

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11

ISELIN, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2019

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
TABLE OF CONTENTS
DECEMBER 31, 2019**

EXHIBIT	Page Number
Roster of Officials	1
Independent Auditor's Report	2-4
Required Supplementary Information - Part 1	
Management's Discussion and Analysis	5-11
Basic Financial Statements	
A-1 Statement of Net Position	12
A-2 Statement of Activities	13
Governmental Funds:	
B-1 Balance Sheet	14-15
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	16
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Fiduciary Funds:	
B-4 Statement of Fiduciary Net Position	18
B-5 Statement of Changes in Fiduciary Net Position	19
Notes to the Financial Statements	20-39
Required Supplementary Information - Part II	
C-1 Budgetary Comparison Schedule - General Fund	40-43
Required Supplementary Information - Part III	
D-1 Required Supplementary Information - Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	44
D-2 Required Supplementary Information - Schedule of District Contributions - Public Employees Retirement System	45
Notes to Required Supplementary Information	46

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
TABLE OF CONTENTS
DECEMBER 31, 2019

	Page Number
Government Auditing Standards	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards - Independent Auditor's Report	47-48
Schedule of Findings and Responses	49-50
Summary Schedule of Prior Audit Findings	51
Statistical Information	52
General Comments	53
Recommendations	54

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
ROSTER OF OFFICIALS
DECEMBER 31, 2019**

Board of Fire Commissioners

Steven Freeman, President

Roy Sandklev, Vice President

Ronald Lisoski, Secretary

Scott Smith, Financial Secretary

John Trela, Treasurer

Other Officials

Helge Nordtveit, Chief Fire Official - Local Enforcing Agency and Business Administrator

Richard M. Braslow, Attorney

LVH LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

Board of 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 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, 2019, 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 opinions.

Basis for Qualified Opinion on Aggregate Remaining Fund Information

As discussed in Note 4 of the financial statements, the financial statements of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the District's financial statements. The LOSAP Trust Fund financial activities are included in the District's Fiduciary Fund, and represent 97 percent of the net position of the District's Fiduciary Funds as of December 31, 2019.

Qualified Opinion

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had we audited the financial activities of the Length of Service Award Program Trust Fund, as described in the "Basis for Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of the Woodbridge Township Fire District No. 11 as of December 31, 2019, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Woodbridge Township Fire District No. 11 as of December 31, 2019, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 6, 2020 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 effectiveness of the Woodbridge Township Fire District No. 11's 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's internal control over financial reporting and compliance.



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

Fair Lawn, New Jersey
July 6, 2020

REQUIRED SUPPLEMENTARY INFORMATION

PART 1

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and related notes which comprise the basic financial statements 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 2019 are as follows:

In total, net position increased \$59,403 from 2018.

General revenues accounted for \$1,299,335 or 98.7 percent of all revenues. Program specific revenues accounted for \$16,909 or 1.3 percent of total revenues of \$1,316,244.

Total assets of governmental activities increased by \$5,241 as cash and cash equivalents increased by \$127,165 and net capital assets decreased by \$121,924.

The District had \$1,256,841 in expenses; only \$16,909 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$1,299,335 were adequate to provide for these programs.

Among governmental funds, the General Fund had \$1,216,244 in revenues and \$1,161,637 in expenditures. The General Fund's fund balance increased \$54,607 over 2018.

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:

Government-Wide Financial Statements (Statement of Net Position and Statement of Activities)

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

Fund Financial Statements

Fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the 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 Government-Wide, Fund Financial Statements and Fiduciary Funds**

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

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 several funds used by the District to provide programs and activities, the view of the District, as a whole looks at all financial transactions and asks the question, “How did we do financially during 2019?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows/inflows of resources and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

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

Governmental Funds

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

Notes to the Financial Statements

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

The District as a Whole

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

Table A-1
Summary of Net Position

	Governmental Activities		Percentage Change <u>2018-2019</u>
	<u>2019</u>	<u>2018</u>	
Current and Other Assets	\$ 1,753,013	\$ 1,625,848	7.82%
Capital Assets			
Not Being Depreciated	22,824	52,659	-56.66%
Being Depreciated, net	2,174,404	2,266,493	-4.06%
Total Assets	3,950,241	3,945,000	0.13%
Deferred Amounts on Net Pension Liability	17,324	41,430	-58.18%
Total Deferred Outflows of Resources	17,324	41,430	-58.18%
Other Liabilities	79,554	110,322	-27.89%
Non Current Liabilities	113,330	186,943	-39.38%
Total Liabilities	192,884	297,265	35.11%
Deferred Amounts on Net Pension Liability	142,691	116,578	22.40%
Total Deferred Inflows of Resources	142,691	116,578	22.40%
Net Assets:			
Net Investment in Capital Assets	2,197,228	2,319,152	-5.26%
Restricted	702,467	602,467	16.60%
Unrestricted	732,295	650,968	12.49%
Total Net Assets	\$ 3,631,990	\$ 3,572,587	1.66%

