

WOODBIDGE TOWNSHIP FIRE DISTRICT #4

Audit Report

For the Years Ended December 31, 2020 and 2019

BART & BART
Certified Public Accountants

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BART & BART *Certified Public Accountants*

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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, 2020 and 2019 and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Board of Fire Commissioners
Woodbridge Township Fire District #4

Opinion

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 #4 at December 31, 2020 and 2019, and the results of operations for the years then ended, on the 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 July 7, 2020 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, CPA

Woodbridge NJ
August 18, 2021

BART & BART *Certified Public Accountants*

104 Main Street, Woodbridge, NJ 07095

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

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

We have audited the financial statements of Woodbridge Township Fire District #4, Woodbridge Township, New Jersey, for the year ended December 31, 2020, and have issued our report thereon dated August 18, 2021. 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 weakness 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.

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

Compliance and Other Matters

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

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

A handwritten signature in blue ink, appearing to be "Bart & Bart", written over a horizontal line.

Bart & Bart, CPA's

Woodbridge, NJ

August 18, 2021

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2020 and 2019

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, 2020. 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 2020 as compared to 2019 are as follows:

<u>As of December 31,</u>	<u>2020</u>	<u>2019</u>
General Fund Assets	\$1,365,213	\$ 1,322,972
Capital Assets - Net	1,612,051	1,718,483
Amount to be provided for Debt	<u>624,965</u>	<u>941,320</u>
Total Assets	<u>\$ 3,602,229</u>	<u>\$ 3,982,775</u>
Total Current Liabilities	<u>243,521</u>	<u>163,114</u>
Total Liabilities	<u>\$ 243,521</u>	<u>\$ 163,114</u>
Net Position		
Restricted		
Invested in Capital Assets	\$ 1,612,051	\$ 1,718,483
Amount to be provided for Debt	624,965	941,320
Unrestricted	<u>1,121,692</u>	<u>1,159,858</u>
Net Position	<u>\$ 3,358,708</u>	<u>\$ 3,819,661</u>

In 2019, the District received a LMTV High Water Rescue Vehicle from the State of New Jersey Office of Emergency Management. The District assigned a value of \$104,626 to this vehicle. The District also sold a 2013 KME rescue truck for \$200,000 in 2019.

WOODBIDGE TOWNSHIP FIRE DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS, Cont'd.
For the Year Ended December 31, 2020 and 2019

Unaudited

Comparative Statement of Revenues, Expenses and Change in Net Position

There was an increase in Operating Revenues from taxation. Tax Revenue increased \$64,026 or 8.0% from the prior year due to an increase in the voter approved Tax Levy.

Operating Expenses decreased \$56,311, or 11%, from the prior year. Total Operating Revenues less Total Operating Expenses produced a surplus of \$207,700.

The following table shows the history of the past five 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>
2021	\$74,494,500	\$931,254	1,250
2020	74,621,800	859,070	1.132
2019	71,151,000	795,044	1.110
2018	71,000,000	772,334	1.080
2017	69,215,800	686,314	1.010

For further information, contact Ms. Maria Bucsanszky, E.A., Accountant for the Board of Fire Commissioners, District #4, Keasbey, NJ 08832.

Woodbridge Township Fire District # 4

**SCHEDULE OF PROPORTIONATE SHARE OF PERS NET PENSION LIABILITY (NPL)
DETERMINED AS OF JUNE 30, 2020, PERS MEASUREMENT DATE**

Fiscal Year	District's Proportion	District's Proportion	District's Covered Payroll	District's Proportionate Share of NPL as a % of Covered Payroll Payroll
2018	0.0005%	\$ 101,389	\$ 41,795	242 %
2019	0.0005%	91,954	34,409	267 %
2020	0.0005%	85,819	38,498	222 %

SCHEDULE OF CONTRIBUTIONS

Fiscal Year	Required Contribution	Contributions Recognized by PERS	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 5,122	-	\$ 5,122	\$ 41,795	12%
2019	5,122	\$5,122	-	34,409	15%
2020	5,757	5,757	-	38,498	15%

SCHEDULE OF CHANGES IN TOTAL NET PENSION LIABILITY

Fiscal Year	Beginning Balance Total Net Pension	Difference between Expected & Actual	Change of Assumptions	Difference between Expected & Actual Earnings	Change in Proportion Actual Less Proportionate Share	Other Changes and Reclassifications	Ending Balance Total Net Pension Liability
2018	\$ -0-	\$ (523)	\$ (15,712)	\$ (951)	\$ 95,514	\$ (23,061)	\$ 101,389
2019	101,389	1,244	(22,735)	(1,452)	74,041	(61,133)	91,354
2020	91,354	1,260	(33,149)	2,833	56,604	(33,083)	85,819

