

WOODBIDGE TOWNSHIP FIRE DISTRICT #1

Audit Report

For the Years Ended December 31, 2018 and 2017

BART & BART  
Certified Public Accountants

## TABLE OF CONTENTS

	<u>EXHIBIT #</u>	<u>PAGE #</u>
Independent Auditor's Report		1-1 (a)
Auditor's Report on Compliance and on Internal Control Over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		2-3
Management's Discussion and Analysis		4-6
Schedule of Proportional Net Pension Liability <u>General Fund:</u>		7-8
Comparative Statement of Net Position - December 31, 2018 and 2017	1	9
Statement of Activities and Changes in Net Position for the Year Ended December 31, 2018 with Comparative Actual Amounts for the Year Ended December 31, 2017	2	10
Statement of Expenditures Compared to Budget for the Year Ended December 31, 2018 with Comparative Actual Amounts for the Year Ended December 31, 2017	3	11
<u>General Fixed Assets Account Group:</u>		
Comparative Statement of Net Position - December 31, 2018 and 2017	4	12
Comparative Statement of Activities and Changes in Net Position	5	13
<u>Notes to Financial Statements</u>		14-30
<u>Roster of Officials</u>		31
<u>Comments and Recommendations</u>		32

# **BART & BART *Certified Public Accountants***

104 Main Street, Woodbridge, NJ 07095

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## **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, 2018 and 2017, 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.

### **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 auditor's 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, 2018 and 2017, and the results of operations for the years then ended, on the basis of accounting described in Note #1.

Board of Fire Commissioners  
Woodbridge Fire District #1

**Emphasis of Matter**

**Adoption of New Accounting Pronouncement**

In the year ended December 31, 2018, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

**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 July 16, 2019, 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.

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Bart & Bart, CPAs

July 16, 2019

**BART & BART** *Certified Public Accountants*

104 Main Street, Woodbridge, NJ 07095

(732) 634-5680 FAX (732) 602-1059

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

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, 2018, and have issued our report thereon dated July 16, 2019. 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 over financial reporting that we consider to be material weaknesses as defined above. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness as defined above.

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

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.

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.

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Bart & Bart, CPA's

Woodbridge, NJ  
July 16, 2019

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

For the Year Ended December 31, 2018

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, 2018. 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 2018 as compared to 2017 are as follows:

	<u>As of December 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Assets and Deferred Outflow of Resources	\$ 8,220,436	\$ 8,618,423
Capital Assets - Net	<u>1,712,604</u>	<u>1,876,824</u>
 Total Assets	 <u>\$ 9,933,040</u>	 <u>\$10,495,247</u>
Total Current Liabilities	783,633	959,550
Noncurrent Liabilities		
Net Defined Pension Liability and Deferred Outflows of Resources	27,914,994	28,389,772
Total Liabilities, Reserves and Deferred Inflows of Resources	<u>\$28,698,627</u>	<u>\$29,349,322</u>
Net Position		
Restricted:		
Invested in Capital Assets	1,712,604	1,876,824
Unreserved (Deficit)	<u>(20,478,191)</u>	<u>(20,730,899)</u>
Net Position	<u>\$ (18,765,587)</u>	<u>\$ (18,854,075)</u>

Comparative Statement of Revenues, Expenses and Change in Net Position

There was an increase in Operating Revenues from taxation. The Revenue increased \$159,383 or 1.90% from the prior year due to an increase in the voter approved Tax Levy.

Operating Expenses decreased \$675,770 or 8.5% from the prior year. Depreciation charged has decreased by \$48,948.

Total Operating Revenues less Total Operating Expenses produced a surplus of \$678,774.

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

For the Year Ended December 31, 2018

Unaudited

Comparative Statement of Revenues, Expenses and Change in Net Position  
(Continued)

Net Position as of December 31, 2018 increased \$252,708 from (\$20,730,899) to (\$20,478,091), primarily as a result of pension and OPEB liability accrues required by the implementation of GASB 68 and GASB 75.

