudited Length of Service Program (LOSAP) and omitted OPEB Liability pursuant to GASB No. 45.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered District's internal control over financial to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying General Comments Section of this report.

We noted certain matters, including matters of control deficiencies, which we reported to the District in the General Comments section of this report.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the members and management of the Township of Woodbridge Fire District No. 9 and the Division of Local Government Services and is not intended to be, and should not be, used by anyone other than these specified parties.

*Hodulik & Morrison, P.A.*

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Certified Public Accountants  
Registered Municipal Accountants  
Public School Accountants

Highland Park, New Jersey  
January 15, 2019



**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 9**  
**ISELIN, NEW JERSEY**

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**DECEMBER 31, 2017**

This section of the district's annual financial report presents a discussion and analysis of the district's financial performance during the fiscal year ending December 31, 2017. It should be read in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statement—and Management's Discussion and Analysis—for State and Local Governments issued June 1999 and amended by GASB Statement No. 37. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. Since this is the fourth year of implementing the revised reporting model, comparative information from the previous year is available and is being reported as part of the MD&A.

**FINANCIAL HIGHLIGHTS**

The key financial highlights for the CY2017 fiscal year include the following, which excludes component unit activity:

Governmental funds reported a total fund balance of \$2,548,121.53, which is an 6.60% decrease from last year's total governmental fund balance. The decrease in total governmental fund balance was due primarily to a positive variance for expenditures. The general or operating fund balance was reported at \$2,112,176.40 of which \$550,000.00 was appropriated towards the 2018 budget. The unassigned general fund balance is reported at \$1,378,361.54. Total spending for all governmental funds was \$2,313,159.90. Total revenues were \$2,133,120.30, resulting in a deficit of revenues over expenditures of \$180,039.60 for the year.

In total, government-wide net position increased by \$261,144.15, which represents a 6.03% increase over calendar year. This increase was due primarily to the decrease in reported net pension liability of \$211,931.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the district's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationship in which the district acts solely as a trustee or agent for the benefits of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**  
***Organization of the Fire District Annual Financial Report***

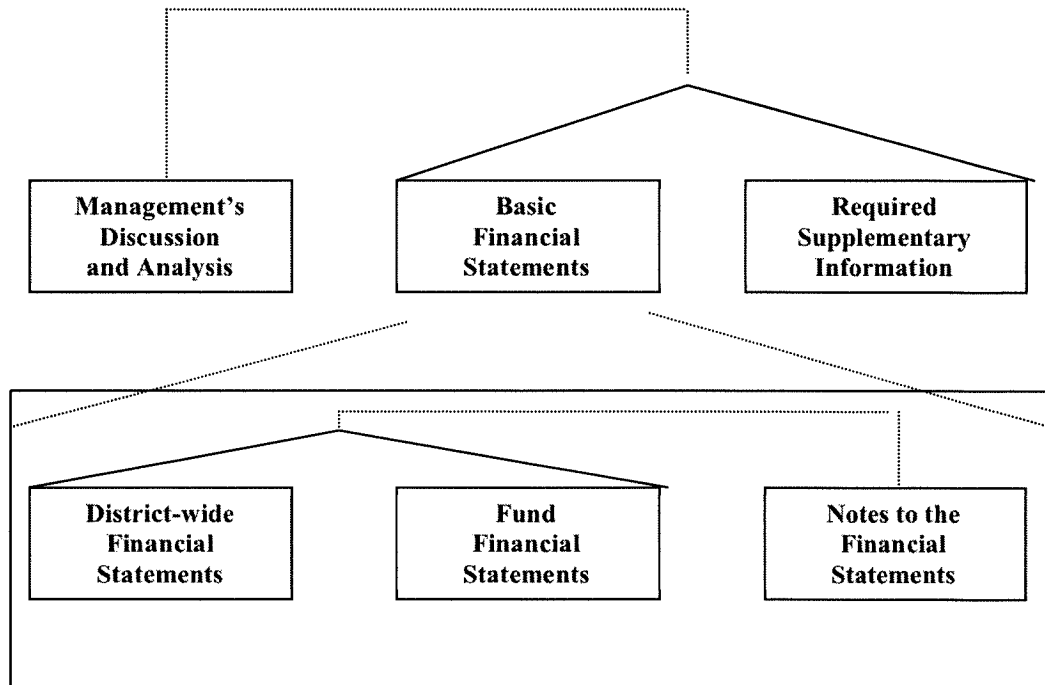


Figure A-2 summarizes the major features of the district’s financial statements, including the portion of the district’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and the contents of each of the statements.

**Figure A-2**

	District-Wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial Statements	<ul style="list-style-type: none"> <li>•Statement of net position</li> <li>•Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>•Balance Sheet</li> <li>•Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of fiduciary net position</li> <li>•Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; 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

## **District-wide Statements**

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the district's net assets and how they have changed. Net position - the difference between the district's assets and liabilities - is one way to measure the district's financial health or position.

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider that the fire district's goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the fires to assess the overall health of the district.

In the district-wide financial statements, the district's activities are divided into two categories:

- **Governmental activities:** Most of the district's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- **Business-type activities:** The district charges fees to help it cover the costs of certain services it provides.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as federal grants).

The district has two kinds of funds:

- Governmental funds: Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- Fiduciary funds: The district is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

### **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The Fire District's Governmental Activities net position was \$4,592,613 at December 31, 2017 representing an increase of \$261,144 (6.03%) compared to calendar year 2016. This amount includes an unrestricted net position of \$1,079,630. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the fire district's ability to use net position for day-to-day operations. Our analysis below focuses on the net position (Figure A-3) and change in net position (Figure A-4) of the fire district's governmental activities.

**Figure A - 3**  
**Net Position**

	<b>Governmental Activities 2017</b>	<b>Governmental Activities 2016</b>	<b>% Increase (Decrease)</b>
<b>Assets</b>			
Current and other assets	\$ 2,913,010	\$ 3,067,690	-5.04%
Capital assets	<u>2,893,223</u>	<u>2,415,323</u>	19.79%
<b>Total assets</b>	<b><u>5,806,233</u></b>	<b><u>5,483,014</u></b>	<b>5.89%</b>
Deferred Outflows of Resources	<u>230,076</u>	<u>308,766</u>	<b>-25.49%</b>
<b>Total Deferred Outflows of Resources</b>	<b><u>230,076</u></b>	<b><u>308,766</u></b>	<b>-25.49%</b>
<b>Liabilities</b>			
Current and other liabilities	396,845	369,973	7.26%
Long-term liabilities	<u>885,073</u>	<u>1,089,506</u>	-18.76%
<b>Total Liabilities</b>	<b><u>1,281,918</u></b>	<b><u>1,459,479</u></b>	<b>-12.17%</b>
Deferred Inflows of Resources	<u>161,778</u>	<u>832</u>	<b>19344.47%</b>
<b>Total Deferred Inflows of Resources</b>	<b><u>161,778</u></b>	<b><u>832</u></b>	<b>19344.47%</b>
<b>Net position</b>			
Net position invested in capital assets net of debt	2,893,223	2,415,323	19.79%
Restricted	619,760	892,805	-30.58%
Unrestricted	<u>1,079,630</u>	<u>1,023,340</u>	5.50%
<b>Total net position</b>	<b><u>\$ 4,592,613</u></b>	<b><u>\$ 4,331,469</u></b>	<b>6.03%</b>

The results of this year's operations for the fire district Governmental Activities as a whole are reported in the Statement of activities. Figure A - 4, below, takes the information from the Statement, rounds off the numbers, and rearranges them so slightly so you can see our total revenues and expenses for the year.

**Figure A - 4**  
**Change in Net Position**

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
<b>Revenues:</b>			
Program revenue			
State grants & entitlements	\$ -	\$ -	\$ -
General revenue			
Local tax levy	2,010,893	2,002,479	8,414
Miscellaneous revenues (Incl. special items & transfers)	122,227	63,872	58,356
<b>Total general revenues</b>	<u>2,133,120</u>	<u>2,066,351</u>	<u>66,770</u>
<b>Total revenues</b>	<u>2,133,120</u>	<u>2,066,351</u>	<u>66,770</u>
<b>Function/program expense:</b>			
Fire Protection - Operations	1,631,926	1,833,336	(201,410)
Length of Service Program - LOSAP	30,000	30,000	-
Depreciation	210,051	252,541	(42,491)
<b>Total expenses</b>	<u>1,871,977</u>	<u>2,115,877</u>	<u>(243,900)</u>
<b>Increase (Decrease) net position</b>	<u>\$ 261,144</u>	<u>\$ (49,527)</u>	<u>\$ 310,670</u>



As reported in the Statement of Activities, the net cost of all our governmental activities this year was \$1,871,977. These costs were financed by \$2,010,893 in local property fire taxes and other miscellaneous revenues including interest, capital donations, and other miscellaneous revenues of \$122,227.

