

WOODBIDGE TOWNSHIP FIRE DISTRICT #1

Audit Report

For the Years Ended December 31, 2010 and 2009

BART & BART
Certified Public Accountants

TABLE OF CONTENTS

| | <u>EXHIBIT #</u> | <u>PAGE #</u> |
|---|------------------|---------------|
| Independent Auditor's Report | | 1 |
| Auditor's Report on Compliance and on Internal Control Over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | | 2 |
| Management's Discussion and Analysis | | 3-4 |
| <u>General Fund:</u> | | |
| Comparative Balance Sheets - December 31, 2010 and 2009 | 1 | 5 |
| Statement of Revenues, Expenditures and Changes in Fund Balance for the Year Ended December 31, 2010 with Comparative Actual Amounts for the Year Ended December 31, 2009 | 2 | 6 |
| Statement of Expenditures Compared to Budget for the Year Ended December 31, 2010 with Comparative Actual Amounts for the Year Ended December 31, 2009 | 3 | 7 |
| Statement of Grants Received and Expended; Supplemental Fire Services Program for the Year Ended December 31, 2010 | 4 | 8 |
| <u>Capital Fund:</u> | | |
| Comparative Balance Sheets - December 31, 2010 and 2009 | 5 | 9 |
| Combining Statement of Amount to be Provided for Retirement of Debt | 6 | 10 |
| Combining Statement of Serial Bonds Payable | 7 | 11 |
| <u>General Fixed Assets Account Group:</u> | | |
| Comparative Balance Sheets - December 31, 2010 and 2009 | 8 | 12 |
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balance | 9 | 13 |
| <u>Notes to Financial Statements</u> | | 14-17 |
| <u>Roster of Officials</u> | | 18 |
| <u>Comments and Recommendations</u> | | 19 |

BART & BART CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

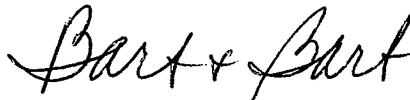
We examined the financial statements of the various funds of the Woodbridge Township Fire District #1 as of December 31, 2010 and 2009, for the years then ended as listed in the foregoing table of contents. These financial statements are the responsibility of the Fire District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with governmental auditing standards generally accepted in the United States of America, government auditing standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note #1, Woodbridge Township Fire District #1 prepares its financial statements on a modified accrual basis of accounting that demonstrates compliance with accounting principles and practices as described by the Division of Local Government Services Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the various funds of the Woodbridge Township Fire District #1 at December 31, 2010 and 2009, and the results of operations for the years then ended, on a basis of accounting described in Note #1.

Our audit was made for the purpose of forming an opinion of the general purpose financial statements taken as a whole. The information included in the supplementary schedules is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



BART & BART

May 31, 2011

104 MAIN STREET
WOODBRIDGE, NJ 07095
(732) 634-5680

26 MAIN STREET
KEYPORT, NJ 07735
(732) 264-5936

FAX (732) 602-1059

BART & BART CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of Woodbridge Township Fire District #1 as of December 31, 2010 and for the year ended December 31, 2010, and have issued our report thereon dated, May 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the State of New Jersey.

Compliance

As part of obtaining reasonable assurance about whether Woodbridge Township Fire District #1 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit for the financial statements Woodbridge Township Fire District #1, for the year ended December 31, 2010, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control. We noted no matters involving the internal control and its operation that we considered to be a significant deficiency under standards established by the American Institute of Certified Public Accountants. Significant deficiencies involve matters coming to our attention relating to the design or operation of internal control that, in our judgement, could adversely affect the organization's ability to initiate record, process and report financial data consistent with assertions of management in the financial statements.

These reports are intended for the information of the management and others within the organization. This report is a matter of public record and its distribution is not limited.

