

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**

**ISELIN, NEW JERSEY**

**REPORT OF AUDIT**

**YEAR ENDED DECEMBER 31, 2015**

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DECEMBER 31, 2015**

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**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
ROSTER OF OFFICIALS  
DECEMBER 31, 2015**

**Board of Fire Commissioners**

Steven Freeman, President

Roy Sandklev, Vice President

Ronald Lisoski, Secretary

Joseph Rischak, Financial Secretary

John Trela, Treasurer

**Other Officials**

Helge Nordtveit, Chief Fire Official - Local Enforcing Agency

Richard M. Braslow, Attorney



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the Woodbridge Township Fire District No. 11 as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Woodbridge Township Fire District No. 11's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

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

The financial statements of the Length of Service Award Program (LOSAP) 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 96 percent of the assets and liabilities of the District's Fiduciary Funds as of December 31, 2015.

### ***Qualified Opinion***

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we audited the financial activities of the Length of Service Award Program Trust Fund, as described in the "Basis for Qualified Opinion" paragraph above, the financial statements referred to above present fairly, in all material respects, the financial position of the Woodbridge Township Fire District No. 11 as of December 31, 2015, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

#### ***Adoption of New Accounting Pronouncement***

As discussed in Note 1 to the financial statements, in the year ended December 31, 2015, the Woodbridge Township Fire District No. 11 adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

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

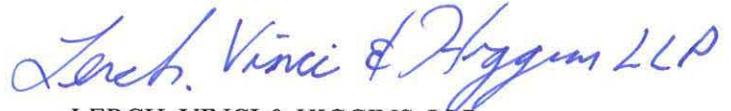
#### ***Other Information***

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated May 25, 2016 on our consideration of the Woodbridge Township Fire District No. 11's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Woodbridge Township Fire District No. 11's internal control over financial reporting and compliance.



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

Fair Lawn, New Jersey  
May 25, 2016

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART 1**

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and 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 2015 are as follows:

In total, net position increased \$157,438 from 2014.

General revenues accounted for \$1,249,688 or 99 percent of all revenues. Program specific revenues accounted for \$8,348 or 1 percent of total revenues of \$1,258,036.

Total assets of governmental activities increased by \$171,819 as cash and cash equivalents decreased by \$249,143 and net capital assets increased by \$420,962.

The District had \$1,100,598 in expenses; only \$8,348 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$1,249,688 were adequate to provide for these programs.

Among governmental funds, the General Fund had \$1,058,036 in revenues and \$1,012,090 in expenditures. The General Fund's fund balance increased \$45,946 over 2014.

**Using this Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Woodbridge Township Fire District No. 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**

	<u>Government-wide Statements</u>	<u>Fund Financial Statements Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Instances in which the district administers resources on behalf of someone else
Required financial statements	•Statement of net 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 2015?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows/inflows of resources and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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

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

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

**Governmental Funds**

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

**Notes to the Financial Statements**

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

**The District as a Whole**

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

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

	Governmental Activities		Percentage Change 2014-2015
	<u>2015</u>	<u>2014</u>	
Current and Other Assets	\$ 1,245,498	\$ 1,494,641	(16.67)%
Capital Assets			
Not Being Depreciated	550,426	657,432	(16.28)%
Being Depreciated, net	2,125,519	1,597,551	33.05%
Total Assets	3,921,443	3,749,624	4.58%
Deferred Amounts on Net Pension Liability	42,153	10,160	314.89%
Total Deferred Outflows of Resources	42,153	10,160	314.89%
Other Liabilities	233,912	228,360	2.43%
Non Current Liabilities	268,938	219,367	22.60%
Total Liabilities	502,850	447,727	12.31%
Deferred Amounts on Net Pension Liability	4,324	13,073	(66.92)%
Total Deferred Inflows of Resources	4,324	13,073	(66.92)%
Net Assets:			
Net Investment in Capital Assets	2,675,945	2,254,983	18.67%
Restricted	202,467	502,467	(59.71)%
Unrestricted	578,010	541,534	6.74%
Total Net Assets	\$ 3,456,422	\$ 3,298,984	4.77%

Effective for the year ended December 31, 2015, the District implemented the new accounting guidance GASB Statement No. 68 "Accounting and Financial Reporting for Pensions". As a result, the financial statements reflect the District's proportionate share of the Public Employees Retirement System's net pension liability and related deferred outflows of resources and deferred inflows of resources of this cost-sharing multi-employer defined benefit pension plan sponsored and administered by the State of New Jersey. The effect of implementing GASB Statement No. 68 was a reduction in the District's unrestricted net position of \$241,408 as of December 31, 2015 and \$231,939 as of December 31, 2014.