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

Woodbridge Township Fire District #4General FundComparative Statement of Net Position

	<u>December 31,</u>	
<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 1,295,186	\$1,231,655
Petty Cash Fund	600	600
Prepaid Expense	<u>5,000</u>	<u>5,000</u>
Total Assets	<u>1,300,786</u>	<u>1,237,255</u>
Deferred Outflow of Resources:		
Deferred Amount of Net		
Pension Liability	<u>64,427</u>	<u>85,717</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 1,365,213</u>	<u>\$ 1,322,972</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Liabilities and Reserves:		
Accounts Payable	\$ 20,337	\$ 36,500
Reserves	100,000	-
Net Pension Liability	85,819	91,954
Deferred Inflow of Resources	36,879	34,619
Payroll Liability	<u>486</u>	<u>41</u>
Total Liabilities, Reserves and Deferred Inflow of Resources	<u>243,521</u>	<u>163,114</u>
Net Position:		
Unrestricted	<u>1,121,692</u>	<u>1,159,858</u>
Total Net Position	<u>1,121,692</u>	<u>1,159,858</u>
Total Liabilities, Reserves and Net Position	<u>\$ 1,365,213</u>	<u>\$ 1,322,972</u>

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

Woodbridge Township Fire District #4General FundStatement of Activities and Changes in Net PositionFor the Year Ended December 31, 2020With Comparative Actual Amounts for the Period Ended December 31, 2019

	<u>2020</u>		<u>Variance</u>	<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Revenues and Other				
Financing Sources:				
Miscellaneous Revenues:				
Uniform Fire Safety Act	\$48,000	\$27,379	\$ (20,621)	\$16,772
Supplemental Fire Services Act	670	669	(1)	1,339
Earnings on Investments and Deposits	4,000	3,127	(873)	7,510
Miscellaneous Income	1,000	-	(1,000)	-
Sale of Equipment	-	-	-	199,980
Total Miscellaneous Revenues	<u>53,670</u>	<u>31,175</u>	<u>(22,495)</u>	<u>225,651</u>
Fund Balance Appropriated	<u>245,866</u>	<u>245,866</u>	<u>-</u>	<u>-</u>
District Taxes	<u>859,070</u>	<u>859,070</u>	<u>-</u>	<u>795,044</u>
Total Revenues and Other Financing Sources	<u>\$ 1,158,606</u>	<u>\$1,136,111</u>	<u>\$ (22,495)</u>	<u>\$ 1,020,695</u>
Expenditures:				
Current Operating Appropriations	\$ 645,128	\$ 486,428	\$ 158,700	\$ 542,739
Capital Appropriations	<u>513,478</u>	<u>441,983</u>	<u>71,495</u>	<u>186,030</u>
Total Expenditures	<u>1,158,606</u>	<u>928,411</u>	<u>230,195</u>	<u>728,769</u>
Excess Revenue over Expenditures	-	207,700	207,700	291,926
Less: Fund Balance Utilized	(245,866)	(245,866)	-	-
Net Position, Beginning of Year	<u>\$1,159,858</u>	<u>\$1,159,858</u>	<u>\$ -</u>	<u>\$ 822,528</u>
Net Position, End of Year	<u>\$ 913,992</u>	<u>\$ 1,121,692</u>	<u>\$ 207,700</u>	<u>\$1,159,858</u>

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

EXHIBIT 3

Woodbridge Township Fire District #4
General Fund
Statement of Expenditures Compared to Budget
For the Year Ended December 31, 2020
With Comparative Actual Amounts for the Period Ended December 31, 2019

