

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
ISELIN, NEW JERSEY**

AUDIT REPORT

DECEMBER 31, 2011

***LERCH, VINCI & HIGGINS, LLP
CERTIFIED PUBLIC ACCOUNTANTS***

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**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
ROSTER OF OFFICIALS
DECEMBER 31, 2011**

Board of Fire Commissioners

Steven Freeman, President

Roy Sandklev, Vice President

Ronald Lisoski, Secretary

Joseph Rischak, Financial Secretary

John Trela, Treasurer

Other Officials

Helge Nordtveit, Chief Fire Official - Local Enforcing Agency

Richard M. Braslow, Attorney

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REQUIRED SUPPLEMENTARY INFORMATION

PART 1

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Woodbridge Township Fire District No. 11
P.O. Box 287
Iselin, New Jersey 08830

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodbridge Township Fire District No. 11, (the "District") as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Woodbridge Township Fire District No. 11's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Deferred Compensation - Length of Service Award Program (LOSAP) Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the District's financial statements. The LOSAP Fund financial activities are included in the District's Fiduciary Fund, and represent 96 percent of the assets and liabilities of the District's Fiduciary Funds as of December 31, 2011.


In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the governmental activities and each major fund of the Woodbridge Township Fire District No. 11, as of December 31, 2011, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we audited the financial activities of the Deferred Compensation - Length of Service Award Program, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of the Woodbridge Township Fire District No. 11, as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2012 on our consideration of the Woodbridge Township Fire District No. 11's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodbridge Township Fire District No. 11's basic financial statements as a whole. The accompanying financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we audited the financial activities of the Length of Service Award Program, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The 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, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of the Length of Service Award Program been audited, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
June 19, 2012

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

The discussion and analysis of Woodbridge Township Fire District No. 11's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999.

Financial Highlights

Key financial highlights for 2011 are as follows:

In total, net assets increased \$125,745 from 2010.

General revenues accounted for \$1,211,974 or 99 percent of all revenues. Program specific revenues in the form of charges for services accounted for \$10,332 or 1 percent of total revenues of \$1,222,306.

Total assets of governmental activities decreased by \$129,782 as cash and cash equivalents decreased by \$35,878 and net capital assets decreased by \$93,904.

The District had \$1,096,561 in expenses; only \$10,332 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$1,211,974 were adequate to provide for these programs.

Among governmental funds, the General Fund had \$977,306 in revenues and \$938,513 in expenditures. The General Fund's fund balance decreased \$6,207 over 2010.

Using this Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Woodbridge Township Fire District No. 11 as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

District-Wide Financial Statements (Statement of Net Assets and Statement of Activities)

These statements provide both short-term and long-term information about the District's overall financial status.

Fund Financial Statements

Fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

Fund Financial Statements (Continued)

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1
Major Features of District-Wide, Fund Financial Statements and Fiduciary Funds

	<u>District-wide Statements</u>	<u>Fund Financial Statements Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Instances in which the district administers resources on behalf of someone else
Required financial statements	•Statement of net assets •Statement of activities	•Balance sheet •Statement of revenues, expenditures, and changes in fund balances	•Statement of fiduciary net assets •Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of assets/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets or long-term liabilities included	All assets and liabilities, both short-term, and long-term. The District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions, during the year, regardless of when cash is received or paid

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Woodbridge Township Fire District No. 11, the General Fund is by far the most significant fund.

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District, as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities (Continued)

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required programs and other factors.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transaction. The District's governmental funds are the General Fund and Capital Projects Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole. Net assets may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-1
Summary of Net Assets

	Governmental Activities		Percentage Change 2010-2011
	<u>2011</u>	<u>2010</u>	
Current and Other Assets	\$ 1,119,462	\$ 1,155,340	-3.11%
Capital Assets, Net	1,771,182	1,865,086	-5.03%
Total Assets	\$ 2,890,644	\$ 3,020,426	-4.30%
Other Liabilities	\$ 77,371	\$ 332,899	-76.76%
Total Liabilities	\$ 77,371	\$ 332,899	-76.76%
Net Assets:			
Invested in capital assets	\$ 1,771,182	\$ 1,865,086	-5.03%
Restricted	368,220	142,364	158.65%
Unrestricted	673,871	680,077	-0.91%
Total Net Assets	\$ 2,813,273	\$ 2,687,527	4.68%