**Table A-2**

**Changes in Net Position**

	Governmental Activities		Percentage Change 2015-2014
	2015	2014	
<b>REVENUES:</b>			
<b>Program Revenues:</b>			
Charges for Services	\$ 2,211	\$ 5,399	(59.05)%
Operating Grants and Contributions	6,137	8,297	(26.03)%
<b>General Revenues:</b>			
Property Taxes	1,214,199	1,214,199	0.00%
Other	35,489	40,302	(11.94)%
<b>Total Revenues</b>	<b>1,258,036</b>	<b>1,268,197</b>	<b>(0.80)%</b>
<b>EXPENSES:</b>			
Administration	137,176	123,203	11.34%
Cost of Operations and Maintenance	963,422	865,995	11.25%
<b>Total Expenses</b>	<b>1,100,598</b>	<b>989,198</b>	<b>11.26%</b>
<b>Change in Net Position</b>	<b>157,438</b>	<b>278,999</b>	<b>(43.57)%</b>
Net Position, Beginning of Year	3,298,984	3,251,924	1.45%
Prior Period Adjustment		(231,939)	
<b>Net Position, End of Year</b>	<b>\$ 3,456,422</b>	<b>\$ 3,298,984</b>	<b>4.77%</b>

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District operations. Property taxes made up 96.5% and 95.7% of revenues for governmental activities for Woodbridge Township Fire District No. 11 for 2015 and 2014, respectively. The District's total revenues were \$1,258,036 and \$1,268,197 for the years ended December 31, 2015 and 2014, respectively. Charges for services accounted for .2% and .4% of revenues, operating grants and contributing .5% and .7% of revenue and miscellaneous revenue accounted for 2.8% and 3.2% for the years ended December 31, 2015 and 2014, respectively.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. 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 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Administration	\$ 137,176	\$ 137,176	\$ 123,203	\$ 123,203
Cost of Operations and Maintenance	963,422	955,074	865,995	852,299
<b>Total Expenses</b>	<b>\$ 1,100,598</b>	<b>\$ 1,092,250</b>	<b>\$ 989,198</b>	<b>\$ 975,502</b>

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 \$1,258,036 and \$1,268,197 and expenditures were \$1,512,090 and \$1,519,400 for the years ended December 31, 2015 and 2014, respectively. The change in fund balance for 2015 in the general fund was an increase of \$45,946 and a decrease of \$300,000 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, 2015 and 2014, and the amount of increases and decreases in relation to prior year amounts.

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

Revenues:	2015	2014	Increase (Decrease) from 2014	Percent of Increase (Decrease)
Local Sources:				
Miscellaneous Revenue	\$ 43,837	\$ 53,998	\$ (10,161)	(18.82)%
Property Tax Levy	1,214,199	1,214,199	-	0.00%
Total	\$ 1,258,036	\$ 1,268,197	\$ (10,161)	(0.80)%

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

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

Expenditures:	2015	2014	Increase (Decrease) from 2014	Percent of Increase (Decrease)
Administration	\$ 131,840	\$ 123,203	\$ 8,637	7.01%
Cost of Operations and Maintenance	808,543	731,047	77,496	10.60%
Capital Outlay	571,707	665,150	(93,443)	(14.05)%
Total	\$ 1,512,090	\$ 1,519,400	\$ (7,310)	(0.48)%

## Capital Assets

At the end of the year 2015, the District had \$2,675,945 invested, net of accumulated depreciation, in construction in progress, buildings and improvements, vehicles and equipment. Table 6 shows 2015 and 2014 balances and the amount of increases and decreases in relation to prior year amounts.