May 31, 2011

104 MAIN STREET
WOODBRIDGE, NJ 07095
(732) 634-5680

-2-

26 MAIN STREET
KEYPORT, NJ 07735
(732) 264-5936

FAX (732) 602-1059

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

For the Year Ended December 31, 2010

Unaudited

This discussion and analysis of Woodbridge Township Fire District No. 1's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the district's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2010 as compared to 2009 are as follows:

Total fund balance decreased \$121,065 from 2009. The unreserved fund balance of the District is a useful indicator of the financial health of the District. The following table shows the past 8-year history of the District's unreserved fund balance:

| <u>Fiscal Year Ended</u> | <u>End of Fiscal Year</u> | <u>Utilization in Subsequent Budget</u> |
|--------------------------|---------------------------|---|
| 12/31/10 | \$1,634,058 | \$ 645,000 |
| 12/31/09 | 1,214,244 | 741,200 |
| 12/31/08 | 1,367,145 | 840,000 |
| 12/31/07 | 1,261,645 | 290,000 |
| 12/31/06 | 783,491 | 260,000 |
| 12/31/05 | 758,047 | 260,000 |
| 12/31/04 | 520,339 | - |
| 12/31/03 | 267,477 | - |
| 12/31/02 | (145,499) | - |

Uniform Fire Safety Act revenues increased \$35,033. Earnings on investments decreased \$7,599 and miscellaneous income increased \$83,166. This is primarily due to the sale of equipment, and a \$345,355 State Rebate associated with the District's Solar Panel problem. District taxes increased \$305,580. The following table shows the history of the past ten years property tax levies per \$100 of assessed valuations on property within the District:

| <u>Fiscal Year</u> | <u>Assessed Valuations</u> | <u>Total Tax Levy</u> | <u>Property Tax Rates</u> |
|--------------------|----------------------------|-----------------------|---------------------------|
| 2011 | \$723,762,800 | \$6,217,859 | .859 |
| 2010 | 727,763,000 | 6,292,203 | .865 |
| 2009 | 732,520,900 | 5,905,123 | .808 |
| 2008 | 756,233,606 | 5,277,330 | .748 |
| 2007 | 754,681,800 | 4,913,587 | .651 |
| 2006 | 732,142,800 | 4,572,514 | .625 |
| 2005 | 732,142,800 | 4,371,733 | .609 |
| 2004 | 733,645,600 | 3,911,373 | .533 |
| 2003 | 733,645,600 | 2,427,753 | .467 |
| 2002 | 729,745,760 | 2,923,169 | .368 |
| 2001 | 717,732,200 | 2,742,333 | .382 |

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

For the Year Ended December 31, 2010

Unaudited

Financial Highlights (Continued)

Total assets of the general fund decreased by \$425,475 as cash and cash equivalents decreased by \$419,073, receivables decreased by \$6,402. Total liabilities and reserves increased by \$845,289.

The District had \$6,556,361 in expenses, an increase of \$376,563. Administration costs decreased \$33,447, while costs of operations increased \$469,576. General revenues and fund balance were adequate to provide for these expenses.

The District reduced its 2001 series bonds payable by \$60,000 in 2010. Interest expense on the bonds was \$4,743 and \$7,219 in 2010 and 2009 respectively.

In 2009, the District cancelled a portion of its engine reserve, as well as a portion of its FPB garage reserve and transferred them into Solar Panel Project reserve in the amount of \$284,600.00. As of December 31, 2010, the project is in service. The project is estimated to save the District an estimated \$715,000 over the next 30 years. Also in 2010, the District completed a renewal of the Communication System and Dispatch Center at a total cost of \$453,674.

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

Woodbridge Township Fire District #1General FundComparative Balance Sheet

| <u>ASSETS</u> | <u>December 31,</u> | |
|---|---------------------|---------------------|
| | <u>2010</u> | <u>2009</u> |
| Cash | \$ 2,447,467 | \$ 2,866,839 |
| Petty Cash Fund | 300 | 150 |
| Accounts Receivable | <u>4,808</u> | <u>11,210</u> |
| Total Assets | <u>\$ 2,452,575</u> | <u>\$ 2,878,199</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Liabilities and Reserves: | | |
| Accounts Payable | \$ 157,953 | \$ 104,500 |
| Reserve for Retirement Pay | 368,226 | 517,552 |
| Reserve for Petty Cash Fund | 300 | 150 |
| Reserve for Equipment | <u>297,559</u> | <u>1,041,753</u> |
| Total Liabilities and Reserves | <u>824,038</u> | <u>1,663,955</u> |
| Fund Balance: | | |
| Undesignated | <u>1,628,537</u> | <u>1,214,244</u> |
| Total Fund Balance | <u>1,628,537</u> | <u>1,214,244</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 2,452,575</u> | <u>\$ 2,878,199</u> |

