

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

COUNTY OF BURLINGTON

LENGTH OF SERVICE AWARDS PROGRAM

**FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008**



**FIRE DISTRICT NO. 1
TOWNSHIP OF MOORESTOWN, NEW JERSEY**

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ACCOUNTANT'S REVIEW REPORT

Board of Fire Commissioners
Fire District No. 1
Township of Moorestown
Moorestown, New Jersey 08057

We have reviewed the accompanying statement of net assets available for program benefits for the Township of Moorestown Fire District No. 1, Length of Service Awards Program, as of December 31, 2009, and the related statement of changes in net assets available for program benefits for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, and as required by N.J.A.C. 5:30-14.49. All information included in these financial statements is the representation of the management of the Township.

A review consists principally of inquiries of Fire District personnel and the plan administrator, and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
March 15, 2010

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARD PROGRAM
 Statement of Net Assets Available for Program Benefits
 As of December 31, 2009 and 2008

| <u>ASSETS</u> | <u>2009</u> | <u>2008</u> |
|---|---------------|---------------|
| Investments | \$ 296,503.39 | \$ 196,429.81 |
| Receivable: | | |
| Fire District's Contributions | 39,329.50 | 41,408.58 |
| Total Assets | \$ 335,832.89 | \$ 237,838.39 |
| <u>LIABILITIES AND</u> | | |
| <u>NET ASSETS</u> | | |
| Net Assets Available for Program Benefits | \$ 335,832.89 | \$ 237,838.39 |

See Accountant's Review Report and Accompanying Notes to the Financial Statements.

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARD PROGRAM
Statement of Changes in Net Assets Available for Program Benefits
For the Year Ended December 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|--|----------------------|-----------------------------|
| <u>INCREASES IN NET ASSETS</u> | | |
| Additions to Net Assets Attributed to: | | |
| Fire District Contributions | \$ 39,329.50 | \$ 41,408.54 |
| Investment Income: | | |
| Increase in Investment Value | <u>70,165.00</u> | <u> </u> |
| Total Increases in Net Assets | <u>109,494.50</u> | <u>41,408.54</u> |
| <u>DECREASES IN NET ASSETS</u> | | |
| Decreases from Net Assets Attributed to: | | |
| Decrease in Investment Value | | 99,445.88 |
| Withdrawals | 10,000.00 | 21,660.67 |
| Administrative Fees | <u>1,500.00</u> | <u>2,044.16</u> |
| Total Decreases in Net Assets | <u>11,500.00</u> | <u>123,150.71</u> |
| Net Increase (Decrease) in Net Assets | 97,994.50 | (81,742.17) |
| Net Assets, Beginning | <u>237,838.39</u> | <u>319,580.56</u> |
| Net Assets, Ending | <u>\$ 335,832.89</u> | <u>\$ 237,838.39</u> |

See Accountant's Review Report and Accompanying Notes to the Financial Statements.

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARDS PROGRAM
Notes to Financial Statements
For the Year Ended December 31, 2009

Note 1: **DESCRIPTION OF THE PLAN**

The Township of Moorestown Fire District No. 1 Length of Service Awards Program (LOSAP) was created by a Fire District Resolution adopted on November 23, 1999 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Moorestown Fire District No. 1 approved the adoption of the Plan at the general election held on February 19, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency service volunteers, consisting of the Moorestown Fire Department, come from contributions made solely by the governing body of the Fire District, on behalf of those volunteers who meet the criteria of a plan created by that governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services will issue the permitted maximum annually.

For the year ended December 31, 2009, the Township of Moorestown Fire District No. 1 elected to contribute between \$115.50 and \$1,328.31 per eligible volunteer into the Plan depending on the number of points earned for their volunteer service during 2008.

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

Lincoln Financial Group, an approved LOSAP provider, is the administrator of the plan. The Township's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator. Since the Fire District is not considered to be holding the assets, the LOSAP is not presented in the Township of Moorestown Fire District No. 1's financial statements.

Note 2: **DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES**

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs.

The accrual basis of accounting is used for measuring financial position and changes in fiduciary net assets of pension and other employee benefit trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and deductions are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Assets, Liabilities and Net Assets

Investments

Investments are reported at fair value.

Receivables and Payables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to remain uncollectible. Contributions due from the Township of Moorestown Fire District No. 1 are recognized when due, since the Fire District has a legal requirement to make the contribution.

Liabilities are recognized when due. A liability for benefits payable is recognized when the employee's rights to receive such benefits have vested and the employee notifies the plan of his or her intent to retire.

Net Assets

The difference between plan assets and plan liabilities is reported as *net assets available for benefits*.

Note 3: **INVESTMENTS**

An investment agreement was entered into at the inception of the plan between the Township and Lincoln National Life Insurance Co., whereby Lincoln National Life Insurance Co. would have custody of the securities of the plan and also advises the Township as to investment alternatives.

The investments consist of stocks, bonds, money markets, fixed investments and guaranteed accumulation. Each participant may choose his/her allocation from among these investments. The investments are made by the Lincoln National Life Insurance Company for benefit of plan participants. The investments are valued at market value at the end of each year and the increase/decrease is posted to the individual's account.

As of December 31, 2009, the value of the plan's investments was \$296,503.39.

Custodial Credit Risk – Investments – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Fire District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fire District, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fire District's name. All of the Fire District's \$296,503.39 investments in mutual funds are held by the counterparty, not in the name of the Fire District.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fire District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Fire District may purchase such as Treasury securities in order to limit the exposure of governmental units to credit risk. The Fire District has no investment policy that would further limit its investment choices.

Note 3: **INVESTMENTS (CONT'D)**

Concentration of Credit Risk – The Fire District does not place a limit on the amount that may be invested in any one issuer. All of the Fire District's investments are mutual funds.

As of December 31, 2009, the Fire District had the following investments and maturities:

| <u>Investment</u> | <u>Maturities</u> | <u>Credit Rating</u> | <u>Fair Value</u> |
|--------------------------|--------------------------|-----------------------------|--------------------------|
| Mutual Funds | N/A | N/A | \$296,503.39 |

Note 4: **RECEIVABLES**

Receivables as of December 31, 2009 are as follows:

Fire District Contribution Receivable – Township of Moorestown Fire District No.1 \$39,329.50.

Note 5: **VESTING AND BENEFIT PROVISIONS**

Benefits vest after five (5) years of service. Any member who has successfully completed four (4) years of service as an active member in good standing will vest after one (1) additional year of service, and so forth. New members who join after implementation of the program become vested after the completion of five (5) years of active service.

**TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARD PROGRAM
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009**

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARD PROGRAM
Schedule of Findings and Recommendations
For the Year Ended December 31, 2009

This section identifies any instances of noncompliance with applicable statutes and regulations governing Length of Service Award Programs disclosed during our review.

None.

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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the Fire District officials and the plan administrator during the course of this review engagement.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