### **Financial Analysis of the District's Funds**

As we noted earlier, the fire district uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the fire district is being accountable for the resources provided to it, and also, gives more insight into the fire district's overall financial health.

As the fire district completed this year, our governmental funds reported a combined fund balance of \$2,548,121.53, which represents a decrease of \$180,039.60 from last year. The primary reasons for the slight decrease are:

1. The purchase of an Engine.

### **General Fund Budgetary Highlights**

Over the course of the year, the fire district revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Budget changes/transfers are approved by the fire district throughout the year. Although the district's projected budget for the general fund anticipated that revenues and expenditures would be roughly equal, the actual results for the year show a surplus.

Actual budgetary results reflect a favorable variance of \$732,946.

This is due primarily to the following factors:

1. Unexpended Budget Appropriations.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At December 31, 2017, the fire district had \$2,893,223 of net capital assets invested in a broad range of capital assets, buildings, building improvements, other improvements, vehicles and equipment. This amount represents a net increase (including additions, retirements and depreciation) of \$477,900 or 19.79% from calendar year 2016.

We present more detailed information about our capital assets in the in the notes to the financial statements.

## **Long-Term Debt**

The District has no bonds, notes or capital leases issued or authorized as at December 31, 2017.

Other long-term obligations include accrued vacation pay, sick leave. We present more detailed information about our long-term liabilities in the in the notes to the financial statements.

## **FACTORS AFFECTING THE DISTRICT'S FUTURE**

- The District is committed to sound financial planning, budgeting, and maintaining internal financial controls in order to meet the challenges of the future with respect to providing a consistent level of fire protection services to the community.

## **CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the fire district's finances and to show the fire district's accountability for the money it received. If you have questions about this report or wish to request additional financial information, contact the Fire District Board of Commissioners or the Business Administrator, Woodbridge Township Fire District No. 9, 1222 Green Street, Iselin, New Jersey 08830.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS/DISTRICT-WIDE**

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9  
MIDDLESEX COUNTY, NEW JERSEY

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION  
DECEMBER 31, 2017

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>	<u>ADJUSTMENTS (NOTE 1R.)</u>	<u>STATEMENT OF NET POSITION</u>	<u>COMPONENT UNIT</u>
Cash and Cash Equivalents	\$ 2,477,064.71	\$ 435,945.13	\$ 2,913,009.84	\$ (435,945.13)	\$ 2,477,064.71	187,500.09
Cash and Cash Equivalents - Restricted				435,945.13	435,945.13	
Accounts Receivable						66,650.00
Capital Assets, net of accumulated depreciation				<u>2,893,223.12</u>	<u>2,893,223.12</u>	
<b>Total Assets</b>	<u>\$ 2,477,064.71</u>	<u>\$ 435,945.13</u>	<u>\$ 2,913,009.84</u>	<u>2,893,223.12</u>	<u>5,806,232.96</u>	<u>254,150.09</u>
Deferred Outflows				<u>230,076.00</u>	<u>230,076.00</u>	
<b>Total Deferred Outflows</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,076.00</u>	<u>230,076.00</u>	<u>-</u>
<u>LIABILITIES AND NET POSITION</u>						
Liabilities:						
Accounts Payable/Accrued Expenses	\$ 364,888.31	\$	\$ 364,888.31	31,957.00	396,845.31	3,500.00
Compensated Absences Payable				82,058.00	82,058.00	
Net Pension Liability				<u>803,015.00</u>	<u>803,015.00</u>	
<b>Total Liabilities</b>	<u>364,888.31</u>	<u>-</u>	<u>364,888.31</u>	<u>917,030.00</u>	<u>1,281,918.31</u>	<u>3,500.00</u>
Deferred Inflows				<u>161,778.00</u>	<u>161,778.00</u>	
<b>Total Deferred Inflows</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,778.00</u>	<u>161,778.00</u>	<u>-</u>
Fund Balances/Net Position:						
Fund Balances:						
Restricted:						
Uniform Fire Safety Act	10,139.01		10,139.01	(10,139.01)		
Capital Projects		435,945.13	435,945.13	(435,945.13)		
Committed Fund Balance:						
Year-end Encumbrances	173,675.85		173,675.85	(173,675.85)		
Assigned:						
Designated for Subsequent Year's Expenditures	550,000.00		550,000.00	(550,000.00)		
Unassigned	<u>1,378,361.54</u>		<u>1,378,361.54</u>	<u>(1,378,361.54)</u>		
<b>Total Fund Balances</b>	<u>2,112,176.40</u>	<u>435,945.13</u>	<u>2,548,121.53</u>	<u>(2,548,121.53)</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,477,064.71</u>	<u>\$ 435,945.13</u>	<u>\$ 2,913,009.84</u>			
Net Position						
Net Investment in Capital Assets				2,893,223.12	2,893,223.12	
Restricted for Capital Projects				435,945.13	435,945.13	
Restricted				183,814.86	183,814.86	63,500.00
Unrestricted				<u>1,079,629.54</u>	<u>1,079,629.54</u>	<u>187,150.09</u>
<b>Total Net Position</b>				<u>\$ 4,592,612.65</u>	<u>\$ 4,592,612.65</u>	<u>250,650.09</u>

Note: See Notes to Financial Statements

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 9  
MIDDLESEX COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL	ADJUSTMENTS (NOTE 1R.)	STATEMENT OF ACTIVITIES	COMPONENT UNIT
Expenditures:						
Operating Appropriations	\$ 1,620,174.40	\$	\$ 1,620,174.40	\$ 11,751.45	\$ 1,631,925.85	\$ 33,344.34
LOSAP	30,000.00		30,000.00		30,000.00	
Depreciation			-	210,050.81	210,050.81	440.00
Capital Appropriations		662,985.50	662,985.50	(662,985.50)	-	
<b>Total Expenditures</b>	<u>1,650,174.40</u>	<u>662,985.50</u>	<u>2,313,159.90</u>	<u>(441,183.24)</u>	<u>1,871,976.66</u>	<u>33,784.34</u>
Revenues:						
District Taxes	\$ 1,710,893.00	\$ 300,000.00	\$ 2,010,893.00		\$ 2,010,893.00	
Joint Purchasing Agreement			-		-	52,000.00
Interest and Dividends	17,363.07		17,363.07		17,363.07	275.88
Miscellaneous Revenue	104,864.23		104,864.23		104,864.23	1,300.00
<b>Total Revenues</b>	<u>1,833,120.30</u>	<u>300,000.00</u>	<u>2,133,120.30</u>	<u>-</u>	<u>2,133,120.30</u>	<u>53,575.88</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	182,945.90	(362,985.50)	(180,039.60)	441,183.24	261,143.64	19,791.54
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Change in Net Position	182,945.90	(362,985.50)	(180,039.60)	180,039.60 261,143.64	261,143.64	19,791.54
Fund Balances/Net Position, January 1	<u>1,929,230.50</u>	<u>798,930.63</u>	<u>2,728,161.13</u>		<u>4,331,469.01</u>	<u>230,858.55</u>
Fund Balances/Net Position, December 31	<u>\$ 2,112,176.40</u>	<u>\$ 435,945.13</u>	<u>\$ 2,548,121.53</u>	<u>\$ -</u>	<u>\$ 4,592,612.65</u>	<u>\$ 250,650.09</u>

Note: See Notes to Financial Statements

**FIDUCIARY FUNDS**

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9  
MIDDLESEX COUNTY, NEW JERSEY

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
DECEMBER 31, 2017

ASSETS

Assets Held by District - LOSAP	\$ 240,476.41
Assets Held by Fiscal Agent - LOSAP	<u>219,087.44</u>
Total Assets	<u>\$ 459,563.85</u>

NET POSITION

Restricted	<u>\$ 459,563.85</u>
Total Net Position	<u>\$ 459,563.85</u>

Note: See Notes to Financial Statements



WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9  
MIDDLESEX COUNTY, NEW JERSEY

LENGTH OF SERVICE AWARD PROGRAM (LOSAP)  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Restricted Net Position	
Contributions	\$ (12,305.05)
Appreciation	<u>9,224.26</u>
Increase in Net Position	(3,080.79)
Net Position - Beginning of the Year	<u>462,644.64</u>
Net Position - End of the Year	<u><u>\$ 459,563.85</u></u>

Note: See Notes to Financial Statements

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 9**  
**MIDDLESEX COUNTY, NEW JERSEY**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Woodbridge Township Fire District No. 9 (the "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 GASB has issued codification of governmental accounting and financial reporting standards dated June 30, 2000. This codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments. This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, issued in June 1999.