	<u>2020</u>		<u>Variance</u>	<u>2019</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
ADMINISTRATION				
Salaries and Wages	\$ 50,800	\$ 50,800	\$ -	\$ 50,800
Election	2,000	946	1,054	1,376
Professional Services	31,100	30,150	950	28,050
Total Administration	\$ 83,900	\$ 81,896	\$ 2,004	\$ 80,226
COST OF OPERATIONS:				
Salaries, Wages, Fire Protection	\$ 130,500	\$ 53,698	\$ 76,802	\$ 64,409
Fringe Benefits	22,964	32,144	(9,180)	15,416
Insurance	65,000	50,131	14,869	61,795
Maintenance and Repairs	123,040	80,420	42,620	140,706
Hydrant Services	55,000	48,274	6,726	52,631
Training and Education	25,700	22,087	3,613	14,787
Utilities	25,500	20,256	5,244	19,681
Fire Protection Agreement	25,000	25,000	-	20,670
Length of Service Awards Program	15,000	8,050	6,950	9,200
Joint Purchasing Agreement	3,000	3,000	-	3,000
Dispatch	39,854	39,852	2	39,073
Supplemental Fire Services Account	670	-	670	-
Radio Maintenance	20,000	20,000	-	20,000
Total Cost of Operations	551,228	402,912	148,316	461,368
Total Current Operating Exps.	635,128	484,808	150,320	541,594
CURRENT EXPENSES OFFSET WITH REVENUE				
Uniform Fire Safety Act				
(PL 1983, Ch. 383): Other Expenses	10,000	1,620	8,380	1,145
Total Operating Appropriations	\$ 645,128	\$ 486,428	\$ 158,700	\$ 542,739
CAPITAL APPROPRIATIONS:				
Reserve for Future Capital Outlays	165,000	100,000	65,000	65,000
Debt Service: Lease	348,478	341,983	6,495	121,030
Total Capital Appropriations	513,478	441,983	71,495	186,030
Total Appropriations	\$1,158,606	\$ 928,411	\$ 230,195	\$ 728,769

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

Woodbridge Township Fire District #4Capital FundComparative Statement of Net PositionDecember 31, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Amount to be Provided for Retirement of Debt	\$ <u>624,965</u>	\$ <u>941,320</u>
Total Assets	\$ <u>624,965</u>	\$ <u>941,320</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Capital Lease Payable	<u>624,965</u>	<u>941,320</u>
Total Liabilities, Reserves and Net Position	\$ <u>624,965</u>	\$ <u>941,320</u>

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

Woodbridge Township Fire District #4Capital FundCombining Statement of Amount to be ProvidedFor Retirement of Debt

<u>Purpose</u>	<u>Balance 12/31/19</u>	<u>Bond Paid By Budget Appropriation</u>	<u>Capital Lease/ Bonds Issued</u>	<u>Balance 12/31/20</u>
Lease/Purchase of Rescue Pumper	\$ 678,411	\$ 53,446	-	\$ 624,965
Lease/Purchase of Pierce Pumper	<u>262,909</u>	<u>262,909</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 941,320</u>	<u>\$316,355</u>	<u>\$ -</u>	<u>\$ 624,965</u>

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

Woodbridge Township Fire District #4
General Fixed Assets Account Group
Comparative Statement of Net Position
December 31, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Building:		
Fire House (estimated cost)	\$ 689,334	\$ 672,834
Land	60,000	60,000
Equipment:		
Apparatus	2,784,079	2,784,079
Vehicles	145,854	140,654
Equipment	54,125	54,125
Furniture and Fixtures	39,864	39,864
Trunking System	<u>60,612</u>	<u>60,612</u>
Total Assets	3,833,868	3,812,168
Less Accumulated Depreciation:		
Building	665,212	664,486
Equipment	<u>1,556,605</u>	<u>1,501,278</u>
Total Accumulated Depreciation	<u>2,221,817</u>	<u>2,093,685</u>
Total Net Assets	<u>\$1,612,051</u>	<u>\$1,718,483</u>
NET POSITION		
Investment in General Fixed Assets	<u>\$1,612,051</u>	<u>\$1,718,483</u>

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

EXHIBIT 7

Woodbridge Township Fire District #4General Fixed Assets Account GroupStatement of Activities and Changes in Net PositionDecember 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Revenues and Other Financing Sources:</u>		
Purchase of Equipment - Net	\$ <u>21,700</u>	\$ <u>710,810</u>
Total Revenues and Other Financing Sources	\$ <u>21,700</u>	\$ <u>710,810</u>
<u>Expenditures:</u>		
Depreciation	\$ <u>128,132</u>	\$ <u>128,937</u>
Total Expenditures	<u>128,132</u>	<u>128,937</u>
Surplus (Deficit) of Revenue Over Expenditures	(106,432)	(24,309)
Net Position, Beginning of Year	<u>1,718,483</u>	<u>1,742,792</u>
Fund Position, End of Year	\$ <u>1,612,051</u>	\$ <u>1,718,483</u>

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

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Woodbridge Township Fire District #4 (The District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Separate financial statements are provided for the following separate funds:

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

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

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

The following is a summary of the significant policies:

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

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

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2020 and 2019

CAPITAL ASSETS

All reported capital assets except for land are depreciated. At December 31, ^{2019 and} ~~2018~~ ²⁰²⁰, capital assets and the useful lives used for determination of annual depreciation were as follows:

