

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

**AUDIT REPORT**

**DECEMBER 31, 2012**

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

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DECEMBER 31, 2012**

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**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
ROSTER OF OFFICIALS  
DECEMBER 31, 2012**

**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

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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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

### Report on the Financial Statements

We have audited the accompanying financial statements of the Woodbridge Township Fire District No. 11 as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Woodbridge Township Fire District No. 11's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis for Qualified Opinion***

The financial statements of the Length of Service Award Program (LOSAP) Fund have not been audited, and we were not required by the Division of Local Government 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 Funds, and represent 96 percent of the assets and liabilities of the District's Fiduciary Funds as of December 31, 2012.

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, the financial statements referred to above present fairly, in all material respects, the financial position of the Woodbridge Township Fire District No. 11 as of December 31, 2012, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Woodbridge Township Fire District No. 11's basic financial statements as a whole. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Woodbridge Township Fire District No.11 internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants

Fair Lawn, New Jersey  
June 26, 2013

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART 1**



**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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, 2012. 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 2012 are as follows:

In total, net position increased \$241,570 from 2011.

General revenues accounted for \$1,228,171 or 97 percent of all revenues. Program specific revenues in the form of charges for services accounted for \$5,175 or 1 percent of total revenues of \$1,233,346.

Total assets of governmental activities increased by \$377,111 as cash and cash equivalents increased by \$410,479 and net capital assets decreased by \$33,368.

The District had \$991,776 in expenses; only \$5,175 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$1,228,171 were adequate to provide for these programs.

Among governmental funds, the General Fund had \$988,346 in revenues and \$958,408 in expenditures. The General Fund's fund balance increased \$29,938 over 2011.

**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 Position and Statement of Activities)**

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

**Fund Financial Statements**

Fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the 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**

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

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

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

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

While this document contains 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 2012?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**Reporting the District's Most Significant Funds  
Fund Financial Statements**

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

**Governmental Funds**

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

**Notes to the Financial Statements**

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

**The District as a Whole**

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

**Table A-1**  
**Summary of Net Position**

	Governmental Activities		Percentage Change 2011-2012
	2012	2011	
Current and Other Assets	\$ 1,529,941	\$ 1,119,462	36.67%
Capital Assets, Net	1,737,814	1,771,182	-1.88%
<b>Total Assets</b>	<b>\$ 3,267,755</b>	<b>\$ 2,890,644</b>	<b>13.05%</b>
Other Liabilities	\$ 212,912	\$ 77,371	175.18%
<b>Total Liabilities</b>	<b>\$ 212,912</b>	<b>\$ 77,371</b>	<b>175.18%</b>
Net Assets:			
Invested in capital assets	\$ 1,737,814	\$ 1,771,182	-1.88%
Restricted	613,220	368,220	66.54%
Unrestricted	703,809	673,871	4.44%
<b>Total Net Assets</b>	<b>\$ 3,054,843</b>	<b>\$ 2,813,273</b>	<b>8.59%</b>

**Table A-2  
Changes in Net Position**

	Governmental Activities		Percentage Change 2011 - 2012
	<u>2012</u>	<u>2011</u>	
REVENUES:			
Program Revenues:			
Charges for Services	\$ 5,175	\$ 10,332	-49.91%
General Revenues:			
Property Taxes	1,188,772	1,189,668	-0.08%
State Formula Aid		3,236	-100.00%
Other	39,399	19,070	106.60%
Total Revenues	\$ 1,233,346	\$ 1,222,306	0.90%
EXPENSES:			
Administration	\$ 125,804	\$ 134,012	-6.12%
Cost of Operations and Maintenance	865,972	962,549	-10.03%
Total Expenses	\$ 991,776	\$ 1,096,561	-9.56%
Change in Net Position	\$ 241,570	\$ 125,745	92.11%

**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 96% and 97% of revenues for governmental activities for Woodbridge Township Fire District No. 11 for 2012 and 2011, respectively. The District's total revenues were \$1,233,346 and \$1,222,306 for the years ended December 31, 2012 and 2011, respectively. Charges for services accounted for .4% and .8% of revenue and miscellaneous revenue accounted for 3.2% and 1.6% for the years ended December 31, 2012 and 2011, respectively.