	<u>Year Ending December 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Operating Revenues	\$ <u>8,165,123</u>	\$ <u>8,005,740</u>
Operating Expenses	7,235,964	7,911,734
Operating Income/(Loss)	929,159	94,006
Revenue Offsets	(15,385)	(5,582)
Capital Appropriations	<u>(234,000)</u>	<u>(234,123)</u>
Total Operating Surplus/(Deficit)	\$ <u>679,774</u>	\$ <u>(145,699)</u>

The following table shows the available fund balance maintained by the district, net of the required pension accruals:

	<u>Year Ending December 31,</u>	
	<u>2018</u>	<u>2017</u>
Net Position	\$ (20,478,191)	\$ (20,730,899)
Less: Deferred Outflow of Resources	(2,112,594)	(3,172,753)
Add: Deferred Inflow of Resources	7,849,140	4,164,947
Net Pension and OPEB Liability	<u>18,717,504</u>	<u>23,242,430</u>
Available Fund Balance	<u>\$3,975,859</u>	<u>\$3,503,725</u>

Uniform Fire Safety Act revenues increased \$8,035. Earnings on investments increased \$19,174 and miscellaneous income decreased \$35,111. District taxes increased \$238,121.



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

For the Year Ended December 31, 2018

Unaudited

Financial Highlights (Continued)

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>
2019	\$708,979,500	\$7,961,439	1.22
2018	715,427,900	7,552,154	1.05
2017	714,380,100	7,314,033	.998
2016	713,667,500	7,087,397	.993
2015	722,245,700	6,832,913	.946
2014	719,397,300	6,602,357	.918
2013	717,251,400	6,277,443	.875
2012	727,763,000	6,167,859	.855
2011	723,762,800	6,217,859	.859
2010	727,763,000	6,292,203	.865

The District had \$7,485,349 in expenses, a decrease of \$666,090. Administration costs increased \$49,557. Costs of operations decreased \$725,327. General revenues and fund balance were adequate to provide for these expenses.

For further information, contact Ms. Maria Bucsanszky, 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 # 1**SCHEDULE OF PROPORTIONATE SHARE OF PERS NET PENSION LIABILITY (NPL)  
DETERMINED AS OF JUNE 30, 2018, PERS MEASUREMENT DATE**

Fiscal Year	District's Proportion	District's Proportion	District's Covered Payroll	District's Proportionate Share of NPL as a % of Covered Payroll Payroll
2018	0.00001%	\$ 201,688	\$ 76,584	263 %
2017	0.0008 %	187,328	74,000	253%
2016	0.0007 %	226,863	61,203	370%
2015	0.03 %	6,582,319	53,099	316%

**SCHEDULE OF CONTRIBUTIONS**

Fiscal Year	Required Contribution	Contributions Recognized by PERS	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 10,198	\$ 7,445	\$ 2,743	\$ 76,584	9%
2017	14,219	7,445	6,774	74,000	10%
2016	20,817	6,804	14,013	61,203	11 %
2015	9,610	6,443	3,167	53,099	12%

**SCHEDULE OF CHANGES IN TOTAL NET PENSION LIABILITY**

Fiscal Year	Beginning Balance Total Net Pension	Difference between Expected & Actual	Change of Assumptions	Difference between Expected & Actual Earnings	Change in Proportion & Actual Less Proportionate Share	Other Changes and Reclassifications	Ending Balance Total Net Pension Liability
2018	\$ 187,329	\$ 3,850	\$ (26,509)	\$ -	\$ 5,693	\$ 30,795	\$ 201,068
2017	226,833	4,411	(262)	1,276	5,025	(49,954)	187,329
2016	168,230	4,218	48,948	8,649	4,079	(7,311)	226,833
2015	150,507	4,013	18,067	-	(6,846)	2,489	168,230

The Pension Schedules are intended to show information for ten years. The State of New Jersey has issued four years of pension information to the Authority. Additional years' information will be displayed as it becomes available.

Woodbridge Township Fire District # 1

**SCHEDULE OF PROPORTIONATE SHARE OF PERS NET PENSION LIABILITY (NPL)  
DETERMINED AS OF JUNE 30, 2018, PERS MEASUREMENT DATE**

Fiscal Year	District's Proportion	District's Proportion	District's Covered Payroll	District's Proportionate Share of NPL as a % of Covered Payroll
2018	0.077%	\$ 10,498,088	\$ 2,759,327	380%
2017	0.082%	12,741,861	2,619,203	486%
2016	0.076 %	14,633,429	2,634,357	555%
2015	0.075 %	12,515,415	2,425,019	316%