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

	Governmental Activities		Increase (Decrease) from 2014	Percent of Increase (Decrease)
	2015	2014		
Construction In Progress	\$ 550,426	\$ 657,432	\$ (107,006)	(16.28)%
Buildings and Building Improvements	494,882	496,840	(1,958)	(0.39)%
Vehicles	1,607,804	1,059,962	547,842	51.69%
Equipment	22,833	40,749	(17,916)	(43.97)%
<b>Total</b>	<b>\$ 2,675,945</b>	<b>\$ 2,254,983</b>	<b>\$ 420,962</b>	<b>18.67%</b>

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

**Debt Administration**

At December 31, 2015 the District had \$268,938 and \$219,367 for net pension liability, respectively.

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

	2015	2014	Increase (Decrease) from 2014	Percent of Increase (Decrease)
Net Pension Liability	\$ 268,938	\$ 219,367	\$ 49,571	22.60%
<b>Total</b>	<b>\$ 268,938</b>	<b>\$ 219,367</b>	<b>\$ 49,571</b>	<b>22.60%</b>

**For the Future**

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

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

**Contacting the District's Financial Management**

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

**FINANCIAL STATEMENTS**

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Statement of Net Position**  
**As of December 31, 2015**

	<u>Governmental Activities</u>	<u>Total</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,245,498	\$ 1,245,498
Capital Assets		
Not Being Depreciated	550,426	550,426
Being Depreciated, net	<u>2,125,519</u>	<u>2,125,519</u>
Total Assets	<u>3,921,443</u>	<u>3,921,443</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Amounts on Net Pension Liability	<u>42,153</u>	<u>42,153</u>
Total Deferred Outflows of Resources	<u>42,153</u>	<u>42,153</u>
Total Assets and Deferred Outflows of Resources	<u>3,963,596</u>	<u>3,963,596</u>
<b>LIABILITIES</b>		
Accounts and Contracts Payable	223,612	223,612
Accrued Pension Obligation	10,300	10,300
Noncurrent Liabilities		
Due Beyond One Year	<u>268,938</u>	<u>268,938</u>
Total Liabilities	<u>502,850</u>	<u>502,850</u>
<b>DEFERRED INTFLOWS OF RESOURCES</b>		
Deferred Amounts on Net Pension Liability	<u>4,324</u>	<u>4,324</u>
Total Deferred Inflows of Resources	<u>4,324</u>	<u>4,324</u>
Total Liabilities and Deferred Inflows of Resources	<u>507,174</u>	<u>507,174</u>
<b>NET POSITION</b>		
Investment in Capital Assets	2,675,945	2,675,945
Restricted For:		
Capital Projects	202,467	202,467
Unrestricted	<u>578,010</u>	<u>578,010</u>
Total Net Position	<u>\$ 3,456,422</u>	<u>\$ 3,456,422</u>

See accompanying Notes to the Financial Statements.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

<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	\$ 137,176				\$ (137,176)	\$ (137,176)
Cost of Operations and Maintenance	963,422	\$ 2,211	\$ 6,137	-	(955,074)	(955,074)
Total Governmental Activities	1,100,598	2,211	6,137	-	(1,092,250)	(1,092,250)
Total Primary Government	\$ 1,100,598	\$ 2,211	\$ 6,137	\$ -	(1,092,250)	(1,092,250)
General Revenues:						
					1,214,199	1,214,199
					35,489	35,489
					1,249,688	1,249,688
					157,438	157,438
					3,298,984	3,298,984
					\$ 3,456,422	\$ 3,456,422

See accompanying Notes to the Financial Statements.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Balance Sheet**  
**Governmental Funds**  
**As of December 31, 2015**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Assets:			
Cash and Cash Equivalents	\$ 966,715	\$ 278,783	\$ 1,245,498
<b>TOTAL ASSETS</b>	<u>\$ 966,715</u>	<u>\$ 278,783</u>	<u>\$ 1,245,498</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 114,622		\$ 114,622
Contracts Payable	<u>32,674</u>	<u>\$ 76,316</u>	<u>108,990</u>
Total Liabilities	<u>147,296</u>	<u>76,316</u>	<u>223,612</u>
Fund Balances:			
Restricted			
Capital Projects		202,467	202,467
Assigned			
Year End Encumbrances	51,248		51,248
Designated for Subsequent Year's Expenditures	187,034		187,034
Unassigned	<u>581,137</u>		<u>581,137</u>
Total Fund Balances	<u>819,419</u>	<u>202,467</u>	1,021,886
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 966,715</u>	<u>\$ 278,783</u>	

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Balance Sheet**  
**Governmental Funds**  
**As of December 31, 2015**

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 \$4,566,094 and the Accumulated Depreciation is \$1,890,149.

