

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
AVENEL, NEW JERSEY**

REPORT OF AUDIT

DECEMBER 31, 2017

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
TABLE OF CONTENTS
DECEMBER 31, 2017**

		<u>Page</u>
	Roster of Officials	i
	Independent Auditor's Report	1-3
	Required Supplementary Information – Part I	
	Management's Discussion and Analysis	4-11
	Basic Financial Statements	
A-1	Statement of Net Position	12
A-2	Statement of Activities	13
	Governmental Funds:	
B-1	Balance Sheet	14
B-2	Statement of Revenues, Expenditures and Changes in Fund Balances	15
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
	Fiduciary Funds:	
B-4	Statement of Fiduciary Net Position	17
B-5	Statement of Changes in Fiduciary Net Position	18
	Notes to the Financial Statements	19-38
	Required Supplementary Information – Part II	
	Budgetary Comparison Schedules:	
C-1	Budgetary Comparison Schedule – General Fund	39-43
	Required Supplementary Information – Part III	
D-1	Required Supplementary Information – Schedule of the District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	44
D-2	Required Supplementary Information – Schedule of District's Contributions – Public Employees Retirement System	45
	Notes to Required Supplementary Information	46

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
TABLE OF CONTENTS
DECEMBER 31, 2017**

		<u>Page</u>
Other Supplementary Information		
	General Fund:	
E-1	Schedule of Assets, Liabilities and Fund Balance – General Fund	47
E-2	Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance – Uniform Fire Safety Act	48
<hr/>		
	Capital Projects Fund:	
F-1	Comparative Schedule of Assets, Liabilities and Fund Balance - Capital Projects Fund	49
F-2	Summary Schedule of Project Expenditures – Capital Projects Fund	50
F-3	Comparative Schedule of Revenues, Expenditures, and Change In Fund Balance – Capital Projects Fund	51
	Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	52-53
	Schedule of Finding and Responses	54-55
	Summary Schedule of Prior Audit Findings	56
	Statistical Information	57
	General Comments and Recommendations:	
	General Comments	58
	Recommendations	59

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
ROSTER OF OFFICIALS
DECEMBER 31, 2017**

BOARD OF FIRE COMMISSIONERS

Dean Manente, President

John M. Mitch, First Vice President

Bruce Mizak, Second Vice President

Gregory Czoch, Treasurer

Keith Addie, Secretary

OTHER OFFICIALS

James Durek, Esq., Attorney



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Woodbridge Township Fire District No. 5
P.O Box 125
Avenel, New Jersey 07001

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodbridge Township Fire District No. 5 as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Woodbridge Township Fire District No. 5's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Aggregate Remaining Fund Information

The financial statements of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the District's financial statements. The LOSAP Trust Fund financial activities are included in the District's Fiduciary Fund, and represent 98 percent of the net position of the District's Fiduciary Funds as of December 31, 2017.

Qualified Opinion

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had we audited the financial activities of the Length of Service Award Program Trust Fund, as described in the "Basis for Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund Information of the Woodbridge Township Fire District No. 5 as of December 31, 2017, and the respective changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Woodbridge Township Fire District No. 5 as of December 31, 2017, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

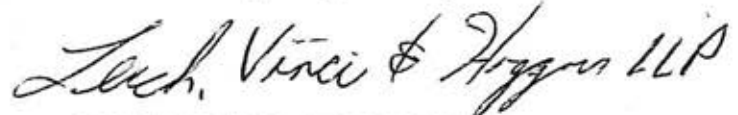
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodbridge Township Fire District No. 5's basic financial statements. The combining fund financial statements and financial schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Woodbridge Township Fire District No 5.

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

The financial schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 14, 2018 on our consideration of the Woodbridge Township Fire District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Woodbridge Township Fire District No. 5's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Woodbridge Township Fire District No. 5's internal control over financial reporting and compliance.



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

Fair Lawn, New Jersey
May 14, 2018

REQUIRED SUPPLEMENTARY INFORMATION

PART 1

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

The discussion and analysis of Woodbridge Township Fire District No. 5's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and related notes which comprise the basic financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Financial Highlights

Key financial highlights for 2017 are as follows:

In total, net position increased by \$17,745 from 2016.

General revenues accounted for \$1,694,405 or 95 percent of all revenues. Program specific revenues in the form of charges for services accounted for \$91,355 or 5 percent of total revenues of \$1,785,760.

Total assets of governmental activities increased by \$63,153 as cash and cash equivalents increased by \$311,981, receivables, net decreased by \$1,085 and net capital assets decreased by \$247,743.

The District had \$1,768,015 in expenses; only \$91,355 of these expenses were offset by program specific charges for services. General revenues (primarily property taxes) of \$1,694,405 were adequate to provide for these programs.

Among governmental funds, the General Fund had \$1,485,760 in revenues and \$1,485,650 in expenditures. The General Fund's fund balance increased \$110 from 2016.

Using this Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Woodbridge Township Fire District No. 5 as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

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

Fund Financial Statements

Fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**Figure A-1
Major Features of District-Wide and Fund Financial Statements**

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

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Woodbridge Township Fire District No. 5, the General Fund is by far the most significant fund.

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

While this document contains several funds used by the District to provide programs and activities, the view of the District, as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows/inflows of resources and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Reporting the District's Most Significant Funds
Fund Financial Statements

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

Governmental Funds

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

Notes to the Financial Statements

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

The District as a Whole

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

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

	Governmental Activities		Percentage Change <u>2016-2017</u>
	<u>2017</u>	<u>2016</u>	
Current and Other Assets	\$ 2,549,472	\$ 2,238,576	13.89%
Capital Assets	2,881,761	3,129,504	-7.92%
Total Assets	5,431,233	5,368,080	1.18%
Deferred Amounts on Net Pension Liability	248,154	355,448	-30.19%
Total Deferred Outflows of Resources	248,154	355,448	-30.19%
Non Current Liabilities	610,212	830,691	-26.54%
Other Liabilities	116,627	106,568	9.44%
Total Liabilities	726,839	937,259	-22.45%
Deferred Amounts on Net Pension Liability	148,534	-	100.00%
Total Deferred Inflows of Resources	148,534	-	100.00%
Net Position:			
Net Investment in Capital Assets	2,881,761	3,129,504	-7.92%
Restricted	1,104,374	804,374	37.30%
Unrestricted	817,879	852,391	-4.05%
Total Net Position	\$ 4,804,014	\$ 4,786,269	0.37%

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

	Governmental Activities		Percentage Change <u>2016-2017</u>
	<u>2017</u>	<u>2016</u>	
REVENUES:			
Program Revenues:			
Charges for Services	\$ 91,355	\$ 86,492	5.62%
Capital Grants and Contributions		527,127	-100.00%
General Revenues:			
Property Taxes	1,645,824	1,613,553	2.00%
Other	48,581	27,624	75.87%
Total Revenues	1,785,760	2,254,796	-20.80%
EXPENSES:			
Administration	160,354	145,038	10.56%
Cost of Operations and Maintenance	1,607,661	1,574,792	2.09%
Total Expenses	1,768,015	1,719,830	2.80%
Change in Net Position	17,745	534,966	-96.68%
Net Position, Beginning of Year	4,786,269	4,251,303	12.58%
Net Position, End of Year	\$ 4,804,014	\$ 4,786,269	0.37%

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District operations. Property taxes made up 92% and 72% of revenues for governmental activities for Woodbridge Township Fire District No. 5 for 2017 and 2016, respectively. The District’s total revenues were \$1,785,760 and \$2,254,796 for the years ended December 31, 2017 and 2016, respectively. Capital grants and contributions accounted for 0% and 23% for the years 2017 and 2016, respectively. Charges for services accounted for 5% and 4% of revenue for 2017 and 2016 and other miscellaneous revenue accounted for the remaining 3% and 1% for 2017 and 2016, respectively.