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

	Governmental Activities		Percentage Change 2018-2019
	<u>2019</u>	<u>2018</u>	
REVENUES:			
Program Revenues:			
Charges for Services	\$ 2,318	\$ 135	1617.04%
Operating Grants and Contributions	14,591	3,778	286.21%
General Revenues:			
Property Taxes	1,282,202	1,263,253	1.50%
Other	17,133	12,764	34.23%
Total Revenues	1,316,244	1,279,930	2.84%
EXPENSES:			
Administration	151,893	150,147	1.16%
Cost of Operations and Maintenance	1,104,948	1,124,213	-1.71%
Total Expenses	1,256,841	1,274,360	-1.37%
Change in Net Position	59,403	5,570	966.48%
Net Position, Beginning of Year	3,572,587	3,567,017	0.16%
Net Position, End of Year	\$ 3,631,990	\$ 3,572,587	1.66%

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 97.4% and 98.6% of revenues for governmental activities for Woodbridge Township Fire District No. 11 for 2019 and 2018, respectively. The District's total revenues were \$1,316,244 and \$1,279,930 for the years ended December 31, 2019 and 2018, respectively. Charges for services accounted for less than .2% and .1% of revenues, operating grants and contributions accounted for 1.1% and .3% of revenues and miscellaneous revenue accounted for 1.3% and 1.0% for the years ended December 31, 2019 and 2018, 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>2019</u>	Net Cost of Services <u>2019</u>	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>
Administration	\$ 151,893	\$ 151,893	\$ 150,147	\$ 150,147
Cost of Operations and Maintenance	1,104,948	1,088,039	1,124,213	1,120,300
Total Expenses	\$ 1,256,841	\$ 1,239,932	\$ 1,274,360	\$ 1,270,447

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 \$1,316,244 and \$1,279,930 and expenditures were \$1,161,637 and \$1,208,575 for the years ended December 31, 2018 and 2017, respectively. The change in fund balance for 2019 in the general fund was an increase of \$54,607 and an increase of \$100,000 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, 2019 and 2018, and the amount of increases and decreases in relation to prior year amounts.

Table A-4
Summary of Revenues-Governmental Funds

Revenues:	<u>2019</u>	<u>2018</u>	Increase (Decrease) from 2018	Percent of Increase (Decrease)
Local Sources:				
Miscellaneous Revenue	\$ 34,042	\$ 16,677	\$ 17,365	104.13%
Property Tax Levy	1,282,202	1,263,253	18,949	1.50%
Total	\$ 1,316,244	\$ 1,279,930	\$ 36,314	2.84%

The following schedule presents a summary of Governmental Funds expenditures for the years ended December 31, 2019 and 2018 and the increases and decreases in relation to prior year amounts.

Table A-5
Summary of Expenditures-Governmental Funds

Expenditures:	<u>2019</u>	<u>2018</u>	Increase (Decrease) from 2018	Percent of Increase (Decrease)
Administration	\$ 159,187	\$ 153,098	\$ 6,089	3.98%
Cost of Operations and Maintenance	972,237	981,316	(9,079)	-0.93%
Capital Outlay	30,213	74,161	(43,948)	-59.26%
Total	\$ 1,161,637	\$ 1,208,575	\$ (46,938)	-3.88%

Capital Assets

As of December 31, 2019 and 2018, the District had \$2,197,228 and \$2,319,152, respectively, invested, net of accumulated depreciation, in buildings and building improvements, vehicles and equipment. Table 6 shows 2019 and 2018 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)	Percent of Increase
	<u>2019</u>	<u>2018</u>	<u>from 2018</u>	<u>(Decrease)</u>
Construction In Progress	\$ 22,824	\$ 52,659	\$ (29,835)	-56.66%
Buildings and Building Improvements	482,748	481,089	1,659	0.34%
Vehicles	1,650,225	1,765,539	(115,314)	-6.53%
Equipment	41,431	19,865	21,566	108.56%
Total	\$ 2,197,228	\$ 2,319,152	\$ (121,924)	-5.26%

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

Long Term Liabilities

At December 31, 2019 and December 31, 2018, the District had \$113,330 and \$186,943 for net pension liability, respectively.

**Table A-7
Summary of Outstanding Liabilities**

	<u>2019</u>	<u>2018</u>	Increase (Decrease) <u>from 2018</u>	Percent of Increase <u>(Decrease)</u>
	Net Pension Liability	\$ 113,330	\$ 186,943	\$ (73,613)
Total	\$ 113,330	\$ 186,943	\$ (73,613)	-39.38%

Additional information about the District's long term liabilities can be found in Note 2 of this report.

For the Future

The Woodbridge Township Fire District No. 11 is in sound financial condition. 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.