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

**Table A-3  
Total Cost and Net Cost of Services**

	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>
Administration	\$ 125,804	\$ 125,804	\$ 134,012	\$ 134,012
Cost of Operations and Maintenance	865,972	860,797	962,549	952,217
Total Expenses	\$ 991,776	\$ 986,601	\$ 1,096,561	\$ 1,086,229

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 are presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$1,233,346 and \$1,222,306 and expenditures were \$958,408 and \$1,002,657 for the years ended December 31, 2012 and 2011, respectively. The change in fund balance for the year in the general fund was an increase of \$29,938 and an increase of \$245,000 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, 2012 and 2011, and the amount of increases and decreases in relation to prior year amounts.

**Table A-4**  
**Summary of Revenues-Governmental Funds**

Revenues:	<u>2012</u>	<u>2011</u>	Increase (Decrease) from 2011	Percent of Increase (Decrease)
Local Sources:				
Miscellaneous Revenue	\$ 44,574	\$ 29,402	\$ 15,172	51.60%
Property Tax Levy	1,188,772	1,189,668	(896)	-0.08%
State Sources	-	3,236	(3,236)	-100.00%
<b>Total</b>	<b>\$ 1,233,346</b>	<b>\$ 1,222,306</b>	<b>\$ 11,040</b>	<b>0.90%</b>

The following schedule presents a summary of Governmental Funds expenditures for the years ended December 31, 2012 and 2011 and the increases and decreases in relation to prior year amounts.

**Table A-5**  
**Summary of Expenditures-Governmental Funds**

Expenditures:	<u>2012</u>	<u>2011</u>	Increase (Decrease) from 2010	Percent of Increase (Decrease)
Administration	\$ 125,804	\$ 134,012	\$ (8,208)	-6.12%
Cost of Operations and Maintenance	752,924	849,501	(96,577)	-11.37%
Capital Outlay	79,680	19,144	60,536	316.21%
<b>Total</b>	<b>\$ 958,408</b>	<b>\$ 1,002,657</b>	<b>\$ (44,249)</b>	<b>-4.41%</b>

## Capital Assets

At the end of the year 2012, the District had \$1,737,814 invested, net of accumulated depreciation, in buildings and improvements, vehicles and equipment. Table 6 shows 2012 and 2011 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 2011	Percent of Increase (Decrease)
	<u>2012</u>	<u>2011</u>		
Buildings and Building Improvements	\$ 510,608	\$ 451,020	\$ 59,588	13.21%
Vehicles	1,205,193	1,290,812	(85,619)	-6.63%
Equipment	22,013	29,350	(7,337)	-25.00%
<b>Total</b>	<b>\$ 1,737,814</b>	<b>\$ 1,771,182</b>	<b>\$ (33,368)</b>	<b>-1.88%</b>

Additional information about the District's capital assets can be found in note 4 of this report.

**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.

**BASIC FINANCIAL STATEMENTS**



**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Statement of Net Position**  
**As of December 31, 2012**

	<u>Governmental Activities</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,529,941	\$ 1,529,941
Capital Assets, Net	<u>1,737,814</u>	<u>1,737,814</u>
Total Assets	<u>\$ 3,267,755</u>	<u>\$ 3,267,755</u>
<b>LIABILITIES</b>		
Accounts Payable	<u>\$ 212,912</u>	<u>\$ 212,912</u>
Total Liabilities	<u>\$ 212,912</u>	<u>\$ 212,912</u>
<b>NET POSITION</b>		
Invested in Capital Assets	\$ 1,737,814	\$ 1,737,814
Restricted For:		
Capital Projects	613,220	613,220
Unrestricted	<u>703,809</u>	<u>703,809</u>
Total Net Position	<u>\$ 3,054,843</u>	<u>\$ 3,054,843</u>