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

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

	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>
Administration	\$ 160,354	\$ 160,354	\$ 145,038	\$ 145,038
Cost of Operations and Maintenance	1,607,661	1,516,306	1,574,792	961,173
Total Expenses	\$ 1,768,015	\$ 1,676,660	\$ 1,719,830	\$ 1,106,211

Administration includes expenses associated with administrative and financial supervision of the District.

Cost of Operations and Maintenance involve keeping equipment in an effective working condition.

The District’s Funds

All governmental funds (i.e., General Fund and Capital Projects Fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$1,785,760 and \$2,254,796 and expenditures were \$1,485,650 and \$1,848,226 for the years 2017 and 2016, respectively. The change in fund balance for the 2017 year in the General Fund was an increase of \$110 and an increase of \$300,000 in the Capital Projects Fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The following schedule presents a summary of Governmental Fund revenues for the years ended December 31, 2017 and the increases and decreases in relation to prior year amounts.

The District's Funds (Continued)

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

Revenues:	<u>2017</u>	<u>2016</u>	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Local Sources:				
Miscellaneous Revenues	\$ 139,936	\$ 641,243	\$ (501,307)	-78.18%
Property Tax Levy	1,645,824	1,613,553	32,271	2.00%
Total	\$ 1,785,760	\$ 2,254,796	\$ (469,036)	-20.80%

The following schedule presents a summary of Governmental Fund expenditures for the year ended December 31, 2017 and the increases and decreases in relation to prior year amounts.

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

Expenditures:	<u>2017</u>	<u>2016</u>	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Administration	\$ 149,441	\$ 125,060	\$ 24,381	19.50%
Cost of Operations and Maintenance	1,270,206	1,196,039	74,167	6.20%
Capital Outlay	66,003	527,127	(461,124)	-87.48%
Total	\$ 1,485,650	\$ 1,848,226	\$ (362,576)	-19.62%

Capital Assets

At the end of the years 2017 and 2016, the District had \$2,881,761 and \$3,129,504 invested in buildings and building improvements and vehicles net of depreciation, respectively. Table 6 shows 2017 balances compared to 2016.

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

	Governmental Activities		Increase (Decrease) from 2016	Percent of Increase (Decrease)
	<u>2017</u>	<u>2016</u>		
Buildings and Building Improvements	\$ 245,000	315,000	(70,000)	-22.22%
Vehicles and Equipment	2,636,761	2,814,504	(177,743)	-6.32%
Total	\$ 2,881,761	\$ 3,129,504	\$ (247,743)	-7.92%

Additional information on capital assets may be found in Note 2 to the financial statements.

Debt Administration

At December 31, 2017 and 2016 the District had \$610,212 and \$830,691 for compensated absences payable and net pension liability, respectively.

Table A-7
Summary of Outstanding Liabilities

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease) from 2016</u>	<u>Percent of Increase (Decrease)</u>
Compensated Absences Payable	\$ 36,515	\$ 45,311	\$ (8,796)	-19.41%
Net Pension Liability	573,697	785,380	(211,683)	-26.95%
Total	\$ 610,212	\$ 830,691	\$ (220,479)	-26.54%

Additional information on debt administration may be found in Note 2 to the financial statements.

For the Future

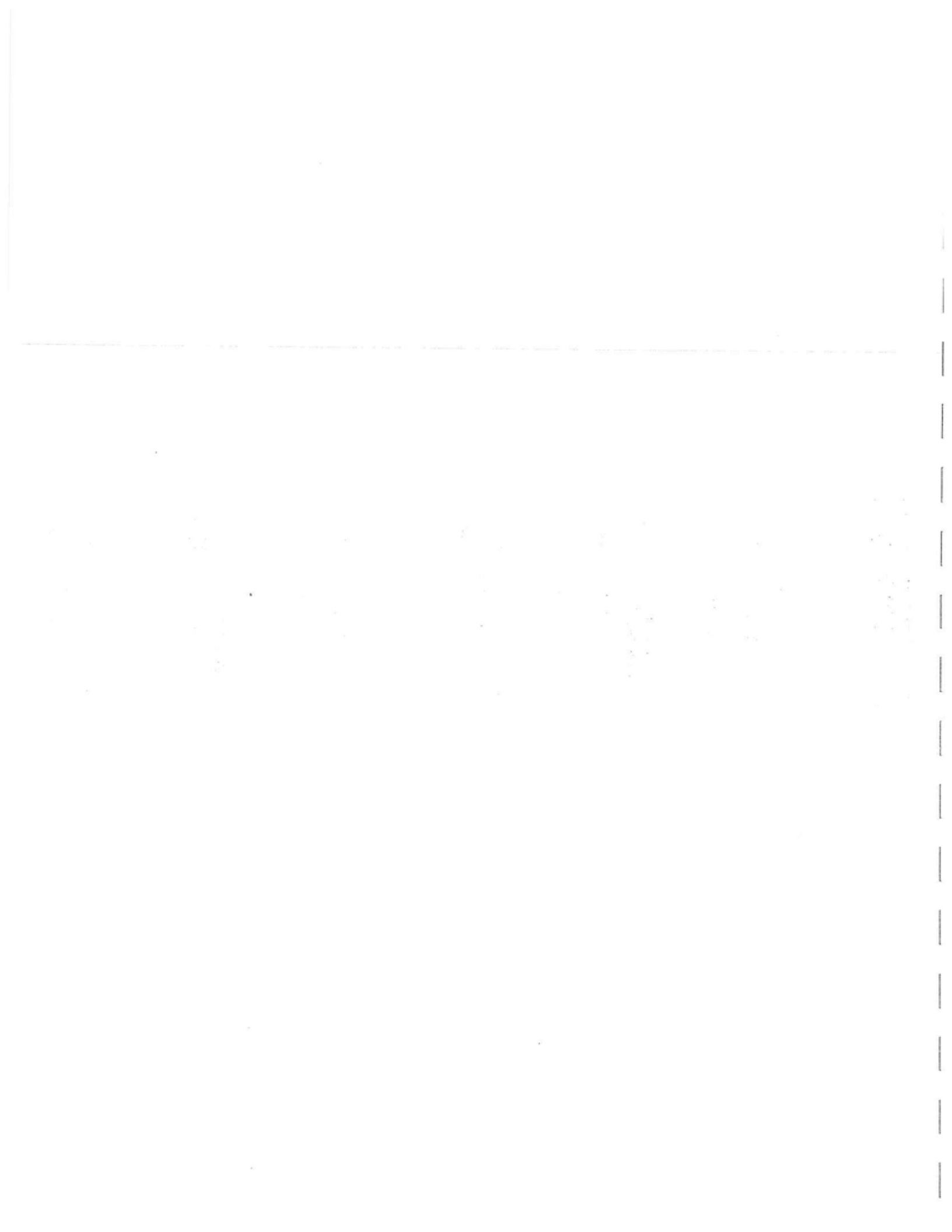
The Woodbridge Township Fire District No. 5 is in sound financial condition presently. The District is proud of its community support.