The more significant of the District's accounting policies are described below.

**A. Reporting Entity:**

The District was organized under the laws of the State of New Jersey relating to Fire Districts and established pursuant to N.J.S.A. 40A: 14-70, et seq. The District receives funding from taxation, local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since fire commissioners are elected by the public and have decision-making capabilities within the District to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Board of Fire Commissioners is comprised of five members elected to three-year terms. The annual Fire District election is held the third Saturday of February. In addition, there is a component unit, as defined in Governmental Accounting Standards Board Statement 14, which are included in the District’s reporting entity.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization’s District
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has a component unit, the Joint Board of Fire Commissioners of Woodbridge Township. As defined by GASB No. 14, component units are legally separate entities that are included because of fiscal dependency with the District. The Joint Board of Fire Commissioners of Woodbridge Township’s annual budget is adopted as part of the District’s regulatory budget.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**A. Reporting Entity (Cont'd):**

The Joint Board of Fire Commissioners of Woodbridge Township as organized in accordance with N.J.S.A. 40A: 11-10 "Joint Agreements for Purchase of Work, Materials, Supplies: Authorization". This component unit is discretely presented in the financial statements. Separate financial statements for the Joint Board of Fire Commissioners of Woodbridge Township are not issued.

**Basic Financial Statement Presentation**

The District-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The Fiduciary Funds are only reported in the Statements of Fiduciary Net Position at the Fund Financial Statement level.

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

Pursuant to single-program government reporting, the District has elected to combine the following: 1. statement of net position and balance sheet for governmental funds; 2. statement of activities and revenues, expenditures, and changes in fund balance for governmental funds.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net assets are available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. The effect of interfund activity has been removed from these statements. Separate Fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the District-wide statements.

**B. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report.

**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.

**FIDUCIARY FUNDS**

**Agency Fund** - Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and /or other funds.

**C. Basis of Accounting and Measurement Focus:**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

**Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual (earned) in the current fiscal period. Other revenue is considered available if collected within one year.

**Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred. The exception to this general rule is that interest and principal expenditures in the Debt Service Fund are recognized on their due dates.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Budgets/Budgetary Control:**

The District is required by state law to adopt an annual budget for the General Fund. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**E. Reserve for Encumbrances:**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. 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 year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. The encumbered appropriation the District carries over into the next year. For budgetary purposes, an entry will be made at the beginning of the next year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current year-end.

**F. Cash, Cash Equivalents and Investments:**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey fire districts.

Additionally, the District utilizes a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**G. Inventories and Prepaid Expenses:**

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The District has recorded prepaid insurance expense which has been offset a reserve for prepaid items.

**H. Short-Term Interfund Receivables/Payables:**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**I. Capital Assets:**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 individual cost or more for capitalizing capital assets. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated cost.

Capital assets are recorded in the District-wide financial statement, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 20 to 40 years for buildings and building improvements, and 5 to 25 years for vehicles and equipment.

**J. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences."

The entire compensated absences liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. The noncurrent portion of the liability is reported.

**K. Long-term Obligations:**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as

## NOTES TO BASIC FINANCIAL STATEMENTS

deferred charges and amortized over the term of the related debt.

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **L. Long-term Obligations (Cont'd):**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **M. Fund Equity:**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

#### **N. Net Position:**

Net position represents the difference between the assets and liabilities in the District-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balance of any long-term used to build or acquire the capital assets. Net position is reported as restricted in the District-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

#### **O. Restricted Assets**

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as capital reserve requirements and proceeds from the issuing of the bonds and leases related to the capital project.

#### **P. Estimates:**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### **Q. Comparative Data/Reclassifications:**

Comparative total data for the prior period have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Certain reclassifications have been made to the CY 2016 financial statements to conform with the classifications used in CY 2017.

NOTES TO BASIC FINANCIAL STATEMENTS

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**R. Reconciliation of Adjustments**

*The following adjustments/reclassifications were required for the combining of the government-wide and fund financial statements in accordance with GASB:*

**Statement of Net Position and Governmental Fund Balance Sheet:**

	<u>From</u>	<u>Adjustment</u>	<u>To</u>
<u>ASSETS</u>			
Capital Assets, net of accum. depr.	\$0.00	\$2,893,223.12	\$2,893,223.12
<u>Deferred Outflows</u>	0.00	230,076.00	230,076.00
<u>LIABILITIES</u>			
Accounts Payable	364,888.31	31,957.00	396,845.31
Compensated Absences Pay.	0.00	82,058.00	82,058.00
Net Pension Liability	0.00	803,015.00	803,015.00
<u>Deferred Inflows</u>	0.00	161,778.00	161,778.00
<u>FUND BALANCES</u>			
Restricted	183,814.86	(183,814.86)	0.00
Assigned	550,000.00	(550,000.00)	0.00
Unassigned	1,378,361.54	(1,378,361.54)	0.00
Restricted - Capital Projects	435,945.13	(435,945.13)	0.00
<u>NET POSITION</u>			
Invested in Capital Assets, net of Related Debt	0.00	2,893,223.12	2,893,223.12
Restricted	0.00	183,814.86	183,814.86
Restricted for Capital Projects	0.00	435,945.13	435,945.13
Unrestricted	0.00	1,079,629.54	1,079,629.54

**Statement of Activities and Governmental Revenues, Expenditures, and Changes in Fund Balance:**

	<u>From</u>	<u>Adjustment</u>	<u>To</u>
Operating Appropriations	\$1,620,174.40	\$11,751.45	\$1,631,925.85
LOSAP	30,000.00	0.00	30,000.00
Capital Appropriations	662,985.50	(662,985.50)	0.00
Depreciation	<u>0.00</u>	<u>210,050.81</u>	<u>210,050.81</u>
Total Expenditures/ Expenses	<u>\$2,313,159.90</u>	<u>\$(441,183.24)</u>	<u>\$1,871,976.66</u>



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**S. Fire District Taxes:**

Upon the proper certification to the tax 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 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.

**T. GASB Statement No. 34**

The District adopted the provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments during the fiscal year ended December 31, 2004. Statement 34 establishes standards for external financial reporting for all state and local governmental entities, which includes a Management's Discussion and Analysis section, a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position and a Statement of Cash Flows. It requires the classification of Net Position into three components – Invested in Capital Assets, net of related debt; Restricted for Debt Service; and Unrestricted.

The adoption of Statement 34 had little effect on the basic financial statements except for the classification of net position, the reflection of capital contributions as a change in net assets, presentation of the Statement of Cash Flows using the direct method, and the inclusion of Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

**U. Recent Accounting Standards**

GASB issued Statement No. 80, "Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14" in January 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

GASB issued Statement No. 81 "Irrevocable Split-Interest Agreements" in March 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB issued Statement No. 82 "Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73" in March 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 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.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**U. Recent Accounting Standards (Cont'd.)**

GASB issued Statement No. 83 “Certain Asset Retirement Obligations” in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB issued Statement No. 84, “Fiduciary Activities” in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB issued Statement No. 85, “Omnibus 2017” in March 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits OPEB).

GASB issued Statement No. 86, “Certain Debt Extinguishment Issues” in May 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB issued Statement No. 87, “Leases” in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

The District prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The District is required to adopt these new standards in connection with the organization’s financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**V. Pensions**

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 New Jersey Public Employees Retirement System (PERS) and New Jersey Police & Firemen's Retirement System (PFRS) and additions to/deductions from PERS and PFRS fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. 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.

**W. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District is reporting five items in this category; Pension related items including the Difference between expected and actual experiences, the Change in Pension Assumptions, the Change in Pension Proportion, the Difference in Pension Earnings and the amounts of pension payments made by the District subsequent to the pension measurement date.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The District is reporting two items in this category, the Change in Pension Assumptions and the Change in Pension Proportion.

**NOTE 2. DEPOSITS AND INVESTMENTS**

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits 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.

New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

NOTES TO BASIC FINANCIAL STATEMENTS

**NOTE 2. DEPOSITS AND INVESTMENTS (CONT'D)**

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature within one year. Collateralization of fund investments is generally not required.

The Woodbridge Township Fire District No. 9 had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

As of December 31, 2017, the book value of cash and cash equivalents and investments consisted of the following:

<u>Accounts</u>	<u>WTFD NO. 9</u> <u>Amount</u>	<u>Joint Board of</u> <u>Fire</u> <u>Commissioners</u> <u>Amount</u>
Demand & Checking	\$1,524,224.13	\$187,500.09
State of New Jersey Cash Management Fund	1,388,785.71	
<b>Total</b>	<b>\$2,913,009.84</b>	<b>\$187,500.09</b>

During the period ended December 31, 2017 the District held investments in the State of New Jersey Cash Management Fund. Under criteria established in Governmental Accounting Standards Board Statement No. 9, the year-end balances in State of New Jersey Cash Management Fund are considered to be cash equivalents under GAAP.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. The government does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2017, for amounts on deposit, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the District’s book value of \$1,524,224.13 and \$1,542,948.85 bank balance was considered exposed to custodial risk. As of December 31, 2017, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Joint Board of Fire Commissioners book value of \$187,500.09 and \$192,628.72 bank balance was considered exposed to custodial risk. Also, as previously indicated and discussed below, the District invests funds with the New Jersey Cash Management Fund.