**SCHEDULE OF CONTRIBUTIONS**

Fiscal Year	Required Contribution	Contributions Recognized by PERS	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 758,470	\$ 730,453	\$ 28,017	\$ 2,759,327	26%
2017	1,492,264	730,453	761,811	2,619,203	28%
2016	1,740,669	624,588	1,116,081	2,634,357	24%
2015	1,218,039	610,762	607,277	2,425,019	25%

**SCHEDULE OF CHANGES IN TOTAL NET PENSION LIABILITY**

Fiscal Year	Beginning Balance Total Net Pension	Difference between Expected & Actual	Change of Assumptions	Difference between Expected & Actual Earnings	Change in Proportion & Actual Less Proportionate Share	Other Changes and Reclassifications	Ending Balance Total Net Pension Liability
2018	\$ 12,749,861	\$ -	\$ -		\$ 239,203	\$ (764,992)	\$ 10,498,088
2017	14,633,429	63,361	(1,789,345)	243,145	1,220,529	(721,875)	12,749,861
2016	12,515,415	95,924	2,026,850	1,025,355	-	(1,030,115)	14,663,429
2015	8,778,480	107,409	2,310,657	217,820	622,579	477,930	12,315,415

The Pension Schedules are intended to show information for ten years. The State of New Jersey has issued four years of pension information to the Authority. Additional years' information will be displayed as it becomes available.

Woodbridge Township Fire District #1General FundComparative Statement of Net PositionDecember 31,

<u>ASSETS</u>	<u>2018</u>	<u>2017</u> <u>Restated</u>
Cash	\$ 6,106,608	\$ 5,425,615
Petty Cash Fund	300	300
Accounts Receivable	<u>934</u>	<u>19,755</u>
Total Assets	6,107,842	5,445,670
Deferred Outflow of Resources		
Deferred Amount of Net Pension Liability	1,977,068	3,170,986
Deferred Amount of Net OPEB Liability	<u>135,526</u>	<u>1,767</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 8,220,436</u>	<u>\$ 8,618,423</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Liabilities and Reserves:		
Accounts Payable	128,372	305,289
Reserve for Retirement Pay	654,961	653,961
Reserve for Petty Cash Fund	300	300
Reserve for Equipment	1,348,350	982,395
Net Pension Liability	10,699,956	12,929,190
Net OPEB Liability	<u>8,017,548</u>	<u>10,313,240</u>
Total Liabilities and Reserves	20,849,487	25,184,375
Deferred Inflow of Resources		
Deferred Amount of Net Pension Liability	3,493,165	2,210,932
Deferred Amount of Net OPEB Liability	<u>4,355,975</u>	<u>1,954,015</u>
Total Liabilities, Reserves and Deferred Inflows of Resources	<u>\$28,698,627</u>	<u>\$29,349,322</u>
Net Position:		
Unrestricted	<u>(20,478,191)</u>	<u>(20,730,899)</u>
Total Net Position	<u>(20,478,191)</u>	<u>(20,730,899)</u>
Total Liabilities, Reserves and Net Position	<u>\$ 8,220,436</u>	<u>\$ 8,618,423</u>

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

## EXHIBIT 2

Woodbridge Township Fire District #1  
General Fund  
Statement of Activities and Changes in Net Position  
For the Year Ended December 31, 2018  
With Comparative Actual Amounts for the Period Ended December 31, 2017