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

Woodbridge Township Fire District #1

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended December 31, 2010

With Comparative Actual Amounts for Period Ended December 31, 2009

| | 2010 | | Variance Favorable (Unfavorable) | 2009 |
|---|--------------|--------------|--|-------------|
| | Budget | Actual | | Actual |
| Revenues and Other Financing Sources: | | | | |
| Miscellaneous Revenues: | | | | |
| Uniform Fire Safety Act | | | | |
| - Annual Registration Fees | \$ 46,043 | \$ 53,949 | \$ 7,906 | \$ 49,918 |
| - Other Fees, Penalties, Fines, etc. | 32,650 | 42,360 | (9,710) | 11,538 |
| Supplemental Fire Services Act | 5,297 | 5,297 | - | 7,394 |
| Grant Income | 800,000 | | (800,000) | - |
| Earnings on Investments and Deposits | 30,000 | 20,041 | (9,959) | 27,600 |
| Miscellaneous Income | 87,300 | 58,293 | (29,007) | 324 |
| Total Miscellaneous Revenues | 1,001,290 | 179,940 | (821,350) | 96,774 |
| Fund Balance Appropriated | 106,200 | 106,200 | - | 370,000 |
| Retirement Reserve | 295,000 | 377,353 | 82,353 | 83,134 |
| Equipment Reserve | 340,000 | 758,018 | 418,018 | 175,000 |
| Total Fund Balance & Reserve Appropriated | 741,200 | 1,241,571 | 500,371 | 628,134 |
| District Taxes | 6,220,703 | 6,220,703 | - | 5,915,123 |
| Total Revenues and Other Financing Sources | \$ 7,963,193 | \$ 7,642,214 | \$ (320,979) | \$6,640,031 |
| Expenditures: | | | | |
| Current Operating Appropriations | \$ 7,410,425 | \$ 6,011,461 | \$ 1,398,964 | \$5,502,917 |
| Appropriations Offset with Revenue: | | | | |
| Uniform Fire Safety Act | 31,000 | 29,980 | 1,020 | 25,538 |
| Capital Appropriations | 521,768 | 520,441 | 1,327 | 651,343 |
| Total Expenditures | 7,963,193 | 6,561,882 | 1,401,311 | 6,179,798 |
| Excess of Revenue over Expenditures | - | 1,080,332 | 1,080,332 | 460,233 |
| Less: Fund Balance Utilized | (106,200) | (106,200) | - | (370,000) |
| Reserves Utilized | - | (559,839) | (559,839) | (243,134) |
| Fund Balance, Beginning of Year | 1,214,244 | 1,214,244 | - | 1,367,145 |
| Fund Balance, End of Year | \$ 1,108,044 | \$ 1,628,537 | \$ 520,493 | \$1,214,244 |

