

WOODBIDGE FIRE DISTRICT #4

Audit Report

For the Years Ended December 31, 2013 and 2012

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		2-3
Management's Discussion and Analysis		4-5
<u>General Fund:</u>		
Comparative Balance Sheets - December 31, 2013 and 2012	1	6
Statement of Revenues, Expenditures and Changes in Fund Balance for the Year Ended December 31, 2013 with Comparative Actual Amounts for the Year Ended December 31, 2012	2	7
Statement of Expenditures Compared to Budget for the Year Ended December 31, 2013 with Comparative Actual Amounts for the Year Ended December 31, 2012	3	8
<u>Capital Fund:</u>		
Comparative Balance Sheets - December 31, 2013 and 2012	4	9
Combining Statement of Amount to be provided for Retirement of Debt	5	10
<u>General Fixed Assets Account Group:</u>		
Comparative Balance Sheets - December 31, 2013 and 2012	6	11
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	7	12
<u>Notes to Financial Statements</u>		13-16
<u>Roster of Officials</u>		17
<u>Comments and Recommendations</u>		18

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Woodbridge Township Fire District #4
Keasbey, NJ 08832

Report on the Financial Statements

We have audited the accompanying basic financial statements of the various funds of the Woodbridge Township Fire District #4 (the District), as of and for the years ended December 31, 2013, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. As described in Note #1, Woodbridge Fire District #4 prepares its financial statements on a modified accrual basis of accounting that demonstrates compliance with accounting principles and practices as described by the Division of Local Government Services Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the various funds of the Woodbridge Fire District #4 at December 31, 2013 and 2012, and the results of operations for the years then ended, on a basis of accounting described in Note #1.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 30, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.


Bart & Bart, CPAs

May 30, 2014

BART & BART CERTIFIED PUBLIC ACCOUNTANTS

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

To The Board of Fire Commissioners
Woodbridge Fire District #4
Keasbey, NJ 08832

We have audited the financial statements of Woodbridge Fire District #4, Woodbridge Township, New Jersey, for the year ended December 31, 2013, and have issued our report thereon dated May 30, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the State of New Jersey.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Board of Fire Commissioners
Woodbridge Fire District #4
Keasbey, NJ 08832
Page two

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

Bart & Bart

Bart & Bart, CPA's

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

For the Year Ended December 31, 2013 and 2012

Unaudited

This discussion and analysis of Woodbridge Township Fire District No. 4's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2013 and 2012. The intent of this discussion and analysis is to look at the district's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2013 as compared to 2012 are as follows:

Total fund balance increased \$13,750 from 2012. The unreserved fund balance of the District is a useful indicator of the financial health of the District. The following table shows the past 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>
12/31/13	\$288,532	\$68,949
12/31/12	\$274,782	\$65,807
12/31/11	\$311,503	\$93,633

Earnings on investments decreased \$98 and miscellaneous income decreased \$2,600. District taxes increased \$70,901. The following table shows the history of the past ten years property tax levies per \$100 of assessed valuations on property within the District:

<u>Fiscal Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
2013	\$73,794,700	\$540,055	0.732
2012	74,082,500	510,323	0.582
2011	74,465,300	439,422	0.553
2010	74,383,500	420,533	0.565
2009	74,383,500	404,533	0.540
2008	75,873,800	388,974	0.510
2007	73,676,700	388,998	0.510

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2013 and 2012

Unaudited

Financial Highlights (Continued)

Total assets of the general fund decreased by \$3,155 as cash and cash equivalents decreased by \$4,755, receivables increased by \$1,630. Total liabilities and reserves decreased by \$16,905.

The District had \$416,578 in expenses, a decrease of \$57,258. Costs of operations decreased \$56,643, primarily as a result of decreased maintenance and repair expense. General revenues and fund balance were adequate to provide for these expenses.

The District reduced its 2012 Lease Agreement payable by \$48,537 in 2013. Interest expense on the lease was \$13,518 in 2012.

For further information, contact Ms. Maria Bucsanszky, Accountant for the Board of Fire Commissioners, District #4, at 420 Smith Street, Keasbey, NJ 08832.