\$ 2,675,945

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

(10,300)

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	\$	42,153	
Deferred Inflows of Resources		<u>(4,324)</u>	

37,829

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>(268,938)</u>	
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(268,938)

Net Position of Governmental Activities

\$ 3,456,422

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, 2015**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>			
Miscellaneous Revenues	\$ 43,837		\$ 43,837
Property Tax Levy	<u>1,014,199</u>	<u>\$ 200,000</u>	<u>1,214,199</u>
<b>Total Revenues</b>	<u>1,058,036</u>	<u>200,000</u>	<u>1,258,036</u>
<b>EXPENDITURES:</b>			
Administration	131,840		131,840
Cost of Operations and Maintenance	808,543		808,543
Capital Outlay	<u>71,707</u>	<u>500,000</u>	<u>571,707</u>
<b>Total Expenditures</b>	<u>1,012,090</u>	<u>500,000</u>	<u>1,512,090</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>45,946</u>	<u>(300,000)</u>	<u>(254,054)</u>
<b>Net Change in Fund Balances</b>	45,946	(300,000)	(254,054)
Fund Balance, Beginning of Year	<u>773,473</u>	<u>502,467</u>	<u>1,275,940</u>
<b>Fund Balance, End of Year</b>	<u>\$ 819,419</u>	<u>\$ 202,467</u>	<u>\$ 1,021,886</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, 2015**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (254,054)

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 capital outlay exceeded depreciation in the period.

	\$	571,707	
Capital Outlay			
Depreciation Expense		<u>(150,745)</u>	
			420,962

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>(9,470)</u>	
Increase in Pension Expense			
			<u>(9,470)</u>

Change in Net Position of Governmental Activities \$ 157,438

See accompanying Notes to the Financial Statements.

**WOODBRIAGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**As of December 31, 2015**

	<u>Unemployment Compensation</u>	<u>Length of Service Award Program (LOSAP) (Unaudited)</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 14,617	
Investments with Fiscal Agents		\$ 361,670
Accounts Receivable	-	25,035
<b>TOTAL CURRENT ASSETS</b>	<u>14,617</u>	<u>386,705</u>
<b>LIABILITIES</b>		
Accounts Payable	-	375
<b>Total Liabilities</b>	<u>-</u>	<u>375</u>
<b>NET POSITION</b>		
Held in Trust For:		
Unemployment Claims	14,617	
LOSAP	-	386,330
<b>TOTAL NET POSITION</b>	<u>\$ 14,617</u>	<u>\$ 386,330</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, 2015**

	<u>Unemployment Compensation</u>	<u>Length of Service Award Program (LOSAP) (Unaudited)</u>
<b>ADDITIONS</b>		
Contributions:		
Employee Contributions	\$ 648	
District Contributions	<u>-</u>	<u>\$ 25,035</u>
Total Contributions	<u>648</u>	<u>25,035</u>
Investment Earnings:		
Interest	<u>-</u>	<u>11,826</u>
Net Investment Earnings	<u>-</u>	<u>11,826</u>
Total Additions	<u>648</u>	<u>36,861</u>
<b>DEDUCTIONS</b>		
Administrative Fee		375
Unemployment Claims	<u>98</u>	<u></u>
Total Deductions	<u>98</u>	<u>375</u>
Change in Net Position	550	36,486
Net Position - Beginning of Year	<u>14,067</u>	<u>349,844</u>
Net Position - End of Year	<u>\$ 14,617</u>	<u>\$ 386,330</u>

See accompanying Notes to the Financial Statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**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 years 2015 and 2014, the Agency adopted the following GASB statements:

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

**B. New Accounting Standards (Continued)**

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

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

**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.

**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, 2014 balance to conform to the December 31, 2015 presentation.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

**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.

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

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

**E. Budgets/Budgetary Control**

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end. During 2015 the original budget was increased by \$77,773 as a result of reappropriation of prior year general fund encumbrances.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

**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 Expenses:***

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

**3. *Capital Assets:***

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

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

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**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: (Continued)**

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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the 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. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the 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 and proportionate share of contributions.

