

WOODBIDGE TOWNSHIP FIRE DISTRICT #1

Audit Report

For the Years Ended December 31, 2012 and 2011

BART & BART
Certified Public Accountants

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BART & BART CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Woodbridge Township Fire District #1
Woodbridge Township, NJ 07095

Report on the Financial Statements

We have audited the accompanying basic financial statements of the various funds of the Township Fire District #1 (the District), as of and for the years ended December 31, 2012, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. As described in Note #1, Woodbridge Fire District #1 prepares its financial statements on a modified accrual basis of accounting that demonstrates compliance with accounting principles and practices as described by the Division of Local Government Services Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' 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. 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 auditors' judgement, 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the various funds of the Woodbridge Fire District #1 at December 31, 2012 and 2011, and the results of operations for the years then ended, on a basis of accounting described in Note #1.

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Board of Fire Commissioners
Woodbridge Fire District #1

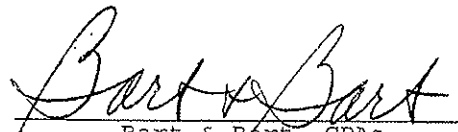
Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 and 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.


Bart & Bart, CPAs

June 12, 2013

BART & BART CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control over Financial Reporting Based on an
Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

To The Board of Fire Commissioners
Woodbridge Township Fire District #1
Woodbridge, NJ 07095

We have audited the financial statements of Woodbridge Township Fire District #1, Woodbridge Township, New Jersey, for the year ended December 31, 2011, and have issued our report thereon dated June 12, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Districts internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Districts internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 or corrected on a timely basis.

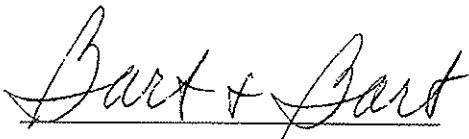
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies in internal control over financial reporting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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Board of Fire Commissioners
Woodbridge Township Fire District #1
Woodbridge, NJ 07095
Page two

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

A handwritten signature in cursive script that reads "Bart & Bart". The signature is written in dark ink and is positioned above a horizontal line.

Bart & Bart, CPA's

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2012

Unaudited

This discussion and analysis of Woodbridge Township Fire District No. 1's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the district's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2012 as compared to 2011 are as follows:

Total fund balance decreased \$78,695 from 2011. The unreserved fund balance of the District is a useful indicator of the financial health of the District. The following table shows the past 10-year history of the District's unreserved fund balance:

| <u>Fiscal Year Ended</u> | <u>End of Fiscal Year</u> | <u>Utilization in Subsequent Budget</u> |
|--------------------------|---------------------------|---|
| 12/31/12 | \$1,882,165 | \$ 898,661 |
| 12/31/11 | 1,960,860 | 1,035,463 |
| 12/31/10 | 1,628,537 | 645,000 |
| 12/31/09 | 1,214,244 | 741,200 |
| 12/31/08 | 1,367,145 | 840,000 |
| 12/31/07 | 1,261,645 | 290,000 |
| 12/31/06 | 783,491 | 260,000 |
| 12/31/05 | 758,047 | 260,000 |
| 12/31/04 | 520,339 | - |
| 12/31/03 | 267,477 | - |

Uniform Fire Safety Act revenues increased \$2,959. Earnings on investments decreased \$3,153 and miscellaneous income decreased \$91,565. District taxes decreased \$50,000. The following table shows the history of the past ten years property tax levies per \$100 of assessed valuations on property within the District:

| <u>Fiscal Year</u> | <u>Assessed Valuations</u> | <u>Total Tax Levy</u> | <u>Property Tax Rates</u> |
|--------------------|----------------------------|-----------------------|---------------------------|
| 2013 | \$717,251,400 | \$6,277,433 | .875 |
| 2012 | 727,763,000 | 6,197,859 | .855 |
| 2011 | 723,762,800 | 6,217,859 | .859 |
| 2010 | 727,763,000 | 6,292,203 | .865 |
| 2009 | 732,520,900 | 5,905,123 | .808 |
| 2008 | 756,233,606 | 5,277,330 | .748 |
| 2007 | 754,681,800 | 4,913,587 | .651 |
| 2006 | 732,142,800 | 4,572,514 | .625 |
| 2005 | 732,142,800 | 4,371,733 | .609 |
| 2004 | 733,645,600 | 3,911,373 | .533 |

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2012

Unaudited

Financial Highlights (Continued)

Total assets of the general fund increased by \$321,323 as cash and cash equivalents increased by \$300,502, receivables increased by \$21,121. Total liabilities and reserves increased by \$405,114.