See accompanying Notes to the Basic Financial Statements.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets	
	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities:					
Administration	\$ 125,804	-	-	\$ (125,804)	\$ (125,804)
Cost of Operations and Maintenance	865,972	5,175	-	(860,797)	(860,797)
Total Governmental Activities	\$ 991,776	\$ 5,175	\$ -	\$ (986,601)	\$ (986,601)
Total Primary Government	\$ 991,776	\$ 5,175	\$ -	\$ (986,601)	\$ (986,601)

General Revenues:	
Property Taxes, Levied for General Purposes	\$ 1,188,772
Other	39,399
Total General Revenues	\$ 1,228,171
Changes in Net Position	\$ 241,570
Net Position - Beginning of Year	2,813,273
Net Position - End of Year	\$ 3,054,843

See accompanying Notes to the Basic Financial Statements.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Balance Sheet**  
**Governmental Funds**  
**As of December 31, 2012**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Assets:			
Cash and Cash Equivalents	\$ 916,721	\$ 613,220	\$ 1,529,941
<b>TOTAL ASSETS</b>	<u>\$ 916,721</u>	<u>\$ 613,220</u>	<u>\$ 1,529,941</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 212,912	\$ -	\$ 212,912
<b>Total Liabilities</b>	<u>\$ 212,912</u>	<u>\$ -</u>	<u>\$ 212,912</u>
Fund Balances:			
Restricted			
Capital Projects		\$ 613,220	\$ 613,220
Assigned			
Year End Encumbrances	\$ 7,550		7,550
Designated for Subsequent Year's Expenditures	238,000		
Unassigned	458,259		458,259
<b>Total Fund Balances</b>	<u>703,809</u>	<u>613,220</u>	1,317,029
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 916,721</u>	<u>\$ 613,220</u>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The Cost of the Capital Assets is \$3,208,737 and the Accumulated Depreciation is \$1,470,923.

	<u>1,737,814</u>
Net Position of Governmental Activities	<u>\$ 3,054,843</u>

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, 2012**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Miscellaneous Revenues	\$ 44,574		\$ 44,574
Property Tax Levy	943,772	\$ 245,000	1,188,772
Total Revenues	<u>\$ 988,346</u>	<u>\$ 245,000</u>	<u>\$ 1,233,346</u>
EXPENDITURES:			
Administration	\$ 125,804		\$ 125,804
Cost of Operations and Maintenance	752,924		752,924
Capital Outlay	79,680		79,680
Total Expenditures	<u>\$ 958,408</u>	<u>\$ -</u>	<u>\$ 958,408</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 29,938</u>	<u>\$ 245,000</u>	<u>\$ 274,938</u>
Net Change in Fund Balances	\$ 29,938	\$ 245,000	\$ 274,938
Fund Balance, Beginning of Year	<u>673,871</u>	<u>368,220</u>	<u>1,042,091</u>
Fund Balance, End of Year	<u><u>\$ 703,809</u></u>	<u><u>\$ 613,220</u></u>	<u><u>\$ 1,317,029</u></u>

See accompanying Notes to the Basic Financial Statements.

**WOODBIDGE 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, 2012**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 274,938
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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.

	\$ 79,680	
Capital Outlay	\$ 79,680	
Depreciation Expense	<u>(113,048)</u>	
		<u>(33,368)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 241,570</u></u>

See accompanying Notes to the Basic Financial Statements.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**As of December 31, 2012**

	<u>Unemployment Compensation</u>	<u>LOSAP (Unaudited)</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 13,001	
Investments with Fiscal Agents		\$ 317,161
Accounts Receivable	<u>-</u>	<u>30,891</u>
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 13,001</u>	<u>\$ 348,052</u>
<b>LIABILITIES</b>		
Accounts Payable	<u>\$ -</u>	<u>\$ 575</u>
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 575</u>
<b>NET POSITION</b>		
Held in Trust For:		
Unemployment Claims	\$ 13,001	
Deferred Compensation	<u>-</u>	<u>347,477</u>
<b>TOTAL NET POSITION</b>	<u>\$ 13,001</u>	<u>\$ 347,477</u>

See accompanying Notes to the Basic Financial Statements.

**WOODBRIAGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended December 31, 2012**

	<u>Unemployment Compensation</u>	<u>LOSAP (Unaudited)</u>
ADDITIONS		
Contributions:		
Employee Contributions	\$ 129	
District Contributions	-	\$ 30,891
Total Contributions	<u>\$ 129</u>	<u>\$ 30,891</u>
Investment Earnings:		
Interest	\$ -	\$ 10,767
Net Investment Earnings	<u>\$ -</u>	<u>\$ 10,767</u>
Total Additions	<u>\$ 129</u>	<u>\$ 41,658</u>
DEDUCTIONS		
Benefits Paid to Participants or Beneficiaries		\$ 27,069
Administrative Fee		575
Total Deductions	<u>\$ -</u>	<u>\$ 27,644</u>
Change in Net Position	\$ 129	\$ 14,014
Net Position - Beginning of Year	<u>12,872</u>	<u>333,463</u>
Net Position - End of Year	<u><u>\$ 13,001</u></u>	<u><u>\$ 347,477</u></u>

See accompanying Notes to the Basic Financial Statements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**



**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**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.

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

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements:**

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

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

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

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

**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, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The district-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:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets.

Additionally, the District reports the following fiduciary fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims and length of service award program financial activities. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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, 2012**

**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.

**D. Assets, Liabilities and Net Position**

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

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest.

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.

**2. 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.

**3. Inventories:**

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

**4. Capital Assets:**

Capital assets, which include buildings and building improvements, and furniture and equipment, are reported in the district-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.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Position**

**4. Capital Assets: (Continued)**

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

**5. 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.

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District – is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Capital Projects* – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Fund Equity: (Continued)**

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2013 District budget certified for taxes.

*Year-End Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

**6. Net Position**

Restricted Net Position is limited to outside third-party restrictions either by law or by other organizations or persons external to the Authority. Unrestricted Net Position represent the Net Position neither restricted nor invested in capital assets, net of related debt.

**7. Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information:**

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.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**B. Encumbrances: (Continued)**

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.

**C. Fire District Taxes:**

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

**NOTE 3. 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. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2012, the book value of the District's deposits was \$1,542,942 and the bank balance of the District's deposits was \$1,543,818. Of the bank balances \$250,000 was covered by FDIC and \$1,293,818 was covered by GUDPA.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of December 31, 2012 the District had no balances exposed to custodial credit risk.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2012**

**NOTE 3. DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

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

As of December 31, 2012, the District had the following investments:

	Fair Value (Unaudited)
<b><u>2012</u></b>	
Investment Not Subject to Categorization	
Length of Service Award Program	\$ <u>317,161</u>

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, 2012, \$317,161 of the District’s investments was exposed to custodial credit risk as follows:

	Fair Value (Unaudited)
<u>Uninsured and Collateralized:</u>	
Collateral held by pledging financial institution's trust department but not in the District's name	\$ <u>317,161</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. As of December 31, 2012, the District’s investments in Lincoln Financial, a subsidiary of Lincoln National Corporation, was rated Baa2 by Moody’s Investors Service.

Concentration of Credit Risk – The District places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the District’s investments are in Lincoln Financial. These are 100% of the District’s investments.

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, 2012**

**NOTE 4. CAPITAL ASSETS**

<b>Governmental Activities:</b>	<b>Balance January 1, <u>2012</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b>Balance December 31, <u>2012</u></b>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	\$ 897,359	\$ 79,680		\$ 977,039
Vehicles	2,195,011			2,195,011
Equipment	36,687	-		36,687
	<hr/>			<hr/>
Total Capital Assets, Being Depreciated	3,129,057	79,680	-	3,208,737
	<hr/>			<hr/>
Accumulated Depreciation For:				
Buildings and Building Improvements	(446,339)	(20,092)	-	(466,431)
Vehicles	(904,199)	(85,619)	-	(989,818)
Equipment	(7,337)	(7,337)		(14,674)
	<hr/>			<hr/>
Total Accumulated Depreciation	(1,357,875)	(113,048)	-	(1,470,923)
	<hr/>			<hr/>
Total Capital Assets, Being Depreciated, Net	1,771,182	(33,368)	-	1,737,814
	<hr/>			<hr/>
Governmental Activities Capital Assets, Net	<u>\$ 1,771,182</u>	<u>\$ (33,368)</u>	<u>\$ -</u>	<u>\$ 1,737,814</u>