**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.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**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 2016 District budget certified for taxes.

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015, the book value of the District's deposits was \$1,260,115 and the bank balance of the District's deposits was \$1,275,823. Of the bank balances \$250,000 was covered by FDIC and \$1,025,823 was covered by GUDPA.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2015**

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

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

	Fair Value (Unaudited)
<b><u>2015</u></b>	
Length of Service Award Program	\$ <u>361,670</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, 2015, \$361,670 of the District's investments was exposed to custodial credit risk as follows:

	Fair Value (Unaudited)
<b><u>2015</u></b>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the District's name	\$ <u>361,670</u>

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

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

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

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

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Capital Assets**

Capital asset activity for the calendar year ended December 31, 2015 was as follows:

	<u>Balance January 1, 2015</u>	<u>Increases</u>	<u>Transfers</u>	<u>Balance December 31, 2015</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction In Progress	\$ 657,432	\$ 550,426	\$ (657,432)	\$ 550,426
Total Capital Assets, Not Being Depreciated	<u>657,432</u>	<u>550,426</u>	<u>(657,432)</u>	<u>550,426</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	1,009,039	21,281		1,030,320
Vehicles	2,238,332		657,432	2,895,764
Equipment	<u>89,584</u>	<u>-</u>	<u>-</u>	<u>89,584</u>
Total Capital Assets, Being Depreciated	<u>3,336,955</u>	<u>21,281</u>	<u>657,432</u>	<u>4,015,668</u>
Accumulated Depreciation For:				
Buildings and Building Improvements	(512,199)	(23,239)		(535,438)
Vehicles	(1,178,370)	(109,590)		(1,287,960)
Equipment	<u>(48,835)</u>	<u>(17,916)</u>	<u>-</u>	<u>(66,751)</u>
Total Accumulated Depreciation	<u>(1,739,404)</u>	<u>(150,745)</u>	<u>-</u>	<u>(1,890,149)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,597,551</u>	<u>(129,464)</u>	<u>657,432</u>	<u>2,125,519</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,254,983</u>	<u>\$ 420,962</u>	<u>\$ -</u>	<u>\$ 2,675,945</u>

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2015**

**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>\$150,745</u>
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**C. Change in Long-Term Liabilities**

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

	<u>Beginning Balance (Restated)</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Net Pension Liability	\$ 219,367	\$ 59,871	\$ 10,300	\$ 268,938
Total Long-Term Liabilities	<u>\$ 219,367</u>	<u>\$ 59,871</u>	<u>\$ 10,300</u>	<u>\$ 268,938</u>

**NOTE 3 OTHER INFORMATION**

**A. Employee Retirement Systems and Pension Plans**

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

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.

**WOODBRIAGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 3 OTHER INFORMATION (Continued)**

**A. Employee Retirement Systems and Pension Plans (Continued)**

**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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. 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](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

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

**Investment Valuation**

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

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

**WOODBRIAGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 3 OTHER INFORMATION (Continued)**

**A. Employee Retirement Systems and Pension Plans (Continued)**

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including PERS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for and (b) changes to projected salary increases 2.15-5.40 percent based on age for PERS.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 5.50% for DCRP and 6.92 for fiscal year 2015 for PERS of employee's annual compensation.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 for PERS, which is cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2015**

**NOTE 3 OTHER INFORMATION (Continued)**

**A. Employee Retirement Systems and Pension Plans (Continued)**

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

During the years ended December 31, 2015, 2014 and 2013, the District, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts represent the actual contributions incurred by the District for each year:

<u>Year Ended</u> <u>December 31</u>	<u>PERS</u>	<u>DCRP</u>
2015	\$ 10,300	\$ 1,137
2014	9,692	1,143
2013	8,676	1,092

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

**Public Employees Retirement System (PERS)**

At December 31, 2015, the District reported in the statements of net position a liability of \$268,938 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .00119 percent, which was an increase of .0002 percent from its proportionate share measured as of June 30, 2014 of .00117 percent.