The District had \$6,614,395 in expenses, an increase of \$398,716. Administration costs decreased \$30,790. Costs of operations increased \$289,087. General revenues and fund balance were adequate to provide for these expenses.

For further information, contact Mr. John Ur, E.A., clerk for the Board of Fire Commissioners, District #1, at PO Box 320, 418 School Street, Woodbridge, NJ 07095.

Woodbridge Township Fire District #1General FundComparative Balance Sheet

| <u>ASSETS</u> | <u>December 31,</u> | |
|---|---------------------|---------------------|
| | <u>2012</u> | <u>2011</u> |
| Cash | \$ 3,378,171 | \$ 3,077,669 |
| Petty Cash Fund | 300 | 300 |
| Accounts Receivable | <u>34,368</u> | <u>13,247</u> |
| Total Assets | <u>\$ 3,412,839</u> | <u>\$ 3,091,216</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Liabilities and Reserves: | | |
| Accounts Payable | \$ 345,798 | \$ 145,592 |
| Reserve for Retirement Pay | 601,456 | 558,882 |
| Reserve for Petty Cash Fund | 300 | 300 |
| Reserve for Equipment | <u>583,120</u> | <u>425,582</u> |
| Total Liabilities and Reserves | <u>1,530,674</u> | <u>1,130,356</u> |
| Fund Balance: | | |
| Undesignated | <u>1,882,165</u> | <u>1,960,860</u> |
| Total Fund Balance | <u>1,882,165</u> | <u>1,960,860</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 3,412,839</u> | <u>\$ 3,091,216</u> |

See accompanying accountant's reports and notes to financial statements.

Woodbridge Township Fire District #1

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended December 31, 2012

With Comparative Actual Amounts for Period Ended December 31, 2011

| | 2012 | | Variance Favorable (Unfavorable) | 2011 |
|--|--------------|--------------|--|--------------|
| | Budget | Actual | | Actual |
| Revenues and Other Financing Sources: | | | | |
| Miscellaneous Revenues: | | | | |
| Uniform Fire Safety Act | | | | |
| - Annual Registration Fees | \$ 44,620 | \$ 47,192 | \$ 2,572 | \$ 44,233 |
| - Other Fees, Penalties, Fines, etc. | 32,650 | 38,273 | 5,623 | 52,226 |
| Supplemental Fire Services Act | 5,297 | 5,297 | - | 5,297 |
| Grant Income | 800,000 | - | (800,000) | - |
| Earnings on Investments and Deposits | 11,000 | 9,262 | (1,738) | 12,415 |
| Miscellaneous Income | 40,300 | 17,650 | (22,650) | 109,205 |
| Total Miscellaneous Revenues | 933,867 | 117,674 | (816,193) | 223,376 |
| Fund Balance Appropriated | 603,463 | 603,463 | - | 350,000 |
| Retirement Reserve | 295,000 | 162,456 | (132,544) | 65,667 |
| Equipment Reserve | 137,000 | 100,000 | (37,000) | - |
| Total Fund Balance & Reserve Appropriated | 1,035,463 | 865,919 | (169,544) | 415,667 |
| District Taxes | 6,167,859 | 6,167,859 | - | 6,217,859 |
| Total Revenues and Other Financing Sources | \$ 8,137,189 | \$ 7,151,452 | \$ (985,737) | \$ 6,856,902 |
| Expenditures: | | | | |
| Current Operating Appropriations | \$ 7,642,165 | \$ 6,149,373 | \$ 1,492,792 | \$ 5,860,286 |
| Appropriations Offset with Revenue: | | | | |
| Uniform Fire Safety Act | 31,000 | 37,998 | (6,998) | 31,100 |
| Capital Appropriations | 464,024 | 427,024 | 37,000 | 324,293 |
| Total Expenditures | 8,137,189 | 6,614,395 | 1,522,794 | 6,215,679 |
| Excess of Revenue over Expenditures | - | 537,057 | 537,057 | 641,223 |
| Less: Fund Balance Utilized | (603,463) | (603,463) | - | (350,000) |
| Reserves Utilized | - | - | - | 61,700 |
| Transfer to General Fund Assets Account Group | - | (12,289) | (12,289) | (20,600) |
| Fund Balance, Beginning of Year | 1,960,860 | 1,960,860 | - | 1,628,537 |
| Fund Balance, End of Year | \$ 1,357,397 | \$ 1,882,165 | \$ 524,768 | \$ 1,960,860 |