	<u>2018</u>		Variance	<u>2017</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u> <u>Restated</u>
<u>Revenues and Other</u>				
<u>Financing Sources:</u>				
<u>Miscellaneous Revenues:</u>				
Uniform Fire Safety Act				
- Annual Registration Fees	\$ 71,263	\$ 66,086	(\$5,177)	\$ 56,816
- Other Fees, Penalties, Fines, etc.	43,000	10,748	(32,252)	11,983
Supplemental Fire Services Act	6,873	-	(6,873)	13,746
Earnings on Investments and Deposits	27,000	58,055	31,055	38,881
Miscellaneous Income	<u>11,300</u>	<u>51,014</u>	<u>39,714</u>	<u>15,903</u>
Total Miscellaneous Revenues	<u>159,436</u>	<u>185,903</u>	<u>26,467</u>	<u>137,329</u>
Fund Balance Appropriated	<u>736,868</u>	<u>427,066</u>	<u>(309,802)</u>	<u>554,378</u>
District Taxes	<u>7,552,154</u>	<u>7,552,154</u>	<u>                    </u>	<u>7,314,033</u>
Total Revenues and Other Financing Sources	<u>\$ 8,448,458</u>	<u>\$8,165,123</u>	<u>\$ (283,335)</u>	<u>\$8,005,740</u>
<u>Expenditures:</u>				
Current Operating				
Appropriations	\$ 8,183,458	\$7,235,964	\$ 947,494	\$7,911,734
Appropriations Offset with Revenue:				
Uniform Fire Safety Act	31,000	15,385	15,615	5,582
Capital Appropriations	<u>234,000</u>	<u>234,000</u>	<u>                    </u>	<u>234,123</u>
Total Expenditures	<u>8,448,458</u>	<u>7,485,349</u>	<u>963,109</u>	<u>8,151,439</u>
Excess of Revenue over Expenditure	-	679,774	679,774	(145,699)
Less: Fund Balance Utilized	(736,868)	(427,066)	309,802	(554,378)
Reserves Utilize	-	-	-	-
Transfer to General Fixed Assets Account Group	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Position, Beginning of Year	<u>(20,730,899)</u>	<u>(20,730,899)</u>	<u>                    </u>	<u>(7,765,334)</u>
GASB 75 Adjustment	-	-	-	(12,265,488)
Net Position, End of Year	<u>\$ (9,202,279)</u>	<u>(\$20,478,191)</u>	<u>\$ 989,576</u>	<u>\$(20,730,899)</u>

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

Woodbridge Township Fire District #1General FundStatement of Expenditures Compared to BudgetFor the Year Ended December 31, 2018With Comparative Actual Amounts for the Period Ended December 31, 2017

	2018		Variance: Favorable (Unfavorable)	2017
	Budget	Actual		Actual
<b>ADMINISTRATION:</b>				
Salaries and Wages	\$ 49,500	\$ 49,500	-	\$ 48,093
Fringe Benefits	211,965	211,462	503	167,889
Election	17,200	17,023	177	6,699
Membership Dues	1,350	1,280	70	590
Office Expenses	9,500	8,224	1,276	5,685
Professional Services	262,875	119,941	142,934	124,936
Outside Service	47,000	47,000	-	47,000
Promotions, Awards	2,000	120	1,880	831
Clerk	66,900	66,900	-	66,900
Furniture and Office Equipment	3,204		3,204	3,280
Total Administration	<u>\$ 671,594</u>	<u>\$ 521,450</u>	<u>\$ 150,044</u>	<u>\$ 471,893</u>
<b>COST OF OPERATIONS:</b>				
Salaries and Wages	\$ 3,563,947	\$ 3,172,749	\$ 391,198	\$ 3,102,841
Fringe Benefits	2,281,741	2,248,838	32,903	2,605,909
Insurance	181,800	172,315	9,485	107,724
Maintenance and Repair	553,000	346,085	206,915	389,959
Hydrant Services	535,000	502,735	32,265	487,079
Training and Education	35,000	29,360	5,640	24,869
Uniforms	35,000	15,857	19,143	12,658
Utilities	52,000	38,159	13,841	37,068
Fuel	17,000	9,686	7,314	6,580
Mutual Services Agreement	6,500	6,500	-	6,500
Radio Agreements	20,000	20,000	-	20,000
LOSAP	60,000	29,060	30,940	29,053
Joint Purchasing Agreement	73,603	73,603	-	73,603
Medical Transport	500	-	500	-
Preplanning	4,000	-	4,000	-
Rent	26,000	25,211	789	24,505
Computers/Pagers/Internet	40,000	24,356	15,644	27,038
Supplemental Fire Services Act	6,873	-	6,873	-
Employee Settlement	-	-	-	484,375
Volunteer Retention	20,000	-	20,000	-
Total Cost of Operations	<u>7,511,964</u>	<u>6,714,514</u>	<u>797,450</u>	<u>7,439,841</u>
Total Current Operating Exps.	<u>8,183,458</u>	<u>7,235,964</u>	<u>947,494</u>	<u>7,911,734</u>
<b>EXPENSES OFFSET WITH REVENUE</b>				
Uniform Fire Safety Act, (PL 1983, Ch. 383): Other Expenses	31,000	15,385	15,615	5,582
Total Operating Appropriations	<u>\$8,214,458</u>	<u>\$ 7,251,349</u>	<u>\$ 963,109</u>	<u>\$7,917,316</u>
<b>CAPITAL APPROPRIATIONS:</b>				
Reserve-Future Capital Outlays	234,000	234,000		234,123
Total Capital Appropriations	<u>234,000</u>	<u>234,000</u>		<u>234,123</u>
Total Appropriations	<u>\$ 8,448,458</u>	<u>\$ 7,485,349</u>	<u>\$ 963,109</u>	<u>\$8,151,439</u>