For the year ended December 31, 2015, the District recognized in the statements of revenues, expenses and changes in net position pension expense of \$19,162 for PERS. At December 31, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Difference Between Expected and Actual Experience	\$ 6,416	
Changes of Assumptions	28,882	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 4,324
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	6,855	-
Total	<u>\$ 42,153</u>	<u>\$ 4,324</u>

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015**

**NOTE 3 OTHER INFORMATION (Continued)**

**A. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

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

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 7,143
2017	7,143
2018	7,143
2019	10,412
2020	<u>5,988</u>
	<u>\$ 37,829</u>

***Actuarial Assumptions***

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

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015**

**NOTE 3 OTHER INFORMATION (Continued)**

**A. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

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

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

*Long-Term Expected Rate of Return*

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

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

*Discount Rate*

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

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015**

**NOTE 3 OTHER INFORMATION (Continued)**

**A. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

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

**PERS**

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

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease <u>(3.90%)</u></b>	<b>Current Discount Rate <u>(4.90%)</u></b>	<b>1% Increase <u>(5.90%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 334,257</u>	<u>\$ 268,938</u>	<u>\$ 214,175</u>

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

***Pension Plan Fiduciary Net Position***

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2015**

**NOTE 3 OTHER INFORMATION (Continued)**

**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>
2015	\$ -	\$ 648	\$ 98	\$ 14,617
2014	-	669	-	14,067
2013	-	397	-	13,398

**C. Fund Balance Appropriated**

**General Fund** – Of the \$819,419 General Fund fund balance at December 31, 2015, \$51,248 is designated for encumbrances, \$187,034 has been appropriated for tax relief and included in the 2016 budget and \$581,137 is unassigned.

**Capital Projects Fund** – Of the \$202,467 Capital Projects Fund fund balance at December 31, 2015, \$202,467 is restricted for capital projects.

**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.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015**

**NOTE 4 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) (UNAUDITED) (Continued)**

The Woodbridge Township of Fire District No. 11 contributed \$1,669 per eligible volunteer into the Program, based on the annual accumulated points of each member for the year ended December 31, 2015.

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

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

Reporting Requirements

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

**NOTE 5 RESTATEMENT**

On January 1, 2015, the District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The District has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended December 31, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$231,939. The result of this restatement is to reduce total net position of Governmental Activities at December 31, 2014 from \$3,530,923 as originally reported to \$3,298,984 as adjusted for the effects of the change in accounting principle.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2015**

	<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	\$ 1,000	-	\$ 1,000	\$ 1,313	\$ 313
Miscellaneous	1,000	-	1,000	34,176	33,176
	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>35,489</u>	<u>33,489</u>
Operating Grant Revenue:					
Supplemental Fire Services Program	-	-	-	6,137	6,137
Miscellaneous Revenues					
Offset With Appropriations:					
Uniform Fire Safety Act	2,000	-	2,000	2,211	211
Amount to be Raised by Taxation to Support the District Budget					
	<u>1,014,199</u>	<u>-</u>	<u>1,014,199</u>	<u>1,014,199</u>	<u>-</u>
Total Revenues	<u>1,018,199</u>	<u>-</u>	<u>1,018,199</u>	<u>1,058,036</u>	<u>39,837</u>
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Commissioners	47,350	-	47,350	47,350	-
Clerk	3,434	-	3,434	3,434	-
Bookkeeper	20,198	-	20,198	20,198	-
Total Salaries and Wages	<u>70,982</u>	<u>-</u>	<u>70,982</u>	<u>70,982</u>	<u>-</u>

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2015**  
(Continued from prior page)

	<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	\$ 12,343	-	\$ 12,343	\$ 31,787	\$ (19,444)
Other Expenses:					
Professional Services	34,200	\$ 7,800	42,000	8,274	33,726
Advertising	4,000	-	4,000	480	3,520
Elections	3,500	-	3,500	2,046	1,454
Travel Expenses	3,000	-	3,000	3,000	-
Memberships, Dues and Subscriptions	1,200	-	1,200	430	770
Office Supplies and Postage	22,300	-	22,300	14,841	7,459
Total Other Expenses	68,200	7,800	76,000	29,071	46,929
Total Administration	151,525	7,800	159,325	131,840	27,485
Cost of Operations and Maintenance:					
Salaries and Wages:					
Engineers	15,648	-	15,648	15,648	-
Maintenance and Repair	3,019	-	3,019	3,019	-
Housemen	3,783	-	3,783	3,783	-
Total Salaries and Wages	22,450	-	22,450	22,450	-
Fringe Benefits	45,638	-	45,638	10,053	35,585