See accompanying accountant's reports and notes to financial statements.

Woodbridge Township Fire District #1

General Fund

Statement of Expenditures Compared to Budget

For the Year Ended December 31, 2011

With Comparative Actual Amounts for Period Ended December 31, 2010

| | 2012 | | Variance Favorable (Unfavorable) | 2011 |
|---|---------------------|---------------------|--|---------------------|
| | Budget | Actual | | Actual |
| ADMINISTRATION: | | | | |
| Salaries and Wages | \$ 24,000 | \$ 24,000 | \$ - | \$ 23,500 |
| Fringe Benefits | 346,492 | 155,053 | 191,439 | 148,060 |
| Election | 10,000 | 8,171 | 1,829 | 7,940 |
| Membership Dues | 1,000 | 383 | 617 | 383 |
| Office Expenses | 4,400 | 2,083 | 2,317 | 2,013 |
| Professional Services | 98,000 | 100,426 | (2,426) | 140,541 |
| Outside Services | 45,000 | 45,000 | - | 45,000 |
| Promotions, Awards | 2,000 | - | 2,000 | 700 |
| Clerk | 57,000 | 58,231 | (1,231) | 56,000 |
| Furniture and Office Equipment | 2,500 | - | 2,500 | - |
| Total Administration | <u>\$ 590,392</u> | <u>\$ 393,347</u> | <u>\$ 197,045</u> | <u>\$ 424,137</u> |
| COST OF OPERATIONS: | | | | |
| Salaries and Wages | \$ 3,304,449 | \$ 2,832,569 | \$ 471,880 | 2,676,345 |
| Fringe Benefits | 1,791,307 | 1,817,384 | (26,077) | 1,796,151 |
| Insurance | 102,873 | 96,408 | 6,465 | 93,521 |
| Maintenance and Repairs | 233,000 | 265,644 | (32,644) | 176,388 |
| Hydrant Services | 470,522 | 448,021 | 22,501 | 441,638 |
| Training and Education | 20,000 | 25,263 | (5,263) | 21,320 |
| Uniforms | 44,545 | 48,905 | (4,360) | 6,900 |
| Utilities | 55,000 | 34,924 | 20,076 | 37,959 |
| Fuel | 20,000 | 20,573 | (573) | 16,177 |
| Mutual Services Agreement | 10,000 | 10,000 | - | 10,000 |
| Supplemental Fire Services Act | 5,297 | 5,297 | - | - |
| Length of Service Awards Program | 60,000 | 32,460 | 27,540 | 41,288 |
| Joint Purchasing Agreement | 74,280 | 74,280 | - | 72,696 |
| Medical Transport | 500 | - | 500 | - |
| Preplanning | 9,000 | - | 9,000 | - |
| Grant Expenses | 800,000 | - | 800,000 | - |
| Rent | 26,000 | 23,228 | 2,772 | 23,965 |
| Computers/Pagers/Internet | 25,000 | 21,070 | 3,930 | 21,801 |
| Total Cost of Operations | <u>7,051,773</u> | <u>5,756,026</u> | <u>1,295,747</u> | <u>5,436,149</u> |
| Total Current Operating Exps. | <u>7,642,165</u> | <u>6,149,373</u> | <u>1,492,792</u> | <u>5,860,286</u> |
| CURRENT EXPENSES OFFSET WITH REVENUE | | | | |
| Uniform Fire Safety Act, (PL 1983, Ch. 383): | | | | |
| Other Expenses | 31,000 | 37,998 | (6,998) | 31,100 |
| Total Operating Appropriations | <u>\$ 7,673,165</u> | <u>\$ 6,187,371</u> | <u>\$ 1,485,794</u> | <u>\$ 5,891,386</u> |
| CAPITAL APPROPRIATIONS: | | | | |
| Reserve for Future Capital Outlays | 371,000 | 334,000 | 37,000 | 174,000 |
| Debt Service: | | | | |
| Bond Principal | - | - | - | 55,000 |
| Bond Interest | - | - | - | 2,269 |
| Lease | 93,024 | 93,024 | - | 93,024 |
| Total Capital Appropriations | <u>464,024</u> | <u>427,024</u> | <u>37,000</u> | <u>324,293</u> |
| Total Appropriations | <u>\$ 8,137,189</u> | <u>\$ 6,614,395</u> | <u>\$ 1,522,794</u> | <u>\$ 6,215,679</u> |

