

BOROUGH OF FAIR LAWN, N.J.
EMERGENCY SERVICES VOLUNTEER
LENGTH OF SERVICE AWARDS PROGRAM
YEARS ENDED DECEMBER 31, 2022 AND 2021

BOROUGH OF FAIR LAWN, N.J

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ACCOUNTANTS' REVIEW REPORT

April 10, 2023

Honorable Mayor and Members
of the Borough Council
Borough of Fair Lawn
Fair Lawn, New Jersey

We have reviewed the accompanying Statements of Net Assets Available for Benefits for the Borough of Fair Lawn Emergency Services Volunteer Length of Service Awards Program as of December 31, 2022 and 2021, 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.



We are required to be independent of the Borough of Fair Lawn Emergency Services Volunteer Length of Service Awards Program and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our reviews.

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.

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC

Certified Public Accountants

Pompton Lakes, New Jersey



**BOROUGH OF FAIR LAWN
LENGTH OF SERVICE AWARDS PROGRAM
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Contribution Receivable	\$ 98,038	103,070
Investments	<u>1,902,655</u>	<u>2,280,728</u>
	<u>\$ 2,000,693</u>	<u>2,383,798</u>
 <u>NET ASSETS</u>		
Net Assets Available for Benefits	<u>\$ 2,000,693</u>	<u>2,383,798</u>

See accompanying notes to the accountants' review report.

**BOROUGH OF FAIR LAWN
LENGTH OF SERVICE AWARDS PROGRAM
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

For the Year Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ADDITIONS</u>		
<u>Contributions</u>		
Borough	\$ <u>98,038</u>	\$ <u>103,070</u>
Total Contributions	<u>98,038</u>	<u>103,070</u>
<u>Investment Income</u>		
Interest on Investments	3,444	3,708
Net Unrealized Appreciation (Depreciation) in Fair Value of Investments	<u>(404,397)</u>	<u>244,266</u>
Total Investment Income	<u>(400,953)</u>	<u>247,974</u>
TOTAL ADDITIONS	<u>(302,915)</u>	<u>351,044</u>
<u>DEDUCTIONS</u>		
Benefit Payments	80,190	73,037
Service Charges	<u>1,276</u>	<u>1,276</u>
TOTAL DEDUCTIONS	<u>80,190</u>	<u>74,313</u>
CHANGE IN NET ASSETS	<u>(383,105)</u>	<u>276,731</u>
NET ASSETS - BEGINNING OF YEAR	<u>2,383,798</u>	<u>2,107,067</u>
NET ASSETS - END OF YEAR	<u>\$ <u>2,000,693</u></u>	<u>\$ <u>2,383,798</u></u>

See accompanying notes to the accountants' review report.

BOROUGH OF FAIR LAWN, N.J.
LENGTH OF SERVICE AWARDS PROGRAM

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - DESCRIPTION OF THE PLAN

The Borough of Fair Lawn Length of Service Awards Program (LOSAP) was created by a Borough Resolution adopted on September 5, 2000 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 Borough of Fair Lawn approved the adoption of the Plan at the general election held on November 7, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Rescue Squad, 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 contributions of \$600 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 Borough of Fair Lawn has elected to contribute \$1,089 and \$1,010 for 2022 and 2021, respectively, per eligible volunteer into the Plan.

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 Variable Annuity Life Insurance Company (VALIC) is the administrator of the plan. The Borough'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.

BOROUGH OF FAIR LAWN, NJ
LENGTH OF SERVICE AWARDS PROGRAM

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 2 - SUMMARY 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.

Assets, Liabilities and Net Assets

1. **Investments**

Investments are reported at fair value.

2. **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 Borough of Fair Lawn are recognized when due, since the Borough 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*.

BOROUGH OF FAIR LAWN, NJ
LENGTH OF SERVICE AWARDS PROGRAM

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 3 - INVESTMENTS

An investment agreement was entered into at the inception of the plan between the Borough and VALIC, whereby VALIC 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 VALIC for the 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, 2022 and 2021, the value of the plan's investments were \$1,902,655 and \$2,280,728, respectively.

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, 2022, the plan had invested \$1,902,655 of various securities held by the investment's counterparty, not in the name of the plan.

The following investments represent 5% or more of the total invested with VALIC on December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Fixed Account Plus	\$ 12,962	\$156,458
Mid Cap Value Fund	122,573	134,873
Mid Cap Strategic Growth	109,635	131,938
Money Market I Fund		232,176
Science & Technology Fund	170,455	275,646
Vanguard Lifestrategy - Growth		292,958
GS VIT Gov Money Mkt FD Inst	620,140	
All Others	<u>866,890</u>	<u>1,056,679</u>
Total	<u><u>\$1,902,655</u></u>	<u><u>\$2,280,728</u></u>

BOROUGH OF FAIR LAWN, NJ
LENGTH OF SERVICE AWARDS PROGRAM

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(continued)

NOTE 4 - RECEIVABLES

Receivables as of December 31, 2022 and 2021, including the applicable allowance for uncollectible accounts are as follows:

	<u>2022</u>	<u>2021</u>
Municipal Contribution Receivable - Borough of Fair Lawn	\$ 98,038	\$103,070
Less: Allowance for Uncollectibles		
Net Total Receivables	<u>\$98,038</u>	<u>\$103,070</u>

NOTE 5 - VESTING AND BENEFIT PROVISIONS

The volunteer must complete five (5) cumulative years as an active member of any volunteer service organization in the State of New Jersey. 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 funds have been deposited into his or her account.

NOTE 6 - SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through April 10, 2023, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

BOROUGH OF FAIR LAWN, N.J.
LENGTH OF SERVICE AWARDS PROGRAM
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2022

General Comments

NONE