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 4. 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 5. 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 are funded directly by the system, but are currently suspended as a result of reform legislation.

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

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

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 5. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Significant Legislation**

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

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

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**Investment Valuation**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, 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.

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for certain State administered retirement systems including PERS is 77.5 percent and \$11.6 billion, respectively.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 5. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress (Continued)**

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2011 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: (a) a revised investment rate of return for certain retirement systems, including PERS, from 8.25 percent to 7.95 percent; and (b) revised projected salary increase of 4.52% for PERS.

**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, by the PERS retirement system, the required employee contributions are based on 6.50% of the employees' annual compensation.

**Annual Pension Cost (APC)**

Per the requirements of GASB No. 27 for the year ended June 30, 2012 for PERS, which is a cost sharing multi-employer defined benefit pension plan, annual pension cost equals contributions made.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 5. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC) (Continued)**

During the years ended December 31, 2012, 2011 and 2010, the District was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended December 31</u>	<u>PERS</u>
2012	\$8,502
2011	9,023
2010	8,013

**NOTE 6. 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 Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ -	\$ 129	\$ -	\$ 13,001
2011	\$ -	\$ 254	\$ -	\$ 12,872
2010	\$ -	\$ 498		\$ 12,618

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2012**

**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 \$1,623 per eligible volunteer into the Program, based on the annual accumulated points of each member for the year ended December 31, 2012.

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. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented unaudited in this report as part of the District's Fiduciary Funds.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Miscellaneous Revenues:					
Other Revenue:					
Interest on Investments	\$ 1,000	\$ -	\$ 1,000	\$ 1,339	\$ 339
Miscellaneous	1,000	-	1,000	38,060	37,060
	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 39,399</u>	<u>\$ 37,399</u>
Operating Grant Revenue:					
Supplemental Fire Services Program	\$ 976	\$ -	\$ 976	\$ -	(976)
Miscellaneous Revenues					
Offset With Appropriations:					
Uniform Fire Safety Act	\$ 2,000	\$ -	\$ 2,000	\$ 5,175	\$ 3,175
	<u>\$ 943,772</u>	<u>\$ -</u>	<u>\$ 943,772</u>	<u>\$ 943,772</u>	<u>\$ -</u>
Amount to be Raised by Taxation to Support the District Budget					
Total Revenues	<u>\$ 948,748</u>	<u>\$ -</u>	<u>\$ 948,748</u>	<u>\$ 988,346</u>	<u>\$ 39,598</u>
<b>EXPENDITURES:</b>					
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Commissioners	\$ 44,620	\$ -	\$ 44,620	\$ 44,620	\$ -
Clerk	3,236	-	3,236	3,236	-
Bookkeeper	19,033	-	19,033	19,033	-
Total Salaries and Wages	<u>\$ 66,889</u>	<u>\$ -</u>	<u>\$ 66,889</u>	<u>\$ 66,889</u>	<u>\$ -</u>