See accompanying accountant's reports and notes to financial statements.

Woodbridge Township Fire District #1
Statement of Grants Received and Expended
Supplemental Fire Services Program
For the Year Ended December 31, 2012

Appropriations:

| | |
|---|-----------------|
| 2012 Supplemental Fire Services Program | \$ <u>5,297</u> |
| Total Program Funds Appropriated | \$ <u>5,297</u> |

Expenditures:

| | |
|-------------------------------------|-----------------|
| 2012 Supplemental Fire Services Act | \$ <u>5,297</u> |
|-------------------------------------|-----------------|

Total Grant Received \$5,297 from Woodbridge Township

See accompanying accountant's reports and notes to financial statements.

Woodbridge Township Fire District #1Capital FundComparative Balance SheetDecember 31, 2012 and 2011

| <u>ASSETS</u> | <u>2012</u> | <u>2011</u> |
|---|------------------|-------------------|
| Amount to be Provided for Retirement of Debt | <u>\$ 89,483</u> | <u>\$ 175,547</u> |
| Total Assets | <u>\$ 89,483</u> | <u>\$ 175,547</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Capital Lease Payable | <u>89,483</u> | <u>175,547</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 89,483</u> | <u>\$ 175,547</u> |

See accompanying accountant's reports and notes to financial statements.

Woodbridge Township Fire District #1
Capital Fund
Combining Statement of Amount to be Provided
For Retirement of Debt

| <u>Purpose</u> | <u>Balance</u> <u>12/31/11</u> | <u>Bond Paid</u> <u>By Budget</u> <u>Appropriation</u> | <u>Capital</u> <u>Lease/</u> <u>Bonds</u> <u>Issued</u> | <u>Balance</u> <u>12/31/12</u> |
|--|-----------------------------------|--|--|-----------------------------------|
| Lease/purchase of Amerian LaFrance Aerial Truck | <u>175,542</u> | <u>86,059</u> | <u>-</u> | <u>89,483</u> |
| | <u>\$ 175,542</u> | <u>\$ 86,059</u> | <u>\$ -</u> | <u>\$ 89,483</u> |

See accompanying accountant's reports and notes to financial statements.

Woodbridge Township Fire District #1
General Fixed Assets Account Group
Comparative Balance Sheet
December 31, 2012 and 2011

