FRANKLIN TOWNSHIP
FIRE DISTRICT NO. 3
LENGTH OF SERVICE AWARDS PROGRAM

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
HIGHLAND PARK, N.J.

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 3
LENGTH OF SERVICE AWARDS PROGRAM

TABLE OF CONTENTS

		PAGE(S)
Independent Accountant's Review Report		1
EXHIBITS		2
Exh. A	Length of Service Award Program (LOSAP) - Statement of Assets, Liabilities and Net Position – December 31, 2016	3
Exh. B	Length of Service Award Program - Statement of Revenues, Expenses and Other Changes in Net Position for the Year Ended December 31, 2016	4
Notes to Financial Statements		5 - 7

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Fire Commissioners of the
Township of Franklin Fire District No. 3
Somerset County, New Jersey

We have reviewed the accompanying statement of assets, liabilities and net position of the Township of Franklin Fire District No. 3 Length of Service Award Program (LOSAP) as of December 31, 2016, and the related statement of revenues, expenses and other 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 the administration of the District. 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.

The management of Franklin Fire District No. 3 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than 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 the accounting principles generally accepted in the United States of America.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants

Highland Park, New Jersey
September 1, 2017

EXHIBITS

TOWNSHIP OF FRANKLIN FIRE DISTRICT NO. 3
LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - (UNAUDITED)
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION
DECEMBER 31, 2016

ASSETS	
Assets Held by Fiscal Agent - LOSAP	$ 919,559
Total Assets	$ 919,559
NET POSITION	
Restricted	$ 919,559
Total Net Position	$ 919,559

Note: See Independent Accountants' Review Report and Notes to Financial Statements

Exhibit - B

TOWNSHIP OF FRANKLIN FIRE DISTRICT NO. 3
LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - (UNAUDITED)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

Restricted Net Position		
Contributions	$	122,594
Appreciation		59,732
Withdrawls		(116,939)
Service Charges		(4,099)
Increase in Net Position		61,288
Net Position - Beginning of the Year		858,271
Net Position - End of the Year	$	919,559

Note: See Independent Accountants' Review Report and Notes to Financial Statements

FRANKLIN TOWNSHIP FIRE DISTRICT NO. 3
LENGTH OF SERVICE AWARD PROGRAM (LOSAP)
(UNAUDITED)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Length of Service Award Program is a District sponsored program and has no separate legal status or existence. The program prepares its financial statements in conformity with the accounting principles and practices prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Franklin Township Fire District No. 3's Length of Service Award Program (LOSAP) is a qualified plan under Internal Revenue Code Section 457(e) and pursuant to P.L. 1997, c.388. The District established the LOSAP Program through Resolution #1998-11 on December 1, 1998. LOSAP provides for fixed annual contributions to a deferred income account for volunteer firefighters who meet specified service criteria. LOSAP shall provide for annual contribution to each eligible member that meets the criteria as provided in the LOSAP Point System. The District sponsors LOSAP through an annual award appropriated through the District budget.

B. Basis of Presentation

The accounting policies of the Franklin Township Fire District No. 3 (the "District"), Length of Service Award Program (LOSAP) (the "Program") conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Description of Program

The Program was created in accordance with the Internal Revenue Code Section 457. The Program is offered to all volunteer members that meet the criteria set by the District, and provides for fixed annual contributions for all eligible members. The deferred compensation is not available to volunteer members until termination, retirement, death, or unforeseeable emergency. Earnings of the Program and contributions by the District are subject to vesting provisions of the plan and are exempt from income taxes until distribution to the participating volunteers.

The Program is offered by the District to the participants through Lincoln Financial Group.

All amounts of compensation deferred under the Program, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are (until paid or made available to the volunteer or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the Program), subject only to the claims of the District's general creditors. Participant's rights under the Program are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Description of Program (Cont'd.)

In accordance with standards established by the Governmental Accounting Standards Board, the Program balances are displayed in the Fiduciary Fund of the District. The Program is tax exempt in Internal revenue Code Section 457.

D. Amount of Contribution

The amount established by statute is a minimum of $100.00 and a maximum of $1,150.00 per year to each qualified active volunteer member. The maximum 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. In 2016, the District provided for annual contributions of $1,669.00 to each eligible member.

E. Recognition of Contributions and Rights Thereto

At the close of each year, management prepares a listing, by fire company, of the points accumulated in the previous twelve months. These lists are then certified by the Chiefs of the fire companies. Upon receipt of certified lists, a liability is recorded for contributions payable. No estimate of LOSAP contributions earned is made for purposes of financial statement preparation, and LOSAP contributions earned are funded in the budget of the subsequent year.

NOTE 2: QUALIFICATIONS

The LOSAP shall provide for annual contributions for each eligible member who meets the criteria as follows:

The LOSAP program shall provide for a fixed annual contribution to a tax deferred income account for eligible volunteer member that satisfies the criteria set forth below.

NOTE 2: QUALIFICATIONS (CONT'D.)

The LOSAP program shall provide for an annual contribution for each eligible volunteer member that accumulates 100 points during a calendar year pursuant to the point system as set forth below.

Activity	Period	Activity Points Awarded	Maximum Annual Point Accumulation
Attendance at 50% or more of Fire Calls	Quarterly	25	100
Attendance at 40% or more of Fire Calls	Quarterly	20	80
Attendance at 30% or more of Fire Calls	Quarterly	15	60
Attendance at 20% or more of Fire Calls	Quarterly	10	40
Attendance at 10% or more of Fire Calls	Quarterly	5	20
Attendance and successful completion of Drills, Schools, or Other Training	Awarded Quarterly	0.5 for each 1 hour class	20
Attendance at official meetings	Quarterly	1 for each meeting	36
Other scheduled events (wake, funeral, fundraiser, Fire Prevention)	Quarterly	0.5 for each 1 hour	No Maximum
Maintenance on District Equipment	Quarterly	0.5 for each	No Maximum
Firematic Office:	Quarterly		
Foreman/Engineer		2	8
Lieutenant		3	12
Captain		4	16
2nd Asst. Chief		5	20
1st Asst Chief		6	24
Chief		7	28
Admin Office:	Quarterly		
Exec. Board/Trustee		.5	2
Fin Secretary		1	4
Treasurer		2	8
Vice President		3	12
President		4	16