

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1

COUNTY OF BURLINGTON

LENGTH OF SERVICE AWARDS PROGRAM

**FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009**



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

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statements 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, 2010 and 2009, and the related statements of changes in net assets available for program benefits for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Fire District personnel. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The Fire District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 accounting principles generally accepted in the United States of America.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
April 5, 2011

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARD PROGRAM
 Statement of Net Assets Available for Program Benefits
 As of December 31, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Investments	\$ 364,047.81	\$ 296,503.39
Receivable:		
Fire District's Contributions	44,230.29	39,329.50
Total Assets	\$ 408,278.10	\$ 335,832.89
 <u>LIABILITIES AND</u>		
<u>NET ASSETS</u>		
Net Assets Available for Program Benefits	\$ 408,278.10	\$ 335,832.89

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>INCREASES IN NET ASSETS</u>		
Additions to Net Assets Attributed to:		
Fire District Contributions	\$ 44,230.29	\$ 39,329.50
Investment Income:		
Increase in Investment Value	<u>52,815.98</u>	<u>70,165.00</u>
Total Increases in Net Assets	<u>97,046.27</u>	<u>109,494.50</u>
<u>DECREASES IN NET ASSETS</u>		
Decreases from Net Assets Attributed to:		
Withdrawals	23,051.06	10,000.00
Administrative Fees	<u>1,550.00</u>	<u>1,500.00</u>
Total Decreases in Net Assets	<u>24,601.06</u>	<u>11,500.00</u>
Net Increase (Decrease) in Net Assets	72,445.21	97,994.50
Net Assets, Beginning	<u>335,832.89</u>	<u>237,838.39</u>
Net Assets, Ending	<u>\$ 408,278.10</u>	<u>\$ 335,832.89</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, 2010

Note 1: **DESCRIPTION OF THE PLAN**

The following description of the Township of Moorestown Fire District No. 1 Length of Service Awards Program (LOSAP) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Township of Moorestown Fire District No. 1 Length of Service Awards Program (LOSAP) Plan was created by a Fire District resolution adopted on March 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 Fire District 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.

Contributions

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, 2010, 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 how many points earned for their volunteer service during 2009. The Plan currently offers various investment options including mutual funds, stocks, bonds, money markets, fixed investments and guaranteed accumulation.

Participant Accounts

Each participant's account is credited with the Fire District's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Fire District 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 Fire District'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 1: DESCRIPTION OF THE PLAN (CONT'D)**Vesting**

Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service. Any volunteer who has already successfully completed five (5) years or more of service as an active member in good standing became one hundred percent (100%) vested at the onset of the program. Any member who has successfully completed four (4) years of service as an active member in good standing will be one hundred percent (100%) vested after one (1) additional year of service, and so forth.

Forfeited Accounts

For the years ended December 31, 2010 and 2009, there were no forfeited non-vested accounts.

Payment of Benefits

Upon retirement or disability, participants may select various payout options, which include lump sum, periodic or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

Note 2: DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Accounting**

The financial statements of the Plan are prepared on the accrual basis of accounting. 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the plan's gains and losses on investments bought and sold as well as held during the year.

The assets held in the group annuity contract are actuarially valued as reported by Lincoln Financial Group.

Mutual fund investment income consists of dividends earned and realized and unrealized gains and losses attributable to the mutual funds.

Earnings are accrued to individual participants' accounts based upon the investment performance of the specific options selected.

Note 2: DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Receivables, Payables, and Benefits Paid

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 Fire District are recognized when due, since the Fire District has a legal requirement to make the contribution.

Liabilities for items other than benefits are recognized when incurred. Benefits payable, including accrued benefits and amounts allocated to accounts of vested persons who have elected to withdraw from the plan, are not recognized until paid. Vested accumulated deferrals shall be paid to the participant in one or more installments as elected by the participant.

Operating Expenses

All expenses of maintaining the Plan are paid by the Township of Moorestown Fire District No. 1.

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 Fire District and the Plan Administrator, whereby the Plan Administrator would have custody of the securities of the plan and also advises the Fire District as to investment alternatives.

The investments consist of mutual funds, 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 Financial Group 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.

The fair value of investments held by the Plan at December 31, 2010 and 2009 were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value</u>	
			<u>2010</u>	<u>2009</u>
Mutual Funds	N/A	N/A	<u>\$ 364,047.81</u>	<u>\$ 296,503.39</u>

The Plan conforms to the reporting requirements of Governmental Accounting Standards Board Statement No. 40.

Note 4: RECEIVABLES

Receivables as of December 31, 2010 and 2009 are as follows:

Fire District Contribution Receivable – Township of Moorestown Fire District No. 1:

2010 \$44,230.29

2009 \$39,329.50

Note 5: PLAN TERMINATION

Although the Fire District has not expressed any intent to do so, a Length of Service Awards Program, pursuant to N.J.S.A. 40A:14-187 and N.J.A.C. 5:30-11.08, may be abolished or amended in the same way by which it was created, except in the case of minor amendments. Upon such termination, vested accumulated deferrals will be paid.

Note 6: TAX STATUS

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Fire District has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. The Plan administrator and the management of the Township of Moorestown Fire District No. 1 believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

Note 7: RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits.

TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARD PROGRAM
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010

**TOWNSHIP OF MOORESTOWN FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARD PROGRAM
Schedule of Findings and Recommendations
For the Year Ended December 31, 2010**

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

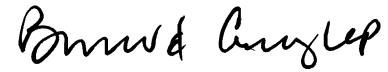
None.

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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