| <u>ASSETS</u> | <u>2012</u> | <u>2011</u> |
|-------------------------------------|--------------------|--------------------|
| Building: | | |
| Fire House (estimated cost) | \$ 390,000 | \$ 390,000 |
| Equipment: | | |
| 1987 Emergency One Fire Engine | 182,254 | 182,254 |
| 1999 Ford Expedition | 38,000 | 38,000 |
| 2002 General Pumper | 376,894 | 376,894 |
| 2002 General Pumper | 376,894 | 376,894 |
| 2003 Dodge Durango | 29,098 | 29,098 |
| 2003 Dodge Durango | 29,098 | 29,098 |
| 2005 Ford Excursion | 27,126 | 27,126 |
| 2005 Police Interceptor | 23,605 | 23,605 |
| 2006 American LaFrance Aerial Truck | 706,339 | 706,339 |
| 2009 Chevy Suburban | 29,739 | 29,739 |
| 2010 Solar Panels | 284,600 | 284,600 |
| 2010 Trunking System Upgrade | 453,674 | 453,674 |
| 2011 Air Conditioning System | 20,600 | 20,600 |
| 2012 Radio System | 12,289 | - |
| Total Assets | 2,980,210 | 2,967,920 |
| Less Accumulated Depreciation: | | |
| Building | 390,000 | 390,000 |
| Equipment | 1,122,227 | 967,873 |
| Total Accumulated Depreciation | 1,512,227 | 1,357,873 |
| Total Net Assets | <u>\$1,467,983</u> | <u>\$1,610,047</u> |
| <u>FUND BALANCE</u> | | |
| Investment in General Fixed Assets | <u>\$1,467,983</u> | <u>\$1,610,047</u> |

See accompanying accountant's reports and notes to financial statements.

Woodbridge Township Fire District #1
General Fixed Assets Account Group
Statement of Revenues, Expenditures and Changes in Fund Balance
December 31, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|---|--------------------|--------------------|
| <u>Revenues and Other Financing Sources:</u> | | |
| Purchase of Equipment - Net | \$ 12,289 | \$ 20,600 |
| Total Revenues and Other Financing Sources | <u>\$ 12,289</u> | <u>\$ 20,600</u> |
| <u>Expenditures:</u> | | |
| Depreciation | \$ 154,353 | \$ 152,524 |
| Total Expenditures | <u>154,353</u> | <u>152,524</u> |
| Deficit of Revenue Over Expenditures | (142,064) | (131,924) |
| Fund Balance, Beginning of Year | <u>1,610,047</u> | <u>1,741,971</u> |
| Fund Balance, End of Year | <u>\$1,467,983</u> | <u>\$1,610,047</u> |

See accompanying accountant's reports and notes to financial statements.

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Years Ended December 31, 2012 and 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Woodbridge Township Fire District #1 (the "District") conform to the accounting principles applicable to special districts which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds.

Separate financial statements are provided for the following separate funds:

General Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds, except as otherwise noted.

Capital Fund - Resources and expenditures for the acquisition of general capital facilities, other than those acquired through the general fund, including the status of bonds and notes authorized for said purposes.

General Fixed Assets Account Group - Shows the District's investment in buildings and equipment, net of accumulated depreciation.

The following is a summary of the significant policies:

Basis of Accounting - The modified accrual basis of accounting is followed. Revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the fiscal period. Expenditures are recognized in the period in which the fund liability is incurred, if measurable, except that unmatured interest and principal on general obligation debt are accounted for as expenditures in the year becoming due and payable.

Inventories of Supplies - Purchases of materials and supplies are recognized and recorded as expenditures when they are acquired, regardless of when used.

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2012 and 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets - Property, plant and equipment purchased by the current fund and the general capital fund are recorded as expenditures at the time of purchase. The historical cost, or if such cost is not practically determinable, the estimated historical cost of such fixed assets is reflected in the General Fixed Assets group of accounts.

The District adopted Governmental Accounting Standards Board Statement No. 34. This standard recommends, among other things, the District to recognize depreciation on all assets contained in the general fund asset account group. The historical cost of the fund assets are shown net of all accumulated depreciation as investments in general fixed assets.

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

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

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 40 |
| Building Improvements | 20 |
| Fire Trucks | 25 |
| Other Vehicles | 5 |
| Equipment | 10 |

Depreciation expense for the years ending December 31, 2012 and 2011 was \$154,353 and \$151,091 respectively.

Capital Fund - The accounting for expenditures for property, plant and equipment financed by debt authorized or from restricted grant funds is contained in the general capital fund, as is the related debt issued and outstanding. The acquisition and construction cost of such assets, when completed, is reflected in the General Fixed Assets group of accounts.