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

Woodbridge Township Fire District #1

General Fund

Statement of Expenditures Compared to Budget

For the Year Ended December 31, 2010

With Comparative Actual Amounts for Period Ended December 31, 2009

| | 2010 | | Variance Favorable (Unfavorable) | 2009 |
|---|---------------------|---------------------|--|---------------------|
| | Budget | Actual | | Actual |
| ADMINISTRATION: | | | | |
| Salaries and Wages | \$ 23,500 | \$ 23,500 | \$ - | \$ 22,821 |
| Fringe Benefits | 425,936 | 392,678 | 33,258 | 354,555 |
| Election | 10,499 | 9,778 | 721 | 7,009 |
| Membership Dues | 1,000 | 771 | 229 | 762 |
| Office Expenses | 4,400 | 2,872 | 1,528 | 3,005 |
| Professional Services | 109,500 | 78,950 | 30,550 | 85,278 |
| Outside Services | 41,000 | 41,000 | - | 43,000 |
| Promotions, Awards | 2,000 | 328 | 1,672 | - |
| Clerk | 52,000 | 52,000 | - | 52,000 |
| Furniture and Office Equipment | 1,500 | - | 1,500 | - |
| Total Administration | <u>\$ 671,335</u> | <u>\$ 601,877</u> | <u>\$ 69,458</u> | <u>\$ 568,430</u> |
| COST OF OPERATIONS: | | | | |
| Salaries and Wages | \$ 3,498,045 | \$ 3,231,116 | \$ 266,929 | \$ 2,955,075 |
| Fringe Benefits | 1,307,807 | 1,208,035 | 99,772 | 1,093,611 |
| Insurance | 91,850 | 91,825 | 25 | 86,307 |
| Maintenance and Repairs | 247,000 | 160,668 | 86,332 | 124,916 |
| Hydrant Services | 444,725 | 435,581 | 9,144 | 422,456 |
| Training and Education | 20,000 | 18,070 | 1,930 | 21,959 |
| Uniforms | 34,545 | 26,868 | 7,677 | 26,199 |
| Utilities | 60,000 | 46,273 | 13,727 | 47,907 |
| Fuel | 20,000 | 12,839 | 7,161 | 9,927 |
| Mutual Services Agreement | 10,000 | 10,000 | - | 10,000 |
| Supplemental Fire Services Act | 5,297 | - | 5,297 | - |
| Length of Service Awards Program | 60,000 | 41,355 | 18,645 | 31,836 |
| Joint Purchasing Agreement | 72,821 | 72,821 | - | 70,575 |
| Medical Transport | 500 | - | 500 | - |
| Preplanning | 8,500 | - | 8,500 | 183 |
| Grant Expenses | 800,000 | - | 800,000 | - |
| Rent | 26,000 | 24,272 | 1,728 | 25,493 |
| Computers/Pagers/Internet | 32,000 | 29,861 | 2,139 | 8,043 |
| Total Cost of Operations | <u>6,739,090</u> | <u>5,409,584</u> | <u>1,329,506</u> | <u>4,934,487</u> |
| Total Current Operating Exps. | <u>7,410,425</u> | <u>6,011,461</u> | <u>1,398,964</u> | <u>5,502,917</u> |
| CURRENT EXPENSES OFFSET WITH REVENUE | | | | |
| Uniform Fire Safety Act, (PL 1983, Ch. 383): | | | | |
| Other Expenses | <u>31,000</u> | <u>29,980</u> | <u>1,020</u> | <u>25,538</u> |
| Total Operating Appropriations | <u>\$ 7,441,425</u> | <u>\$ 6,041,441</u> | <u>\$ 1,399,984</u> | <u>\$ 5,528,455</u> |
| CAPITAL APPROPRIATIONS: | | | | |
| Vehicles | \$ - | \$ - | \$ - | \$ - |
| Reserve for Future Capital Outlays | 364,000 | 362,674 | 1,326 | 491,100 |
| Debt Service: | | | | |
| Bond Principal | 60,000 | 60,000 | - | 60,000 |
| Bond Interest | 4,744 | 4,743 | 1 | 7,219 |
| Lease | 93,024 | 93,024 | - | 93,024 |
| Total Capital Appropriations | <u>521,768</u> | <u>520,441</u> | <u>1,327</u> | <u>651,343</u> |
| Total Appropriations | <u>\$ 7,963,193</u> | <u>\$ 6,561,882</u> | <u>\$ 1,401,311</u> | <u>\$ 6,179,798</u> |

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

Woodbridge Township Fire District #1
Statement of Grants Received and Expended
Supplemental Fire Services Program
For the Year Ended December 31, 2010