Table A-2
Changes in Net Assets

	Governmental Activities		Percentage Change
	<u>2011</u>	<u>2010</u>	<u>2010 - 2011</u>
REVENUES:			
Program Revenues:			
Charges for Services	\$ 10,332	\$ 5,870	76.01%
General Revenues:			
Property Taxes	1,189,668	1,180,073	0.81%
State Formula Aid	3,236	3,236	0.00%
Other	19,070	32,841	-41.93%
Total Revenues	\$ 1,222,306	\$ 1,222,021	0.02%
EXPENSES:			
Administration	\$ 134,012	\$ 140,625	-4.70%
Cost of Operations and Maintenance	872,510	743,781	17.31%
Operating Appropriations Offset with Revenues	58,257	54,252	7.38%
Length of Service Award Program	31,782	35,834	-11.31%
Total Expenses	\$ 1,096,561	\$ 974,492	12.53%
Change in Net Assets	\$ 125,745	\$ 247,529	-49.20%

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District operations. Property taxes made up 97% of revenues for governmental activities for Woodbridge Township Fire District No. 11 for 2011. The District's total revenues were \$1,222,306 for the year ended December 31, 2011. Charges for services accounted for .1% of revenue, state aid accounted for another 0.5% of revenue, other miscellaneous revenue accounted for the remaining 1.5%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3
Total Cost and Net Cost of Services

	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
Administration	\$ 134,012	\$ 134,012	\$ 140,625	\$ 140,625
Cost of Operations and Maintenance	872,510	872,510	743,781	743,781
Operating Appropriations Offset with Revenues	58,257	47,925	54,252	48,382
Length of Service Award Program	31,782	31,782	35,834	35,834
Total Expenses	\$ 1,096,561	\$ 1,086,229	\$ 974,492	\$ 968,622

Administration includes expenses associated with administrative and financial supervision of the District.

Cost of Operations and Maintenance involve keeping equipment in an effective working condition.

The District's Funds

All governmental funds (i.e., general fund and capital projects fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$1,222,306 and expenditures were \$1,002,657. The change in fund balance for the year in the general fund was a decrease of \$6,207 and an increase of \$225,856 in the capital projects fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the Governmental Funds for the years ended December 31, 2011 and 2010, and the amount of increases and decreases in relation to prior year amounts.

Table A-4
Summary of Revenues-Governmental Funds

Revenues:	<u>2011</u>	<u>2010</u>	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Local Sources:				
Miscellaneous Revenue	\$ 19,070	\$ 32,841	\$ (13,771)	-41.93%
Revenues Offset with Appropriations	10,332	5,870	4,462	76.01%
Amount to be Raised by Taxation	1,189,668	1,180,073	9,595	0.81%
State Sources	3,236	3,236	-	0.00%
Total	\$ 1,222,306	\$ 1,222,021	\$ 285	0.02%

The following schedule presents a summary of Governmental Funds expenditures for the years ended December 31, 2011 and 2009 and the increases and decreases in relation to prior year amounts.

Table A-5
Summary of Expenditures-Governmental Funds

Expenditures:	<u>2011</u>	<u>2010</u>	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Administration	\$ 134,012	\$ 140,625	\$ (6,613)	-4.70%
Cost of Operations and Maintenance	759,462	671,145	88,317	13.16%
Operating Appropriations Offset Revenues	58,257	54,252	4,005	7.38%
Length of Service Award Program	31,782	35,834	(4,052)	-11.31%
Capital Outlay	19,144	844,426	(825,282)	-97.73%
Total	\$ 1,002,657	\$ 1,746,282	\$ (743,625)	-42.58%

Capital Assets

At the end of the year 2011, the District had \$1,771,182 invested, net of accumulated depreciation in buildings and improvements, vehicles and equipment. Table 6 shows 2011 and 2010 balances and the amount of increases and decreases in relation to prior year amounts.

