

**TOWNSHIP OF HAZLET
FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY**

**LENGTH OF SERVICE AWARD PROGRAM
YEARS ENDED DECEMBER 31, 2023 AND 2022
WITH
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT**

**TOWNSHIP OF HAZLET
FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARD PROGRAM**

For the Years Ended December 31, 2023 and 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Plan Sponsor
Township of Hazlet Fire District No. 1
Length of Service Award Program
Hazlet, New Jersey

We have reviewed the accompanying statement of Net Position Available for Plan Benefits of Length of Service Award Program of the Township of Hazlet Fire District No. 1, County of Monmouth, New Jersey ("District") as of December 31, 2023 and 2022 and the related Statements of Changes in Net Position Available for Plan 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 District 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the 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.

Accountant's Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Charles J. Fallon CPA, RMA

Charles J. Fallon
Certified Public Accountants

Fallon & Company LLP
Fallon & Company LLP

August 11, 2024

FINANCIAL STATEMENTS

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARD PROGRAM
STATEMENTS OF NET POSITION AVAILABLE FOR PLAN BENEFITS
AS OF DECEMBER 31,

	<u>2023</u>	<u>2022</u>
Assets		
Investment, at Fair Value	<u>\$ 295,149.56</u>	<u>\$ 268,139.06</u>
Net Position		
Held in Trust for Plan Benefits	<u>\$ 295,149.56</u>	<u>\$ 268,139.06</u>

See accompanying notes and independent accountant's review report.

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARD PROGRAM
STATEMENTS OF CHANGES IN NET POSITION AVAILABLE FOR PLAN BENEFITS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2023</u>	<u>2022</u>
Additions		
District Contributions	\$ 30,971.98	\$ 30,677.40
Net Appreciation in Fair Value of Investments	<u>39,016.66</u>	<u> </u>
Total Additions	<u>69,988.64</u>	<u>30,677.40</u>
Deductions		
Net Depreciation in Fair Value of Investments	(40,683.21)	(44,857.10)
Administrative Expenses	<u>(2,294.93)</u>	<u>(1,300.02)</u>
Total Deductions	<u>(42,978.14)</u>	<u>(46,157.12)</u>
Change in Net Position	27,010.50	(15,479.72)
Net Position Beginning of Year	<u>268,139.06</u>	<u>283,618.78</u>
Net Position End of Year	<u><u>\$295,149.56</u></u>	<u><u>\$268,139.06</u></u>

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF HAZLET FIRE DISTRICT NO. 1
COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARD PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 **DESCRIPTION OF PLAN**

The following description of the Township of Hazlet Fire District No. 1 (“Sponsor”) Length of Service Award Program (“Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

General

The Plan, a defined contribution plan, was created by a Resolution pursuant to Section 457 of the Internal Revenue 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 Plan is subject to the provisions of the P.L. 1997, c. 388, as amended by P.L. 2001, c. 272 and its amendments. Accounting and reporting standards for Internal Revenue Code Section 457 Deferred Compensation Plans are covered by Governmental Accounting Standards Board (GASB), Statement No. 32.

Contributions

If an active member meets the year-of-active-service requirements, a Plan must provide a benefit. While the maximum amount is established by statute, it is subject to periodic increases that are related to the Consumer Price Index. The Division of Local Government Services of the State of New Jersey issues the permitted maximum annually.

Participant Accounts

Each participant’s account is self-directed and credited with the 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.

The Lincoln Financial Group, (Plan Contractor), an approved Length of Service Award Plan provider, is the administrator of the Plan. The Sponsor’s practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Contractor.

Vesting

An active member shall be eligible to vest in the Plan if the active volunteer member has completed at least five years of emergency service in Hazlet Township Fire District No. 1.

Payment of Benefits

Upon retirement or disability, participants may receive a lump sum payout. 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.

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COUNTY OF MONMOUTH, NEW JERSEY
LENGTH OF SERVICE AWARD PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 **DESCRIPTION OF PLAN (continued)**

Forfeited Accounts

According to the Plan, all forfeited account balances are to be returned to the Sponsor. For the years ended December 31, 2023 and 2022, no accounts were forfeited and one account was forfeited, respectively.

Reporting Requirements

The New Jersey Administrative Code, N.J.A.C. 5:301-14.49 requires that the District perform a separate review of the Program in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Review Services.

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) requires the Sponsor to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment and Income Investment

Upon enrollment, the Program participants enter into a Program plan annuity contract with the local Plan Administrator using enrollment forms provided by the Contractor which include various investment options.

Lincoln Financial reports the Program pro rata of the investment income, consisting of gains and losses on transactions, appreciation or depreciation of the market value of the account investment and interest and dividends, recorded by the investment account maintained by Lincoln Financial.

NOTE 3 **FAIR VALUE MEASUREMENTS**

Governmental Accounting Standards Board (GASB), Statement No. 72, *Fair Value Measurements and Applications* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. That hierarchy 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 3 measurements). The three levels of fair value hierarchy are described as follows:

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS (continued)

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 in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability
- 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 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 or minimize the use of unobservable inputs.

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LENGTH OF SERVICE AWARD PROGRAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3 FAIR VALUE MEASUREMENTS (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2023 and 2022, respectively:

	December 31, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Fixed Account	\$ 73,618.69		\$ 73,618.69	
Total Investment by Fair Value Level	73,618.69	\$ -	\$ 73,618.69	\$ -
Investment Measured at the Net Asset Value (NAV)				
Mutual Funds	221,530.87			
Total Investments Measured at NAV	221,530.87			
Total Investments Measured at Fair Value	\$ 295,149.56			
		Fair Value Measurements Using		
	December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Fixed Account	\$ 73,057.21		\$ 73,057.21	
Total Investment by Fair Value Level	73,057.21	\$ -	\$ 73,057.21	\$ -
Investment Measured at the Net Asset Value (NAV)				
Mutual Funds	195,081.85			
Total Investments Measured at NAV	195,081.85			
Total Investments Measured at Fair Value	\$ 268,139.06			

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NOTES TO FINANCIAL STATEMENTS
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NOTE 3 FAIR VALUE MEASUREMENTS (continued)

Gains and losses included in changes in net position available for benefits for the years ended December 31, 2023 and 2022 are reported in net appreciation (net depreciation) in fair value of investments.

NOTE 4 RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Lincoln Financial Group. Lincoln is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services amounted to \$2,294.86 and \$1,300.02 for the years ended December 31, 2023 and 2022, respectively.

NOTE 5 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 participants' account balances and the amounts reported in the Statement of Net Assets Available for Benefits.

Custodial Credit Risk – Custodial credit risk 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, 2023 and 2022 the plan had invested \$295,149.56 and \$268,139.06 respectively of various securities held by the investments counterparty, not in the name of the plan.

NOTE 6 SUBSEQUENT EVENTS

Subsequent events were evaluated through August 11, 2023 which is the date the financial statements were available to be issued.