

LENGTH OF SERVICE AWARDS PROGRAM

BOROUGH OF HELMETTA

COUNTY OF MIDDLESEX, STATE OF NEW JERSEY

FOR THE YEAR ENDED DECEMBER 31, 2020

LENGTH OF SERVICE AWARDS PROGRAM
BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, STATE OF NEW JERSEY
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ACCOUNTANT'S REVIEW REPORT

Mayor and Members of the Borough Council
Length of Service Awards Program (LOSAP)
Borough of Helmetta
County of Middlesex, New Jersey

We have reviewed the accompanying statements of net assets available for benefits for the Borough of Helmetta ("Borough"), County of Middlesex, Length of Service Awards Program (LOSAP) plan as of December 31, 2020 and December 31, 2019 and the related statement of changes in net assets available for benefits for the year ended December 31, 2020. A review includes primarily applying analytical procedures to the Borough's financial data and making inquiries of the Borough personnel. 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

The Borough 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 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 our procedures provide a reasonable basis for our conclusion.

ACCOUNTANT'S REVIEW REPORT
(CONTINUED)

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



Gerard Stankiewicz
Certified Public Accountant
Registered Municipal Accountant #431



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
August 5, 2021

BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
<u>ASSETS</u>	2020	2019
Cash, Cash Equivalents and Investments (See Note B)	\$ 110,307.74	\$ 102,424.39
Receivable - Borough Contribution	6,000.00	-
Total Assets	\$ 116,307.74	\$ 102,424.39
 <u>NET ASSETS</u>		
Net Assets Available for Benefits	\$ 116,307.74	\$ 102,424.39

See Independent Accountant's Review Report.

See Accompanying Notes to Financial Statements.

BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
STATEMENT OF CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS

	<u>Year Ended</u> <u>December 31, 2020</u>
Additions:	
Additions to Net Assets Attributed to:	
Investment Income:	
Net Appreciation/(Depreciation) in Fair Value in Investments	\$ 9,877.74
Interest Earned	<u>287.96</u>
Total Additions	\$ 10,165.70
Contributions -	
Municipal	6,000.00
Deductions -	
Net Appreciation in Fair Value in Investments	\$ -
Withdrawals by Beneficiaries	<u>(2,282.35)</u>
Total Deductions	<u>3,717.65</u>
Net Increase/(Decrease) before Prior Period Adjustments	\$ 13,883.35
Net Increase/(Decrease) after Prior Period Adjustments	\$ 13,883.35
Net Assets Available for Benefits:	
Beginning of Year	<u>102,424.39</u>
End of Year	<u><u>\$ 116,307.74</u></u>

See Independent Accountant's Review Report.

See Accompanying Notes to Financial Statements.

BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

A. Description of Plan

The following description of the Borough of Helmetta, Mayor and Council, Length of Service Awards Program (LOSAP) (“Plan”) provides only general information. Participants should refer to the Program agreement for a more complete description of the Plan’s provisions.

1. *General*

- a. Establishment of Plan. Borough of Helmetta, Mayor and Council, (hereinafter the “Sponsoring Agency”), a governing body of Borough, hereby establishes the Borough of Helmetta, Length of Service Award Plan (hereinafter the “Plan”). The plan is intended to qualify as a length of service award plan excluded under section 457(e)(11) of the Internal Revenue Code of 1986, as amended (“Code”), from being treated as a plan providing for the deferral of compensation.
- b. Purpose of the Plan. The purpose of the Plan is to enhance the Sponsoring Agency’s ability to retain and recruit volunteer firefighters. Nothing contained in the Plan shall be deemed to constitute an employment agreement between any Participant and the Sponsoring Agency and nothing contained herein shall be deemed to give any Participant any right to be retained in the service of the Sponsoring Agency.

2. *Contributions*

- a. All Benefits Considered. Each Active Volunteer Member’s service award shall be subject to contribution requirements as set forth in this Article. In determining whether contribution requirements have been satisfied, all benefits provided under all service award programs instituted by a Sponsoring Agency shall be considered as one program.
- b. Minimum and Maximum Limitations. The Plan shall have minimum and maximum contribution requirements as follows: the minimum contribution for each participating Active Volunteer Member shall be between \$100 to \$400 per Year of Active Emergency Service, subject, however, to periodic increases as permitted pursuant to subsection f. of section 3 of P.L. 1997, c.388 (C.40A:14-185) and a municipal wide maximum of \$8,000.00. In no event shall the contribution for any Year of Active Emergency Service exceed the accrual limitation in Code section 457(e)(11)(B)(ii).

BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

A. Description of Plan (Continued)

2. Contributions (Continued)

- c. Withholding. Notwithstanding any other provision in the Plan, the amount of award contributions credited to a Participant's Account pursuant to his Joinder Agreement shall not be treated as compensation subject to Federal income tax withholding or New Jersey Gross income tax withholding.

3. Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Sponsoring Agency's contribution and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

- a. Active Volunteer Member: A person who has been so designated by the governing board of a duly created emergency service organization and who is faithfully and actually performing volunteer service in that organization.
- b. Participant: An active volunteer member who is eligible for benefits under the Plan and who has enrolled in the Plan pursuant to the requirements of Article V. of the Plan. Notwithstanding any other provision of the Plan, an individual shall not be treated as a Participant in the Plan for any period unless such individual is a "bona fide volunteer" within the meaning of Code section 457(e)(11)(B)(i).
- c. Year of Active Emergency Service: A 12-month period during which an active volunteer member participates in the fire or first aid service and satisfies the minimum requirements of participation established by the Sponsoring Agency on a consistent and uniform basis. Notwithstanding any other provision of the Plan, no period shall be treated as Year of Active Emergency Service with respect to an active volunteer member unless the services rendered by such active volunteer member during such a period are "qualified services" within the meaning of Code.

BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

A. Description of Plan (Continued)

4. *Vesting*

Participants are vested immediately in their contributions plus actual earnings thereon.

- a. Immediate Eligibility; Vesting. An Active Volunteer Member shall be eligible to participate in the Plan immediately upon the commencement of the Active Volunteer Member's performance of Active Emergency Services and shall be eligible to vest in the Plan if the Active Volunteer Member has completed at least five years of emergency service.
- b. Initial Participation. An eligible Active Volunteer Member becomes a Participant when he has executed and entered into a Joinder Agreement with the Sponsoring Agency.
- c. One Joinder Agreement Per Year. The Sponsoring Agency and a Participant may execute only one Joinder Agreement for purposes of enrolling in the Plan during any one calendar year.
- d. Expiration of Joinder Agreement. The Joinder Agreement expires upon termination of service or revocation of awards.

5. *Benefits*

- a. Payment. Except as otherwise provided in this Article, the Participant shall be entitled to receive from the Sponsoring Agency payment of the vested portion of the Participant's Account on the date and according to the benefit payment form selected by the Participant in the Joinder Agreement or if the date or benefit payment form selected is not effective, then the Participant shall be entitled to payment and such payment shall be made in the form of a lump sum of the vested portion of the Participant's Account within 90 days following the end of the calendar year in which the Participant attains age 65. Furthermore, in the event that the present value of the benefits to be paid to the Participant does not exceed \$5,000 on the date benefits are to commence, such benefit shall be paid in a lump sum.

BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

A. Description of Plan (Continued)

5. Benefits (Continued)

- b. Payment to Beneficiary. Should the Participant die after he/she has begun to receive the benefits provided by section 10.01 of the Plan, the Sponsoring Agency, within thirty (30) days of receipt of satisfactory proof of death, shall continue to the Beneficiary and payments required under the benefit payment form selected by the Participant. If no Beneficiary is designated in the Agreement or if no beneficiary is designated in the agreement or if the designated beneficiary does not survive the Participant, then the Sponsoring Agency shall make a lump sum payment to the estate of the Participant in an amount equal to the value of the then remaining payments, if any, payable under the benefit payment form specified in the Agreement. If the designated Beneficiary does not survive the period after the Participant's death during which such payment(s) are to be made, then the Sponsoring Agency shall make a lump sum payment to the estate of any such Beneficiary in an amount equal to the value to the remaining payments, if any, payable under the type of benefit payment form specified in the Agreement.

Should the Participant die before he/she has begun to receive the benefits provided by section 10.01 of the Plan, the Sponsoring Agency shall cause to be paid to the Beneficiary within thirty (30) days of receipt of satisfactory proof of death, a lump sum death benefit in an amount equal to the then vested value of the Participant's Account; provided, however, that if the Participant has selected a benefit payment form for the Beneficiary who has been designated, such benefit payment form shall be paid, or if the designated Beneficiary does not survive the Participant, then the Sponsoring Agency shall cause such death benefit to be paid to the estate of the Participant.

- c. Disability. In the event of the Participant's total and permanent disability, as defined in section 72(m)(7) of the Internal Revenue Code, the Participant shall become fully vested in all award contributions credited to his/her Account, and a disability benefit equal to the Participant's Account balance (less contract surrender charges, if applicable), reduced by any amount previously paid to the Participant, shall be paid to the Participant. A Participant shall not be considered to be disabled unless he/she furnishes proof thereof in a form satisfactory to the Sponsoring Agency. Payment of disability payments shall be in the form of a lump sum.

BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

A. Description of Plan (Continued)

6. *Transfers*

On termination of service due to death, disability or retirement, a Participant may elect to receive either a lump-sum amount equal to the value of the Participant's vested interest in his or her account, or annual installments over a ten-year period.

- a. Transfers from Other Plans. This Plan shall accept transfers of award contribution amounts of a Participant under another length of service award program meeting the requirements of New Jersey law and the Code. In the event of a request by a Participant for a transfer to a plan under which amounts are not held in the themanner described in Plan section 9.01, such transfer shall be permitted only if otherwise permitted by the Plan and applicable law. In no event may the Sponsoring Agency cause such a transfer to be made, expect at the request of a Participant. Any such transferred amount shall not be treated as an award contribution subject to the limitations of Plan section 6.02, except that, for purposes of applying the limit of Plan section 6.02, an award amount contributed during any taxable year under the plan from which the transfer is accepted shall be treated as if it had been awarded under this Plan during such taxable year. Notwithstanding the foregoing, transfers from other length of service awards plans shall only be permitted if the Internal Revenue Service has issued a favorable private letter ruling concerning this Plan.
- b. Transfers to Other Plans. A Participant may elect to have any portion of the amount payable to him transferred to another length of service award plan. This election must be made before the earliest date that award contribution amounts would otherwise be payable to the Participant under this Plan. Notwithstanding the foregoing, transfers to other length of service award plans shall only be permitted if the Internal Revenue Service has issued a favorable private letter ruling concerning this Plan.

BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

B. Summary of Accounting Policies

1. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

2. *Cash, Cash Equivalents and Investment Valuation and Income Recognition*

The Plan's Cash, Cash Equivalents and Investments are stated at fair value. Quoted prices are based on the Contractors summary and were used to reflect Cash, Cash Equivalents and Investments.

Appreciation and/or depreciation of the valuation of assets are recorded annually as of the end of the year. Income from dividends and interest are recorded on the date of receipt and the gain or loss on the sale of investments is recorded at the time of trade date. Detail at December 31, 2020 is as follows:

<u>Investment Vehicle</u>	<u>End Value</u>
Aggressive Growth Lifestyle	\$ 4,997.99
Core Equity Fund	3,217.90
Fixed Account Plus	8,638.41
Government Money Market I	28,816.67
Government Money Market II	4,347.93
International Equities Index Fund	1,861.03
Mid Cap Growth Fund	247.18
Mid Cap Index Fund	1,503.38
Mid Cap Value Fund	1,852.20
NASDAQ-100(R) Index Fund	578.94
Science & Technology Fund	12,570.32
Short Term Fixed Account	5,838.61
Small Cap Growth Fund	439.33
Small Cap Index Fund	20,924.48
Small Cap Value Fund	12,175.57
Strategic Bond Fund	860.94
Vanguard Lifestrategy Conser	1,436.86
Group Total	<u>\$ 110,307.74</u>

BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

B. Summary of Accounting Policies (Continued)

3. *Payment of Benefits*

Benefits are recorded when paid.

4. *Contribution from Borough of Helmetta*

In 2020 the Borough made the contribution chargeable to the 2019. Contributions (cumulative) from the Borough are as follows:

<u>Applicable Year</u>	<u>Contribution</u>	
	<u>Amount</u>	<u>Per Participant</u>
2020	\$ 6,000.00	\$ 400.00
2019	5,200.00	400.00
2018	5,600.00	400.00

C. Investment Contract with Insurance Company

1. *Contractor*

The Variable Annuity Life Insurance Company (VALIC), an insurance company authorized by the Commissioner of Banking and Insurance to do business in the State of New Jersey, or such other entity authorized to do business in New Jersey as the Sponsoring Agency designated to provide investments or perform administrative services or both under this Plan.

In 2003, the sponsor entered into an investment contract with VALIC. The account is credited with earnings on the underlying investments and charged for sponsor withdrawals and administrative expenses charged by VALIC. The contract is included in the financial statements at contract value, (which represents contributions made under the contract, plus earnings, less withdrawals and administrative expenses) because it is fully benefit responsive. For example, participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

D. Related-Party Transactions

Certain Program investments are shares of mutual funds managed by VALIC. VALIC is the administrator as defined by the Program and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Program for the investment management services amounted to zero for the year ended December 31, 2020.

E. Plan Termination

Although it has not expressed any intent to do so, the Sponsoring Agency has the right under the Plan to discontinue its contributions at any time and to terminate the Sponsoring Agency subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

1. *Amendment*

The Sponsoring Agency may amend the Plan to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules. The Sponsoring Agency may at any time amend this Plan by resolution. The Sponsoring Agency shall notify all Participants in writing prior to making any amendment to the Plan. The notice shall state that an amendment will be made, what the amendment will be, why the Plan is being amended what the impact, if any, will be on the Participants. The Participants shall have the right to modify the Joinder Agreement to reduce or eliminate any adverse impact on their accounts.

2. *Termination*

The Sponsoring Agency may at any time terminate this Plan by resolution that includes the name of the Contractor and Plan identifiers.

3. *Amendment and Restatement of Previously Adopted Plan*

If this Plan document constitutes an amendment and restatement of the Plan as previously adopted by the Sponsoring Agency, the amendments contained herein shall be effective as of the Effective Date, and the terms of the preceding plan document shall remain in effect thorough such date.

BOROUGH OF HELMETTA
COUNTY OF MIDDLESEX, NEW JERSEY
LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020

F. Tax Status

The Internal Revenue Service has determined and informed the Contractor by a letter dated August 30, 1986, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

This Plan shall be construed under the laws of the State of New Jersey and is established with the intent it meets the requirements of a "length of service award plan" under section 457(e)(11) of the Code. This Plan and every contract or agreement entered into by the Sponsoring Agency pursuant to this Plan is subject to the rules and regulations of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and such rules and regulations to the extent applicable are made a part hereof.

G. Risks and Uncertainties

The participants invest 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.