

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1  
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1  
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND  
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# LERCH, VINCI & BLISS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Fire Commissioners  
Montville Township Fire District No. 1  
Montville, New Jersey

We have reviewed the accompanying financial statements of the Montville Township Fire District No. 1 Length of Service Awards Program Trust Fund which comprise the statements of net position available for benefits as of December 31, 2024 and 2023, and the related statements of changes in net position 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 management of the Montville Township Fire District No. 1. 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 of the Montville Township Fire District No. 1 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 the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. 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 Montville Township Fire District No. 1 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 conformity with accounting principles generally accepted in the United States of America.

### Required Supplementary Information

Management has not presented the management discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such omitted information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

  
LERCH, VINCI & BLISS, LLP  
Certified Public Accountants

Fair Lawn, New Jersey  
June 12, 2025

MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1  
 LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND  
 COMPARATIVE STATEMENT OF NET POSITION AVAILABLE FOR BENEFITS  
 AS OF DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Investments	\$ 630,929	\$ 554,258
Contribution Receivable	<u>25,350</u>	<u>20,800</u>
Total Assets	<u>656,279</u>	<u>575,058</u>
<b>LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Held in Trust for Benefits	<u>\$ 656,279</u>	<u>\$ 575,058</u>

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1  
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND  
COMPARATIVE STATEMENT OF CHANGES IN NET POSITION  
AVAILABLE FOR BENEFITS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2023</u>	<u>2023</u>
<b>ADDITIONS</b>		
Contributions	\$ 19,450	\$ 30,450
Increase (Decrease) in Investment Value	<u>88,314</u>	<u>80,480</u>
Total Additions	<u>107,764</u>	<u>110,930</u>
<b>DEDUCTIONS</b>		
Benefits Paid to Participants	25,518	42,502
Administrative Fee	<u>1,025</u>	<u>1,050</u>
Total Deductions	<u>26,543</u>	<u>43,552</u>
Change in Net Position	81,221	67,378
<b>NET POSITION</b>		
Net Position, Beginning of Year	<u>575,058</u>	<u>507,680</u>
Net Position, End of Year	<u>\$ 656,279</u>	<u>\$ 575,058</u>

See Accompanying Notes and Independent Accountant's Review Report

## **NOTES TO FINANCIAL STATEMENTS**



**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1  
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 1 DESCRIPTION OF THE PROGRAM**

The Montville Township Fire District No. 1 Length of Service Awards Program (LOSAP or the "Plan") Trust Fund was created pursuant to Section 457 (e)(11)(13) of the Internal Revenue 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 tax deferred income benefits for active volunteer members of the Montville Township Fire District No. 1 come from contributions made solely by the District, on behalf of those volunteers who meet the criteria of the Program created by the Board of Commissioners.

If an active member meets the year of active service requirement, a LOSAP 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 (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services will publish changes to the permitted maximum on an annual basis. The permitted maximum for the years ended December 31, 2024 and 2023 was \$2,141 and \$2,070, respectively.

The Montville Township Fire District No. 1 contributed between \$550 and \$1,150 per eligible volunteer into the Program, based on the annual accumulated points of each member for the years ended December 31, 2024 and 2023.

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 Program participants and their beneficiaries.

Lincoln Financial Group is the administrator of the Plan. The District's practical involvement in administering the Program is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

The LOSAP is presented in the Montville Township Fire District No. 1's financial statements as a Fiduciary Fund. In accordance with NJAC 5:30-14.26 all amounts awarded under the plan remain the assets of the District. Plan Funds are subject to the claims of the District's general creditors until distributed to vested plan participants.

**Reporting Requirements**

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the District perform a separate review report of the Program in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Auditing Review Services.



**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1  
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

**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 position 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 Position**

**1. Investments**

Investments are reported at fair value and are limited by NJAC 5:30-14.19.

**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 District are recognized when due, since the District 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 Program of his or her intent to retire.