FINANCIAL STATEMENTS

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Statement of Net Position
As of December 31, 2019

	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,753,013	\$ 1,753,013
Capital Assets		
Not Being Depreciated	22,824	22,824
Being Depreciated, net	<u>2,174,404</u>	<u>2,174,404</u>
Total Assets	<u>3,950,241</u>	<u>3,950,241</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts on Net Pension Liability	<u>17,324</u>	<u>17,324</u>
Total Deferred Outflows of Resources	<u>17,324</u>	<u>17,324</u>
Total Assets and Deferred Outflows of Resources	<u>3,967,565</u>	<u>3,967,565</u>
LIABILITIES		
Accounts Payable and Other Current Liabilities	73,436	73,436
Accrued Pension Obligation	6,118	6,118
Noncurrent Liabilities		
Due Beyond One Year	<u>113,330</u>	<u>113,330</u>
Total Liabilities	<u>192,884</u>	<u>192,884</u>
DEFERRED INTFLOWS OF RESOURCES		
Deferred Amounts on Net Pension Liability	<u>142,691</u>	<u>142,691</u>
Total Deferred Inflows of Resources	<u>142,691</u>	<u>142,691</u>
Total Liabilities and Deferred Inflows of Resources	<u>335,575</u>	<u>335,575</u>
NET POSITION		
Investment in Capital Assets	2,197,228	2,197,228
Restricted For:		
Capital Projects	702,467	702,467
Unrestricted	<u>732,295</u>	<u>732,295</u>
Total Net Position	<u>\$ 3,631,990</u>	<u>\$ 3,631,990</u>

See accompanying Notes to the Financial Statements.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Statement of Activities
For the Year Ended December 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Assets</u>	
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental Activities:						
Administration	\$ 151,893				\$ (151,893)	\$ (151,893)
Cost of Operations and Maintenance	<u>1,104,948</u>	<u>\$ 2,318</u>	<u>\$ 14,591</u>	<u>-</u>	<u>(1,088,039)</u>	<u>(1,088,039)</u>
Total Governmental Activities	<u>1,256,841</u>	<u>2,318</u>	<u>14,591</u>	<u>-</u>	<u>(1,239,932)</u>	<u>(1,239,932)</u>
Total Primary Government	<u>\$ 1,256,841</u>	<u>\$ 2,318</u>	<u>\$ 14,591</u>	<u>\$ -</u>	<u>(1,239,932)</u>	<u>(1,239,932)</u>
General Revenues:						
					1,182,202	1,182,202
					100,000	100,000
					<u>17,133</u>	<u>17,133</u>
					<u>1,299,335</u>	<u>1,299,335</u>
					59,403	59,403
					<u>3,572,587</u>	<u>3,572,587</u>
					<u>\$ 3,631,990</u>	<u>\$ 3,631,990</u>

See accompanying Notes to the Financial Statements.

WOODBRIAGE TOWNSHIP FIRE DISTRICT NO. 11
Balance Sheet
Governmental Funds
As of December 31, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Assets:			
Cash and Cash Equivalents	\$ 1,050,546	\$ 702,467	\$ 1,753,013
TOTAL ASSETS	<u>\$ 1,050,546</u>	<u>\$ 702,467</u>	<u>\$ 1,753,013</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 73,436	-	\$ 73,436
Total Liabilities	<u>73,436</u>	<u>-</u>	<u>73,436</u>
Fund Balances:			
Restricted			
Capital Projects		\$ 702,467	702,467
Assigned			
Year End Encumbrances	8,400		8,400
Designated for Subsequent Year's Expenditures	198,636		198,636
Unassigned	<u>770,074</u>		<u>770,074</u>
Total Fund Balances	<u>977,110</u>	<u>702,467</u>	<u>1,679,577</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,050,546</u>	<u>\$ 702,467</u>	

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
Balance Sheet
Governmental Funds
As of December 31, 2019

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 \$4,526,827 and the accumulated depreciation is \$2,329,599.

\$ 2,197,228

The District contributes to pension obligations. The pension obligation accrual at year end is:

(6,118)

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred outflows of resources or deferred inflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 17,324	
Deferred Inflows of Resources	<u>(142,691)</u>	

(125,367)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-Term liabilities at year end consist of:

Net Pension Liability	<u>(113,330)</u>	
-----------------------	------------------	--

(113,330)

Net Position of Governmental Activities

\$ 3,631,990

See accompanying Notes to the 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, 2019

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Miscellaneous Revenues	\$ 34,042		\$ 34,042
Property Tax Levy	<u>1,182,202</u>	<u>\$ 100,000</u>	<u>1,282,202</u>
Total Revenues	<u>1,216,244</u>	<u>100,000</u>	<u>1,316,244</u>
EXPENDITURES:			
Administration	159,187		159,187
Cost of Operations and Maintenance	972,237		972,237
Capital Outlay	<u>30,213</u>	<u>-</u>	<u>30,213</u>
Total Expenditures	<u>1,161,637</u>	<u>-</u>	<u>1,161,637</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>54,607</u>	<u>100,000</u>	<u>154,607</u>
Net Change in Fund Balances	54,607	100,000	154,607
Fund Balance, Beginning of Year	<u>922,503</u>	<u>602,467</u>	<u>1,524,970</u>
Fund Balance, End of Year	<u><u>\$ 977,110</u></u>	<u><u>\$ 702,467</u></u>	<u><u>\$ 1,679,577</u></u>

See accompanying Notes to the 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, 2019

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 154,607

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 expense exceeded capital outlay acquisitions in the period.