<u>Depository Account Balance</u>	<u>Amount</u> <u>WTFD #9</u>	<u>Amount</u> <u>Joint Board</u>
Insured – FDIC	\$250,000.00	\$192,628.72
Insured – NJGUDPA (N.J.S.A. 17:941)	1,292,948.85	
<b>Total</b>	<b>\$1,542,948.85</b>	<b>\$192,628.72</b>

**NOTE 2. DEPOSITS AND INVESTMENTS (CONT'D)**

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fire District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

Investments

New Jersey statutes permit the District to purchase the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
5. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of the Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52: 18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

**New Jersey Cash Management Fund** – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2017, the District had \$1,388,785.71 on deposit with the New Jersey Cash Management Fund.

**NOTE 3. CAPITAL ASSETS**

District capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Land	\$ 650,000.00				\$ 650,000.00
Buildings and Building Improvements	1,810,136.68				1,810,136.68
Vehicles	2,901,918.73	687,950.50			3,589,869.23
Equipment	171,881.58				171,881.58
Totals at Historical Cost	<u>5,533,936.99</u>	<u>687,950.50</u>	<u>-</u>	<u>-</u>	<u>6,221,887.49</u>
Less Accumulated Depreciation For:					
Buildings and Building Improvements	(1,107,412.25)	(60,342.45)			(1,167,754.70)
Vehicles	(1,839,319.73)	(149,708.36)			(1,989,028.09)
Equipment	(171,881.58)				(171,881.58)
Total Accumulated Depreciation	<u>(3,118,613.56)</u>	<u>(210,050.81)</u>	<u>-</u>	<u>-</u>	<u>(3,328,664.37)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>2,415,323.43</u>	<u>477,899.69</u>	<u>-</u>	<u>-</u>	<u>2,893,223.12</u>
<b>Government Activities Capital Assets, Net</b>	<b>\$ <u>2,415,323.43</u></b>	<b>\$ <u>477,899.69</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>2,893,223.12</u></b>

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

Cost of Operation and Maintenance	<u>\$ (210,050.81)</u>
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Component Unit - Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Equipment	\$ 122,138.47	\$ -	\$ -	\$ -	\$ 122,138.47
Less Accumulated Depreciation For:					
Equipment	(121,698.47)	(440.00)			(122,138.47)
<b>Government Activities Capital Assets, Net</b>	<b>\$ <u>440.00</u></b>	<b>\$ <u>(440.00)</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>-</u></b>

**NOTE 4. LONG TERM DEBT**

Long-term debt liability activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Other Liabilities:</b>					
Compensated Absences Payable	\$ 74,559.55	\$ 7,498.45	\$ -	\$ 82,058.00	\$ -
Net Pension Liability	<u>1,014,946.00</u>	<u>-</u>	<u>211,931.00</u>	<u>803,015.00</u>	<u>-</u>
<b>Total Other Liabilities</b>	<b>\$ <u>1,089,505.55</u></b>	<b>\$ <u>7,498.45</u></b>	<b>\$ <u>211,931.00</u></b>	<b>\$ <u>885,073.00</u></b>	<b>\$ <u>-</u></b>

Bonds, Notes and Capital Leases Issued and Outstanding

As at December 31, 2017 there is no outstanding debt (Bonds, Notes, and Capital Leases).

Bonds, Notes and Capital Leases Authorized But Not Issued

As at December 31, 2017 there were no bonds, notes, or capital leases authorized but not issued.

**NOTE 5. PENSION PLANS**

Description of Plans – The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan’s designated purpose is to provide retirement, death and disability benefits to its members. The District to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary District to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the District to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

- A. Public Employees Retirement System (PERS) - The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

*Plan Membership and Contributing Employers* - Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction’s pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	170,124
Inactive plan members entitled to but not yet receiving benefits	650
Active plan members	<u>254,685</u>
<b>Total</b>	<b><u>425,459</u></b>

Contributing Employers – 1,705

*Significant Legislation* – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

NOTES TO BASIC FINANCIAL STATEMENTS

**Note 5. PENSION PLANS (CONT'D.)**

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

*Specific Contribution Requirements and benefit provisions* – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% for State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. District contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. District payments to PERS for the years ending December 31, 2017 and 2016 consisted of the following:

	<u>2016</u>	<u>2017</u>
Total PERS Payment	<u>\$29,217</u>	<u>\$30,444</u>

Where applicable, Ch. 19, P.L. billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. The law set a fifteen-year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net assets of the plan on deferred principal balances. The District did not participate on the Ch. 19, P.L. 2009 program.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.



NOTES TO BASIC FINANCIAL STATEMENTS

**Note 5. PENSION PLANS (CONT'D.)**

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* – The regulatory basis of accounting which is basis for the preparation of the District’s basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the District does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At December 31, 2017, the District’s deferred outflows of resources and deferred inflows of resources related to the PERS pension plan are as follows:

	<u>2017</u> Deferred Outflows of Resources	<u>2017</u> Deferred Inflows of Resources	<u>2016</u> Deferred Outflows of Resources	<u>2016</u> Deferred Inflows of Resources
Difference between expected and actual experience	\$18,908		\$18,875	
Changes of assumptions	161,780	161,187	210,243	
Net difference between projected and actual earnings on pension plan investments	5,468		38,701	
Changes in proportion and differences between agency contributions and proportionate share of contributions	11,963	\$591	10,503	\$832
Subsequent contributions	<u>31,957</u>	<u>          </u>	<u>30,444</u>	<u>          </u>
Totals	<u>\$230,076</u>	<u>\$161,778</u>	<u>\$308,766</u>	<u>\$832</u>

*Changes in Proportion* - The previous amounts include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) in the allocated amortization above over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

*Actuarial Assumptions* - The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25%
Salary Increases: Through 2026	1.65-4.15% Based on age
Thereafter	2.65-5.15 Based on age
Investment rate of return	7.00%

**Note 5. PENSION PLANS (CONT'D.)**

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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.

NOTES TO BASIC FINANCIAL STATEMENTS

**Note 5. PENSION PLANS (CONT'D.)**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

*Discount Rate* – The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTES TO BASIC FINANCIAL STATEMENTS

**Note 5. PENSION PLANS (CONT'D.)**

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PERS participating employers as of June 30, 2017, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	<u>At 1% Decrease</u> <u>(4.00%)</u>	<u>At current discount rate</u> <u>(5.00%)</u>	<u>At 1% increase</u> <u>(6.00%)</u>
State	\$29,818,581,732	\$25,645,622,797	\$22,179,578,513
Local	<u>28,878,437,027</u>	<u>23,278,401,588</u>	<u>18,612,878,069</u>
PERS Plan Total	<u>\$58,697,018,759</u>	<u>\$48,924,024,385</u>	<u>\$40,792,456,582</u>
District's Proportionate Share	<u>\$996,195</u>	<u>\$803,015</u>	<u>\$642,073</u>

*Components of Net Pension Liability* – The components of the net pension liability for PERS, including the State of New Jersey, at June 30, 2017 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$32,535,896,852	\$44,852,367,051	\$77,388,263,903
Plan Fid. Net Position	<u>6,890,274,055</u>	<u>21,573,965,463</u>	<u>28,464,239,518</u>
Net PERS Pension Liability	<u>\$25,645,622,797</u>	<u>\$23,278,401,588</u>	<u>\$48,924,024,385</u>

*Payrolls, Covered Wages and Other Information:*

For the year ended December 31, 2017 the District's total gross payroll for all employees was \$300,759. Total PERS covered payroll was \$236,722. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the District to active employees covered by the plan.

At June 30, 2017, the PERS reported a net pension liability of \$23,278,401,588 for its Local (Non-State) Employer Member Group. The District's proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the District was \$803,015 or 0.003450%. At June 30, 2016, the PERS reported a net pension liability of \$29,617,131,759 for its Local Employer Member Group. The District's proportionate share of the net pension liability for the Local Employer Member Group that was attributable to the District was \$1,014,946 or 0.003427%.

For the years ended December 31, 2017, the pension system determined the District's pension expense to be \$61,174 for PERS based on the actuarial valuation, as compared to the actual required contributions made by the District in the amount of \$30,444.