In conclusion, the Woodbridge Township Fire District No. 5 has committed itself to financial excellence for many years. In addition, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Gregory Czoch, Treasurer, at Woodbridge Township Fire District No. 5, P. O. Box 125, Avenel, NJ 07001.

FINANCIAL STATEMENTS



WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
Statement of Net Position
For the Year Ended December 31, 2017

	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,549,472	\$ 2,549,472
Capital Assets Being Depreciated, Net	<u>2,881,761</u>	<u>2,881,761</u>
Total Assets	<u>5,431,233</u>	<u>5,431,233</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts on Net Pension Liability	<u>248,154</u>	<u>248,154</u>
Total Deferred Outflows of Resources	<u>248,154</u>	<u>248,154</u>
Total Assets and Deferred Outflows of Resources	<u>5,679,387</u>	<u>5,679,387</u>
LIABILITIES		
Accounts Payable and Other Liabilities	93,796	93,796
Accrued Pension Obligation	22,831	22,831
Noncurrent Liabilities	<u>610,212</u>	<u>610,212</u>
Total Liabilities	<u>726,839</u>	<u>726,839</u>
DEFERRED INTFLOWS OF RESOURCES		
Deferred Amounts on Net Pension Liability	<u>148,534</u>	<u>148,534</u>
Total Deferred Inflows of Resources	<u>148,534</u>	<u>148,534</u>
Total Liabilities and Deferred Inflows of Resources	<u>875,373</u>	<u>875,373</u>
NET POSITION		
Investment in Capital Assets	2,881,761	2,881,761
Restricted For:		
Capital Projects	1,104,374	1,104,374
Unrestricted	<u>817,879</u>	<u>817,879</u>
Total Net Position	<u>\$ 4,804,014</u>	<u>\$ 4,804,014</u>

See accompanying Notes to the Financial Statements.

WOODBRIE TOWNSHIP FIRE DISTRICT NO. 5
 Statement of Activities
 For the Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental Activities:						
Administration	\$ 160,354				\$ (160,354)	\$ (160,354)
Cost of Operations and Maintenance	<u>1,607,661</u>	\$ 91,355	\$ -	\$ -	<u>(1,516,306)</u>	<u>(1,516,306)</u>
Total Governmental Activities	<u>1,768,015</u>	<u>91,355</u>	<u>-</u>	<u>-</u>	<u>(1,676,660)</u>	<u>(1,676,660)</u>
Total Primary Government	<u>\$ 1,768,015</u>	<u>\$ 91,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,676,660)</u>	<u>(1,676,660)</u>
<u>General Revenues:</u>						
Property Taxes, Levied for General Purposes					1,345,824	1,345,824
Property Taxes, Levied for Capital Projects					300,000	300,000
Miscellaneous					<u>48,581</u>	<u>48,581</u>
Total General Revenues					<u>1,694,405</u>	<u>1,694,405</u>
Changes in Net Position					17,745	17,745
Net Position - Beginning of Year					4,786,269	4,786,269
Net Position - End of year					<u>\$ 4,804,014</u>	<u>\$ 4,804,014</u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
Balance Sheet
Governmental Funds
For the Year Ended December 31, 2017

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Assets:			
Cash and Cash Equivalents	\$ 1,445,098	\$ 1,104,374	\$ 2,549,472
TOTAL ASSETS	<u>\$ 1,445,098</u>	<u>\$ 1,104,374</u>	<u>\$ 2,549,472</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Other Liabilities	\$ 93,796	-	\$ 93,796
Total Liabilities	<u>93,796</u>	<u>-</u>	<u>93,796</u>
Fund Balances:			
Restricted:			
Capital Projects		\$ 1,104,374	1,104,374
Assigned			
Year End Encumbrances	8,100		8,100
Designated for Subsequent Year's Expenditures	296,440		296,440
Designated for Life Member Death Benefit	35,000		35,000
Unassigned	<u>1,011,762</u>		<u>1,011,762</u>
Total Fund Balances	<u>1,351,302</u>	<u>1,104,374</u>	<u>2,455,676</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,445,098</u>	<u>\$ 1,104,374</u>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets is \$6,377,003 and the Accumulated Depreciation is \$3,495,242. 2,881,761

The District contributes to pension obligations. The pension obligation accrual at year end is: (22,831)

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

Deferred Outflows of Resources	\$ 248,154	
Deferred Inflows of Resources	<u>(148,534)</u>	99,620

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

Compensated Absences Payable	(36,515)	
Net Pension Liability	<u>(573,697)</u>	<u>(610,212)</u>

Net Position of Governmental Activities \$ 4,804,014

WOODBRIAGE TOWNSHIP FIRE DISTRICT NO. 5
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES:			
Miscellaneous Revenues	\$ 139,936		\$ 139,936
Property Tax Levy	1,345,824	\$ 300,000	1,645,824
Total Revenues	<u>1,485,760</u>	<u>300,000</u>	<u>1,785,760</u>
EXPENDITURES:			
Administration	149,441		149,441
Cost of Operations and Maintenance	1,270,206		1,270,206
Capital Outlay	66,003	-	66,003
Total Expenditures	<u>1,485,650</u>	<u>-</u>	<u>1,485,650</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>110</u>	<u>300,000</u>	<u>300,110</u>
Net Change in Fund Balances	<u>110</u>	<u>300,000</u>	<u>300,110</u>
Fund Balances, Beginning of Year	<u>1,351,192</u>	<u>804,374</u>	<u>2,155,566</u>
Fund Balances, End of Year	<u>\$ 1,351,302</u>	<u>\$ 1,104,374</u>	<u>\$ 2,455,676</u>

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 300,110

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount that capital outlays exceeds depreciation in the period.