	\$ 30,213	
Capital Outlay		
Depreciation Expense	<u>(152,137)</u>	
		(121,924)

In the statement of activities, certain operating expenses, e.g., net pension liability are measured by the amounts accrued during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the accrued amounts exceed the paid amounts, the difference is reduction in the reconciliation (-); when the paid amounts exceed the accrued amounts the difference is an addition to the reconciliation (+).

	<u>26,720</u>	
Decrease in Pension Expense		
		<u>26,720</u>
Change in Net Position of Governmental Activities	\$	<u><u>59,403</u></u>

See accompanying Notes to the Financial Statements.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Statement of Fiduciary Net Position
Fiduciary Funds
As of December 31, 2019

	<u>Unemployment Compensation</u>	<u>Length of Service Award Program (LOSAP) (Unaudited)</u>
ASSETS		
Cash and Cash Equivalents	\$ 16,340	
Investments with Fiscal Agents		\$ 470,354
Accounts Receivable	-	22,646
	<u>16,340</u>	<u>493,000</u>
TOTAL CURRENT ASSETS		
 LIABILITIES		
Accounts Payable	-	325
	<u>-</u>	<u>325</u>
Total Liabilities	<u>-</u>	<u>325</u>
 NET POSITION		
Held in Trust For:		
Unemployment Claims	16,340	
LOSAP	-	492,675
	<u>16,340</u>	<u>492,675</u>
TOTAL NET POSITION	<u>\$ 16,340</u>	<u>\$ 492,675</u>

See accompanying Notes to the Financial Statements.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

	<u>Unemployment Compensation</u>	<u>Length of Service Award Program (LOSAP) (Unaudited)</u>
ADDITIONS		
Contributions:		
Employee Contributions	\$ 479	
District Contributions	-	\$ 22,646
Total Contributions	<u>479</u>	<u>22,646</u>
Investment Earnings:		
Investment Return	-	13,930
Net Investment Earnings	-	13,930
Total Additions	<u>479</u>	<u>36,576</u>
DEDUCTIONS		
Administrative Fee		325
Benefits Paid to Participants		34,881
Other	198	
Total Deductions	<u>198</u>	<u>35,206</u>
Change in Net Position	281	1,370
Net Position - Beginning of Year	<u>16,059</u>	<u>491,305</u>
Net Position - End of Year	<u>\$ 16,340</u>	<u>\$ 492,675</u>

See accompanying Notes to the Financial Statements.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

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.

B. New Accounting Standards

During fiscal year 2019, the District did not adopt any new GASB statements.

Accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 84, *Fiduciary Activities*, will be effective with the year ending December 31, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, will be effective with the year ending December 31, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending December 31, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.
- GASB No. 92, *Omnibus 2020*, will be effective beginning with the year ending December 31, 2021. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including: i) the effective date of GASB No. 87 and Implementation Guide No. 2019-3; ii) reporting of intraentity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit plan; iii) the applicability of GASB No. 73 and 74; iv) the applicability of certain requirements of GASB No. 84; v) measurement of liability and assets related to asset retirement obligations in a government acquisition; vi) reporting by public entity risk pools for amounts that are recoverable from reinsurance or excess insurers; vii) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and viii) terminology used to refer to derivative instruments. This Statement will enhance comparability in the application of accounting and financial reporting requirements. Comparable reporting will improve the usefulness of information for users of state and local government financial statements.

C. Basis of Presentation - Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. 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.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements:

Fund Financial Statements

The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from the issuance of debt or by reservation of fund balance that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Additionally, the government reports the following fund types:

The Fiduciary Funds are used to account for resources legally held by the District in a trust for State unemployment insurance claims and Length of Service Award Program activities. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of their resources be preserved as capital.

Reclassifications

Certain reclassifications may have been made to the December 31, 2018 balance to conform to the December 31, 2019 presentation.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are 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. However, expenditures related to compensated absences are recorded only when payment is due.

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

Amounts reported as program revenues include 1) charges 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.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end. During 2019 the original budget was increased by \$8,250 as a result of reappropriation of prior year general fund encumbrances.