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

	Governmental Activities		Increase (Decrease) from 2010	Percent of Increase (Decrease)
	<u>2011</u>	<u>2010</u>		
Buildings and Building Improvements	\$ 451,020	\$ 471,112	\$ (20,092)	-4.26%
Vehicles	1,290,812	1,357,287	(66,475)	-4.90%
Equipment	29,350	36,687	(7,337)	-20.00%
Total	\$ 1,771,182	\$ 1,865,086	\$ (93,904)	-5.03%

For the Future

The Woodbridge Township Fire District No. 11 is in good financial condition presently. The District is proud of its community support.

In conclusion, the Woodbridge Township Fire District No. 11 has committed itself to financial excellence for many years. In addition, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact John Trela, Treasurer, at Woodbridge Township Fire District No. 11, P. O. Box 287, Iselin, NJ 08830.

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BASIC FINANCIAL STATEMENTS

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Statement of Net Assets
As of December 31, 2011

	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,119,462	\$ 1,119,462
Capital Assets, Net	<u>1,771,182</u>	<u>1,771,182</u>
Total Assets	<u>\$ 2,890,644</u>	<u>\$ 2,890,644</u>
LIABILITIES		
Accounts Payable	<u>\$ 77,371</u>	<u>\$ 77,371</u>
Total Liabilities	<u>\$ 77,371</u>	<u>\$ 77,371</u>
NET ASSETS		
Invested in Capital Assets	\$ 1,771,182	\$ 1,771,182
Restricted For:		
Capital Projects	368,220	368,220
Unrestricted	<u>673,871</u>	<u>673,871</u>
Total Net Assets	<u>\$ 2,813,273</u>	<u>\$ 2,813,273</u>

See accompanying Notes to the Basic Financial Statements.

WOODBRIE TOWNSHIP FIRE DISTRICT NO. 11
Statement of Activities
For the Year Ended December 31, 2011

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental Activities:					
Administration	\$ 134,012	-	-	-	\$ (134,012) \$ (134,012)
Cost of Operations and Maintenance	872,510	-	-	-	(872,510) (872,510)
Operating Appropriations Offset with Revenues	58,257	\$ 10,332	-	-	(47,925) (47,925)
Length of Service Award Program	31,782	-	-	-	(31,782) (31,782)
Total Governmental Activities	\$ 1,096,561	\$ 10,332	\$ -	\$ -	\$ (1,086,229) \$ (1,086,229)
Total Primary Government	\$ 1,096,561	\$ 10,332	\$ -	\$ -	\$ (1,086,229) \$ (1,086,229)
General Revenues:					
Property Taxes, Levied for General Purposes		\$ 1,189,668			\$ 1,189,668
State Aid Not Restricted		3,236			3,236
Other		19,070			19,070
Total General Revenues		\$ 1,211,974			\$ 1,211,974
Changes in Net Assets		\$ 125,745			\$ 125,745
Net Assets - Beginning of Year		2,687,528			2,687,528
Net Assets - End of Year		\$ 2,813,273			\$ 2,813,273

See accompanying Notes to the Basic Financial Statements.

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11

Balance Sheet

Governmental Funds

As of December 31, 2011

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Assets:			
Cash and Cash Equivalents	\$ 751,242	\$ 368,220	\$ 1,119,462
TOTAL ASSETS	<u>\$ 751,242</u>	<u>\$ 368,220</u>	<u>\$ 1,119,462</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 77,371	\$ -	\$ 77,371
Total Liabilities	<u>\$ 77,371</u>	<u>\$ -</u>	<u>\$ 77,371</u>
Fund Balances:			
Reserved for Encumbrances	\$ 7,450		\$ 7,450
Unreserved, Reported In:			
Designated for Subsequent Year's Expenditures	237,000	-	237,000
General Fund	429,421		429,421
Capital Projects Fund	<u>-</u>	<u>368,220</u>	<u>368,220</u>
Total Fund Balances	<u>673,871</u>	<u>368,220</u>	1,042,091
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 751,242</u>	<u>\$ 368,220</u>	

Amounts reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The Cost of the Capital Assets is \$3,129,057 and the Accumulated Depreciation is \$1,357,875.

