

TOWNSHIP OF WANTAGE, N.J.
EMERGENCY SERVICES VOLUNTEER
LENGTH OF SERVICE AWARDS PROGRAM
YEARS ENDED DECEMBER 31, 2017 AND 2016

TOWNSHIP OF WANTAGE, N.J.

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ACCOUNTANTS' REVIEW REPORT

June 25, 2018

The Honorable Mayor and
Members of the Township Committee
Township of Wantage
888 Route 23
Wantage, NJ 07461

We have reviewed the accompanying Statements of Net Assets Available for Benefits for the Township of Wantage Emergency Services Volunteer Length of Service Awards Program as of December 31, 2017 and 2016, and the related Statement of Changes in Net Assets Available for Benefits for the years then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the plan administrator. A review is substantially less in scope than an audit, 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.

Management's Responsibility for the Financial Statements

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.



Honorable Mayor and
Members of the Township Committee
June 25, 2018
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Accountant's Conclusion

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

Ferraioli, Wielkocz, Cerullo & Cuva, PA
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Certified Public Accountants

Newton, New Jersey

Township of Wantage, N.J.

Emergency Services Volunteer Length of Services Award Program

Statement of Net Assets Available for Benefits

December 31,

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Investments	\$ 546,380.23	\$ 467,928.26
Contributions Receivable	<u>\$ 23,849.00</u>	<u>\$ 28,329.00</u>
	<u>\$ 570,229.23</u>	<u>\$ 496,257.26</u>
Net Assets Available for Benefits	<u>\$ 570,229.23</u>	<u>\$ 496,257.26</u>

See Accompanying Notes and Accountants' Review Report.

Township of Wantage, N.J.

Emergency Services Volunteer Length of Services Award Program

Statement of Changes in Net Assets Available for Benefits

Years Ended December 31,

	<u>2017</u>	<u>2016</u>
ADDITIONS:		
Municipal Contributions	\$ 23,849.00	\$ 28,329.00
Increase (Decrease) in Investment Value	<u>68,228.56</u>	<u>30,859.72</u>
TOTAL ADDITIONS	<u>92,077.56</u>	<u>59,188.72</u>
DEDUCTIONS:		
Adjustments Municipal Contribution	\$ 395.00	\$ -
Withdrawals	14,847.38	3,901.10
Accounting Changes/Charges/Loss	<u>2,863.21</u>	<u>2,625.00</u>
TOTAL DEDUCTIONS	<u>18,105.59</u>	<u>6,526.10</u>
NET (DECREASE)	<u>73,971.97</u>	<u>52,662.62</u>
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	<u>\$ 496,257.26</u>	<u>\$ 443,594.64</u>
End of Year	<u><u>\$ 570,229.23</u></u>	<u><u>\$ 496,257.26</u></u>

See Accompanying Notes and Accountants' Review Report.

TOWNSHIP OF WANTAGE, N.J.
LENGTH OF SERVICE AWARDS PROGRAM

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 - DESCRIPTION OF THE PLAN

The Township of Wantage Length of Service Awards Program (LOSAP) was created by a Township Resolution adopted on March 11, 2004, pursuant to P.L. 1997, c.388 and Section 457 (e)(11)(B) 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 Wantage approved the adoption of the Plan at the general election held on November 4, 2003.

The first year of eligibility for entrance into the Plan was calendar year 2004. The tax deferred income benefits for emergency service volunteers, consisting of the Volunteer Fire Department and the Volunteer First Aid - Ambulance Corps., come from contributions made solely by the governing body of the municipality, 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.

The Township of Wantage has elected to contribute \$264, \$395 or \$527 for 2017, depending on the number of volunteer hours reached, per eligible volunteer into the Plan. In addition, the program does not provide contributions for prior years service.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

The Township ordinance and enabling legislation do not have any provisions for program termination.

Lincoln Financial Advisors 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.

TOWNSHIP OF WANTAGE, N.J.
LENGTH OF SERVICE AWARDS PROGRAM

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financials 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 time of related cash flows.

Assets, Liabilities and Net Assets

1. Investments

Investments are reported at fair value.

2. Receivable 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 Wantage are recognized when due, since the Township 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.

3. Net Assets

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

Fees and Costs

Each participant's account is charged an administrative fee. The fee is prorated on a nondiscriminatory manner.

TOWNSHIP OF WANTAGE, N.J.
LENGTH OF SERVICE AWARDS PROGRAM

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 3. - INVESTMENTS

An investment agreement was entered into at the inception of the plan between the Township and Lincoln Financial, whereby Lincoln Financial would have custody of the securities of the plan and also advises the plan participants 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 Financial Group for benefit of plan participants. The investments are valued at market value at the end of each year and the applicable gains or losses are posted to the individual's account.

As of December 31, 2017 and 2016, the value of the plan's investments were \$546,380.23 and \$467,928.26, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial on December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Fixed	\$166,319.85	\$156,146.12
LVIP SSgA S&P 500 Index Fund	278,547.70	228,442.33
Investments under 5%	<u>101,512.68</u>	<u>83,339.81</u>
Total	<u>\$546,380.23</u>	<u>\$467,928.26</u>

Custodial Credit Risk - Investments - Custodial credit risk for investment is the risk that, in the event of a failure of the counterparty to a transaction, the entity will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2017, the plan had invested \$546,380.23 of various securities held by the investment's counterparty, not in the name of the plan.

TOWNSHIP OF WANTAGE, N.J.
LENGTH OF SERVICE AWARDS PROGRAM

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 4 - RECEIVABLES

Receivables as of December 31, including the applicable allowance for uncollectible accounts are as follows:

	<u>2017</u>	<u>2016</u>
Municipal Contribution Receivable - Township of Wantage	\$23,849.00	\$28,329.00
Less: Allowance for Uncollectibles	<u> -</u>	<u> -</u>
Net Total Receivables	<u>\$23,849.00</u>	<u>\$28,329.00</u>

NOTE 5 - VESTING AND BENEFIT PROVISIONS

Pursuant to N.J.S.A. 40A:14-188, Wantage Township may make a yearly contribution for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period. If the volunteer fails to vest or terminate association with Wantage Township prior to the completion of the vesting period, the funds placed in the LOSAP account on behalf of the volunteer shall revert to Wantage Township, not the volunteer. If a volunteer has already been an active volunteer in the State for five or more years, then the volunteer is vested as soon as the funds have been deposited in his or her account.

NOTE 6 - SUBSEQUENT EVENTS

The Township has evaluated subsequent events through June 25, 2018, the date which the financial statements were available to be issued and no other items were noted for disclosure.

TOWNSHIP OF WANTAGE, N. J.
LENGTH OF SERVICE AWARDS PROGRAM

COMMENTS AND RECOMMENDATIONS
YEARS ENDED DECEMBER 31, 2017 AND 2016

GENERAL COMMENTS

None