F. 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.

G. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources 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. All 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. (See Note 2)

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

2. *Inventories and Prepaid Items:*

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

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

3. Capital Assets:

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

Construction in progress is not depreciated. Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	40
Fire Trucks	25
Other Vehicles	5
Equipment	5

4. Deferred Outflows/Inflows of Resources

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

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

5. Pensions

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

6. Net Position/Fund Balance

Government-Wide Statements

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

- **Investment in capital assets** – consists of the cost of capital assets less accumulated depreciation.
- **Restricted net position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – any portion of net position not already classified as either investment in capital assets or net position – restricted is classified as net position – unrestricted.

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 have been depleted before unrestricted – net position is applied.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District’s fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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

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

Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2020 District budget certified for taxes.

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Revenues and Expenditures

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, investment earnings and miscellaneous revenues.

2. *Fire District Taxes*

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

3. *Revenues and Expenditures*

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

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The District's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), 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 or NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2019, the book value of the District's deposits was \$1,769,353 and the bank balance of the District's deposits was \$1,782,110. Of the bank balances \$250,000 was covered by FDIC and \$1,532,110 was covered by GUDPA.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash 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, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the District or bonds or other obligations of the local unit or units within which the district is located, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); 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, 2019, the District had the following investments:

	Fair Value (Unaudited)
<u>2019</u>	
Length of Service Award Program	\$ <u>470,354</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, 2019, \$470,354 of the District's investments was exposed to custodial credit risk as follows:

	Fair Value (Unaudited)
<u>2019</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the District's name	\$ <u>470,354</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 and N.J.A.C. 5:30-14.19). The District does not have an investment policy that would further limit its investment choices. As of December 31, 2019, the District's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services.

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 Group. These investments are 100% of the District's total investments.

Investments are stated at fair value.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets

Capital asset activity for the calendar year ended December 31, 2019 was as follows:

	<u>Balance January 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance December 31, 2019</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Construction In Progress	52,659	-	-	\$ (29,835)	\$ 22,824
Total Capital Assets, Not Being Depreciated	52,659	-	-	(29,835)	22,824
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	\$ 1,097,219			\$ 29,835	1,127,054
Vehicles	3,293,636		\$ (35,000)		3,258,636
Equipment	122,103	\$ 30,213	(34,003)	-	118,313
Total Capital Assets, Being Depreciated	4,512,958	30,213	(69,003)	29,835	4,504,003
Accumulated Depreciation For:					
Buildings and Building Improvements	(616,130)	(28,176)			(644,306)
Vehicles	(1,528,097)	(115,314)	35,000		(1,608,411)
Equipment	(102,238)	(8,647)	34,003	-	(76,882)
Total Accumulated Depreciation	(2,246,465)	(152,137)	69,003	-	(2,329,599)
Total Capital Assets, Being Depreciated, Net	2,266,493	(121,924)	-	29,835	2,174,404
Governmental Activities Capital Assets, Net	<u>\$ 2,319,152</u>	<u>\$ (121,924)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,197,228</u>

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets (Continued)

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

Cost of Operations and Maintenance	<u>\$152,137</u>
------------------------------------	------------------

C. Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Net Pension Liability	\$ 186,943	\$ -	\$ 73,613	\$ 113,330
Total Long-Term Liabilities	<u>\$ 186,943</u>	<u>\$ -</u>	<u>\$ 73,613</u>	<u>\$ 113,330</u>

NOTE 3 OTHER INFORMATION

A. Employee Retirement Systems and Pension Plans

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 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 3 OTHER INFORMATION (Continued)

A. Employee Retirement Systems and Pension Plans

The following represents the membership tiers for PERS:

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

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those District employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

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 respective system, but is 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.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 3 OTHER INFORMATION (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the retirement system are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which was rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 PERS actuarial valuation, the actuarial assumptions and methods used in the valuation was described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension system selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 3 OTHER INFORMATION (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2019 based on 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee’s annual compensation.

For PERS, which is a cost sharing multi-employer defined benefit pension plans, employers’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the District for 2019 were equal to the required contributions.

During the years ended December 31, 2019, 2018 and 2017, 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</u> <u>December 31</u>	<u>PERS</u>	<u>DCRP</u>
2019	\$ 9,444	\$ 2,855
2018	11,497	2,160
2017	10,887	1,780

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

The regulatory basis of accounting requires participating employers in PERS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2019, the District reported a liability of \$113,330, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District’s proportionate share of the net pension liability was based on the ratio of the District’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2019, the District’s proportionate share was 0.00062 percent, which was a decrease of 0.00033 percent from its proportionate share measured as of June 30, 2018 of 0.00095 percent.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 3 OTHER INFORMATION (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2019, the pension system has determined the District's pension (benefit)/expense to be \$(17,276) for PERS based on the actuarial valuations which is less than the actual contributions reported in the District's financial statements of \$9,444. At December 31, 2019, the District's deferred outflows of resources and deferred inflows of resources related to PERS are from the following sources:

	2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 2,034	\$ 501
Changes of Assumptions	11,316	39,337
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,789
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>3,974</u>	<u>101,064</u>
Total	<u>\$ 17,324</u>	<u>\$ 142,691</u>

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (22,837)
2021	(38,400)
2022	(37,171)
2023	(24,096)
2024	(2,863)
Thereafter	<u>-</u>
	<u>\$ (125,367)</u>

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 3 OTHER INFORMATION (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00%
	Based on Years of Service
Thereafter	3.00%-7.00%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2019.