**Note 5. PENSION PLANS (CONT'D.)**

**B: Defined Contribution Retirement Plan**

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

*Plan Membership and Contributing Employers* - Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2016, the membership in the DCRP, based on the information within the Division's database, was 46,557.

*Contribution Requirement and Benefit Provisions* - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

**NOTE 6. POST-RETIREMENT HEALTH CARE BENEFITS**

In addition to the pension and retirement plans described in Note 5, the District provides post-retirement health care benefits, in accordance with State statutes, to employees who retire from the District with at least 25 years of service. Benefits consist of full medical, dental, prescription and optical coverage, and expenditures are recognized as claims are reported.

The Fire District did not recognize the OPEB liability pursuant to GASB 45 – Other Post Retirement Benefits (OPEB) in the financial statements or notes to financial statements. The amount that should have been reported could not reasonably be determined.

**NOTE 7. COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB16), "Accounting for compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and accumulate for use in future years. Upon the attainment of specified years of service or upon reaching normal retirement age, employees become eligible to receive compensation for unused accumulated sick leave. The specific terms for eligibility and compensation are governed by the employment contract and District policy.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

At December 31, 2017, the total value of accumulated compensated absences, based upon current pay rates was \$82,058.00.

**NOTE 8. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) UNAUDITED**

The District has authorized the enactment of a Length of Service Award Program by Resolution. The LOSAP program was placed on the ballot at the annual election and was approved by the voters. For the year 2017, a budget appropriation of \$30,000.00 was made and accrued for LOSAP benefits.

The authorized LOSAP program has been established in accordance with New Jersey Statute, which can be found beginning at N.J.A.C. 5:30-14.1 and the Internal Revenue Code Section 457. The LOSAP program shall provide for an annual contribution to a tax deferred income account for each eligible volunteer member that satisfies the criteria as adopted by the District and certified accordingly. Points can be earned by attending training courses, drills, meetings and work details, holding elected or appointed positions, participating in department responses and any other miscellaneous activities approved by the chief. For each of the above categories, maximums are established that require the volunteer to participate in multiple events in order to obtain the required points for attainment of the year of service credit

All amounts awarded under the LOSAP program remain the asset of the District and the obligation of the District to participating volunteers shall be contractual only. All money shall be subject to the claims of the District's general creditors until distributed to any or all participants. Emergency volunteers are not able to receive a distribution of funds until the completion of a five-year vesting period. If a volunteer fails to vest or terminates association with the District prior to the completion of the five-year vesting period, the funds placed in the LOSAP account on behalf of the volunteer shall revert to the District, not the volunteer.

## NOTES TO BASIC FINANCIAL STATEMENTS

### **NOTE 8. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) UNAUDITED (CONT'D.)**

The District currently serves as plan administrator with amounts held by the District and Standard Security Life Insurance Company. The contractor shall post a bond of not less than 100 percent of the amount of funds managed by the contractor and will provide evidence of appropriate liability insurance and errors and omissions insurance. The District shall have a review of the contractor administered LOSAP program as part of the annual audit. The review of the plan shall be made in accordance with the Statement of Standards for Accounting and Review Services issue by the American Institute of Certified Public Accountants.

As of December 31, 2017, the District's LOSAP Program had net position of \$459,563.85.

### **NOTE 9. 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, workers compensation, and surety bond coverage. Insurance coverage was maintained in amounts consistent with prior years.

### **NOTE 10. FUND BALANCE/ FUND BALANCE APPROPRIATED**

General Fund - Of the \$2,112,176.40 total General Fund balance at December 31, 2017, \$550,000.00 has been assigned and has been appropriated and included as anticipated revenue for the year ending December 31, 2018; \$10,139.01 is reported as Restricted for Uniform Fire Safety Act; \$173,675.85 is reported as Restricted for Encumbrances; and the remaining \$1,378,361.54 is reported as unassigned.

Capital Projects Fund – Of the \$435,945.13 Capital Projects fund balance at December 31, 2017, the balance of \$435,945.13 is restricted - capital projects.

Component Unit - Joint Board of Fire Commissioners – Of the \$250,650.09 total General Fund balance at December 31, 2017, \$24,750.00 has been assigned and appropriated and as anticipated revenue for the year ending December 31, 2018; \$63,500.00 is reported as Restricted for Encumbrances; and the remaining \$162,400.09 is reported as unassigned.

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

Federal and State Assistance Programs

The District participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2017, the District does not believe that any material liabilities will result from such audits.

Contingencies – Pending Litigation

As of the date of this report there is no litigation pending which, if decided adversely to the District would have a material financial impact on the District.

**NOTE 12. TAX ABATEMENTS**

The Township of Woodbridge participates in long-term tax exemption programs for redevelopment, as authorized and permitted by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. Taxes abated by other governments include local, school, county, and, in some cases, fire district taxes. The tax-exempt project makes payments to the municipalities in lieu of taxes (PILOT payments). School districts are not authorized by New Jersey statute to enter into tax abatement agreements. A municipal or county tax abatement agreement will not directly affect the school district's local tax revenue as N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be raised by the tax base. The most recent Township information indicates PILOT billings for 2018 were \$12,367,570; whereas the amount of property taxes that otherwise may have been billed based upon the assessed valuations of these projects is calculated to be \$17,836,783. The Township also indicates that in most cases these redevelopment projects would not have taken place without the benefit of the tax abatement program.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions of N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property and wealth.

**NOTE 13. SUBSEQUENT EVENTS**

The District has evaluated events through to the date the financial statements were issued. There were no subsequent events that need disclosure.



**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9  
MIDDLESEX COUNTY, NEW JERSEY

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET  
(BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	ORIGINAL 2017 BUDGET	MODIFIED 2017 BUDGET	2017 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>				
<b>Fund Balance Appropriated:</b>				
Unreserved Fund Balance	\$ 550,000.00	\$ 550,000.00	\$ 550,000.00	\$ -
	<u>700,000.00</u>	<u>700,000.00</u>	<u>700,000.00</u>	<u>-</u>
Total Fund Balance Anticipated	<u>1,250,000.00</u>	<u>1,250,000.00</u>	<u>1,250,000.00</u>	<u>-</u>
<b>Miscellaneous Anticipated Revenues:</b>				
Interest on Investments and Deposits	8,000.00	8,000.00	17,363.07	9,363.07
<b>Miscellaneous Revenues:</b>				
Other Miscellaneous Revenues	<u>48,700.00</u>	<u>48,700.00</u>	<u>96,055.43</u>	<u>47,355.43</u>
Total Miscellaneous Anticipated Revenues	<u>56,700.00</u>	<u>56,700.00</u>	<u>113,418.50</u>	<u>56,718.50</u>
<b>Operating Grant Revenue:</b>				
Supplemental Fire Services Act (P.L. 1985, Ch. 295)	<u>3,409.00</u>	<u>3,409.00</u>	<u>8,808.80</u>	<u>5,399.80</u>
Total Operating Grant Revenue	<u>3,409.00</u>	<u>3,409.00</u>	<u>8,808.80</u>	<u>5,399.80</u>
<b>Amount to be Raised by Taxation:</b>				
District Taxes	<u>2,010,893.00</u>	<u>2,010,893.00</u>	<u>2,010,893.00</u>	<u>-</u>
Total Amount to be Raised by Taxation	<u>2,010,893.00</u>	<u>2,010,893.00</u>	<u>2,010,893.00</u>	<u>-</u>
<b>Total Revenues</b>	<u>3,321,002.00</u>	<u>3,321,002.00</u>	<u>3,383,120.30</u>	<u>62,118.30</u>
<b>Expenditures:</b>				
<b>Operating Appropriations:</b>				
<b>Administration</b>				
<b>Salaries and Wages</b>				
Commissioners	32,793.00	32,793.00	32,790.15	2.85
Business Administrator	87,270.00	87,270.00	87,282.00	(12.00)
Operation Manager	55,000.00	55,000.00	42,265.80	12,734.20
Stenographer	<u>8,500.00</u>	<u>8,500.00</u>	<u>6,695.20</u>	<u>1,804.80</u>
Total Administration Salaries and Wages	<u>183,563.00</u>	<u>183,563.00</u>	<u>169,033.15</u>	<u>14,529.85</u>
<b>Administration</b>				
<b>Other Expenses</b>				
Election	\$ 2,500.00	\$ 2,500.00	\$ 1,583.92	\$ 916.08
Insurance	50,000.00	50,000.00	48,826.58	1,173.42
Membership & Dues	800.00	800.00	400.00	400.00
Office Expenses	11,000.00	11,000.00	7,674.92	3,325.08
Professional Services	25,000.00	25,000.00	8,250.21	16,749.79
Travel Expenses	1,000.00	1,000.00	1,000.00	1,000.00
Accounting and Payroll Services	10,000.00	10,000.00	8,712.94	1,287.06
Computer Network Consulting/Maintenance	14,500.00	14,500.00		14,500.00
Medical Examinations	<u>14,000.00</u>	<u>14,000.00</u>	<u>1,422.00</u>	<u>12,578.00</u>
Total Administration Other Expenses	<u>128,800.00</u>	<u>128,800.00</u>	<u>76,870.57</u>	<u>51,929.43</u>
Total Administration	<u>312,363.00</u>	<u>312,363.00</u>	<u>245,903.72</u>	<u>66,459.28</u>
<b>Operating Appropriations - Offset by Revenues</b>				
<b>Salaries and Wages</b>				
Fire Official	32,161.00	32,161.00	34,433.96	(2,272.96)
Public Inspector	52,119.00	52,119.00	51,049.14	1,069.86
Fire Inspectors	42,240.00	42,240.00	42,250.00	(10.00)
Overtime	<u>4,000.00</u>	<u>4,000.00</u>	<u></u>	<u>4,000.00</u>
Total Operating Appropriations - Offset by Revenues - Salaries and Wages	<u>130,520.00</u>	<u>130,520.00</u>	<u>127,733.10</u>	<u>2,786.90</u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9  
MIDDLESEX COUNTY, NEW JERSEY