	Balance December 31, 2018	Current Year's Activity		Balance December 31, 2019
		Increase	Decrease	
Depreciable:				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Buildings & Improvs.	672,834	-	-	672,834
Machinery & Equip.	<u>3,174,706</u>	<u>104,628</u>	<u>200,000</u>	<u>3,079,334</u>
	3,907,540	104,628	200,000	3,812,168
Less: Accumulated Depreciation	<u>2,164,748</u>	<u>128,937</u>	<u>(200,000)</u>	<u>2,093,685</u>
	<u>\$ 1,228,931</u>	<u>\$ (24,309)</u>	<u>\$ -</u>	<u>\$ 1,718,483</u>

	Balance December 31, 2019	Current Year's Activity		Balance December 31, 2020
		Increase	Decrease	
Depreciable:				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Buildings & Improvs.	672,834	16,500	-	689,334
Machinery & Equip.	<u>3,079,334</u>	<u>5,200</u>	<u>-</u>	<u>3,084,534</u>
	3,812,168	21,700	-	3,833,868
Less: Accumulated Depreciation	<u>2,093,685</u>	<u>128,132</u>	<u>-</u>	<u>2,221,817</u>
	<u>\$ 1,718,483</u>	<u>\$ (106,432)</u>	<u>\$ -</u>	<u>\$ 1,612,051</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$128,132 and \$128,937, respectively.

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2020 and 2019

Note 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

A. Cash

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

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

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

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

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

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

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

The amount on deposit of the District's cash and cash equivalents at December 31, 2020, is as follows:

Checking Account	\$ 1,295,186
Money Market	-
	<hr/>
	\$ 1,231,655

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2020 and 2019

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

B. INVESTMENTS

New Jersey statutes permit the District to purchase the following types of securities:

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

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

C. RISK ANALYSIS

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

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2020 and 2019

Note 2. CAPITAL LEASES

In May of 2015, the District entered into a Lease with Option to Purchase Agreement (Agreement) for the \$494,845 cost of a Pierce Pumper at an Annual Rate of 3.53%.

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>
	\$ -	\$ -	\$ -	\$ -
May 14, 2015	100,000.00	100,000.00	-	406,690.96
May 14, 2016	47,548.59	33,610.54	13,938.05	372,072.10
May 14, 2017	47,548.59	34,796.99	12,751.60	336,231.20
May 14, 2018	47,548.59	36,025.33	11,523.26	299,125.11
May 14, 2019	47,548.59	37,297.02	10,251.57	260,709.18
May 14, 2020	47,548.59	38,613.61	8,934.98	220,937.16
May 14, 2021	47,548.59	39,976.67	7,571.92	179,761.19
May 14, 2022	47,548.59	41,387.84	6,160.75	137,131.72
May 14, 2023	47,548.59	42,848.83	4,699.76	92,997.42
May 14, 2024	47,548.59	44,361.40	3,187.19	47,305.18
May 14, 2025	47,548.59	45,927.36	1,621.23	-

The District paid \$268,505 in August 2020 to fully satisfy its obligation under this lease and took title to this asset.

On January 26, 2018, the District entered into a lease with option to purchase agreement for \$730,000 for a new pumper. The terms of the agreement called for a down payment of \$100,000 which was paid from the District's reserve fund and the balance of the lease to be paid as follows:

<u>Due Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Outstanding Service</u>
Jan. 26, 2019	\$73,478.00	\$51,589.32	\$21,888.68	\$573,122.56
Jan. 26, 2020	73,478.00	53,446.53	20,031.47	518,072.96
Jan. 26, 2021	73,478.00	55,370.61	18,107.39	461,040.91
Jan. 26, 2022	73,478.00	57,363.95	16,114.05	401,956.04
Jan. 26, 2023	73,478.00	59,429.05	14,048.95	340,744.12
Jan. 26, 2024	73,478.00	61,568.50	11,909.50	277,328.56
Jan. 26, 2025	73,478.00	63,784.96	9,693.04	211,630.05
Jan. 26, 2026	73,478.00	66,081.22	7,396.78	143,566.40
Jan. 26, 2027	73,478.00	68,460.15	5,017.85	73,052.44
Jan. 26, 2028	73,478.00	70,924.70	2,553.30	1.00

The District had no other debt or debt service obligations as of December 31, 2019.

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2020 and 2020

Note 3. PENSION

Employees participate in both the Public Employees' Retirement System of New Jersey (PERS). PERS is a contributory defined benefit public employee retirement system that was established by State statute. The System is sponsored and administered by the Division of Pensions and Benefits. The Systems are considered a cost-sharing, multiple-employer plan. Covered employees are required by statute to contribute a certain percentage of their salary to the Plans. The Division of Pensions bills the District annually for its required contributions.