1,771,182

Net Assets of Governmental Activities

\$ 2,813,273

See accompanying Notes to the Basic Financial Statements.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Miscellaneous Revenues	\$ 19,070		\$ 19,070
Operating Grant Revenue	3,236		3,236
Miscellaneous Revenues Offset With Appropriations	10,332		10,332
Amount to be Raised by Taxation to Support the District Budget	<u>944,668</u>	<u>\$ 245,000</u>	<u>1,189,668</u>
Total Revenues	<u>\$ 977,306</u>	<u>\$ 245,000</u>	<u>\$ 1,222,306</u>
EXPENDITURES:			
Administration	\$ 134,012		\$ 134,012
Cost of Operations and Maintenance	759,462		759,462
Operating Appropriations Offset With Revenues	58,257		58,257
Length of Service Award Program	31,782		31,782
Capital Outlay	<u>-</u>	<u>\$ 19,144</u>	<u>19,144</u>
Total Expenditures	<u>\$ 983,513</u>	<u>\$ 19,144</u>	<u>\$ 1,002,657</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (6,207)</u>	<u>\$ 225,856</u>	<u>\$ 219,649</u>
Net Change in Fund Balances	\$ (6,207)	\$ 225,856	\$ 219,649
Fund Balance, Beginning of Year	<u>680,078</u>	<u>142,364</u>	<u>822,442</u>
Fund Balance, End of Year	<u><u>\$ 673,871</u></u>	<u><u>\$ 368,220</u></u>	<u><u>\$ 1,042,091</u></u>

See accompanying Notes to the Basic Financial Statements.

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2011

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$	219,649
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Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the period.

	\$	19,144	
Capital Outlay			
Depreciation Expense		<u>(113,048)</u>	
			<u>(93,904)</u>
Change in Net Assets of Governmental Activities	\$		<u><u>125,745</u></u>

See accompanying Notes to the Basic Financial Statements.

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
Statement of Fiduciary Net Assets
Fiduciary Funds
As of December 31, 2011

	<u>Unemployment Compensation</u>	<u>LOSAP (Unaudited)</u>
ASSETS		
Cash and Cash Equivalents	\$ 12,872	
Cash and Investments with Fiscal Agents		\$ 302,231
Accounts Receivable	<u>-</u>	<u>31,782</u>
TOTAL CURRENT ASSETS	<u>\$ 12,872</u>	<u>\$ 334,013</u>
 LIABILITIES		
Accounts Payable	<u>\$ -</u>	<u>\$ 550</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 550</u>
 NET ASSETS		
Held in Trust For:		
Unemployment Claims	\$ 12,872	
Deferred Compensation	<u>-</u>	<u>333,463</u>
TOTAL NET ASSETS	<u><u>\$ 12,872</u></u>	<u><u>\$ 333,463</u></u>

See accompanying Notes to the Basic Financial Statements.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2011

	<u>Unemployment Compensation</u>	<u>LOSAP (Unaudited)</u>
ADDITIONS		
Contributions:		
Employee Contributions	\$ 254	
District Contributions	<u>-</u>	\$ 31,782
Total Contributions	<u>\$ 254</u>	<u>\$ 31,782</u>
Investment Earnings:		
Interest	<u>\$ -</u>	<u>\$ 10,090</u>
Net Investment Earnings	<u>\$ -</u>	<u>\$ 10,090</u>
Total Additions	<u>\$ 254</u>	<u>\$ 41,872</u>
DEDUCTIONS		
Benefits Paid to Participants or Beneficiaries		\$ 15,681
Administrative Fee		<u>550</u>
Total Deductions	<u>\$ -</u>	<u>\$ 16,231</u>
Change in Net Assets	\$ 254	\$ 25,641
Net Assets - Beginning of Year	<u>12,618</u>	<u>307,822</u>
Net Assets - End of Year	<u><u>\$ 12,872</u></u>	<u><u>\$ 333,463</u></u>

See accompanying Notes to the Basic Financial Statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Woodbridge Township Fire District No. 11 (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

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

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

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

A. Reporting Entity:

The Woodbridge Township Fire District No. 11 is a political subdivision of the Township of Woodbridge, Middlesex County, New Jersey. The District functions independently through a Board of Fire Commissioners. The board is comprised of five members elected to three-year terms. The annual Fire District election is held the third Saturday of February.