Woodbridge Fire District #4General FundComparative Balance Sheet

<u>ASSETS</u>	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Cash	\$ 295,884	\$ 300,639
Petty Cash Fund	356	386
Accounts Receivable	<u>7,930</u>	<u>6,300</u>
Total Assets	<u>\$ 304,170</u>	<u>\$ 307,325</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Liabilities and Reserves:		
Accounts Payable	\$ 6,138	\$ 20,221
Deferred Revenue	9,049	9,049
Payroll Liability	<u>451</u>	<u>3,273</u>
Total Liabilities and Reserves	<u>15,638</u>	<u>32,543</u>
 Fund Balance:		
Undesignated	<u>288,532</u>	<u>274,782</u>
Total Fund Balance	<u>288,532</u>	<u>274,782</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 304,170</u>	<u>\$ 307,325</u>

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

Woodbridge Fire District #4

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended December 31, 2013

With Comparative Actual Amounts for Period Ended December 31, 2012

	2013		Variance Favorable (Unfavorable)	2012
	Budget	Actual		Actual
<u>Revenues and Other Financing Sources:</u>				
Miscellaneous Revenues:				
Supplemental Fire Services Act Earnings on Investments and Deposits	504	669	165	-
Miscellaneous Income	1,000	540	(460)	1,098
	15,000	26,571	11,571	-
Total Miscellaneous Revenues	16,504	27,780	11,276	1,098
Fund Balance Appropriated	65,807	65,807	-	93,633
Retirement Reserve	-	-	-	-
Equipment Reserve	-	-	-	-
Total Fund Balance & Reserve Appropriated	65,807	65,807	-	93,633
District Taxes	540,055	540,055	-	510,323
Total Revenues and Other Financing Sources	\$ 622,366	\$ 633,642	\$ 11,276	\$ 605,054
<u>Expenditures:</u>				
Current Operating Appropriations	\$ 504,810	\$ 416,578	\$ 88,232	\$ 473,836
Capital Appropriations	117,556	62,056	55,500	62,056
Total Expenditures	622,366	478,634	143,732	535,892
Excess of Revenue over Expenditures	-	155,008	155,008	69,162
Less: Fund Balance Utilized	(65,807)	(65,807)	-	(93,633)
Transfer to General Fund Assets Account Group	-	(75,451)	(75,451)	(12,250)
Fund Balance, Beginning of Year	274,782	274,782	-	311,503
Fund Balance, End of Year	\$ 208,975	\$ 288,532	\$ 79,557	\$ 274,782

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

Woodbridge Fire District #4

General Fund

Statement of Expenditures Compared to Budget

For the Year Ended December 31, 2013

With Comparative Actual Amounts for Period Ended December 31, 2012

	2013		Variance Favorable (Unfavorable)	2012
	Budget	Actual		Actual
ADMINISTRATION:				
Salaries and Wages	\$ 34,250	\$ 34,250	\$ -	\$ 34,250
Election	2,000	1,412	588	1,052
Professional Services	30,000	25,550	4,450	26,525
Total Administration	<u>\$ 66,250</u>	<u>\$ 61,212</u>	<u>\$ 5,038</u>	<u>\$ 61,827</u>
COST OF OPERATIONS:				
Salaries and Wages	\$ 36,000	26,545	\$ 9,455	39,690
Fringe Benefits	18,500	5,083	13,417	4,941
Insurance	45,000	42,838	2,162	37,123
Maintenance and Repairs	161,000	125,942	35,058	184,230
Hydrant Services	50,000	46,627	3,373	46,817
Training and Education	-	18,138	(18,138)	10,020
Utilities	34,000	27,492	6,508	24,610
Fuel	8,000	6,346	1,654	7,030
Supplemental Fire Services Act	504	-	504	-
Length of Service Awards Program	20,000	13,800	6,200	13,800
Joint Purchasing Agreement	5,000	5,000	-	5,000
Dispatch	37,556	37,555	1	38,748
Miscellaneous	23,000	-	23,000	-
Total Cost of Operations	<u>438,560</u>	<u>355,366</u>	<u>83,194</u>	<u>412,009</u>
Total Current Operating Exps.	<u>504,810</u>	<u>416,578</u>	<u>88,232</u>	<u>473,836</u>
CAPITAL APPROPRIATIONS:				
Reserve for Future Capital Outlays	55,500	-	55,500	-
Debt Service:				
Lease	62,056	62,056	-	62,056
Total Capital Appropriations	<u>117,556</u>	<u>62,056</u>	<u>55,500</u>	<u>62,056</u>
Total Appropriations	<u>\$ 622,366</u>	<u>\$ 478,634</u>	<u>\$ 143,732</u>	<u>\$ 535,892</u>