**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2012  
 (Continued from prior page)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Operating Appropriations:					
Administration:					
Fringe Benefits	\$ 46,898	\$ (3,945)	\$ 42,953	\$ 36,562	\$ 6,391
Other Expenses:					
Professional Services	\$ 33,500	-	\$ 33,500	\$ 10,876	\$ 22,624
Advertising	4,000	-	4,000	221	3,779
Elections	3,500	-	3,500	1,752	1,748
Travel Expenses	1,000	-	1,000	-	1,000
Memberships, Dues and Subscriptions	1,200	-	1,200	300	900
Office Supplies and Postage	20,500	-	20,500	9,204	11,296
<b>Total Other Expenses</b>	<b>\$ 63,700</b>	<b>\$ -</b>	<b>\$ 63,700</b>	<b>\$ 22,353</b>	<b>\$ 41,347</b>
<b>Total Administration</b>	<b>\$ 177,487</b>	<b>\$ (3,945)</b>	<b>\$ 173,542</b>	<b>\$ 125,804</b>	<b>\$ 47,738</b>
Cost of Operations and Maintenance:					
Salaries and Wages:					
Engineers	\$ 14,745	-	\$ 14,745	\$ 14,745	\$ -
Maintenance and Repair	2,845	-	2,845	2,845	-
Housemen	3,565	-	3,565	3,565	-
<b>Total Salaries and Wages</b>	<b>\$ 21,155</b>	<b>\$ -</b>	<b>\$ 21,155</b>	<b>\$ 21,155</b>	<b>\$ -</b>
<b>Fringe Benefits</b>	<b>\$ 12,140</b>	<b>\$ 1,666</b>	<b>\$ 13,806</b>	<b>\$ 11,752</b>	<b>\$ 2,054</b>

Continued

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2012**  
**(Continued from prior page)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES: (Continued)</b>					
Cost of Operations and Maintenance: (Continued)					
Other Expenses:					
Fire Hydrants	\$ 216,000	\$ -	\$ 216,000	\$ 205,338	\$ 10,662
Insurance	39,450	-	39,450	32,317	7,133
Interlocal Services:					
Joint Board	12,000	-	12,000	10,000	2,000
Joint Dispatch	75,000	-	75,000	74,280	720
Fire Company	99,000	-	99,000	55,500	43,500
Training and Education	24,000	-	24,000	15,548	8,452
Other Operating Materials and Supplies	79,500	-	79,500	75,273	4,227
Utilities	61,200	-	61,200	39,236	21,964
Maintenance and Repair	250,500	-	250,500	197,335	53,165
Total Other Expenses	\$ 856,650	\$ -	\$ 856,650	\$ 704,827	\$ 151,823
Total Cost of Operations and Maintenance	\$ 889,945	\$ 1,666	\$ 891,611	\$ 737,734	\$ 153,877
Operating Appropriations Offset With Revenues: Uniform Fire Safety Act: Salaries and Wages	\$ 30,652	\$ -	\$ 30,652	\$ 30,652	\$ -
Fringe Benefits	\$ 17,664	\$ 2,279	\$ 19,943	\$ 16,975	\$ 2,968

Continued

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2012**  
**(Continued from prior page)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES: (Continued)</b>					
Operating Appropriations Offset With Revenues: Uniform Fire Safety Act:					
Other Expenses:					
Office Expenses	\$ 3,000	\$ -	\$ 3,000	\$ 3,502	\$ (502)
Supplies and Material	2,000	-	2,000	377	1,623
Fire Prevention Education	11,000	-	11,000	9,277	1,723
Equipment	4,000	-	4,000	3,196	804
	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>16,352</u>	<u>3,648</u>
<b>Total Uniform Fire Safety Act</b>	<b>68,316</b>	<b>2,279</b>	<b>70,595</b>	<b>63,979</b>	<b>6,616</b>
<b>Length of Service Award Program</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>30,891</b>	<b>19,109</b>
	<u>1,185,748</u>	<u>-</u>	<u>1,185,748</u>	<u>958,408</u>	<u>227,340</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (237,000)</b>	<b>\$ -</b>	<b>\$ (237,000)</b>	<b>\$ 29,938</b>	<b>\$ 266,938</b>
<b>Fund Balance, Beginning of Year</b>	<b>673,871</b>	<b>-</b>	<b>673,871</b>	<b>673,871</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 436,871</b>	<b>\$ -</b>	<b>\$ 436,871</b>	<b>\$ 703,809</b>	<b>\$ 266,938</b>
<b>Assigned</b>					
Year End Encumbrances				\$ 7,550	
Designated for Subsequent Year's Expenditures				238,000	
Unassigned				458,259	
<b>Total Fund Balances</b>				<b>\$ 703,809</b>	