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

Woodbridge Township Fire District #1General Fixed Assets Account GroupComparative Statement of Net PositionDecember 31, 2018 and 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Building:		
Fire House (estimated cost)	\$ 427,289	\$ 427,289
Equipment:		
1987 Emergency One Fire Engine	182,644	182,644
1998 Pierce Pumper	110,584	110,584
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	12,289
2013 Chevy Tahoe	44,926	44,926
2013 Chevy Tahoe	44,926	44,926
2014 Chevy Tahoe	55,093	55,093
2015 Pumpers	1,119,022	1,119,022
2015 Roof	49,751	49,751
2015 Equipment	147,893	147,893
2016 HVAC	12,790	12,790
2016 Equipment	21,435	21,435
2017 Renovations	44,784	44,874
2017 Ford Expedition	<u>56,379</u>	<u>56,379</u>
Total Assets	3,875,488	3,875,488
Less Accumulated Depreciation:		
Building	400,320	399,067
Equipment	<u>1,762,564</u>	<u>1,589,597</u>
Total Accumulated Depreciation	<u>2,162,884</u>	<u>1,988,664</u>
Total Net Assets	<u>\$1,712,604</u>	<u>\$1,886,824</u>
<u>NET POSITION</u>		
Investment in General Fixed Assets	<u>\$1,712,604</u>	<u>\$1,886,824</u>

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

Woodbridge Township Fire District #1  
General Fixed Assets Account Group  
Statement of Activities and Changes in Net Position  
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Revenues and Other Financing Sources:</u>		
Purchase of Equipment - Net	-	\$ 101,163
Total Revenues and Other Financing Sources	<u>-</u>	<u>\$ 101,163</u>
<u>Expenditures:</u>		
Depreciation	\$174,220	\$ 223,168
Total Expenditures	<u>\$174,220</u>	<u>223,168</u>
Deficit of Revenue Over Expenditures	(174,220)	(122,005)
Net Position, Beginning of Year	<u>1,886,824</u>	<u>2,008,829</u>
Net Position, End of Year	<u>1,712,604</u>	<u>\$1,886,824</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, 2018 and 2017

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Woodbridge Township Fire District #1 (The District) have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

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 unearned 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.

The District has adopted GASB Statement No. 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 67 and 68* ("GASB 73"). Statement No. 73 requires the Authority to present a 10-year schedule of changes in total net pension liability is presented in Required Supplementary Information of these financial statements. The District also implemented GASB Statement No. 82, *Pension Issues*, which requires presentation of covered payroll, defined as payroll on which contributions are based, and ratios that use that measure, in schedules of required supplementary information.

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

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

CAPITAL ASSETS

All reported capital assets except for land are depreciated. At December 31, 2018 and 2017, capital assets and the useful lives used for determination of annual depreciation were as follows:

	Balance December 31, 2017	Current Year's Activity		Balance December 31, 2018
		Increase	Decrease	
Depreciable:				
Buildings & Improvs.	\$ 534,614	\$ -	\$ -	\$ 534,614
Machinery & Equip.	<u>3,340,874</u>	<u>-</u>	<u>        </u>	<u>3,340,874</u>
	3,875,488		-	
Less: Accumulated Depreciation	<u>1,988,664</u>	<u>174,220</u>	<u>        </u>	<u>2,162,884</u>
	<u>\$ 1,886,824</u>	<u>\$ 174,220</u>	<u>\$        </u>	<u>\$ 1,712,604</u>

	Balance December 31, 2016	Current Year's Activity		Balance December 31, 2016
		Increase	Decrease	
Depreciable:				
Buildings & Improvs.	\$ 489,830	\$ 44,784		\$ 524,614
Machinery & Equip.	<u>3,284,495</u>	<u>56,379</u>	<u>        </u>	<u>3,340,874</u>
	3,774,325	101,163	-	3,875,488
Less: Accumulated Depreciation	<u>1,765,496</u>	<u>209,745</u>	<u>        </u>	<u>1,988,664</u>
	<u>\$ 2,008,829</u>	<u>\$ (122,005)</u>	<u>        </u>	<u>\$ 1,886,824</u>

Depreciation expense for the years ended December 31, 2018 and 2017 were \$174,220 and \$209,745, respectively.