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

Woodbridge Fire District #4
Capital Fund
Comparative Balance Sheet
December 31, 2013 and 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Amount to be Provided for Retirement of Debt	\$ 274,873	\$ 323,410
Total Assets	<u>\$ 274,873</u>	<u>\$ 323,410</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	-	\$ -
Capital Lease Payable	<u>274,873</u>	<u>323,410</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 274,873</u>	<u>\$ 323,410</u>

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

Woodbridge Fire District #4
Capital Fund
Combining Statement of Amount to be Provided
For Retirement of Debt

<u>Purpose</u>	<u>Balance</u> <u>12/31/12</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>12/31/13</u>
Lease/purchase of Town Ladder Truck Improvements	<u>323,410</u>	<u>48,537</u>	<u>-</u>	<u>274,873</u>
	<u>\$ 323,410</u>	<u>\$ 48,537</u>	<u>\$ -</u>	<u>\$ 274,873</u>

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

Woodbridge Fire District #4
General Fixed Assets Account Group
Comparative Balance Sheet
December 31, 2013 and 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Building:		
Fire House (estimated cost)	\$ 661,482	\$ 661,482
Land	60,000	60,000
Equipment:		
Apparatus	1,755,380	1,755,380
Vehicles	140,890	65,439
Equipment	54,125	54,125
Furniture and Fixtures	39,864	39,864
Trunking System	60,612	60,612
Construction in Progress	370,000	370,000
Total Assets	3,142,353	3,066,902
Less Accumulated Depreciation:		
Building	661,482	661,470
Equipment	1,513,528	1,458,993
Total Accumulated Depreciation	2,175,010	2,120,463
Total Net Assets	<u>\$ 967,343</u>	<u>\$ 946,439</u>
 <u>FUND BALANCE</u>		
Investment in General Fixed Assets	<u>\$ 967,343</u>	<u>\$ 946,439</u>

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

Woodbridge Fire District #4
General Fixed Assets Account Group
Statement of Revenues, Expenditures and Changes in Fund Balance
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Revenues and Other Financing Sources:</u>		
Purchase of Equipment - Net	\$ 75,451	\$ 47,089
Total Revenues and Other Financing Sources	<u>\$ 75,451</u>	<u>\$ 47,089</u>
<u>Expenditures:</u>		
Depreciation	\$ 54,547	\$ 81,601
Total Expenditures	<u>54,547</u>	<u>81,601</u>
Surplus (Deficit) of Revenue Over Expenditures	20,904	(34,512)
Fund Balance, Beginning of Year	<u>946,439</u>	<u>980,951</u>
Fund Balance, End of Year	<u>\$ 967,343</u>	<u>\$ 946,439</u>

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

Woodbridge Fire District #4

Notes to Financial Statements

For the Years Ended December 31, 2013 and 2012

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Woodbridge Fire District #4 (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 Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2013 and 2012

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	30
Building Improvements	20
Fire Trucks	20
Other Vehicles	10
Equipment	5

Depreciation expense for the years ending December 31, 2013 and 2012 was \$54,547 and \$81,601 respectively.

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

Woodbridge Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2013 and 2012

Note 2. CAPITAL LEASE

In November of 2011, the District entered into a Lease with Option to Purchase Agreement (Agreement) for the \$370,000 estimated cost of the refurbishment of equipment at a Annual Rate of 4.18%. This Agreement was assigned by the Lessor in December 2011.

Delivery of and payment for the refurbished equipment is expected during 2013.

Following is the District's debt service obligations under this agreement.

<u>Due Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Outstanding Service</u>
Beginning Balance	\$ -	\$ -	\$ -	\$370,000
November, 2012	62,056	46,590	15,466	323,410
November, 2013	62,056	48,538	13,518	274,872
November, 2014	62,056	50,567	11,489	224,305
November, 2015	62,056	52,680	9,376	171,625
November, 2016	62,056	54,882	7,174	116,743
November, 2017	62,056	57,176	4,880	59,567
November, 2018	62,056	59,567	2,489	-

The District had no other debt or debt service obligations as of December 31, 2013.

Woodbridge Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2013 and 2012

Note 3. 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 Fire District #4

ROSTER OF OFFICIALS

Board of Commissioners

Dwayne Jensen	President
Michael Hughes	Commissioner
Martin Klose	Commissioner
Stephen Roman	Treasurer
Robert Pawol	Secretary

Other Officials

Maria Bucsanszky	Accountant
Richard A. Fazzari	Attorney

Surety Company

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

WOODBIDGE FIRE DISTRICT #4

Comments and Recommendations

For the Year Ended December 31, 2013 and 2012

None