**OTHER SUPPLEMENTARY INFORMATION**

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Schedule of Assets, Liabilities and Fund Balance**  
**General Fund**  
**As of December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 916,721	\$ 751,242
<b>TOTAL ASSETS</b>	<u>\$ 916,721</u>	<u>\$ 751,242</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts Payable	\$ 212,912	\$ 77,371
<b>Total Liabilities</b>	<u>\$ 212,912</u>	<u>\$ 77,371</u>
Fund Balance:		
Assigned		
Year End Encumbrances	\$ 7,450	\$ 7,450
Designated for Subsequent Year's Expenditures	238,000	237,000
Unassigned	458,359	429,421
<b>Total Fund Balance</b>	<u>\$ 703,809</u>	<u>\$ 673,871</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 916,721</u>	<u>\$ 751,242</u>

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Schedule of Assets, Liabilities and Fund Balance**  
**Capital Projects Fund**  
**As of December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 613,220	\$ 368,220
<b>TOTAL ASSETS</b>	<u>\$ 613,220</u>	<u>\$ 368,220</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ -	\$ -
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
 <b>Fund Balances:</b>		
Restricted Capital Projects	\$ 613,220	\$ 368,220
<b>Total Fund Balances</b>	<u>\$ 613,220</u>	<u>\$ 368,220</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <u>\$ 613,220</u>	 <u>\$ 368,220</u>

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Capital Projects Fund**  
**For the Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>		
Amount to be Raised by Taxation	<u>\$ 245,000</u>	<u>\$ 245,000</u>
Total Revenues	<u>\$ 245,000</u>	<u>\$ 245,000</u>
<b>EXPENDITURES</b>		
Capital Projects	<u>\$ -</u>	<u>\$ 19,144</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 19,144</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 245,000	\$ 225,856
Fund Balance, Beginning of Year	<u>368,220</u>	<u>142,364</u>
Fund Balance, End of Year	<u><u>\$ 613,220</u></u>	<u><u>\$ 368,220</u></u>

# LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Woodbridge Township Fire District No. 11, as of and for the year ended December 31, 2012, and the related notes to the financial statements, as listed in the table of contents which collectively comprise the Woodbridge Township Fire District No. 11's basic financial statements, and have issued our report thereon dated June 26, 2013. The financial statements of the 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 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 Woodbridge Township Fire District No. 11 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Woodbridge Township Fire District No. 11's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Woodbridge Township Fire District No. 11's internal control. Accordingly, we do not express an opinion on the effectiveness of the Woodbridge Township Fire District No. 11's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Woodbridge Township Fire District No. 11's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Woodbridge Township Fire District No. 11's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants

Fair Lawn, New Jersey  
June 26, 2013

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>
2012	\$ 308,642,500	\$ 1,188,772	0.386
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

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

<u>Year</u>	<u>Unassigned Balance, December 31,</u>	<u>Assigned - Designated for Subsequent Year's Expenditures</u>
2012	\$ 458,259	\$ 238,000
2011	429,421	237,000
2010	435,727	237,000
2009	409,400	230,000
2008	416,554	220,000

**GENERAL COMMENTS AND RECOMMENDATIONS**

## **GENERAL COMMENTS**

### **Current Year**

Our audit of expenditures noted that certain vouchers were missing the claimant's certifications and receipt of goods signature. It is recommended that a claimant's certification and receipt of goods signature be obtained on all vouchers prior to payment.

### **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**

It is recommended that a claimant's certification and receipt of goods signature be obtained on all vouchers prior to payment.

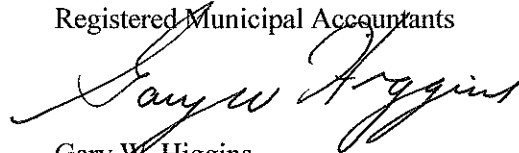
**Status of Prior Year Recommendations**

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

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



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405