	\$	(313,746)	
Depreciation Expense		(313,746)	
Capital Outlays		66,003	
			(247,743)

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

		8,796	
Compensated Absences		8,796	
Increase in Pension Expense		(43,418)	
			(34,622)

Change in Net Position of Governmental Activities \$ 17,745

WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2017

	<u>Unemployment Compensation Trust Fund</u>	<u>Length of Service Award Program Trust Fund (Unaudited)</u>
ASSETS		
Cash and Cash Equivalents	\$ 15,760	
Investments with Fiscal Agents		\$ 755,239
Accounts Receivable		<u>37,598</u>
TOTAL CURRENT ASSETS	<u>15,760</u>	<u>792,837</u>
NET POSITION		
Held in Trust For:		
Unemployment Claims	15,760	
Length of Service Award Program	<u>-</u>	<u>792,837</u>
TOTAL NET POSITION	<u>\$ 15,760</u>	<u>\$ 792,837</u>

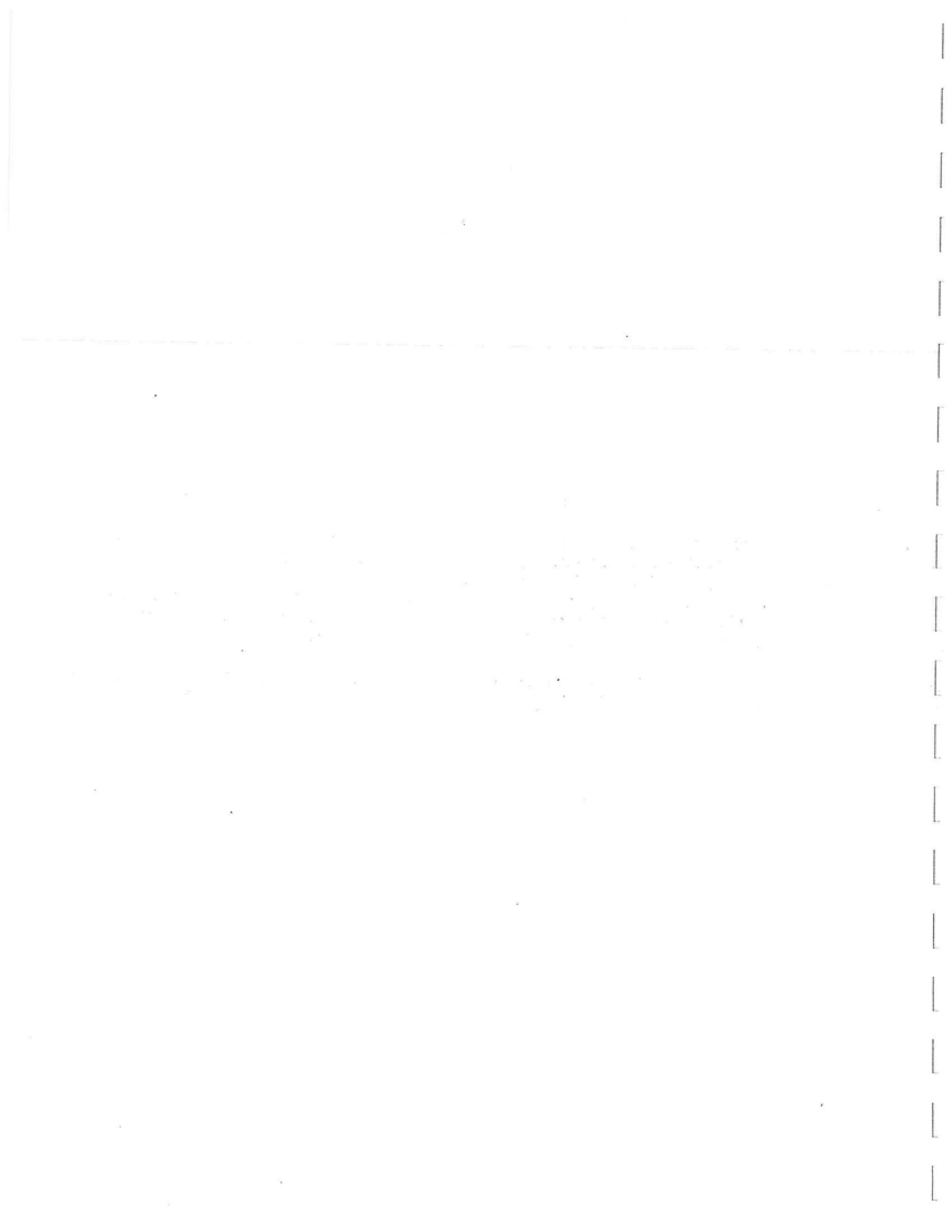
WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2017

	<u>Unemployment Compensation Trust Fund</u>	<u>Length of Service Award Program Trust Fund (Unaudited)</u>
ADDITIONS		
Contributions:		
Employee Contributions	\$ 699	
District Contributions	-	\$ 37,598
Total Contributions	<u>699</u>	<u>37,598</u>
Investment Earnings:		
Net Increase in Fair Value of Investments		92,860
Interest	-	6,136
Net Investment Earnings	<u>-</u>	<u>98,996</u>
Total Additions	<u>699</u>	<u>136,594</u>
DEDUCTIONS		
Claims	210	
Withdrawals	-	28,966
Total Deductions	<u>210</u>	<u>28,966</u>
Changes in Net Position	489	107,628
Net Position - Beginning of Year	<u>15,271</u>	<u>685,209</u>
Net Position - End of Year	<u>\$ 15,760</u>	<u>\$ 792,837</u>

See accompanying Notes to the Financial Statements

{THIS PAGE INTENTIONALLY LEFT BLANK}

NOTES TO THE FINANCIAL STATEMENTS



WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Woodbridge Township Fire District No. 5 (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity:

The Woodbridge Township Fire District No. 5 is a political subdivision of the Township of Woodbridge, Middlesex County, New Jersey. The District functions independently through a Board of Fire Commissioners. The board is comprised of five members elected to three-year terms. The annual Fire District election is held the third Saturday of February.

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

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements:

- GASB 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 Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

WOODBRIAGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and 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 Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the year ending December 31, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 84, *Fiduciary Activities*, will be effective with the year ending December 31, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the year ending December 31, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 87, *Leases*, will be effective with the year ending December 31, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements:

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

The District reports the following major governmental funds:

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

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

Additionally, the government reports the following fund types:

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

Reclassifications

Certain reclassifications may have been made to the December 31, 2016 balance to conform to the December 31, 2017 presentation.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

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

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

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

E. Budgets/Budgetary Control

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end. During 2017 the original General Fund budget was increased by \$8,160, as a result of the reappropriation of prior year encumbrances.

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

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

1. *Cash, Cash Equivalents and Investments*

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

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey fire districts. (See Note 2)

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

2. *Receivables*

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. *Inventories and Prepaid Expenses*

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

4. *Capital Assets*

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

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend 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 and Building Improvements	25
Fire Trucks	25
Other Vehicles	5

5. Deferred Outflows/Inflows of Resources

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

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

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the District's commitment to fund such costs from future operations.

7. *Pensions*

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

8. *Net Position/Fund Balance*

Government-Wide Statements

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

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

Net Position Flow Assumption

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

Governmental Fund Statements

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

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

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

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Net Position/Fund Balance (Continued)

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018 District budget certified for taxes.

Designated for Life Member Death Benefit - Represents fund balance assigned specifically for the death benefit of life members in the General Fund.

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

H. Revenues and Expenditures

1. Program Revenues

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

2. Fire District Taxes

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

3. Revenues and Expenditures

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017, the book value of the District's deposits was \$2,565,232 and the bank balance of the District's deposits was \$2,609,447. Of the bank balances \$250,000 was covered by FDIC and \$2,359,447 was covered by GUDPA.

Investments

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

As of December 31, 2017, the District had the following investments:

	Fair Value (Unaudited)
<u>2017</u>	
Investments Not Subject to Categorization	
Length of Service Award Program	\$ <u>755,239</u>

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are held by an outside party. The District does not have a policy for custodial risk. As of December 31, 2017, \$755,239 of the District’s investments was exposed to custodial credit risk as follows:

	Fair Value (Unaudited)
<u>2017</u>	
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the District's name	\$ <u>755,239</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The District does not have an investment policy that would further limit its investment choices. As of December 31, 2017 and 2016, the District investment in Variable Annuity Life Insurance Company (VALIC) was rated Aa2 by Moody’s Investors.