Following is the total of the District's portion of the PERS and PERS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Net Pension Liabilities	\$ 85,819	\$ 91,954
Deferred Outflow of Resources	64,427	85,717
Deferred Inflow of Resources	36,879	34,619
Pension Expense	23,174	24,691

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

Plan Description and Benefits - PERS

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

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2020 and 2019

Note 3. PENSION (Continued)

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

Contributions

Employees contribution rates to PERS governed by P.L. 2011, C. 78, effective June 28, 2011, were increased from 5.5% of salary to 6.5% of salary, and a phase-in to 7.5% of salary over a seven-year period. Covered District employees are required by PERS to contribute 7.50% of their salaries. State statute requires the District to contribute an actuarially determined rate which includes the normal cost and the unfunded accrued liability. The amount of the District's contribution is certified each year by PERS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2020 and 2019

Note 3. PENSION (Continued)

Special Funding Situation

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

Assumptions - PERS :

	<u>2020</u>	<u>2019</u>
Inflation Rate	2.75%	2.75%
Through 2026	2.00 - 6.00%	2.00 - 6.00%
	(Based on Years of Service)	(Based on Years of Service)
Thereafter	3.00 - 7.00%	3.00 - 7.00%
	(Based on Years of Service)	(Based on Years of Service)
Investment Rate of Return	7.00%	7.00%

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2020 and 2019

Note 3. PENSION (Continued)

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00% as of December 31, 2020 and 2019, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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

	<u>At 1% decrease (6.00%)</u>	<u>At current discount rate (7.00%)</u>	<u>At 1% increase (8.00%)</u>
2020	\$ 102,124	\$ 85,819	\$ 72,087
	<u>At 1% decrease (5.28%)</u>	<u>At current discount rate (6.28%)</u>	<u>At 1% increase (7.28%)</u>
2019	\$ 110,344	\$ 91,954	\$ 77,241

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

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

To facilitate the separate (sub) actuarial valuations, The Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2020, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2020.

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2020 and 2019

Note 3. PENSION (Continued)

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentage presented in the PERS and PFRS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the year ended June 30, 2020. The District's proportionate share of the collective net pension liability as of December 31, 2020 and 2019 was 0.0005%.

At December 31, 2020 and 2019, the amount recognized as the District's proportionate share of the PERS net pension liability was \$85,819 and \$91,954, respectively. For the year ended December 31, 2020 and 2019, respectively, the District recognized PERS pension expense of \$23,174 and \$24,691, respectively.

At December 31, 2020, the Agency's deferred outflows of resources and deferred inflows of resources related to the PERS pension are from the following sources:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference Between Expected and Actual Experience	\$ 1,563	\$ 303	\$ 1,650	\$ 406
Changes of Assumptions	2,784	35,933	9,182	31,917
Net Difference Between Projected and Actual Earning on Pension Plan Investments	2,833	-	-	1,452
Changes in Proportion and Differences Between District Contributions and Proportionat Share of Contributions	<u>57,247</u>	<u>643</u>	<u>74,885</u>	<u>844</u>
Total	<u>\$ 64,427</u>	<u>\$ 36,879</u>	<u>\$ 85,717</u>	<u>\$ 34,619</u>

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2020 and 2019

Note 3. PENSION (Continued)

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

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u>
2021	\$ 10,110
2022	9,421
2023	5,410
2024	2,165
2025	<u>442</u>
	<u>\$ 27,548</u>

BASIS OF ACCOUNTING

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

INVESTMENT VALUATION

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

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

Woodbridge Township Fire District #4

Notes to Financial Statements

For the Year Ended December 31, 2020 and 2019

Note 4. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

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

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

Note 5. SUBSEQUENT EVENTS

In Management's opinion, there are no other material events subsequent to December 31, 2020, which would require recognition in the financial statements.

Woodbridge Township Fire District #4

ROSTER OF OFFICIALS

Board of Commissioners

Dwayne Jensen	President
William Krejci	Commissioner
Martin Klose	Commissioner
Michael Hughes	Treasurer
Robert Pawol	Secretary

Other Officials

Maria Bucsanszky	Accountant
Richard A. Fazzari	Attorney
William Drake	Fire Official

Surety Company

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

WOODBIDGE TOWNSHIP FIRE DISTRICT #4

Comments and Recommendations

For the Year Ended December 31, 2020 and 2019

None