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2012 and 2011

Note 2. BONDS PAYABLE

On November 15, 2001, the District issued \$595,000 in equipment acquisition bonds (the bonds). The proceeds of the bonds, after payment of issuance costs, along with reserves, were used to purchase two new general pumper trucks. The bonds have a 4.125% coupon and pay interest semi-annually each May 15th and November 15th. Principal is payable annually on November 15th as follows:

| <u>Year</u> | <u>May 15 Interest</u> | <u>November 15 Interest</u> | <u>November 15 Principal</u> | <u>Total</u> | <u>Annual Debt Service</u> |
|-------------|----------------------------|---------------------------------|----------------------------------|---------------------|------------------------------------|
| 2011 | 1,125.00 | 1,143.00 | 55,000 | 56,143.00 | 57,268.00 |
| | <u>\$ 1,125.00</u> | <u>\$ 1,143.00</u> | <u>\$ 55,000</u> | <u>\$ 56,143.00</u> | <u>\$ 57,268.00</u> |

On June 22, 2007, the District in order to acquire a new Aerial Ladder truck entered into a lease agreement with Commerce Commercial Leasing, LLC as Lessor pursuant to a competitive bid awarded on May 22, 2007 at an interest rate of 3.890%. The Fire District obtained voter approval to acquire the aerial ladder truck through the issuance of a eight-year lease purchase in an amount not to exceed \$800,000 at the Fire District's special election held on February 17, 2008. The minimum annual payments called for under the lease are as follows:

| <u>Year</u> | <u>Interest</u> | <u>Principal</u> | <u>Total Annual Payments</u> |
|-------------|--------------------|---------------------|--------------------------------------|
| 2011 | 10,221.00 | 82,802.00 | 93,023.00 |
| 2012 | 6,964.00 | 86,059.00 | 93,023.00 |
| 2013 | 3,540.00 | 89,483.00 | 93,023.00 |
| | <u>\$20,725.00</u> | <u>\$258,344.00</u> | <u>\$279,069.00</u> |

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2012 and 2011

Note 3. PENSION

Employees participate in both the Public Employees' Retirement System of New Jersey (PERS), as well as the Police and Firemen's Pension System; (PFRS) both are contributory defined benefit public employee retirement systems that were established by State statute. The System is sponsored and administered by the Division of Pensions and Benefits. The System is considered a cost-sharing, multiple-employer plan. Covered employees are required by statute to contribute a certain percentage of their salary to the Plan. The Division of Pensions bills the District annually for its required contribution.

Note 4. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

The Fire District offers its employees a Length of Service Awards Program in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the Program and all income attributed to those amounts are the exclusive property of the Fire District, subject to the claims of its general creditors. Participants' rights under the Program are equal to those of a general creditor of the Fire District in an amount equal to the fair market value of the deferred account for each participant. It is unlikely that the Fire District would use Program assets to satisfy claims of the general creditors in the future.

Note 5. SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the voters of the District approved a public question authorizing the District to acquire two new pumper fire engines for an amount not to exceed \$1,200,000, either through a lease purchase, sale of long-term bonds or payment of cash. In April of 2013, the district had received two bids. As of this date or this report, a contract has not been awarded.

Woodbridge Township Fire District #1

ROSTER OF OFFICIALS

Board of Commissioners

| | |
|-----------------|-----------------------|
| Todd Howell | President |
| Kenneth Gardner | Vice President |
| John Kenny | Second Vice President |
| Patrick Kenny | Treasurer |
| Richard Gould | Secretary |

Other Officials

| | |
|------------------|--------------------------------------|
| John Ur | District Clerk |
| Keith Repace | Fire Official Local Enforcing Agency |
| Charles Mangione | Fire Inspector |
| Thomas MacNamara | Fire Inspector |
| Gregory Goodman | Attorney |

Surety Company

Employee Dishonesty coverage for \$500,000 on each employee and \$25,000 on the Treasurer.

WOODBIDGE TOWNSHIP FIRE DISTRICT #1

Comments and Recommendations

For the Year Ended December 31, 2012

NONE