The actuarial assumptions used in the July 1, 2018 valuation was based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 3 OTHER INFORMATION (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019, as reported for the years ended December 31, 2019 and 2018, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	6.28%

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 3 OTHER INFORMATION (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement dates of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability as of December 31, 2019 calculated using the discount rate of 6.28%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.28% or 1-percentage-point higher 7.28% than the current rate:

	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
<u>2019</u>			
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 143,154</u>	<u>\$ 113,330</u>	<u>\$ 88,199</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at December 31, 2019. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2019**

NOTE 3 OTHER INFORMATION (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

B. Risk Management

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

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

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 year:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ -	\$ 479	\$ 198	\$ 16,340
2018	-	980	229	16,059
2017	-	360	123	15,308

C. Fund Balance Appropriated

General Fund – Of the \$977,110 General Fund fund balance at December 31, 2019, \$8,400 is designated for encumbrances, \$198,636 has been appropriated for tax relief and included in the 2020 budget and \$770,074 is unassigned.

Capital Projects Fund – Of the \$702,467 Capital Projects Fund fund balance at December 31, 2019, \$702,467 is restricted for capital projects.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 4 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 of Fire District No. 11 contributed \$1,742 per eligible volunteer into the Program, based on the annual accumulated points of each member for the year ended December 31, 2019. The total District contribution was \$22,646 for 2019.

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.

Volunteer Firemen's Insurance Service Inc. (VFIS) is the administrator of the Program. The District's practical involvement in administering the Program is essentially limited to verifying the eligibility of each participant and remitting the funds to the Program administrator.

Reporting Requirements

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

NOTE 5 TAX ABATEMENTS

For the year ended December 31, 2019, the Township of Woodbridge provided property tax abatements through the Long Term Tax Exemption Law (the "LTTE Law") to the certain properties within the District.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019**

NOTE 5 TAX ABATEMENTS (Continued)

The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being “in need of redevelopment”. These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area “in need of redevelopment”. Upon adopting the planning board’s recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the year ended December 31, 2019 the Township abated District property taxes in the District totaling \$49,871 under the LTTE program. The Township received \$37,268 in PILOT payments under this program for the year ended December 31, 2019.

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the District) (the “COVID-19 Crisis”). On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, has also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies and significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. Recently, the United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the District has instituted necessary precautions and procedures, so as to allow the District to continue to provide services during this time. The District is functioning administratively, and it continues to operate both remotely and on-site, where safe and practicable. The District will continue to collect property taxes and other revenues. At this time, it is not possible to predict any other financial impacts as a result of this pandemic on the District’s operations; however, such amounts, if any, could be material.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Miscellaneous Revenues:					
Other Revenue:					
Interest on Investments	\$ 12,500		\$ 12,500	\$ 13,180	\$ 680
Miscellaneous	1,000	\$ -	1,000	3,953	2,953
	<u>13,500</u>	<u>-</u>	<u>13,500</u>	<u>17,133</u>	<u>3,633</u>
Operating Grant Revenue:					
Supplemental Fire Services Program	-	-	-	14,591	14,591
Miscellaneous Revenues					
Offset With Appropriations:					
Uniform Fire Safety Act	5,000	-	5,000	2,318	(2,682)
Amount to be Raised by Taxation to Support the District Budget	<u>1,182,202</u>	<u>-</u>	<u>1,182,202</u>	<u>1,182,202</u>	<u>-</u>
Total Revenues	<u>1,200,702</u>	<u>-</u>	<u>1,200,702</u>	<u>1,216,244</u>	<u>15,542</u>
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Commissioners	51,250		51,250	51,250	-
Clerk	3,717		3,717	3,717	
Business Administrator	20,808		20,808	19,074	1,734
Bookkeeper	20,808	-	20,808	20,808	-
Total Salaries and Wages	<u>96,583</u>	<u>-</u>	<u>96,583</u>	<u>94,849</u>	<u>1,734</u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Fringe Benefits	\$ 25,915	-	\$ 25,915	\$ 18,594	\$ 7,321
Other Expenses:					
Professional Services	35,500	\$ 8,250	43,750	17,199	26,551
Advertising	4,000		4,000	1,384	2,616
Elections	3,500		3,500	3,492	8
Travel Expenses	1,000		1,000		1,000
Memberships, Dues and Subscriptions	1,200		1,200	445	755
Office Supplies and Postage	21,500	3,500	25,000	23,224	1,776
Total Other Expenses	66,700	11,750	78,450	45,744	32,706
Total Administration	189,198	11,750	200,948	159,187	41,761
Cost of Operations and Maintenance:					
Salaries and Wages:					
Chief Fire Official	19,310	(19,310)	-		-
Fire Inspector	7,950	(7,950)			
Engineer	600	-	600	600	
Maintenance Repair	3,269	-	3,269	3,269	-
Per Diem Firefighters	215,000	-	215,000	215,640	(640)
Housemen	4,095	-	4,095	4,095	-
Total Salaries and Wages	250,224	(27,260)	222,964	223,604	(640)
Fringe Benefits	92,634	-	92,634	43,836	48,798