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 board
- 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 no component units.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to residents or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

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

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

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 and other capital assets. 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

Trust Funds - The 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.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

The District reports the following major governmental funds:

- General Fund
- Capital Projects Fund

Additionally, the District reports the following fiduciary fund types:

- Unemployment Compensation Trust Fund
- Deferred Compensation (LOSAP) Trust Fund (Unaudited)

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amounts reported as *program revenues* include 1) charges to residents for services provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

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

D. Budgets/Budgetary Control:

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

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

E. Encumbrances:

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

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statutes provide a list of permissible investments that may be purchased by New Jersey fire districts.

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

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.

G. Revenues and Expenditures:

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

H. Inventories and Prepaid Expenses:

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Short-term Interfund Receivables/Payables:

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

J. Capital Assets:

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

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

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

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

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

K. Fire District Taxes:

Upon the proper certification to the assessor of the municipality in which the Fire District is located, the assessor shall assess the amount of taxes to be raised in support of the Fire District's budget in the same manner as all other municipal taxes. The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the Fire District the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity:

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

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

The District's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The District is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2011, the book value of the District's deposits was \$1,132,334 and the bank balance of the District's deposits was \$1,153,726. Of the bank balances \$250,000 was covered by FDIC and \$903,726 was covered by GUDPA.

Investments

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

As of December 31, 2011, the District had the following investments:

	<u>Fair Value</u>
<u>2011</u>	
Investment Not Subject to Categorization	
Length of Service Award Program	\$ <u>302,231</u>

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are held by an outside party. The District does not have a policy for custodial risk. As of December 31, 2011, \$302,231 of the District's investments was exposed to custodial credit risk as follows:

	Fair Value
	<u>2011</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the District's name	\$ <u>302,231</u>

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

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

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

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

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 3. CAPITAL ASSETS

Governmental Activities:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	\$ 897,359		-	\$ 897,359
Vehicles	2,175,867	\$ 19,144	-	2,195,011
Equipment	36,687	-		36,687
Total Capital Assets, Being Depreciated	<u>3,109,913</u>	<u>19,144</u>	<u>-</u>	<u>3,129,057</u>
Accumulated Depreciation For:				
Buildings and Building Improvements	(426,247)	(20,092)	-	(446,339)
Vehicles	(818,580)	(85,619)	-	(904,199)
Equipment	-	(7,337)		(7,337)
Total Accumulated Depreciation	<u>(1,244,827)</u>	<u>(113,048)</u>	<u>-</u>	<u>(1,357,875)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,865,086</u>	<u>(93,904)</u>	<u>-</u>	<u>1,771,182</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,865,086</u>	<u>\$ (93,904)</u>	<u>\$ -</u>	<u>\$ 1,771,182</u>

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 3. CAPITAL ASSETS (Continued)

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

Governmental Activities:	
Cost of Operations and Maintenance	<u>\$ 113,048</u>

NOTE 4. EMPLOYEE RETIREMENT SYSTEMS

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

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

Other Pension Funds

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

The cost of living increase for PERS is funded directly by the retirement system and is considered in the annual actuarial calculation of the required contribution for the system.

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the retirement system and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions

Basis of Accounting

The financial statements of the retirement system are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement system. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement system.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 4. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

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

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

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 4. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 78.5 percent and \$10.7 billion, respectively.

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

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement system in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement system; and (2) 5.45 percent for projected salary increases for the retirement system.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the retirement system requires employee contributions based on 6.5% for PERS.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE 4. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

For PERS, which is a cost sharing multi-employer defined benefit pension plan, annual pension cost equals contributions made.