Continued

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2015**  
**(Continued from prior page)**

	<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	\$ 220,000	-	\$ 220,000	\$ 216,493	\$ 3,507
Insurance	36,250	-	36,250	42,861	(6,611)
Contracted Services :					
Joint Board	10,000	-	10,000	7,500	2,500
Township Radio Maintenance				15,000	(15,000)
Joint Dispatch	75,000	-	75,000	72,524	2,476
Fire Company	112,000	-	112,000	55,880	56,120
Training and Education	22,000	-	22,000	10,793	11,207
Other Operating Materials and Supplies	80,500	\$ 41,578	122,078	84,963	37,115
Utilities	63,200	-	63,200	40,411	22,789
Maintenance and Repair	306,731	28,395	335,126	216,529	118,597
	<u>925,681</u>	<u>69,973</u>	<u>995,654</u>	<u>762,954</u>	<u>232,700</u>
Total Other Expenses					
	<u>993,769</u>	<u>69,973</u>	<u>1,063,742</u>	<u>795,457</u>	<u>268,285</u>
Operating Appropriations Offset With Revenues:					
Uniform Fire Safety Act:					
Salaries and Wages	32,527	-	32,527	32,527	-
	<u>17,378</u>	<u>-</u>	<u>17,378</u>	<u>14,566</u>	<u>2,812</u>
Fringe Benefits					

Continued

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2015**  
(Continued from prior page)

	<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	\$ 3,000	-	\$ 3,000	\$ 777	\$ 2,223
Supplies and Material	2,000	-	2,000	1,756	244
Training	1,000	-	1,000	1,296	(296)
Fire Prevention Education	10,000	-	10,000	8,836	1,164
Equipment	4,000	-	4,000		4,000
	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>12,665</u>	<u>7,335</u>
 Total Uniform Fire Safety Act	 <u>69,905</u>	 <u>-</u>	 <u>69,905</u>	 <u>59,758</u>	 <u>10,147</u>
 Length of Service Award Program	 <u>40,000</u>	 <u>-</u>	 <u>40,000</u>	 <u>25,035</u>	 <u>14,965</u>
 Total Expenditures	 <u>1,255,199</u>	 <u>\$ 77,773</u>	 <u>1,332,972</u>	 <u>1,012,090</u>	 <u>320,882</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (237,000)	 (77,773)	 (314,773)	 45,946	 360,719
 Fund Balance, Beginning of Year	 <u>773,473</u>	 <u>-</u>	 <u>773,473</u>	 <u>773,473</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ 536,473</u>	 <u>\$ (77,773)</u>	 <u>\$ 458,700</u>	 <u>\$ 819,419</u>	 <u>\$ 360,719</u>
 Assigned					
Year End Encumbrances				\$ 51,248	
Designated for Subsequent Year's Expenditures				187,034	
Unassigned				<u>581,137</u>	
 Total Fund Balances				 <u>\$ 819,419</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 Three Fiscal Years \***

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Position Liability (Asset)	0.00119 %	0.00117 %	0.00115 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 268,938</u>	<u>\$ 219,367</u>	<u>\$ 220,066</u>
District's Covered-Employee Payroll	<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-Employee Payroll	308%	257%	277%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.92%	52.08%	48.72%

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

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

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Three Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily Required Contribution	\$ 10,300	\$ 9,659	\$ 8,676
Contributions in Relation to the Statutorily Required Contributions	<u>10,300</u>	<u>9,659</u>	<u>8,676</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 87,220</u>	<u>\$ 85,506</u>	<u>\$ 79,451</u>
Contributions as a Percentage of Covered-Employee Payroll	11.81%	11.30%	10.92%