Continued

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES: (Continued)					
Cost of Operations and Maintenance: (Continued)					
Other Expenses:					
Fire Hydrants	\$ 231,000		\$ 231,000	\$ 230,056	\$ 944
Insurance	49,500		49,500	46,853	2,647
Contracted Services :					
Joint Board	6,500		6,500	6,000	500
Township Radio Maintenance	20,000		20,000	20,000	
Joint Dispatch	76,000		76,000	75,075	925
Fire Company	52,000		52,000	52,000	
Training and Education	39,000	\$ (17,000)	22,000	17,680	4,320
Other Operating Materials and Supplies	88,000		88,000	68,726	19,274
Utilities	59,200		59,200	42,547	16,653
Maintenance and Repairs	243,500		243,500	113,437	130,063
Total Other Expenses	<u>864,700</u>	<u>(17,000)</u>	<u>847,700</u>	<u>672,374</u>	<u>175,326</u>
Total Cost of Operations and Maintenance	<u>1,207,558</u>	<u>(44,260)</u>	<u>1,163,298</u>	<u>939,814</u>	<u>223,484</u>
Operating Appropriations Offset With Revenues:					
Uniform Fire Safety:					
Salaries and Wages:					
Fire Official		19,310	19,310	21,044	(1,734)
Fire Inspector		7,950	7,950	7,950	-
Total Salaries and Wages	<u>-</u>	<u>27,260</u>	<u>27,260</u>	<u>28,994</u>	<u>(1,734)</u>
Fringe Benefits		-	-	5,684	(5,684)

Continued

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES: (Continued)					
Operating Appropriations Offset With Revenues:					
Uniform Fire Safety Act:					
Other Expenses:					
Office Expenses	\$ 2,500		\$ 2,500	\$ 1,850	\$ 650
Supplies and Material	2,000		2,000	525	1,475
Training	500	500	1,000		1,000
Fire Prevention Education		10,000	10,000	2,077	7,923
Equipment		3,000	3,000	860	2,140
	<u>5,000</u>	<u>13,500</u>	<u>18,500</u>	<u>5,312</u>	<u>13,188</u>
Total Other Expenses					
Total Uniform Fire Safety Act	<u>5,000</u>	<u>40,760</u>	<u>45,760</u>	<u>39,990</u>	<u>5,770</u>
Length of Service Award Program	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>22,646</u>	<u>17,354</u>
Total Expenditures	<u>1,441,756</u>	<u>8,250</u>	<u>1,450,006</u>	<u>1,161,637</u>	<u>288,369</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(241,054)	(8,250)	(249,304)	54,607	303,911
Fund Balance, Beginning of Year	<u>922,503</u>	<u>-</u>	<u>922,503</u>	<u>922,503</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 681,449</u>	<u>\$ (8,250)</u>	<u>\$ 673,199</u>	<u>\$ 977,110</u>	<u>\$ 303,911</u>
Assigned					
Year End Encumbrances				\$ 8,400	
Designated for Subsequent Year's Expenditures				198,636	
Unassigned				<u>770,074</u>	
Total Fund Balances				<u>\$ 977,110</u>	

REQUIRED SUPPLEMENTARY INFORMATION

PART III

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Seven Fiscal Years *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Position Liability (Asset)	0.00062 %	0.00095 %	0.00124 %	0.00123 %	0.00119 %	0.00117 %	0.00115 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 113,330</u>	<u>\$ 186,943</u>	<u>\$ 288,897</u>	<u>\$ 362,952</u>	<u>\$ 268,938</u>	<u>\$ 219,367</u>	<u>\$ 220,066</u>
District's Covered Payroll	<u>\$ 45,346</u>	<u>\$ 50,912</u>	<u>\$ 73,111</u>	<u>\$ 88,966</u>	<u>\$ 87,220</u>	<u>\$ 85,506</u>	<u>\$ 79,451</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	250%	367%	395%	408%	308%	257%	277%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