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET  
(BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	ORIGINAL 2017 BUDGET	MODIFIED 2017 BUDGET	2017 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Expenditures (Cont'd.):				
Operating Appropriations (Cont'd.):				
Operating Appropriations - Offset by Revenues				
Office Expenses	3,500.00	3,500.00	2,110.28	1,389.72
Materials & Supplies	5,000.00	5,000.00	296.56	4,703.44
Equipment	5,000.00	5,000.00	5,246.54	(246.54)
Training	5,000.00	5,000.00	2,802.24	2,197.76
Fire Prevention Materials	17,000.00	17,000.00	13,731.58	3,268.42
Total Operating Appropriations - Offset by Revenues - Other Expenses	35,500.00	35,500.00	24,187.20	11,312.80
Total Appropriations Offset By Revenues	166,020.00	166,020.00	151,920.30	14,099.70
Costs of Operations and Maintenance				
Salaries and Wages				
Fire Chief	3,993.00	3,993.00	3,993.00	-
Scott Air Pak Technician	5,000.00	5,000.00		5,000.00
Total Costs of Operations and Maintenance - Salaries and Wages	8,993.00	8,993.00	3,993.00	5,000.00
Costs of Operations and Maintenance				
Other Expenses				
Advertising	1,000.00	1,000.00	758.68	241.32
Maintenance and Repair (Apparatus & Facilities)	430,000.00	430,000.00	146,352.26	283,647.74
Materials & Supplies	53,750.00	53,750.00	24,177.57	29,572.43
Training and Education	24,000.00	24,000.00	13,546.87	10,453.13
Uniforms & Equipment	51,750.00	51,750.00	7,888.65	43,861.35
Telephone & Utilities & Heat/Diesel Fuel	132,000.00	132,000.00	106,195.75	25,804.25
Fire Hydrant Expense	270,000.00	270,000.00	265,777.56	4,222.44
Joint Purchase Agreement	240,000.00	240,000.00	204,300.00	35,700.00
Dispatch Service	74,000.00	74,000.00	73,608.00	392.00
Joint Board of Fire Commissioners	6,500.00	6,500.00	6,500.00	-
Twsp Woodbridge Communications	20,000.00	20,000.00	20,000.00	-
Supplemental Fire Services Program	3,409.00	3,409.00		3,409.00
Landscaping and Snow Removal	18,000.00	18,000.00	13,780.00	4,220.00
Reimbursement of Expenses & Losses	1,000.00	1,000.00		1,000.00
Contingency	5,000.00	5,000.00		5,000.00
Equipment - Computer	25,000.00	25,000.00	18,305.95	6,694.05
Acquisition of Vehicle	25,000.00	25,000.00	24,965.00	35.00
Total Costs of Operations and Maintenance - Other Expenses	1,380,409.00	1,380,409.00	926,156.29	454,252.71
Total Costs of Operations and Maintenance	1,389,402.00	1,389,402.00	930,149.29	459,252.71
Fringe Benefits				
Public Employees Retirement System	29,217.00	29,217.00	30,522.66	(1,305.66)
Social Security Retirement System	30,000.00	30,000.00	23,090.58	6,909.42
Unemployment Compensation	1,000.00	1,000.00	2,187.01	(1,187.01)
Workers Compensation Insurance	38,000.00	38,000.00	35,874.00	2,126.00
Medical Insurance	300,000.00	300,000.00	130,056.04	169,943.96
Life Insurance	25,000.00	25,000.00	2,839.42	22,160.58
Total Fringe Benefits	423,217.00	423,217.00	224,569.71	198,647.29
Total Operating Appropriations	2,291,002.00	2,291,002.00	1,552,543.02	738,458.98
Length of Service Awards Program (LOSAP)	30,000.00	30,000.00	30,000.00	-
Capital Appropriations:				
Transfer to Capital Outlays	700,000.00	700,000.00	700,000.00	-
Reserve for Future Capital Outlays	300,000.00	300,000.00	300,000.00	-
Total Capital Appropriations:	1,000,000.00	1,000,000.00	1,000,000.00	-
Reserve for Prior Year Encumbrances			67,631.38	(67,631.38)
Total Expenditures	\$ 3,321,002.00	\$ 3,321,002.00	\$ 2,650,174.40	\$ 670,827.60
Budgetary Revenue Over Expenses	\$ -	\$ -	\$ 732,945.90	\$ 732,945.90

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9  
MIDDLESEX COUNTY, NEW JERSEY

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET  
(BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	ORIGINAL 2017 <u>BUDGET</u>	MODIFIED 2017 <u>BUDGET</u>	2017 <u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Reconciliation of Budgetary Basis to GAAP Reporting Basis:</u>				
Budgetary Revenues Over Expenses			\$ 732,945.90	
Adjustments to Budgetary Basis:				
Fund Balance Appropriated			(1,250,000.00)	
Operating Transfers - Capital Projects			<u>700,000.00</u>	
Total Adjustments			<u>(550,000.00)</u>	
Excess of Revenues Over Expenditures (Exhibit - B)			<u>\$ 182,945.90</u>	

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9  
MIDDLESEX COUNTY, NEW JERSEY

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET  
(BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	ORIGINAL 2017 BUDGET	MODIFIED 2017 BUDGET	2017 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>				
Fund Balance Appropriated:				
Unreserved Fund Balance	\$ 84,750.00	\$ 84,750.00	\$ 84,750.00	\$ -
<b>Total Fund Balance Anticipated</b>	<b>84,750.00</b>	<b>84,750.00</b>	<b>84,750.00</b>	<b>-</b>
<b>Miscellaneous Anticipated Revenues:</b>				
<b>Joint Purchasing Board</b>				
Fire District No. 1 - Woodbridge	6,500.00	6,500.00	6,500.00	-
Fire District No. 2 - Port Reading	6,500.00	6,500.00	6,500.00	-
Fire District No. 4 - Keasby	3,250.00	3,250.00	3,250.00	-
Fire District No. 5 - Avenel	6,500.00	6,500.00	6,500.00	-
Fire District No. 7 - Fords	6,500.00	6,500.00	6,500.00	-
Fire District No. 8 - Hopelawn	3,250.00	3,250.00	3,250.00	-
Fire District No. 9 - East Iselin/Menlo Park Terrace	6,500.00	6,500.00	6,500.00	-
Fire District No. 11 - West Iselin	6,500.00	6,500.00	6,500.00	-
Fire District No. 12 - Colonia	6,500.00	6,500.00	6,500.00	-
<b>Miscellaneous Revenues:</b>				
Interest on Investments and Deposits	100.00	100.00	275.88	175.88
Other Miscellaneous	-	-	-	-
Rental Fees for Fire Safety Trailer	250.00	250.00	-	(250.00)
Fire Academy - Fees (Student & Other)	250.00	250.00	-	(250.00)
Borough of Carteret	1,300.00	1,300.00	1,300.00	-
<b>Total Miscellaneous Anticipated Revenues</b>	<b>53,900.00</b>	<b>53,900.00</b>	<b>53,575.88</b>	<b>(324.12)</b>
<b>Total Revenues</b>	<b>138,650.00</b>	<b>138,650.00</b>	<b>138,325.88</b>	<b>(324.12)</b>
<b>Expenditures:</b>				
<b>Administrative Expenses</b>				
Insurance - General Liability	5,000.00	5,000.00	2,985.68	2,014.32
Annual Election	3,000.00	3,000.00	-	3,000.00
Accounting Services	6,500.00	6,500.00	5,201.25	1,298.75
Auditing Services	3,500.00	3,500.00	3,500.00	-
Legal Services	5,000.00	5,000.00	-	5,000.00
Advertisements	500.00	500.00	-	500.00
Materials and Supplies	9,000.00	9,000.00	6,499.37	2,500.63
Office Supplies and Postage	1,000.00	1,000.00	785.99	214.01
Mutual Service Agreement (WTFOA)	5,000.00	5,000.00	5,000.00	-
Contingency	1,350.00	1,350.00	-	1,350.00
<b>Total Administration Expenses</b>	<b>39,850.00</b>	<b>39,850.00</b>	<b>23,972.29</b>	<b>15,877.71</b>
<b>Radio System</b>				
Insurance - General Liability	2,000.00	2,000.00	1,000.00	1,000.00
<b>Total Radio System</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>1,000.00</b>	<b>1,000.00</b>
<b>Woodbridge Township Fire Academy</b>				
Insurance - Workers Compensation	500.00	500.00	500.00	-
Insurance - General Liability	2,000.00	2,000.00	500.00	1,500.00
Accounting Services	500.00	500.00	-	500.00
Training & Education - Firefighters	10,000.00	10,000.00	-	10,000.00
Materials and Supplies	2,000.00	2,000.00	3,179.99	(1,179.99)
Office Supplies and Postage	500.00	500.00	-	500.00
<b>Total Woodbridge Township Fire Academy</b>	<b>15,500.00</b>	<b>15,500.00</b>	<b>4,179.99</b>	<b>11,320.01</b>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9  
MIDDLESEX COUNTY, NEW JERSEY