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**Note 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

A. Cash

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities that mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities that mature within two years provided, however, the arbitrage maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, fire districts are allowed to deposit funds in Government Money Market Mutual Funds purchased through state registered brokers/dealers and banks.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or,

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, The Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The amount on deposit of the District's cash and cash equivalents at December 31, 2018, is as follows:

Checking Account	<u>\$ 6,106,608</u>
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Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**Note 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**B. INVESTMENTS**

New Jersey statutes permit the District to purchase the following investments:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- Local government investment pools, such as New Jersey CLASS and the New Jersey Arbitrage Rebate Management Program.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of State laws permit local governments to invest in a wide range of obligations issued by State governments and its agencies.

**C. RISK ANALYSIS**

All bank deposits, as of the net position date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act.

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**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 Systems are sponsored and administered by the Division of Pensions and Benefits. The Systems are considered a cost-sharing, multiple-employer plan. Covered employees are required by statute to contribute a certain percentage of their salary to the Plans. The Division of Pensions bills the District annually for its required contributions.

Following is the total of the District's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended December 31, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Net Pension Liabilities	\$10,699,956	\$12,929,100
Deferred Outflow of Resources	1,977,068	3,170,986
Deferred Inflow of Resources	3,493,165	2,210,922
Pension Expense	1,016,411	1,559,240
Contributions Made	768,668	675,077

PERS and PFRS are a cost-sharing, multiple-employer defined benefit pension plans. Both provide retirement and disability benefits, annual cost of living adjustments and benefits to plan members and their beneficiaries. As a condition of employment, all District full-time employees are required to be members.

**Plan Description and Benefits - PERS**

PERS members can apply for a service retirement of age 60 if enrolled before November 2, 2008 (Tier 1 or Tier 2), or at age 62 if enrolled on or after November 2, 2008, but before June 28, 2011 (Tier 3 or Tier 4), or at age 65 if enrolled on or after June 28, 2011 (Tier 5) regardless of the amount of service credit earned.

Tier 1, 2 or 3: Annual Benefit = Years of Service Credit, divided by 55, times Final Average Salary (average salary of the last three years of credited service or the highest three fiscal years of credited service, whichever provides the higher benefit). Tier 4 or Tier 5: Annual Benefit = Years of Service Credit, divided by 60, times Final Average Salary (average salary of the last five years of credited service or the highest five fiscal years of credited service, whichever provides the higher benefit). Pension benefits fully vest on reaching 10 years of service. Vested employees who were enrolled prior to July 1, 2007, and who have established 25 years or more of creditable service may retire without penalty at or after age 55 and receive full retirement benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**Note 3. PENSION (Continued)**

**Contributions**

Employees contribution rates to PERS governed by P.L. 2011, C. 78, effective June 28, 2011, were increased from 5.5% of salary to 6.5% of salary, and a phase-in to 7.5% of salary over a seven year period. Covered District employees are required by PERS to contribute 7.06% of their salaries. State statute requires the District to contribute an actuarially determined rate which includes the normal cost and the unfunded accrued liability. The amount of the District's contribution is certified each year by PERS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

**Plan Description - PFRS**

PFRS is a cost-sharing multiple-employer defined pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). The vesting and benefit provisions are set by N.J.S.A. 43:16A PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010.
2	Members who were eligible to enroll on or after May 22, 2010 and prior.
3	Members who were eligible to enroll on or after June 28, 2011.