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

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets

Capital asset activity for the calendar year ended December 31, 2017 was as follows:

	<u>Beginning Balance January 1</u>	<u>Increases</u>	<u>Transfers</u>	<u>Ending Balance December 31</u>
Governmental Activities:				
Capital Assets, Being Depreciated:				
Buildings and Building Impvts.	\$ 1,750,000			\$ 1,750,000
Vehicles and Equipment	<u>4,561,000</u>	\$ 66,003	\$ -	<u>4,627,003</u>
Total Capital Assets, Being Depreciated	<u>6,311,000</u>	<u>66,003</u>	<u>-</u>	<u>6,377,003</u>
Accumulated Depreciation For:				
Buildings and Building Impvts.	(1,435,000)	(70,000)		(1,505,000)
Vehicles and Equipment	<u>(1,746,496)</u>	<u>(243,746)</u>	<u>-</u>	<u>(1,990,242)</u>
Total Accumulated Depreciation	<u>(3,181,496)</u>	<u>(313,746)</u>	<u>-</u>	<u>(3,495,242)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,129,504</u>	<u>(247,743)</u>	<u>-</u>	<u>2,881,761</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,129,504</u>	<u>\$ (247,743)</u>	<u>\$ -</u>	<u>\$ 2,881,761</u>

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2017**

NOTE 2 DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets (Continued)

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

Cost of Operations and Maintenance	<u>\$313,746</u>
------------------------------------	------------------

C. Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences Payable	\$ 45,311		\$ 8,796	\$ 36,515	
Net Pension Liability	<u>785,380</u>	\$ -	<u>211,683</u>	<u>573,697</u>	\$ -
 Total Long-Term Liabilities	 <u>\$ 830,691</u>	 <u>\$ -</u>	 <u>\$ 220,479</u>	 <u>\$ 610,212</u>	 <u>\$ -</u>

NOTE 3 OTHER INFORMATION

A. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement system covering substantially all state and local government employees which includes those District employees who are eligible for pension coverage.

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

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 3 OTHER INFORMATION (Continued)

A. Employee Retirement Systems and Pension Plans (Continued)

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PERS is funded directly by the respective system, but is currently suspended as a result of reform legislation.

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

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

Basis of Accounting

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

Investment Valuation

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

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 3 OTHER INFORMATION (Continued)

A. Employee Retirement Systems and Pension Plans (Continued)

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for all the State administered retirement systems, including PERS is 35.79 percent with an unfunded actuarial accrued liability of \$142.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 48.10 percent and \$23.3 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.00% for investment rate of return and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 7.20% for PERS and 5.50% for DCRP of employee's annual compensation for 2017.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2017 for PERS, which is cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

NOTE 3 OTHER INFORMATION (Continued)

A. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2017, 2016 and 2015, the District, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PERS</u>	<u>DCRP</u>
2017	\$ 23,978	\$ 2,306
2016	15,591	1,521
2015	14,301	587

The PERS contributions are recognized in the governmental fund statements (modified accrual) as an expenditure. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual) as an expenditure, as well as the district-wide statements (accrual basis) as an expense.

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

Public Employees Retirement System (PERS)

At December 31, 2017, the District reported in the statements of net position a liability of \$573,697 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District's proportionate share was .00246 percent, which was a decrease of .00019 percent from its proportionate share measured as of June 30, 2016 of .00265 percent.

For the year ended December 31, 2017, the District recognized in the statement of activities pension expense of \$67,396 for PERS. At December 31, 2017 the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2017</u>	
	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Difference Between Expected and Actual Experience	\$ 13,509	
Changes of Assumptions	115,580	115,156
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,906	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>115,159</u>	<u>33,378</u>
Total	<u>\$ 248,154</u>	<u>\$ 148,534</u>

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017**

NOTE 3 OTHER INFORMATION (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ 39,778
2019	44,617
2020	37,869
2021	(5,954)
2022	(16,690)
Thereafter	<u>-</u>
	<u>\$ 99,620</u>

Actuarial Assumptions

The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2017</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017**

NOTE 3 OTHER INFORMATION (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

The actuarial assumptions used in the July 1, 2016 valuation was based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017, as reported for the year ended December 31, 2017 is summarized in the following table:

<u>Asset Class</u>	<u>2017</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit Mortgages	10.00%	3.78%
High Yield Bonds		
Inflation-Indexed Bonds		
US Equity	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Private Equity		
Hedge Funds/Absolute Return		
Real Estate (Property)		
Commodities		
Global Debt ex US		
REIT		
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	5.00%

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017**

NOTE 3 OTHER INFORMATION (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58 as of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability as of December 31, 2017 calculated using the discount rate of 5.00% as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
<u>2017</u> District's Proportionate Share of the PERS Net Pension Liability	\$ 711,710	\$ 573,697	\$ 458,715

The sensitivity analysis was based on the proportionate share of the District's net pension liability at December 31, 2017. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2017**

NOTE 3 OTHER INFORMATION (Continued)

B. Risk Management

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

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

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 699	\$ 210	\$ 15,760
2016	1,148	766	15,271
2015	1,159	919	14,889

C. Fund Balance Appropriated

General Fund – Of the \$1,351,302 General Fund fund balance at December 31, 2017, \$8,100 is designated for encumbrances; \$35,000 is designated for life members death benefits, \$296,440 has been appropriated for tax relief and included in the 2018 budget and \$1,011,762 is unassigned.

Capital Projects Fund – Of the \$1,104,374 Capital Projects Fund fund balance at December 31, 2017, \$1,104,374 is restricted for capital projects.

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

The Woodbridge Township Fire District No. 5 Length of Service Award Program (LOSAP) was created pursuant to Section 457 (e)(11)(13) of the Internal Revenue Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997.

**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

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

The tax deferred income benefits for active volunteer members of the Woodbridge Township Fire District No. 5 come from contributions made solely by the District, on behalf of those volunteers who meet the criteria of the Program created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services will publish changes to the permitted maximum on an annual basis.

The Woodbridge Township of Fire District No. 5 contributed \$1,709 per eligible volunteer into the Program, based on the annual accumulated points of each member for the year ended December 31, 2017.

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

Variable Annuity Life Insurance Company (VALIC) is the administrator of the Program. The District's practical involvement in administering the Program is essentially limited to verifying the eligibility of each participant and remitting the funds to the Program administrator.