Appropriations:

| | |
|---|------------------------|
| 2010 Supplemental Fire Services Program | \$ <u>5,297</u> |
| Total Program Funds Appropriated | \$ <u><u>5,297</u></u> |

Expenditures:

| | |
|-------------------------------------|--------------------|
| 2010 Supplemental Fire Services Act | \$ <u><u>-</u></u> |
|-------------------------------------|--------------------|

Total Grant Received \$5,297 from Woodbridge Township

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

Woodbridge Township Fire District #1Capital FundComparative Balance SheetDecember 31, 2010 and 2009

| <u>ASSETS</u> | <u>2010</u> | <u>2009</u> |
|---|-------------------|-------------------|
| Amount to be Provided for Retirement of Debt | \$ 313,344 | \$ 452,994 |
| Total Assets | <u>\$ 313,344</u> | <u>\$ 452,994</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Serial Bonds Payable | \$ 55,000 | \$ 115,000 |
| Capital Lease Payable | <u>258,344</u> | <u>337,994</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 313,344</u> | <u>\$ 452,994</u> |

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

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

| <u>Purpose</u> | <u>Balance</u> <u>12/31/09</u> | <u>Bond Paid</u> <u>By Budget</u> <u>Appropriation</u> | <u>Capital</u> <u>Lease/</u> <u>Bonds</u> <u>Issued</u> | <u>Balance</u> <u>12/31/10</u> |
|---|-----------------------------------|--|--|-----------------------------------|
| Purchase of 2 New General Pumpers | \$ 115,000 | \$ 60,000 | \$ - | \$ 55,000 |
| Lease/purchase of Amerian LaFrance Aerial Truck | <u>337,994</u> | <u>79,650</u> | <u>-</u> | <u>258,344</u> |
| | <u>\$ 452,994</u> | <u>\$ 139,650</u> | <u>\$ -</u> | <u>\$ 313,344</u> |

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

Woodbridge Township Fire District #1
Capital Fund
Combining Statement of Bonds Payable

| <u>Date of Issue</u> | <u>Original Issue</u> | <u>Interest Rate</u> | <u>Balance 12/31/09</u> | <u>Paid in 2010</u> | <u>Issued 2010</u> | <u>Balance 12/31/10</u> |
|----------------------|-----------------------|----------------------|-------------------------|---------------------|--------------------|-------------------------|
| 11/15/01 | 595,000 | 4.125% | <u>\$ 115,000</u> | <u>\$ 60,000</u> | <u>\$ -</u> | <u>\$ 55,000</u> |
| | | | <u>\$ 115,000</u> | <u>\$ 60,000</u> | <u>\$ -</u> | <u>\$ 55,000</u> |

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

Woodbridge Township Fire District #1General Fixed Assets Account GroupComparative Balance SheetDecember 31, 2010 and 2009

| <u>ASSETS</u> | <u>2010</u> | <u>2009</u> |
|-------------------------------------|--------------------|--------------------|
| Building: | | |
| Fire House (estimated cost) | \$ 390,000 | \$ 390,000 |
| Equipment: | | |
| 1987 Emergency One Fire Engine | 182,254 | 182,254 |
| 1990 Seagrave Pumper | - | 265,000 |
| 1999 Ford Expedition | 38,000 | 38,000 |
| 1999 Chevy Blazer | - | 28,078 |
| 2002 General Pumper | 376,894 | 376,894 |
| 2002 General Pumper | 376,894 | 376,894 |
| 2003 Dodge Durango | 29,098 | 29,098 |
| 2003 Dodge Durango | 29,098 | 29,098 |
| 2005 Ford Excursion | 27,126 | 27,126 |
| 2005 Police Interceptor | 23,605 | 23,605 |
| 2006 American LaFrance Aerial Truck | 706,339 | 706,339 |
| 2009 Chevy Suburban | 29,739 | 29,739 |
| 2010 Solar Panels | 284,600 | - |
| 2010 Trunking System Upgrade | 453,674 | - |
| Total Assets | 2,947,321 | 2,502,125 |
| Less Accumulated Depreciation: | | |
| Building | 390,000 | 390,000 |
| Equipment | 815,350 | 893,737 |
| Total Accumulated Depreciation | 1,205,350 | 1,283,737 |
| Total Net Assets | <u>\$1,741,971</u> | <u>\$1,218,388</u> |
| <u>FUND BALANCE</u> | | |
| Investment in General Fixed Assets | <u>\$1,741,971</u> | <u>\$1,218,388</u> |