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**Note 3. PENSION (Continued)**

The local employers' contribution amounts are based on an actuarially rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

**Special Funding Situation**

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non - employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

**Assumptions - PERS**

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Through 2026	1.65 - 4.15% Based on Age	1.65 - 4.15% Based on Age
Thereafter	2.65 - 5.15% Based on Age	2.65 - 5.15% Based on Age
Investment Rate of Return	7.00%	7.00%

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**Note 3. PENSION (Continued)**

**Assumptions - PERS (Continued)**

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and 2017 respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.66% and 5.00% respectively as of December 31, 2018 and 2017, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

**Sensitivity of the Districts Proportionate Share of the PERS Local Share  
Net Pension Liability to Changes in the Discount Rate**

	At 1% decrease <u>(4.66%)</u>	At current discount <u>rate (5.66%)</u>	At 1% increase <u>(6.66%)</u>
2018	\$ <u>242,241</u>	\$ <u>201,868</u>	\$ <u>169,569</u>
	At 1% decrease <u>(4.0%)</u>	At current discount <u>rate (5.0%)</u>	At 1% increase <u>(6.00%)</u>
2017	\$ <u>222,922</u>	\$ <u>187,329</u>	\$ <u>157,356</u>



Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**Note 3. PENSION (Continued)**

**Assumptions - PFRS**

<u>PFRS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Through 2026	1.10 - 8.98% Based on Age	1.10 - 8.98% Based on Age
Thereafter	3.10 - 9.98% Based on Age	2.10 - 9.98% Based on Age
Investment Rate of Return	7.00%	7.00%

The discount rate used to measure the total pension liability was 6.51% and 6.14% as of June 30, 2018 and June 30, 2017, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

The following presents the Districts proportionate share of the PFRS net pension liability calculated using the discount rate of 6.51% and 6.14% as of December 31, 2017 and 2016, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

**Sensitivity of the District's Proportionate Share of the PFRS Local Share  
Net Pension Liability to Changes in the Discount Rate**

	At 1% decrease <u>(5.51%)</u>	At current discount <u>rate (6.51%)</u>	At 1% increase <u>(7.51%)</u>
2018	<u>\$ 13,962,457</u>	<u>\$ 10,498,088</u>	<u>\$ 7,978,646</u>
	At 1% decrease <u>(5.14%)</u>	At current discount <u>rate (6.14%)</u>	At 1% increase <u>(7.14%)</u>
2017	<u>\$ 16,196,564</u>	<u>\$ 12,741,861</u>	<u>\$ 10,624,060</u>

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**Note 3. PENSION (Continued)**

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

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflow of resources, deferred inflow of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, The Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2018 and 2017, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2018 and 2017, respectively.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS and PFRS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentage presented in the PERS and PFRS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2018 and 2017. The District's proportionate share of the collective net pension liability as of December 31, 2018 was 0.0008% and 0.0825 for PERS and PFRS, respectively.

At December 31, 2018 & 2017, the amount recognized as the District's proportionate share of the PERS and PFRS net pension liability was \$10,699,956 & \$12,929,190, respectively. For the years ended December 31, 2018 & 2017, the District recognized PERS and PFRS pension expense of \$1,016,411 & \$1,559,240, respectively.

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**Note 3. PENSION (Continued)**

At December 31, 2018 and 20167, the Agency's deferred outflows of resources and deferred inflows of resources related to the PERS pension are from the following sources:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference Between Expected and Actual Experience	\$ 110,654	\$ 44,407	\$ 87,073	\$ 81,601
Changes of Assumptions	934,378	2,750,232	1,608,953	2,124,346
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	58,188	244,427	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>932,036</u>	<u>698,526</u>	<u>1,230,539</u>	<u>4,985</u>
Total	<u>\$1,977,068</u>	<u>\$3,551,353</u>	<u>\$3,170,986</u>	<u>\$2,210,932</u>

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

Year Ended <u>December 31,</u>	<u>Total</u>
2018	\$ (174,920)
2019	(174,920)
2020	(174,920)
Thereafter	<u>(874,605)</u>
	<u>\$ (1,574,285)</u>

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**Note 3. PENSION (Continued)**

**BASIS OF ACCOUNTING**

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

**INVESTMENT VALUATION**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290. More information on mortality rates and other assumptions, and investment policies, can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

**NOTE 4. ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS  
OTHER THAN PENSION - GASB 75**

**Plan Description and Benefits Provided**

The State Health Benefit Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription, drug, and Medicare Part B reimbursement to retirees and their covered dependents of local employers.

The employer contributions for the participating local employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**NOTE 4. ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS  
OTHER THAN PENSION - GASB 75 (Continued)**

from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: Teachers' Pension Annuity Fund (TPAF), the Public Employees' Retirement System (PERS, the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, the future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Total Nonemployer OPEB Liability**

The portion of the Total Nonemployer OPEB Liability that was associated with the District at December 31, 2018 was as follows:

	<u>2018</u>	<u>2017</u>
Nonemployer OPEB Liability:		
District's proportionate share	\$8,017,458	\$10,313,240

The Total Nonemployer OPEB Liability as of December 31, 2018 was determined by an actuarial valuation as of June 30, 2018.

The Total Nonemployer OPEB Liability was determined separately based on actual data of the District.

On December 31, 2018, the District's proportion was 0.051176 percent, which was an increase of 0.00066 from its proportion measured as of December 31, 2017.

The State, a Nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2018 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation 2.5 %

Salary increases Through 2026                      1.65% - 8.98% Based on Age

Thereafter    2.65% - 9.98% Based on Age

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**NOTE 4. ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS  
OTHER THAN PENSION - GASB 75 (Continued)**

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-Retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

**Health Care Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is initially 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Plan B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Discount Rate**

the discount rate for June 30, 2018 and 2017 was 3.7% and 3.855, respectively. This represents the municipal bond return rate as chosen by the Division. 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 the Total Nonemployer OPEB Liability to Changes in the  
Discount Rate**

The following presents the total nonemployer OPEB liability associated with the Authority as of December 31, 2018 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**NOTE 4. ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSION - GASB 75 (Continued)**

	<u>December 31, 2018</u>		
	<u>1.00%</u> <u>Decrease (2.87%)</u>	<u>At Discount</u> <u>Rate (3.87%)</u>	<u>1.00%</u> <u>Increase (4.87%)</u>
State of New Jersey's Nonemployer OPEB Liability Associated with the District	\$9,300,355	\$8,017,548	\$6,895,091

	<u>December 31, 2017</u>		
	<u>1.00%</u> <u>Decrease (2.58%)</u>	<u>At Discount</u> <u>Rate (3.58%)</u>	<u>1.00%</u> <u>Increase (4.58%)</u>
State of New Jersey's Nonemployer OPEB Liability Associated with the District	\$12,066,490	\$10,31,240	\$8,868,386

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired District employee's OPEB associated with the following sources:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflow</u> <u>Resources</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflow of</u> <u>Resources</u>
Changes of assumptions	\$ 2,033,756	\$ -	\$1,144,682	-
Difference Between Expenditures and Actual	1,627,848	4,237	-	1,767
Changes in Proportion	<u>694,371</u>	<u>131,289</u>	<u>809,333</u>	<u>                    </u>
	<u>\$ 4,355,975</u>	<u>\$ 135,526</u>	<u>\$1,954,015</u>	<u>\$1,954,015</u>

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**NOTE 4. ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS  
OTHER THAN PENSION - GASB 75 (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of  
Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2019	\$ (468,938)
2020	(468,938)
2021	(468,938)
2022	(468,938)
2023	(468,938)
Total Thereafter	<u>(1,875,879)</u>
	<u>\$ (4,220,449)</u>

**State Health Benefit Local Education Retired Employee Plan Information**

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-029 or on their website at <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

**NOTE 5. RESTATEMENT**

On January 1, 2018, the District implemented GASB Statement No. 75, "Financial Reporting for Post Employment Benefit Plans Other Than Pensions." The District has determined the effect of implementing this accounting change on the financial statements previously reported as of December 31, 2017, was to recognize the District's proportionate share of Public Employees' OPEB benefit plans other than pensions, net liability, contributions payable, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$12,265,488. The net effect of this restatement is a decrease in total net position at December 31, 2017, from \$(7,765,334) as originally reported, to \$(20,730,899).



Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2018 and 2017

**Note 6. 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 7. SUBSEQUENT EVENTS**

In Management's opinion, there are no material events subsequent to December 31, 2018, which would require recognition in the financial statements.

Woodbridge Township Fire District #1

ROSTER OF OFFICIALS

Board of Commissioners

John Kenny	President
Robert Minkler, Sr.	Vice President
Todd Howell	Second Vice President
Patrick Kenny	Treasurer
Jeffrey Moran	Secretary

Other Officials

Maria Bucsanszky	District Clerk
Keith Repace	Fire Official Local Enforcing Agency
Charles Mangione	Fire Inspector
Thomas MacNamara	Fire Inspector
Christopher T. Howell	Attorney

Surety Company

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

WOODBRIAGE TOWNSHIP FIRE DISTRICT #1

Comments and Recommendations

For the Year Ended December 31, 2018

NONE