During the years ended December 31, 2011, 2010 and 2009, the District was required to contribute for normal cost pension contributions the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31</u>	<u>PERS</u>
2011	\$9,023
2010	8,013
2009	8,702

NOTE 5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability and surety bonds. Insurance coverage was maintained in amounts consistent with prior years. The District did not have any claims that exceeded coverage.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and prior two years:

<u>Fiscal</u> <u>Year</u>	<u>Interest</u> <u>Earned</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ -	\$ -	\$ 254	\$ -	\$ 12,872
2010	\$ -	\$ -	\$ 498		\$ 12,618
2009	\$ -	\$ -	\$ 697	\$ 541	\$ 12,120

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE 6. FUND BALANCE APPROPRIATED

General Fund – Of the \$673,871 General Fund fund balance at December 31, 2011; \$237,000 has been appropriated and included as anticipated revenue for the year 2012, \$429,421 is unreserved and undesignated and \$7,450 is reserved for encumbrances.

Capital Fund – Of the \$368,220 Capital Fund fund balance at December 31, 2011, \$368,220 is unreserved. .

NOTE 7. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (Unaudited)

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

The tax deferred income benefits for active volunteer members of the Woodbridge Township Fire District No. 11 come from contributions made solely by the District, on behalf of those volunteers who meet the criteria of the Program created by the governing body.

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

The Woodbridge Township Fire District No. 11 has contributed \$1,588 per eligible volunteer into the Program, based on the annual accumulated points of each member for the year ended December 31, 2011.

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

Lincoln Benefit Life is the administrator of the Program. The District's practical involvement in administering the Program is essentially limited to verifying the eligibility of each participant and remitting the funds to the Program administrator.

Reporting Requirements

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

Concluded

REQUIRED SUPPLEMENTARY INFORMATION

PART II

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Miscellaneous Revenues:					
Other Revenue:					
Interest on Investments	\$ 1,000	\$ -	\$ 1,000	\$ 1,317	\$ 317
Miscellaneous	1,000	-	1,000	17,753	16,753
	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 19,070</u>	<u>\$ 17,070</u>
Operating Grant Revenue:					
Supplemental Fire Services Program	\$ 2,574	\$ -	\$ 2,574	\$ 3,236	\$ 662
Miscellaneous Revenues					
Offset With Appropriations:					
Uniform Fire Safety Act	\$ 2,000	\$ -	\$ 2,000	\$ 10,332	\$ 8,332
Amount to be Raised by Taxation to Support the District Budget	\$ 944,668	\$ -	\$ 944,668	\$ 944,668	\$ -
Total Revenues	<u>\$ 951,242</u>	<u>\$ -</u>	<u>\$ 951,242</u>	<u>\$ 977,306</u>	<u>\$ 26,064</u>
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Commissioners	\$ 43,745	\$ -	\$ 43,745	\$ 43,745	\$ -
Clerk	3,173	-	3,173	3,173	-
Bookkeeper	18,660	-	18,660	18,660	-
	<u>\$ 65,578</u>	<u>\$ -</u>	<u>\$ 65,578</u>	<u>\$ 65,578</u>	<u>\$ -</u>
Total Salaries and Wages					

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2011
(Continued from prior page)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Fringe Benefits	\$ 39,376	\$ -	\$ 39,376	\$ 43,202	\$ (3,826)
Other Expenses:					
Professional Services	\$ 33,500	\$ -	\$ 33,500	\$ 9,225	\$ 24,275
Advertising	4,000	-	4,000	189	3,811
Elections	3,500	-	3,500	2,026	1,474
Travel Expenses	1,000	-	1,000	372	628
Memberships, Dues and Subscriptions	1,200	-	1,200	300	900
Office Supplies and Postage	20,500	-	20,500	13,120	7,380
Total Other Expenses	\$ 63,700	\$ -	\$ 63,700	\$ 25,232	\$ 38,468
Total Administration	\$ 168,654	\$ -	\$ 168,654	\$ 134,012	\$ 34,642
Cost of Operations and Maintenance:					
Salaries and Wages:					
Engineers	\$ 14,456	\$ -	\$ 14,456	\$ 14,456	\$ -
Maintenance and Repair	2,789	-	2,789	2,789	-
Housemen	3,495	-	3,495	3,495	-
Total Salaries and Wages	\$ 20,740	\$ -	\$ 20,740	\$ 20,740	\$ -
Fringe Benefits	\$ 9,756	\$ -	\$ 9,756	\$ 10,704	\$ (948)