Reporting Requirements

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

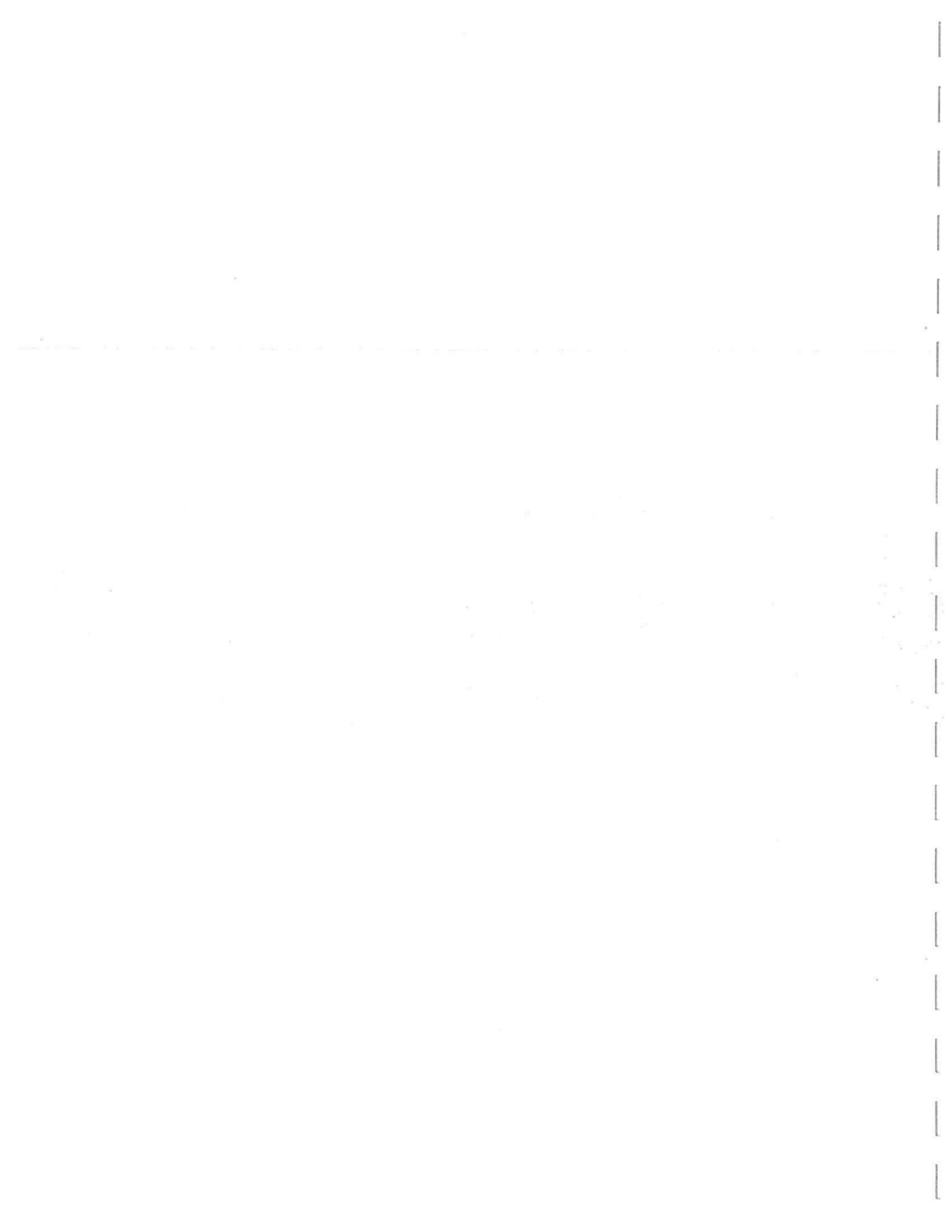
NOTE 5 TAX ABATEMENTS

For the year ended December 31, 2017, the Township of Woodbridge provided property tax abatements through the Long Term Tax Exemption Law (the "LTTE Law") to the certain properties within the District.

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the year ended December 31, 2017 the Township abated District property taxes in the District totaling \$29,545 under the LTTE program. The Township received \$21,024 in PILOT payments under this program for the year ended December 31, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

PART II



WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2017

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Miscellaneous Revenues:					
Other Revenue:					
Interest on Investments and Deposits	\$ 2,800	-	\$ 2,800	\$ 4,737	\$ 1,937
Miscellaneous	<u>2,800</u>	<u>-</u>	<u>2,800</u>	<u>43,844</u>	<u>43,844</u>
				<u>48,581</u>	<u>45,781</u>
Miscellaneous Revenues Offset with Appropriations:					
Uniform Fire Safety Act	<u>94,626</u>	<u>-</u>	<u>94,626</u>	<u>91,355</u>	<u>(3,271)</u>
Amount to be Raised by Taxation to Support the District Budget	<u>1,345,824</u>	<u>-</u>	<u>1,345,824</u>	<u>1,345,824</u>	<u>-</u>
Total Revenues	<u>1,443,250</u>	<u>-</u>	<u>1,443,250</u>	<u>1,485,760</u>	<u>42,510</u>

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 5
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2017
(Continued from prior page)

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Operating Appropriations:					
Administration:					
Salaries and Wages:					
Commissioners	\$ 35,868	\$	\$ 35,868	\$ 35,868	\$ -
Clerk	26,600		26,600	32,772	(6,172)
Custodian	13,608	-	13,608	12,818	790
Total Salaries and Wages	76,076	-	76,076	81,458	(5,382)
Fringe Benefits	23,031	-	23,031	35,375	(12,344)
Other Expenses:					
Election	1,000		1,000	240	760
Office Expenses	6,250		6,250	6,338	(88)
Professional Services	53,960	\$ 8,160	62,120	21,030	41,090
Total Other Expenses	61,210	8,160	69,370	27,608	41,762
Total Administration	160,317	8,160	168,477	144,441	24,036

Continued

WOODBRIDGE TOWNSHIP FIRE DISTRICT NO. 5
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2017
(Continued from prior page)

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES: (Continued)					
Cost of Operations and Maintenance:					
Fringe Benefits	41,900	-	41,900		41,900
Other Expenses:	\$	\$	\$	\$	\$
Advertising	1,500		1,500	556	944
Emergency Standby	7,500		7,500	2,044	5,456
Insurance	66,000		66,000	40,786	25,214
Maintenance of Facilities	159,500		159,500	114,018	45,482
Fuel	16,000		16,000	8,851	7,149
Repairs	45,000	(5,000)	40,000	37,475	2,525
Equipment	27,000	(2,000)	25,000	30,312	(5,312)
General Radio and Alarm	10,000		10,000	14,252	(4,252)
Personal Radio Equipment	10,000		10,000		10,000
Membership and Dues	2,500	(2,000)	500	748	(248)
Joint Boards & Mutual Service Agreements	35,500		35,500	34,271	1,229
Joint Dispatch Agreement	84,000		84,000	73,608	10,392
Avenel Fire Company	95,000		95,000	72,164	22,836
Other Materials and Supplies	6,000	(5,000)	1,000	145	855
Reimbursement of Expenses	1,000		1,000	40	960
Fire Hydrants	396,500	13,500	410,000	420,719	(10,719)
Training and Education	11,000	(3,000)	8,000	5,155	2,845
Travel	1,500		1,500	1,017	483
Uniforms	38,504	(3,504)	35,000	4,960	30,040
Utilities	73,500	(13,500)	60,000	33,115	26,885
Total Other Expenses	1,087,504	(20,504)	1,067,000	894,236	172,764
Total Cost of Operations and Maintenance	1,129,404	(20,504)	1,108,900	894,236	214,664

Continued

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2017
 (Continued from prior page)