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET  
(BUDGETARY BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2017

	ORIGINAL 2017 BUDGET	MODIFIED 2017 BUDGET	207 ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Annual Fire Prevention Show				
Materials and Supplies	1,000.00	1,000.00	1,000.00	-
Total Annual Fire Prevention Show	1,000.00	1,000.00	1,000.00	-
Fire Officials				
Insurance - General Liability	500.00	500.00		500.00
Training & Education - Firefighters	500.00	500.00		500.00
Repairs & Maintenance - Apparatus	2,500.00	2,500.00		2,500.00
Materials and Supplies	500.00	500.00		500.00
Total Fire Officials	4,000.00	4,000.00	-	4,000.00
Mutual Aid Coordinators				
Insurance - Workers Compensation	500.00	500.00	500.00	-
Insurance - General Liability	3,500.00	3,500.00	1,000.00	2,500.00
Non-bondable Assets	60,000.00	60,000.00	-	60,000.00
Telephone/Paging	1,000.00	1,000.00		1,000.00
Reimbursement of Expenses & Losses	1,000.00	1,000.00	875.00	125.00
Repairs & Maintenance - Vehicles	5,000.00	5,000.00	567.06	4,432.94
Repairs & Maintenance - Radios	2,000.00	2,000.00	250.00	1,750.00
Materials and Supplies	3,000.00	3,000.00		3,000.00
Office Supplies and Postage	300.00	300.00		300.00
Total Mutual Aid Coordinators	76,300.00	76,300.00	3,192.06	73,107.94
Total Expenditures	138,650.00	138,650.00	33,344.34	105,305.66
Total Expenditures	\$ 138,650.00	\$ 138,650.00	\$ 33,344.34	\$ 105,305.66
Budgetary Revenue Over Expenses	\$ -	\$ -	\$ 104,981.54	\$ 104,981.54
<u>Reconciliation of Budgetary Basis to GAAP Reporting Basis:</u>				
Budgetary Revenues Over Expenses			\$ 104,981.54	
Adjustments to Budgetary Basis:				
Fund Balance Appropriated			(84,750.00)	
Depreciation Expense			(440.00)	
Total Adjustments			(85,190.00)	
Excess of Revenues Over Expenditures (Exhibit - B)			\$ 19,791.54	

**OTHER SUPPLEMENTARY INFORMATION – PART III**

**WOODBRIAGE TOWNSHIP FIRE DISTRICT NO. 9**  
**SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)**

Last 10 Fiscal Years\*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's Proportion Share of the Net Pension Liability	0.003398%	0.003427%	0.003450%
District's Proportion Share of the Net Pension Liability	\$ 762,377	\$ 1,014,946	\$ 803,015
District's Covered-Employee Payroll	\$ 229,448	\$ 238,988	\$ 236,722
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	332.27%	424.68%	339.22%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	47.93%	40.14%	48.10%

\* Amounts presented for each fiscal year were determined as of June 30.



**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 9  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)**

Last 10 Fiscal Years\*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually Required Contribution	\$ 27,658	\$ 29,217	\$ 30,444
Contribution in Relation to Contractually Required Contribution	<u>\$ (27,658)</u>	<u>\$ (29,217)</u>	<u>\$ (30,444)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's Proportionate Share of the Payroll	\$ 229,448	\$ 238,988	\$ 236,722
Contributions as a percentage of Covered Employee Payroll	12.05%	12.23%	12.86%

\* Amounts presented for each fiscal year were determined as of June 30.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 9**  
**COUNTY OF MIDDLESEX, NEW JERSEY**

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION**  
**DECEMBER 31, 2017**

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2017, dated March 29, 2018. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

**PERS**

Changes in benefit terms: None

Changes in assumptions:

For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

**SUPPLEMENTARY SCHEDULES – PART IV**

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9**  
**MIDDLESEX COUNTY, NEW JERSEY**

**BALANCE SHEET - FUND BASIS**  
**GENERAL FUND**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and Cash Equivalets	\$ <u>2,477,064.71</u>	\$ <u>2,268,759.74</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,477,064.71</u></b>	<b>\$ <u>2,268,759.74</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable/Accrued Expenses	\$ <u>364,888.31</u>	\$ <u>339,529.24</u>
<b>FUND BALANCES</b>		
Committed		
For Encumbrances	173,675.85	89,485.43
For Dedicated Penalties	10,139.01	4,389.01
Assigned		
Designated for Subsequent Year's Expenditures	550,000.00	550,000.00
Unassigned	<u>1,378,361.54</u>	<u>1,285,356.06</u>
<b>TOTAL FUND BALANCES</b>	<b><u>2,112,176.40</u></b>	<b><u>1,929,230.50</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>2,477,064.71</u></b>	<b>\$ <u>2,268,759.74</u></b>

**JOINT BOARD OF FIRE COMMISSIONERS OF WOODBRIDGE TOWNSHIP**  
**MIDDLESEX COUNTY, NEW JERSEY**

**BALANCE SHEET - FUND BASIS**  
**GENERAL FUND**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and Cash Equivalets	\$ 187,500.09	\$ 158,518.55
Assessments Receivable	48,000.00	60,000.00
Accounts Receivable	<u>18,650.00</u>	<u>15,400.00</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>254,150.09</u></b>	<b>\$ <u>233,918.55</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	\$ <u>3,500.00</u>	\$ <u>3,500.00</u>
<b>FUND BALANCES</b>		
Committed		
For Encumbrances	63,200.00	3,200.00
Assigned		
Designated for Subsequent Year's Expenditures	24,750.00	84,750.00
Unassigned	<u>162,700.09</u>	<u>142,468.55</u>
<b>TOTAL FUND BALANCES</b>	<b><u>250,650.09</u></b>	<b><u>230,418.55</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>254,150.09</u></b>	<b>\$ <u>233,918.55</u></b>

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9**  
**MIDDLESEX COUNTY, NEW JERSEY**

**BALANCE SHEET**  
**CAPITAL PROJECTS FUND**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
Cash and Cash Equivalets	\$ <u>435,945.13</u>	\$ <u>798,930.63</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>435,945.13</u></b>	<b>\$ <u>798,930.63</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	\$ <u>-</u>	\$ <u>-</u>
<b>FUND BALANCES</b>		
Committed - Designated for Subsequent Year's Expenditures:		
Radio System Upgrade	20,963.56	20,963.56
Property Improvements	12,863.32	12,863.32
Replacement of Fire Fighting Apparatus	<u>402,118.25</u>	<u>765,103.75</u>
<b>TOTAL FUND BALANCES</b>	<b><u>435,945.13</u></b>	<b><u>798,930.63</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>435,945.13</u></b>	<b>\$ <u>798,930.63</u></b>

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9**  
**MIDDLESEX COUNTY, NEW JERSEY**