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

**WOODBIDGE 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, 2015**

**Change of Benefit Terms:** None.

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

**OTHER SUPPLEMENTARY INFORMATION**

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Comparative Balance Sheets**  
**General Fund**  
**As of December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 966,715	\$ 846,742
<b>TOTAL ASSETS</b>	<u>\$ 966,715</u>	<u>\$ 846,742</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 114,622	\$ 73,269
Contracts Payable	32,674	
<b>Total Liabilities</b>	<u>147,296</u>	<u>73,269</u>
 <b>Fund Balance:</b>		
Assigned		
Year End Encumbrances	51,248	77,773
Designated for Subsequent Year's Expenditures	187,034	237,000
Unassigned	581,137	458,700
<b>Total Fund Balance</b>	<u>819,419</u>	<u>773,473</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <u>\$ 966,715</u>	 <u>\$ 846,742</u>

**WOODBRIAGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Comparative Balance Sheets**  
**Capital Projects Fund**  
**As of December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 278,783</u>	<u>\$ 647,899</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 278,783</u></u>	<u><u>\$ 647,899</u></u>
<b>FUND BALANCE</b>		
Liabilities:		
Contracts Payable	<u>\$ 76,316</u>	<u>\$ 145,432</u>
<b>Total Liabilities</b>	<u>76,316</u>	<u>145,432</u>
Fund Balance:		
Restricted		
Capital Projects	202,467	2,467
Assigned		
Designated for Subsequent Year's Expenditures	<u>-</u>	<u>500,000</u>
<b>Total Fund Balance</b>	<u>202,467</u>	<u>502,467</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 278,783</u></u>	<u><u>\$ 647,899</u></u>

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 11**  
**Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Capital Projects Fund**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Amount to be Raised by Taxation	\$ 200,000	\$ 310,000
Total Revenues	<u>200,000</u>	<u>310,000</u>
<b>EXPENDITURES</b>		
Capital Projects	<u>500,000</u>	<u>657,432</u>
Total Expenditures	<u>500,000</u>	<u>657,432</u>
Excess of Revenues Over Expenditures	(300,000)	(347,432)
Fund Balance, Beginning of Year	<u>502,467</u>	<u>849,899</u>
Fund Balance, End of Year	<u>\$ 202,467</u>	<u>\$ 502,467</u>
<b>Recapitulation:</b>		
Restricted for Capital Projects	\$ 202,467	\$ 2,467
Designated for Subsequent Years Expenditure	<u>-</u>	<u>500,000</u>
	<u>\$ 202,467</u>	<u>\$ 502,467</u>



# 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 125  
Avenel, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Woodbridge Township Fire District No. 11, as of and for the year ended December 31, 2015, 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, and have issued our report thereon dated May 25, 2016. The financial statements of the Length of Service Award Program (LOSAP) have not been audited, and we were not required by the Division of Local Government Services to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the District's financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Internal Control over Financial Reporting

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 opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Woodbridge Township Fire District No. 11's internal control. Accordingly, we do not express an opinion on the effectiveness of the Woodbridge Township Fire District No. 11's internal control.

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

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

### **Compliance and Other Matters**

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

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

### **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  
May 25, 2016

**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>
2015	\$ 310,289,400	\$ 1,214,199	\$ 0.391
2014	309,817,900	1,214,199	0.391
2013	309,535,000	1,188,119	0.382
2012	308,642,500	1,188,772	0.386
2011	307,549,000	1,189,668	0.387

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>
2015	\$ 581,137	\$ 187,034
2014	458,700	237,000
2013	432,594	237,000
2012	458,259	238,000
2011	429,421	237,000

**GENERAL COMMENTS AND RECOMMENDATIONS**

## **GENERAL COMMENTS**

### **Repeated from Prior Year**

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

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

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

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

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

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

**RECOMMENDATIONS**

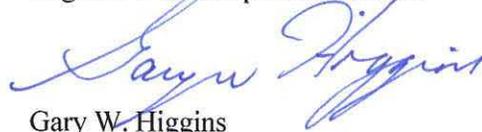
- \* It is recommended that a claimant's certification be obtained on all vouchers prior to payment.

**Status of Prior Year Recommendations**

The prior year recommendation denoted with an asterisk (\*) above is repeated from the prior year's audit.



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



Gary W. Higgins  
Registered Municipal Accountant  
RMA Number CR00405