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES: (Continued)					
Operating Appropriations Offset With Revenues:					
Uniform Fire Safety Act:					
Salaries and Wages:					
Fire Official	\$ 78,130		\$ 78,130	\$ 70,150	\$ 7,980
Fire Inspector	176,193	-	176,193	172,469	3,724
Total Salaries and Wages	254,323	-	254,323	242,619	11,704
Fringe Benefits	121,877	-	121,877	105,363	16,514
Other Expenses:	5,000		5,000	7,285	(2,285)
Office Expenses		1,000	1,000	1,000	
Materials and Supplies		2,000	2,000	1,228	772
Equipment		3,000	3,000	2,445	555
Training		2,000	2,000	1,109	891
Membership and Dues		5,000	5,000	9,421	(4,421)
Maintenance and Repairs		4,000	4,000	12,454	(8,454)
Computer Supplies and Equipment	1,500		1,500		1,500
Professional Services	8,500		8,500	7,080	1,420
Fire Prevention - Educational Materials	1,496	3,504	5,000	4,798	202
Uniforms					
Vehicle					
Total Other Expenses	16,496	20,504	37,000	45,820	(8,820)
Total Uniform Fire Safety Act	392,696	20,504	413,200	393,802	19,398

Continued

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2017
(Continued from prior page)

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
First Aid and Rescue Squad Association Equipment	\$ 5,000	-	\$ 5,000	\$ 5,063	\$ (63)
Length of Service Award Program	55,000	-	55,000	43,108	11,892
Reserve for Life Member Death Benefits	-	-	-	5,000	(5,000)
Total Expenditures	1,742,417	\$ 8,160	1,750,577	1,485,650	264,927
Excess (Deficiency) of Revenues Over (Under) Expenditures	(299,167)	(8,160)	(307,327)	110	307,437
Net Change in Fund Balances	(299,167)	(8,160)	(307,327)	110	307,437
Fund Balances, Beginning of Year	1,351,192	-	1,351,192	1,351,192	-
Fund Balances, End of Year	\$ 1,052,025	\$ (8,160)	\$ 1,043,865	\$ 1,351,302	\$ 307,437
Assigned Year End Encumbrances				8,100	
Designated for Life Member Death Benefit				35,000	
Designated for Subsequent Year's Expenditures				296,440	
Unassigned				1,011,762	
Total Fund Balances				\$ 1,351,302	

Concluded

{THIS PAGE INTENTIONALLY LEFT BLANK}

REQUIRED SUPPLEMENTARY INFORMATION

PART III



WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY

PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Last Five Fiscal Years *

	2017	2016	2015	2014	2013
District's Proportion of the Net Position Liability (Asset)	0.00246	0.00265	0.00181	0.00173	0.00171
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 573,697	\$ 785,380	\$ 407,088	\$ 324,792	\$ 328,299
District's Covered-Employee Payroll	\$ 167,914	\$ 176,580	\$ 179,120	\$ 123,207	\$ 119,238
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	342%	445%	227%	264%	275%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.92%	52.08%	48.72%

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

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

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

PUBLIC EMPLOYEES RETIREMENT SYSTEM
 Last Five Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily Required Contribution	\$ 22,831	\$ 23,558	\$ 15,591	\$ 14,301	\$ 12,943
Contributions in Relation to the Statutorily Required Contributions	<u>22,831</u>	<u>23,558</u>	<u>15,591</u>	<u>14,301</u>	<u>12,943</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered- Employee Payroll	\$ <u>167,914</u>	\$ <u>176,580</u>	\$ <u>179,120</u>	\$ <u>123,207</u>	\$ <u>119,238</u>
Contributions as a Percentage of Covered-Employee Payroll	13.60%	13.34%	8.70%	11.61%	10.85%

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

**WOODBRIIDGE TOWNSHIP FIRE DISTRICT NO. 5
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017**

Change of Benefit Terms:

None.

Change of Assumptions:

Assumptions used in calculating the net pension liability and
statutorily required employer contribution are presented in Note 3.

{THIS PAGE INTENTIONALLY LEFT BLANK}



WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
Comparative Schedule of Assets, Liabilities and Fund Balance
General Fund
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,445,098	\$ 1,433,117
Accounts Receivable	<u>-</u>	<u>1,085</u>
TOTAL ASSETS	<u>\$ 1,445,098</u>	<u>\$ 1,434,202</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable and Other Liabilities	<u>\$ 93,796</u>	<u>\$ 83,010</u>
Total Liabilities	<u>93,796</u>	<u>83,010</u>
Fund Balances:		
Assigned		
Year End Encumbrances	8,100	8,160
Designated for Subsequent Year's Expenditures	296,440	299,167
Designated for Life Member Death Benefit	35,000	40,000
Unassigned	<u>1,011,762</u>	<u>1,003,865</u>
Total Fund Balance	<u>1,351,302</u>	<u>1,351,192</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 1,445,098</u>	 <u>\$ 1,434,202</u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -
Uniform Fire Safety Act
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUES:		
Reserve for Dedicated Penalties		
State Registrations	\$ 85,328	\$ 74,173
Permits, Penalties and Reports	6,027	10,705
Other Revenues	-	1,614
Total Revenues	<u>91,355</u>	<u>86,492</u>
EXPENDITURES:		
Salary and Wages	242,619	236,958
Fringe Benefits	105,363	99,572
Other Expenses	<u>45,820</u>	<u>31,523</u>
Total Expenditures	<u>393,802</u>	<u>368,053</u>
(Deficiency) of Revenues (Under) Expenditures	(302,447)	(281,561)
Fund Balance, Beginning of Year	-	-
Expended in General Fund	<u>302,447</u>	<u>281,561</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
Comparative Schedule of Assets, Liabilities and Fund Balance
Capital Projects Fund
As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 1,104,374</u>	<u>\$ 804,374</u>
TOTAL ASSETS	<u><u>\$ 1,104,374</u></u>	<u><u>\$ 804,374</u></u>
 LIABILITIES AND FUND BALANCE		
Fund Balances:		
Restricted:		
Capital Projects	<u>\$ 1,104,374</u>	<u>\$ 804,374</u>
Total Fund Balances	<u>1,104,374</u>	<u>804,374</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 1,104,374</u></u>	<u><u>\$ 804,374</u></u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
Summary Schedule of Project Expenditures
Capital Projects Fund
As of December 31, 2017

<u>Project</u>	<u>Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Adjustments</u>	<u>Current Year</u>	
Acquisition of Fire Truck	2/15/2014	\$ 1,500,000	\$ 1,116,365			\$ 383,635
Other - Various Capital Projects		<u>1,596,347</u>	<u>875,608</u>	\$ -	\$ -	<u>720,739</u>
		<u>\$ 3,096,347</u>	<u>\$ 1,991,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,104,374</u>

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
Comparative Schedule of Revenues, Expenditures, and Change in Fund Balance
Capital Projects Fund
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
Property Tax Levy	\$ 300,000	\$ 300,000
Contribution from Township for Purchase of Fire Truck	<u>-</u>	<u>527,127</u>
Total Revenues	<u>300,000</u>	<u>827,127</u>
EXPENDITURES		
Capital Projects	<u>-</u>	<u>527,127</u>
Total Expenditures	<u>-</u>	<u>527,127</u>
Excess (Deficiency) of Revenues Over Expenditures	300,000	300,000
Fund Balance, Beginning of Year	<u>804,374</u>	<u>504,374</u>
Fund Balance, End of Year	<u>\$ 1,104,374</u>	<u>\$ 804,374</u>
Recapitulation:		
Restricted	<u>\$ 1,104,374</u>	<u>\$ 804,374</u>
	<u>\$ 1,104,374</u>	<u>\$ 804,374</u>



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Woodbridge Township Fire District No. 5
P.O. Box 125
Avenel, New Jersey 07001

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodbridge Township Fire District No. 5 as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Woodbridge Township Fire District No. 5's basic financial statements and have issued our report thereon dated May 14, 2018. Our report on the financial statements was modified because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Woodbridge Township Fire District No. 5's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Woodbridge Township Fire District No. 5's internal control. Accordingly, we do not express an opinion on the effectiveness of the Woodbridge Township Fire District No. 5's internal control.