**3. Net Position**

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

**NOTE 3 INVESTMENTS**

The District is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

An investment agreement was entered into at the inception of the Plan between the District and Lincoln Financial Group, whereby Lincoln Financial Group, would have custody of the securities of the Plan and also advises the Plan participants as to investment alternatives.



**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1**  
**LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 3 INVESTMENTS (Continued)**

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 Financial Group 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, 2024 and 2023, the value of the Plan's investments was \$630,929 and \$554,258.

**Custodial Credit Risk – Investments** – Custodial credit risk for investments 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, 2024 and 2023, the Plan had invested \$630,929 and \$554,258 in various securities held by the investment's counterparty, not in the name of the Plan. The investments were uninsured and collateralized.

**Interest Rate Risk** – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits LOSAP investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (NJAC 5:30-14.19). The District does not have an investment policy that would further limit its LOSAP investment choices. As of December 31, 2024 and 2023, Lincoln National Life Insurance Company is rated A2 by Moody's Investors Service and A+ by Standard and Poors.

**Concentration of Credit Risk** – The District places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the LOSAP investments are in Lincoln Financial LOSAP Investment Fund. These investments are 100% of the District's total LOSAP investments.

The fair value of the above-listed investments was based on information provided by Lincoln Financial Group.

**NOTE 4 FAIR VALUE MEASUREMENTS**

Fair value measurements reflected in the financial statements conceptually represent 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 financial statement date. GAAP provides a hierarchy that prioritizes the inputs to fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that reflect the Plan's assumptions, based on the best information available, about how market participants would value an asset or liability.

Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities measured and reported at fair value are classified and disclosed within one of the following categories:

**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1**  
**LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**NOTE 4 FAIR VALUE MEASUREMENTS (Continued)**

**Level 1** – Valuations for assets and liabilities traded in active exchange markets as of the reporting date. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

**Level 2** – Valuations are determined through direct or indirect observations other than quoted market prices for identical assets and liabilities.

**Level 3** – Valuations for assets and liabilities that are derived from other valuation methodologies including discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate the Plan's assumptions and projections in determining the fair value assigned to the assets or liabilities.

The fair value of investments determined to be level 2 assets as of December 31, 2024 and 2023 consisted of:

	<u>2024</u>	<u>2023</u>
Variable Annuity - Multi Fund	\$ 630,929	\$ 554,258

**NOTE 5 RECEIVABLES**

Receivables as of December 31, 2024 and 2023 including the applicable allowance for uncollectible accounts are as follows:

	<u>2024</u>	<u>2023</u>
District Contribution Receivable -	\$ 25,350	\$ 20,800
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 25,350</u>	<u>\$ 20,800</u>

**NOTE 6 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 on-set 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.

If a member does not vest and terminates their association with the volunteer fire department, the funds are returned to the District.

**NOTE 7 EVALUATION OF SUBSEQUENT EVENTS**

The District has evaluated subsequent events through June 12, 2025, the date of which the financial statements were available to be issued.



**MONTVILLE TOWNSHIP FIRE DISTRICT NO. 1  
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND  
FINDINGS AND RECOMMENDATIONS**

**Findings and Recommendations**

There are none.

Joint Commissioners Meeting  
Pine Brook 7:00 PM July 23, 2025

Montville District 1

Carl Lewis, Michael Caggiano, Robert Cook, Donald Crownover, Anthony Luciano

Towaco District 2

Michael Ward, John Connelly, John Misiewicz, Scott Russell, Daniel Hook

Pine Brook District 3

Anthony Speciale, Mike Neff, James Schmitt, Joseph Puglisi, Justin Lizza,

Chiefs: Carol DaCosta, D1, Ken Breeman, D2, Don Welter, D3

Fire Prevention FO: Michael Cowley, D1, Herb Eggers, D2, Bob Schmitt, D3

Others:

Call to order:

Open Public Meeting Act

Flag salute

Discussion:

Motion Open Public Meeting:

Motion Close Public Meeting:

Motion To Adjourn:

Time out: