

**DEPTFORD TOWNSHIP FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARDS PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2020**

INDEX

	Page
Independent Accountant's Review Report	1
Statement of Fiduciary Net Position	2
Statement of Changes in Fiduciary Net Position	2
Notes to Financial Statements	3-8
Schedule of Findings and Recommendations	9

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Denise R. Nevico, CPA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Chairman and Members
of the Board of Commissioners
Deptford Township Fire District No. 1
1370 Delsea Drive
Deptford, New Jersey 08096

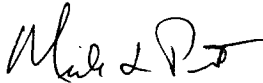
We have reviewed the accompanying statement of net position of the Deptford Township Fire District No. 1, Length of Service Awards Program, as of December 31, 2020, and the related statements of changes in net position for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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, we do not express such an opinion.

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.

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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Registered Municipal Accountant #252

March 6, 2022

DEPTFORD TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020

	LOSAP Trust
ASSETS	
LOSAP (unaudited)	
Investment	\$ 1,050,398.28
	\$ 1,050,398.28
NET POSITION	
LOSAP (unaudited)	
Held in Trust for:	
LOSAP Benefits	\$ 1,050,398.28
	\$ 1,050,398.28

DEPTFORD TOWNSHIP FIRE DISTRICT NO. 1
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	LOSAP Trust
ADDITIONS	
Fire District Budget Appropriations	\$ 59,520.00
Increase in Investment Value	143,056.05
	202,576.05
DECREASES	
Withdrawals	23,561.92
Administrative Fees	2,475.00
	26,036.92
Change in Net Position	176,539.13
Net Position January 1	873,859.15
	\$ 1,050,398.28

**DEPTFORD TOWNSHIP FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARDS PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1: DESCRIPTION OF THE PLAN

The following description of the Deptford Township 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 Deptford Township Fire District No. 1 Length of Service Awards Program (LOSAP) Plan was created by a Fire District Resolution adopted in 2000 pursuant to Section 457 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 Deptford Fire District No. 1 approved the adoption of the Plan at the general election held in November 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency service volunteers, consisting of the Volunteer Fire Department, come from contributions made solely by the Board of Commissioners, on behalf of those volunteers who meet the criteria of a plan created by that Board of Commissioners.

Contributions

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (NJSA 40A:14-185(f)). The Division of Local Government Services will issue the permitted maximum annually. For the year ended December 31, 2020, the Deptford Township Fire District No. 1 elected to contribute \$930.00 per eligible volunteer into the Plan depending on how many years the volunteer has served. The Plan currently offers two annuity options.

Participant Accounts

Each participant's account is credited with the Fire District's contribution, 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 benefit of the plan participants and their beneficiaries. Such funds shall be subject to the claims of the Fire District's general creditors until distributed to any or all participants.

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. All amounts awarded under the LOSAP plan shall remain the assets of the Fire District.

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.

**DEPTFORD TOWNSHIP FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARDS PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 1: DESCRIPTION OF THE PLAN (CONTINUED)

Forfeited Accounts

For the years ended December 31, 2020, there was \$0.00 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. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

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.

Investment contracts held by a defined contribution plan are required to be reported at fair value. The fixed account investment contract is presented at contract value, which approximates fair value. Contract value represents contributions received plus interest earned to date, less applicable charges and amounts withdrawn. The interest rate credited to the account is based on the overall rate of return for the entire portfolio.

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

The Financial Accounting Standards Board (FASB) provides a framework for measuring fair values under generally accepted accounting principles. See Note 5 for a discussion of fair value measurements.

**DEPTFORD TOWNSHIP FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARDS PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 2: DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

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.

Administration Expenses

In 2020, the Plan's administrative costs were deducted from participant's investment. The Plan incurred administrative fees of \$2,475.00.

Net Position

The difference between Plan assets and Plan liabilities is reported as net position available for benefits.

Subsequent Events

Subsequent events have been evaluated through March 6, 2022, which is the date the financial statements were available to be issued. No additional subsequent event disclosures are required.

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 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.

The fair value of investments, held by the Plan as of December 31, 2020, were as follows:

	Balance 12/31/2020
Lincoln Multi-Fund Annuity	<u>\$ 1,050,398.28</u>

**DEPTFORD TOWNSHIP FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARDS PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 3: INVESTMENTS (CONTINUED)

The following individual underlying investments exceeded 5% of Plan net position at December 31, 2020:

	Balance 12/31/2020
American Funds Growth Fund	\$ 131,618.59
Fidelity VIP Growth	64,194.02
Fixed Account	186,262.87
LVIP SSGA S&P 500 Index Fund	335,361.01
All Other Funds	332,961.79
	\$ 1,050,398.28

During 2020, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$143,056.05.

NOTE 4: INVESTMENT CONTRACT

The Plan has a guaranteed interest account contract with Lincoln National Life Insurance Company. The funds are maintained by the insurance company in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at fair value reported by the insurance company which approximates contract value. Since contract value approximates fair value, there is no adjustment from contract value to fair value.

NOTE 5: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 1 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

**DEPTFORD TOWNSHIP FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARDS PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

Annuities: Valued at the Annuities' market value as reported by the insurance company.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2020:

	Balance 12/31/2020 Level 3
Lincoln Multi-Fund Annuity	\$ 1,050,398.28

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2020:

	Level 3 Assets Year Ended 12/31/2020
Balance, Beginning of Year	\$ 873,859.35
Realized Gains/(Losses)	143,056.05
Purchases, Sales, Issuances, and Settlements (Net)	33,483.08
	\$ 1,050,398.48

**DEPTFORD TOWNSHIP FIRE DISTRICT NO. 1
LENGTH OF SERVICE AWARDS PROGRAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 6: PLAN TERMINATION

Although the Fire District has not expressed any intent to do so, a Length of Service Awards Program, pursuant to NJSA 40A:14-187 and NJAC 5:10-11.08, 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 7: RECEIVABLES

As of December 31, 2020, the Fire District's LOSAP plan had no receivables.

NOTE 8: TAX STATUS

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. The Plan administrator and the management of the Deptford Township 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 9: 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 position available for benefits.

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

This section identified any instances of noncompliance with applicable statutes and regulations governing the Length of Service Awards Program disclosed during our review.

Findings and Recommendations

None