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

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

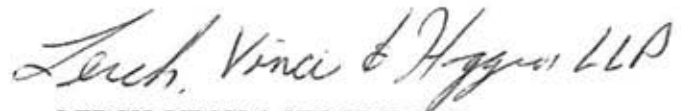
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Woodbridge Township Fire District No. 5's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Woodbridge Township Fire District No. 5 in the section of this report of audit entitled "General Comments and Recommendations".

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Woodbridge Township Fire District No. 5's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Woodbridge Township Fire District No. 5's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Fair Lawn, New Jersey
May 14, 2018

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Part I – Summary of Auditors' Results

Financial Statements Section

Type of auditors' report issued on financial statements

Modified - Unaudited LOSAP

Internal control over financial reporting:

1) Material weakness(es) identified?

___ yes X no

2) Significant Deficiency(ies) identified that are not considered to be material weakness(es)?

___ yes X none reported

Noncompliance material to basic financial statements noted?

___ yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

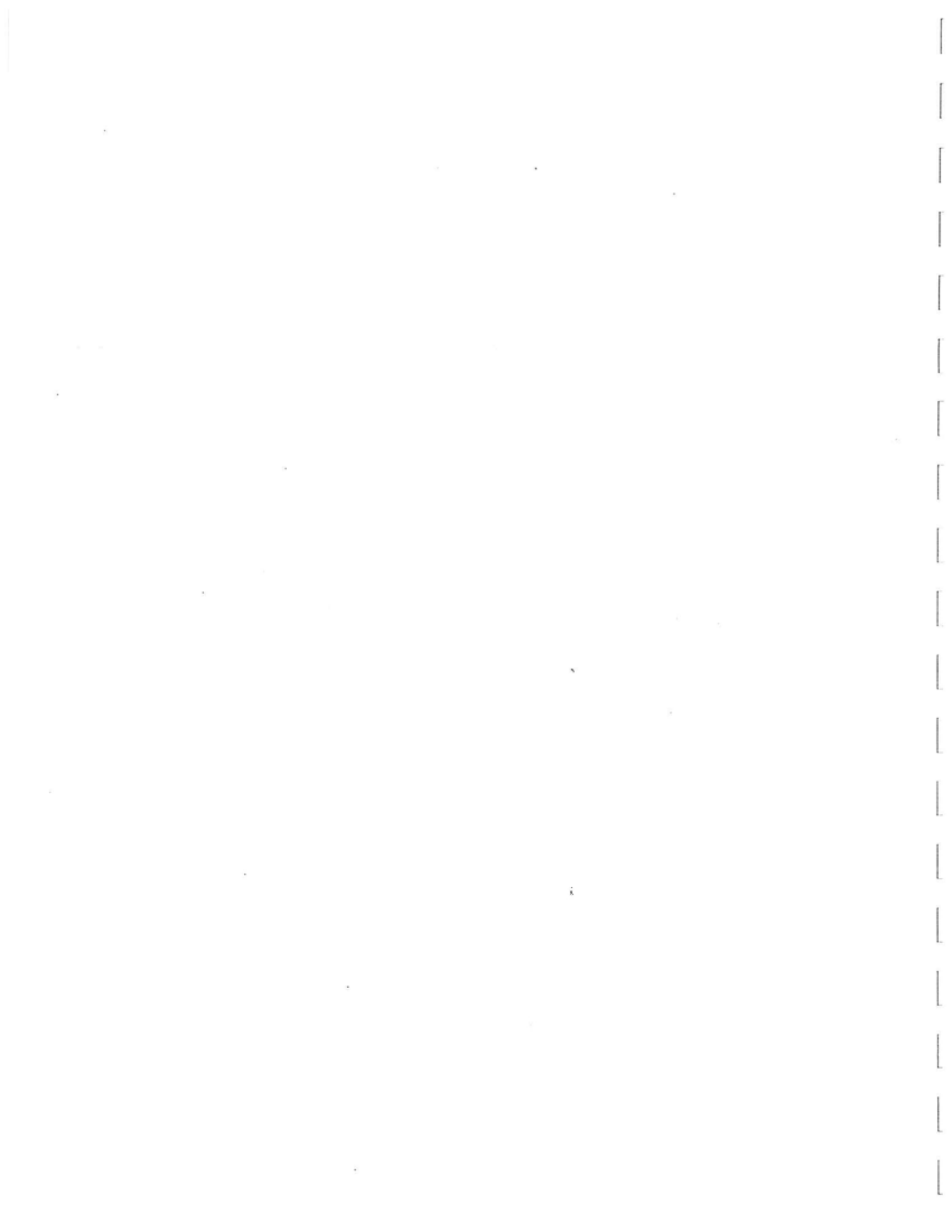
**WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 5
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Status of Prior Year Findings

There were none.

STATISTICAL INFORMATION



STATISTICAL INFORMATION

Property Tax Levies:

Following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years:

<u>Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2017	\$ 548,187,200	\$ 1,645,824	0.301
2016	545,382,100	1,613,553	0.297
2015	531,577,050	1,613,553	0.311
2014	519,201,200	1,596,562	0.305
2013	522,406,300	1,524,108	0.287

Fund Balance – The General Fund Unassigned and Assigned - Designated for Subsequent Year’s Expenditures is as follows:

<u>Year</u>	<u>Unassigned Balance December 31</u>	<u>Assigned- Designated for Subsequent Year Expenditures</u>
2017	\$ 1,011,762	\$ 296,440
2016	1,003,865	299,167
2015	868,138	323,584
2014	838,093	280,000
2013	652,390	280,000

{THIS PAGE INTENTIONALLY LEFT BLANK}

GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

Current Year

The audit indicated that certain liabilities outstanding as of December 31, 2017 were not accrued in the District's financial statements. It is recommended that all liabilities be accrued in the financial statements when incurred.

Prior Year Unresolved

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

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

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

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

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

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

RECOMMENDATIONS

It is recommended that:

1. All liabilities be accrued in the financial statements when incurred.
- * 2. A claimant's certification be obtained on all vendors prior to payment.

Status of Prior Year Recommendations

A review was performed on the prior year's recommendation. The District has not taken corrective action on the prior year recommendation which is denoted by an asterisk (*).

Lerch, Vinci & Higgins LLP

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

Gary W. Higgins

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405