

**HOPEWELL BOROUGH
FIRE DISTRICT NO. 1
County of Mercer**

**LENGTH OF SERVICE AWARD PROGRAM
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**

HOPEWELL BOROUGH FIRE DISTRICT NO.1

TABLE OF CONTENTS

	<u>Page</u>
Accountant's Review Report	1
A-1 Comparative Statement of Net Assets Available for Program Benefits	2
A-2 Comparative Statement of Changes in Net Assets Available for Program Benefits	3
Notes to the Financial Statements	4
Schedule of Findings and Recommendations	7

INVERSO & STEWART, LLC

Certified Public Accountants

651 Route 73 North, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: iscpas@concentric.net

-Member of-
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Fire Commissioners
Hopewell Borough Fire District No. 1
County of Mercer
Hopewell, New Jersey

I have reviewed the accompanying statement of net assets available for program benefits for the Hopewell Borough Fire District No. 1, Length of Service Awards Program, as of December 31, 2014 and 2013, and the related statement of changes in net assets for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Fire District's management. 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, I 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 of the financial statements.

My 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. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am 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,

Inverso & Stewart, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
April 17, 2015

**HOPEWELL BOROUGH FIRE DISTRICT NO.1
LENGTH OF SERVICE AWARD PROGRAM
Comparative Statement of Net Assets Available for Program Benefits
As of December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
ASSETS:		
Investments	\$ 1,263,845	\$ 1,109,346
Accounts receivable	<u>85,735</u>	<u>85,667</u>
Total Assets	<u>\$ 1,349,580</u>	<u>\$ 1,195,013</u>
LIABILITIES:		
Accounts payable		
Total Liabilities	<u>-</u>	<u>-</u>
Net Assets		
Net Assets Available for Program Benefits	<u>\$ 1,349,580</u>	<u>\$ 1,195,013</u>
Total Net Assets	<u><u>\$ 1,349,580</u></u>	<u><u>\$ 1,195,013</u></u>

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

**HOPEWELL BOROUGH FIRE DISTRICT NO.1
LENGTH OF SERVICE AWARD PROGRAM
Statement of Changes in Net Assets Available for Program Benefits
As of December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Increases in Net Assets		
Additions to Net Assets Attributed to:		
Fire District Contributions:		
2014 Budget Appropriation	\$ 85,735	\$ -
2013 Budget Appropriation		85,667
Increase (Decrease) in Investment Value	<u>84,211</u>	<u>196,884</u>
Total Increases in Net Assets	<u>169,946</u>	<u>282,551</u>
Decreases in Net Assets		
Benefits paid to Participants	12,166	45,203
Administrative Expenses	<u>3,213</u>	<u>3,100</u>
Total Decreases in Net Assets	<u>15,379</u>	<u>48,303</u>
Net Increase (Decrease) in Net Assets	154,567	234,248
Net Assets, Beginning	<u>1,195,013</u>	<u>960,765</u>
Net Assets, Ending	<u>\$ 1,349,580</u>	<u>\$ 1,195,013</u>

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

**HOPEWELL BOROUGH FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARDS PROGRAM
Notes to Financial Statements
For the Year Ended December 31, 2014**

Note 1: DESCRIPTION OF THE PLAN

The Hopewell Borough Fire District No. 1 Length of Service Awards Program (LOSAP) was created by a Fire District Resolution 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 Hopewell Borough 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 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 newly established 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, 2014, the Hopewell Borough Fire District No. 1 elected to contribute between \$462.09 and \$1,548.42 per eligible volunteer into the plan depending on how many years the volunteer has served. Contributions were also made to catch up eligible volunteers for past service not previously funded.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the 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 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 District is not considered to be holding the assets, the LOSAP is not presented in the Hopewell Borough 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 recognized 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.

**HOPEWELL BOROUGH FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARDS PROGRAM
Notes to Financial Statements
For the Year Ended December 31, 2014**

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 Hopewell Borough Fire District No. 1 are recognized when due, since the District has a legal requirement to make the contribution.

Liabilities, other than benefits, are recognized when due.

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 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 advise the Fire District as to investment alternatives.

The investments consist of mutual funds. Each participant may choose his/her allocation from among these investments. The investments are made by the Plan Administrator for benefit of plan participants. The investments are valued at fair value at the end of each year and the increase or decrease is posted to the participant's account.

The fair value of the Plan's investments at December 31, 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Mutual Funds	\$ 1,263,845	\$ 1,109,346
	<u>\$ 1,263,845</u>	<u>\$ 1,109,346</u>

**HOPEWELL BOROUGH FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARDS PROGRAM
Notes to Financial Statements
For the Year Ended December 31, 2014**

Note 4: RECEIVABLES

Receivables as of December 31, 2014 are as follows:

Contributions Receivable:

Hopewell Borough Fire District No. 1	\$ 25,721
Hopewell Township Fire District No. 1	<u>60,014</u>
Total	<u>\$ 85,735</u>

Note 5: VESTING AND BENEFIT PROVISIONS

Benefits vest 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 becomes 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 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.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

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

None.

APPRECIATION

We express our appreciation for the assistance and courtesies extended to us by the Fire District Commissioners during the course of the audit.

Respectfully submitted,

INVERSO & STEWART, LLC



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

April 17, 2015