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

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Seven Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily Required Contribution	\$ 9,444	\$ 11,497	\$ 10,877	\$ 10,300	\$ 9,659	\$ 8,676	\$ 8,731
Contributions in Relation to the Statutorily Required Contributions	<u>9,444</u>	<u>11,497</u>	<u>10,877</u>	<u>10,300</u>	<u>9,659</u>	<u>8,676</u>	<u>8,731</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 45,996</u>	<u>\$ 45,342</u>	<u>\$ 61,254</u>	<u>\$ 88,966</u>	<u>\$ 87,220</u>	<u>\$ 85,506</u>	<u>\$ 79,451</u>
Contributions as a Percentage of Covered Payroll	20.53%	25.36%	17.76%	11.58%	11.07%	10.15%	10.99%

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

Change of Benefit Terms: None.

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

GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR’S REPORT

Board of Fire Commissioners
Woodbridge Township Fire District No. 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; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodbridge Township Fire District No. 11 as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Woodbridge Township Fire District No. 11’s basic financial statements and have issued our report thereon dated July 6, 2020. Our report on the financial statements was modified because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Woodbridge Township Fire District No. 11’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a significant deficiency.

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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2019-001.

We also noted a certain matter that is not required to be reported under Government Auditing Standards that we reported to management of the Woodbridge Township Fire District No. 11 in the section of this report of audit entitled "General Comments and Recommendations".

Woodbridge Township Fire District No. 11's Response to Finding

The Woodbridge Township Fire District No. 11's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Woodbridge Township Fire District No. 11's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
Registered Municipal Accountants

Fair Lawn, New Jersey
July 6, 2020

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

Part 1 – Summary of Auditors' Results

Financial Statements Section

Type of auditors' report issued on financial statements	<u>Modified - Unaudited LOSAP</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	___ yes	___ <u>X</u> no
2) Significant Deficiency(ies) identified that are not considered to be material weakness(es)?	___ <u>X</u> yes	___ none reported
Noncompliance material to basic financial statements noted?	___ <u>X</u> yes	___ no

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2019-001:

Our audit of expenditures noted that certain vouchers did not contain an executed “Claimant’s Certification and Declaration”.

Criteria or Specific Requirements:

N.J.S.A. 40A:5-16 “Local unit, requirements for paying out moneys”

Condition:

The District did not comply with N.J.S.A. 40A:5-16

Questioned Costs:

None.

Context:

A random sample of twenty five (25) paid vouchers indicated twenty one (21) vouchers did contain an executed “Claimant’s Certification and Declaration”.

Effect:

Not Applicable.

Cause:

Unknown.

Recommendation:

An executed “Claimant’s Certification and Declaration” be obtained on all vouchers prior to payment.

Management’s Response

Management is reviewing its procedures relating to obtaining a “Claimant’s Certification and Declaration” prior to payments being made.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

This section identifies that status of prior-year findings related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Status of Prior Year Findings

There were none.

STATISTICAL INFORMATION

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>
2019	\$ 323,999,600	\$ 1,282,202	\$ 0.396
2018	321,240,400	1,263,253	0.393
2017	315,869,600	1,238,483	0.392
2016	314,564,700	1,214,199	0.386
2015	310,289,400	1,214,199	0.391

General Fund - 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>
2019	\$ 770,074	\$ 198,636
2018	673,199	241,054
2017	695,723	230,777
2016	563,544	269,592
2015	581,137	187,034

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Current Year

The audit indicated that the reserve for payroll liabilities maintained in the General Fund includes an excess unallocated balance of approximately \$6,800. It is recommended the excess balance in the reserve for payroll liabilities be reviewed and cleared of record.

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

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

If the District has a purchasing agent who is qualified pursuant to subsection b. of Section 9 of P.L. 1971, c.198 (C.40A:11-9), the District may establish the bid threshold up to a maximum of \$40,000. The District has entered into a shared service agreement with the Township of Woodbridge to utilize the Township's Qualified Purchasing Agent (QPA). The bid threshold approved for the Township's QPA is \$40,000.

The Governing Body of the District has the responsibility of determining whether the expenditures in any category will exceed \$40,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the District Attorney's opinion should be sought before a commitment is made.

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

Suggestions to Management

The capital assets schedule reflects all current year additions and deletions.

RECOMMENDATIONS

It is recommended that:

- * 1. An executed "Claimant's Certification and Declaration" be obtained on all vouchers prior to payment.

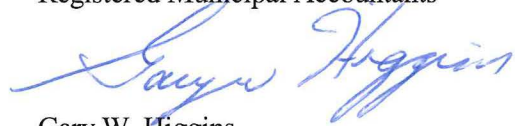
- 2. The excess balance in the reserve for payroll liabilities be reviewed and cleared of record.

Status of Prior Year Recommendations

A review was performed on all prior year's recommendations and corrective action was not taken on the prior year's recommendations except those denoted with an asterisk (*).



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405