Continued

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2011
(Continued from prior page)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES: (Continued)					
Cost of Operations and Maintenance: (Continued)					
Other Expenses:					
Fire Hydrants	\$ 216,000	\$ -	\$ 216,000	\$ 203,652	\$ 12,348
Insurance	36,950	-	36,950	36,085	865
Interlocal Services :					
Joint Board	12,000	-	12,000	10,000	2,000
Joint Dispatch	75,000	-	75,000	73,060	1,940
Fire Company	98,000	-	98,000	68,626	29,374
Training and Education	24,000	-	24,000	14,167	9,833
Other Operating Materials and Supplies	114,300	-	114,300	111,664	2,636
Utilities	60,200	-	60,200	43,619	16,581
Maintenance and Repair	237,500	-	237,500	167,145	70,355
Total Other Expenses	\$ 873,950	\$ -	\$ 873,950	\$ 728,018	\$ 145,932
Total Cost of Operations and Maintenance	\$ 904,446	\$ -	\$ 904,446	\$ 759,462	\$ 144,984
Operating Appropriations Offset With Revenues:					
Uniform Fire Safety Act:					
Salaries and Wages	\$ 30,050	\$ -	\$ 30,050	\$ 30,050	\$ -
Fringe Benefits	\$ 14,092	\$ -	\$ 14,092	\$ 15,461	\$ (1,369)

Continued

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2011
(Continued from prior page)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES: (Continued)					
Operating Appropriations Offset With Revenues:					
Uniform Fire Safety Act:					
Other Expenses:					
Office Expenses	\$ 3,000	\$ -	\$ 3,000	\$ 2,909	\$ 91
Supplies and Material	2,000	-	2,000	109	1,891
Training	1,000	-	1,000	-	1,000
Fire Prevention Education	11,000	-	11,000	8,317	2,683
Equipment	4,000	-	4,000	1,411	2,589
	<u>21,000</u>	<u>-</u>	<u>21,000</u>	<u>12,746</u>	<u>8,254</u>
Total Uniform Fire Safety Act	<u>65,142</u>	<u>-</u>	<u>65,142</u>	<u>58,257</u>	<u>6,885</u>
Length of Service Award Program	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>31,782</u>	<u>18,218</u>
Total Expenditures	<u>1,188,242</u>	<u>-</u>	<u>1,188,242</u>	<u>983,513</u>	<u>204,729</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (237,000)	\$ -	\$ (237,000)	\$ (6,207)	\$ 230,793
Fund Balance, Beginning of Year	<u>680,078</u>	<u>-</u>	<u>680,078</u>	<u>680,078</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 443,078</u>	<u>\$ -</u>	<u>\$ 443,078</u>	<u>\$ 673,871</u>	<u>\$ 230,793</u>
Reserve for Encumbrances				\$ 7,450	
Unreserved-Designated for Subsequent Year's Expenditures				<u>237,000</u>	
Unreserved Fund Balance				<u>429,421</u>	
Total Fund Balances				<u>\$ 673,871</u>	