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**CAPITAL PROJECTS FUND**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Revenues:		
Amount to be Rased by Taxtion Capital Grant	\$ 300,000.00	\$ 300,000.00
	<u>300,000.00</u>	<u>300,000.00</u>
Total Revenues	<u>300,000.00</u>	<u>300,000.00</u>
Expenditures:		
Capital Outlay	<u>662,985.50</u>	
	<u>662,985.50</u>	<u>-</u>
Total Expenditures	<u>662,985.50</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(362,985.50)</u>	<u>300,000.00</u>
Other Financing Sources (Uses):		
Operating Transfers In	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Change in Net Assets	(362,985.50)	300,000.00
Fund Balances at Beginning of Year	<u>798,930.63</u>	<u>498,930.63</u>
Fund Balances at End of Year	<u>\$ 435,945.13</u>	<u>\$ 798,930.63</u>

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 9**  
**MIDDLESEX COUNTY, NEW JERSEY**

**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**CAPITAL PROJECTS FUND**  
**YEAR ENDED DECEMBER 31, 2017**

<u>Issue/Project</u>	<u>Date Voter Authorized</u>	<u>Funded Appropriation</u>	<u>Budgeted</u>	<u>Expenditures</u>		<u>Unexpended Balance</u>
			<u>Increase Current Year</u>	<u>Prior Years</u>	<u>Current Year</u>	
Radio System Upgrade	2006	\$ 300,000.00	\$ -	\$ (279,036.44)	\$	20,963.56
Property Improvements	2007	100,000.00	-	(87,136.68)		12,863.32
Purchase of Fire Fighting Apparatus	2011	800,000.00	300,000.00	(34,896.25)	(662,985.50)	402,118.25
		<u>\$ 1,200,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ (401,069.37)</u>	<u>\$ (662,985.50)</u>	<u>\$ 435,945.13</u>



**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 9**  
**MIDDLESEX COUNTY, NEW JERSEY**

**SUPPLEMENTAL SCHEDULE OF STATISTICAL INFORMATION**

Property Tax Levies

The following is a tabulation of District Assessed Valuations, Tax Levies and Property Tax Rates Per \$100 of Assessed Valuations for current and the preceding two years:

<u>Year Ended</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rate Per \$100 Assessment</u>
December 31, 2017	\$539,947,900.00	\$2,010,893.00	\$0.372
December 31, 2016	530,068,900.00	2,002,479.00	0.378
December 31, 2015	532,497,300.00	1,975,483.00	0.371

\* Abstract of Ratables.

Unassigned/Assigned Fund Balances

The following is a tabulation of District Unassigned Fund Balance at year end and the amount included as anticipated revenue in the subsequent year budget for the current and preceding two years:

<u>Year Ended</u>	<u>Unassigned General Fund Balance*</u>	<u>Assigned Utilized Subsequent Budget*</u>
December 31, 2017	\$1,378,361.54	\$550,000.00
December 31, 2016	1,285,135.06	550,000.00
December 31, 2015	1,296,271.62	575,000.00

\*Represents WTFD #9.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 9**  
**MIDDLESEX COUNTY, NEW JERSEY**

**OFFICIALS IN OFFICE**  
**AS AT DECEMBER 31, 2017**

The following officials were in office:

**Board of Fire Commissioners:**

**Title**

Stephen J. Larko, Jr.	Commissioner, Chairman
Michael S. Rudy	Commissioner, Vice Chairman
Dipak Thaker	Commissioner, Secretary
Kevin Williams	Commissioner, Treasurer
Edward A. Mullen	Commissioner, Financial Secretary

**Other Officials:**

James P. Durek, Esq.	District Attorney
William F. Kenney, Jr.	Business Administrator
Edward R. Mullen	Operations Manager

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 9  
MIDDLESEX COUNTY, NEW JERSEY**

**GENERAL COMMENTS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2017**

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Woodbridge Township Fire District No. 9, Middlesex County, New Jersey, for the year ended December 31, 2017 has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Woodbridge Township Fire District No. 9, Middlesex County, New Jersey.

The audit did not and could not determine the character of services rendered for which payment has been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Woodbridge Township Fire District No. 9, County of Middlesex, New Jersey as of and for the fiscal year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

## GENERAL COMMENTS

### INTERNAL CONTROL MATTERS (Cont'd)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the District's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated January 15, 2019 on the financial statements of the Woodbridge Township Fire District No. 9. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

#### Internal Control Over Financial Reporting

##### Control Deficiencies:

##### Segregation of Duties

Conditions exist whereby the same person may maintain the bookkeeping (receipts & disbursements) and cash management functions of the District.

This condition is the result of multiple tasks performed by the same individual engaged by the District.

## GENERAL COMMENTS

### OTHER MATTERS

#### Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 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 of 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 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 of \$17,500.00 except by contract or agreement."

The Commissioners of the Woodbridge Township Fire District No. 9 have the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 during the year. Where question arises as to whether any contract or agreement might result in violation of this statute, the District Counsel's opinion should be sought before a commitment is made.

Purchases were also made through state approved vendors for various items available, which were permitted under the statutes.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing 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-cut violations existed.

Examination of expenditures revealed no individual payments in excess of \$17,500.00 thereafter "for the performance of any work or the furnishing or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement for items tested.

The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Any interpretation as to possible violation of N.J.S.A. 40A:11 and N.J.A.C. 5:30-14 would be in the province of the General Counsel.

We suggest that the District review the amendments to the Local Public Contracts Law and determine the impact of the comprehensive amendments with regard to the District, including an analysis of the effect of requiring the position of a "Qualified Purchasing Agent" on a cost benefit basis or alternate approach.

#### Insurance Coverage

Insurance policies in force are on file at the Fire District's office. No attempt was made to determine the adequacy of coverage as part of this report. Adequacy of coverage is the responsibility of the District.

## GENERAL COMMENTS

### OTHER MATTERS (CONT'D)

#### Compliance with New Jersey Administrative Code

The Local Finance Board, State of New Jersey, adopted the following requirements, previously identified as “technical accounting directives”, as codified in the New Jersey Administrative Code, as follows:

N.J.A.C. 5:30 – 5.2 - Encumbrance Accounting: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment.

The District maintains an Encumbrance Accounting System.

N.J.A.C. 5:30 – 5.6 – Capital Fixed Asset Accounting: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets.

It is recommended that the District develop a Capital Fixed Asset Accounting and Reporting System, including recording and reporting of capital asset acquisitions, disposals, transfers, and recording of depreciation.

N.J.A.C. 5:30 – 5.7 - General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the General Fund.

The District maintains a General Ledger Accounting and Reporting System.

#### Payment of Claims

Claims were examined on a test basis for the year under review and exceptions were noted with respect to signatures for claimant and payment record documentation. The voucher document does not provide for availability of funds certification.

We suggest that the District review the voucher package and process in order to determine full compliance.

#### Implementation of Governmental Accounting Standards Board (GASB) Statement No. 45

GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions” issued by the Governmental Accounting Standards Board requires implementation in three phases beginning with phase 1 governments applying the requirements of the Statement in financial statements for periods beginning after December 15, 2006.

It is recommended that District review GASB Statement No. 45 in order to ensure compliance in all respects.

## GENERAL COMMENTS

### OTHER MATTERS (CONT'D)

#### Condition of Records - Finance

The financial records maintained by the Finance Department during the period were reviewed. A general ledger was maintained for the Governmental Funds. Adjustments were required to be posted and recorded within the general ledger system in order to utilize the ledger as the basis for financial statement preparation and presentation.

The District encountered delays in the processing of financial information and records that resulted in the delay of the availability of the financial records for audit.

It is recommended that the financial records be presented for audit in a timely manner.

#### Length of Service Award Program (LOSAP)

The District currently maintains a Length of Service Award Program (LOSAP) for volunteer members of the non-profit company. As of the date of this report, the District does not have a LOSAP plan provider to administer its program.

It is recommended that the District select a LOSAP plan provider from the State approved listing for compliance with rules and regulations.

#### Internal Control Documentation

The District should commence the process of documenting its internal controls. This course of action will serve the purpose of meeting certain requirements as set forth by the Statement on Auditing Standards 115. We suggest the District commence this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance.

RECOMMENDATION(S)

We recommend:

That District review GASB Statement No. 45 in order to ensure compliance in all respects.

That the District selects a LOSAP plan provider from the State approved listing for compliance with rules and regulations.

That the District develop a Capital Fixed Asset Accounting and Reporting System, including recording and reporting of capital asset acquisitions, disposals, transfers, and recording of depreciation.

That the financial records be presented for audit in a timely manner.

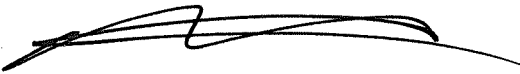
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ACKNOWLEDGMENT

During the course of our engagement we received the complete cooperation of the various officials and employees of the District, and the courtesies extended to us were greatly appreciated.

Very truly yours,

HODULIK & MORRISON, P.A.



Andrew G. Hodulik, CPA, RMA  
No. 406