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

Woodbridge Township Fire District #1
General Fixed Assets Account Group
Statement of Revenues, Expenditures and Changes in Fund Balance
December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|--------------------|--------------------|
| <u>Revenues and Other Financing Sources:</u> | | |
| Purchase of Equipment - Net | \$ <u>674,674</u> | \$ <u>-</u> |
| Total Revenues and Other Financing Sources | \$ <u>674,674</u> | \$ <u>-</u> |
| <u>Expenditures:</u> | | |
| Depreciation | \$ <u>151,091</u> | \$ <u>92,659</u> |
| Total Expenditures | <u>151,091</u> | <u>92,659</u> |
| Excess of Revenue Over Expenditures | 523,583 | (92,659) |
| Fund Balance, Beginning of Year | <u>1,218,388</u> | <u>1,311,047</u> |
| Fund Balance, End of Year | <u>\$1,741,971</u> | <u>\$1,218,388</u> |

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

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Years Ended December 31, 2010 and 2009

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Separate financial statements are provided for the following separate funds:

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

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

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

The following is a summary of the significant policies:

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

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

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2010 and 2009

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Depreciation expense for the years ending December 31, 2010 and 2009 was \$151,091 and \$92,659 respectively.

The District passed a resolution cancelling a portion of the engine reserve, as well as a portion of the FPB garage reserve and transferred it into Solar Panel Project reserve in the amount of \$284,600.00. As of December 31, 2010, the project was completed and put in service.

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

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2010 and 2009

Note 2. BONDS PAYABLE

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

| <u>Year</u> | <u>May 15 Interest</u> | <u>Interest</u> | <u>November 15 Principal</u> | <u>Total</u> | <u>Annual Debt Service</u> |
|-------------|----------------------------|--------------------|----------------------------------|---------------------|------------------------------------|
| 2009 | 3,580.00 | 3,639.00 | 60,000 | 63,639.00 | 67,219.00 |
| 2010 | 2,352.00 | 2,391.00 | 60,000 | 62,391.00 | 64,743.00 |
| 2011 | 1,125.00 | 1,143.00 | 55,000 | 56,143.00 | 57,268.00 |
| | <u>\$ 7,057.00</u> | <u>\$ 7,173.00</u> | <u>\$175,000</u> | <u>\$182,173.00</u> | <u>\$189,230.00</u> |

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

| <u>Year</u> | <u>Interest</u> | <u>Principal</u> | <u>Total Annual Payments</u> |
|-------------|--------------------|---------------------|--------------------------------------|
| 2009 | 16,403.00 | 76,620.00 | 93,023.00 |
| 2010 | 13,373.00 | 79,650.00 | 93,023.00 |
| 2011 | 10,221.00 | 82,802.00 | 93,023.00 |
| 2012 | 6,964.00 | 86,059.00 | 93,023.00 |
| 2013 | 3,540.00 | 89,483.00 | 93,023.00 |
| | <u>\$50,501.00</u> | <u>\$414,614.00</u> | <u>\$465,115.00</u> |

Woodbridge Township Fire District #1

Notes to Financial Statements

For the Year Ended December 31, 2010 and 2009

Note 3. PENSION

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

Note 4. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

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

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

Woodbridge Township Fire District #1

ROSTER OF OFFICIALS

Board of Commissioners

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

Other Officials

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

Surety Company

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

WOODBRIAGE TOWNSHIP FIRE DISTRICT #1

Comments and Recommendations

For the Year Ended December 31, 2010

NONE