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Schedule of Assets, Liabilities and Fund Balance
General Fund
As of December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Cash Equivalents	\$ 751,242	\$ 812,314
TOTAL ASSETS	<u>\$ 751,242</u>	<u>\$ 812,314</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 77,371	\$ 136,236
Total Liabilities	<u>\$ 77,371</u>	<u>\$ 136,236</u>
Fund Balance:		
Reserved for Encumbrances	\$ 7,450	\$ 7,350
Unreserved:		
Designated for Subsequent Year's Expenditures	237,000	237,000
Undesignated	<u>429,421</u>	<u>435,728</u>
Total Fund Balance	<u>\$ 673,871</u>	<u>\$ 680,078</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 751,242</u>	<u>\$ 816,314</u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Schedule of Assets, Liabilities and Fund Balance
Capital Projects Fund
As of December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Cash Equivalents	\$ 368,220	\$ 343,026
TOTAL ASSETS	<u>\$ 368,220</u>	<u>\$ 343,026</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ -	\$ 200,662
Total Liabilities	<u>\$ -</u>	<u>\$ 200,662</u>
 Fund Balances:		
Designated	\$ -	\$ 19,144
Undesignated	<u>368,220</u>	<u>123,220</u>
Total Fund Balances	<u>\$ 368,220</u>	<u>\$ 142,364</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 368,220</u>	<u>\$ 343,026</u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance
Capital Projects Fund
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Amount to be Raised by Taxation	\$ 245,000	\$ 250,000
Total Revenues	<u>\$ 245,000</u>	<u>\$ 250,000</u>
EXPENDITURES		
Capital Projects	\$ 19,144	\$ 807,739
Total Expenditures	<u>\$ 19,144</u>	<u>\$ 807,739</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 225,856	\$ (557,739)
Fund Balance, Beginning of Year	<u>142,364</u>	<u>700,103</u>
Fund Balance, End of Year	<u><u>\$ 368,220</u></u>	<u><u>\$ 142,364</u></u>

LERCH, VINCI & HIGGINS, LLP

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Fire Commissioners
Woodbridge Township Fire District No. 11
P.O. Box 287
Iselin, New Jersey 08830

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Woodbridge Township Fire District No. 11 as of and for the year ended December 31, 2011, which collectively comprise the Woodbridge Township Fire District No. 11's basic financial statements and have issued our report thereon dated June 19, 2012. The financial statements of the Deferred Compensation - Length of Service Award Program (LOSAP) have not been audited, and we were not required by the Division of Local Government Services to audit nor were we engaged to audit the Deferred Compensation - LOSAP Fund financial statements as part of our audit of the District's financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

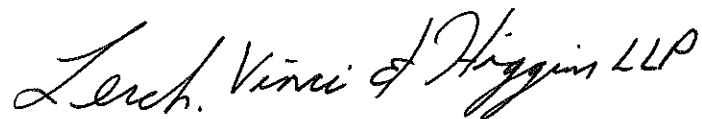
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Woodbridge Township Fire District No. 11's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the management, Board of Fire Commissioners, others within the District and the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants

Fair Lawn, New Jersey
June 19, 2012

STATISTICAL INFORMATION

Property Tax Levies:

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

<u>Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2011	\$ 307,549,000	\$ 1,189,668	0.387
2010	307,549,000	1,180,073	0.384
2009	305,561,900	1,144,123	0.372
2008	303,299,500	1,116,918	0.366
2007	301,551,900	1,059,052	0.349

Unreserved Fund Balance:

<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Years</u>
2011	\$ 666,421	\$ 237,000
2010	672,727	237,000
2009	639,400	230,000
2008	636,554	220,000
2007	492,173	120,000

GENERAL COMMENTS

Current Year

There are none.

Contracts and Agreements Required To Be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement".

If the District has a purchasing agent who is qualified pursuant to subsection b. of Section 9 of P.L. 1971, c.198 (C.40A:11-9), the District may establish the bid threshold up to a maximum of \$36,000. The District does not have a qualified purchasing agent.

The Governing Body of the District has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the District Attorney's opinion should be sought before a commitment is made.

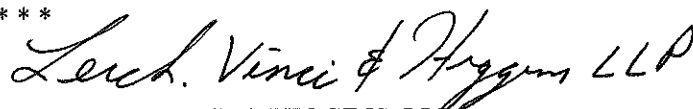
The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishings or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear violations existed.

RECOMMENDATIONS

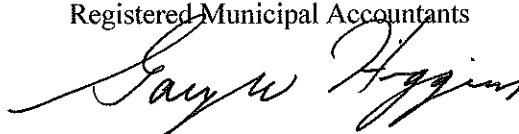
There are none.

Status of Prior Year Recommendations

No recommendations were reported in the prior year's audit.



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405