

The Board of Fire Commissioners Fire District # 1 Borough of Englishtown, State of New Jersey, convened on Thursday November 7th, 2019 in the Formal Meeting Room of the Englishtown Fire Department, 3 South Main St. Englishtown, New Jersey.

The meeting was called to order by Chairman Peter Cooke at 8:00 P.M.

1. **Sunshine Statement by Attorney J. Youssouf**

Statement is hereby given that adequate notice of this meeting was given by:

1. The mailing of said notice to the Asbury Park Press.
2. The prominent posting of said notice at the Englishtown Fire Department.

Roll Call showed the following members in attendance:

Present: Chairman Peter Cooke, Clerk Victoria Sarti, Treasurer Melissa Scarrone, Gerald Maresca
Brian Stonaker

Legal: Resolution to accept the Audit Report. A motion was made to accept the Audit Report by G. Maresca and a second was made by B. Stonaker. A signed copy of the Resolution was given to the Board's Auditor.

The deadline for the budget introduction is December 17th, 2019. It will be introduced at the December 5th, 2019 meeting. The hearing will be at the January 9th, 2020 meeting. The Elections are February 15th, 2020.

A Resolution was offered by title to transfer \$100,000.00 from the LOSAP account to the General Fund. A motion was made by G. Maresca and a second was made by B. Stonaker. Motion passed by unanimous vote.

October 2019 Minutes: A motion was made by P. Cooke and a Second was made by B. Stonaker to accept the minutes. Motion passed by unanimous vote.

Financial: A motion was made by P. Cooke and a Second was made by G. Maresca to accept the Bills. Motion passed by unanimous vote.

Auditor/Accountant: The Audit report was reviewed with the Board Auditor. A recommendation was made by the Auditor to move \$100,000.00 from the LOSAP account to the General Fund.

Budget workshop for the 2020 Budget with the Board Accountant.

At 8:27pm the Board went into Executive session to discuss salaries.

The Board will be giving the IT position \$7,500.00 as a salaried position and the District Engineer will be increased to \$5,000.00.

Chief's Report:

- Total of 30 calls for the month of October 2019. Breakdown is attached. 7 calls in Englishtown Borough. **Of the 7 calls, we responded 4 normal staffed, 1 short staffed and 2 we did not respond to.**
- **For all 30 calls:**

Responded Normal Staffing – 12

Responded Short Staffed (3) – 2

No Response – 16

Chief will be trying different ideas to get better coverage for the residents. P. Cooke asked if the Chief contacted the program at the High School for student for recruitment. The Chief stated he believed that P. Cooke was getting that information. P. Cooke gave Capt. O'Brien Ed Wall's phone number to contact him. Chief stated that all departments in the County are facing increasing staffing issues. Deputy Hagenberg stated that the contract with 26-2 may be coming into question with response issues. The Fire Department wants to know what the commissioners are planning to do. P. Cooke stated that this can be revisited in another portion of the meeting. This is for the Chief Report only.

Administrative Engineer's Report:

- See attached Report

President's Report:

- No Report

Fire Bureau:

- See attached Report

LOSAP:

- No report.

Correspondence:

- None

Insurance:

- No Report

Membership:

- 1 Application is out for Probationary Firefighter

Old Business:

- Soffits still need to be fixed.

New Business:

- The Vehicle registration on 12-67 is expired. Deputy Chief Hagenberg attempted to get it registered and DMV said that he could not. P. Cooke told him to get an authorization letter from the Board Clerk. P. Cooke stated it was not a serious issue. It was asked if the letter needs a seal and P. Cooke said it does not. Using letterhead should be enough. P. Cooke stated that they will go into executive session to discuss their options.

Public Open Portion:

- The Chief stated that the Board of Fire Commissioners need to speak with other Boards of Commissioners to request assistance. Deputy Chief Hagenberg advised P. Cooke that he was told that the Borough Council members were told by P. Cooke that the fire calls in the Borough were being answered as normal. P. Cooke stated that the only report given to the Council was by the Board Attorney as he is also the Borough Attorney. The Chief stated that members of the Council questioned him at the Borough Halloween party about any issues at the Fire Department. After speaking with them, they stated that that was not what was told to them. The Borough Attorney stated that he only gave a financial report and that the Commissioners are fiscally responsible. He also stated to them how lucky they were to have a good Fire Department. P. Cooke asked who stated that he was the one that spoke to the Council and DC Hagenberg stated the information came from several members of the council. P. Cooke wanted to know specifically who and DC Hagenberg stated that he didn't recall. P. Cooke stated that they were going into executive session and that everyone can leave the building.

At 10:07pm the Board went into Executive Session to discuss contract negotiations.

Meeting Adjournment: at 10:37 PM. After a motion by B. Stonaker and Seconded by M. Scarrone and approved by a unanimous roll call vote.

Certified at the December 5th, 2019 regularly scheduled meeting _____

Victoria L. Sarti - Clerk

7:53 PM

Englishtown Fire District No. 1

Bill List

11/07/19

As of November 7, 2019

Accrual Basis

Type	Date	Num	Name	Split	Debit	Credit	Balance
Brunswick Bank Checking							*****
Check	10/03/2019	6523	Jersey Central Power & Light	Utilities		1,363.18	*****
Check	10/03/2019	6524	Jason Kole	Training		2,010.81	*****
Check	10/03/2019	6525	Gerald Maresca	Training		4,993.02	*****
Check	10/20/2019	6526	Manalapan - Englishtown Board of ...	Fuel		297.32	*****
Check	10/20/2019	6527	Boro of Englishtown	Utilities		194.00	*****
Check	10/20/2019	6528	Verizon	Utilities		63.36	*****
Check	10/20/2019	6529	Clayton Block Company	Building		103.60	*****
Check	10/20/2019	6530	Gerald Maresca	Training		1,154.16	*****
Check	10/20/2019	6531	NJ Natural Gas	Utilities		1,296.69	*****
Check	11/07/2019	6532	Peter Cooke	Training		1,670.79	*****
Check	11/07/2019	6533	Andrew Hagenberg	Training		241.44	*****
Check	11/07/2019	6534	First Responder Joint Insurance Fu...	Insurance Premiums		24,374.00	*****
Check	11/07/2019	6535	Jersey Central Power & Light	Utilities		996.33	*****
Check	11/07/2019	6536	Verizon Wireless	Utilities		447.53	*****
Check	11/07/2019	6537	Cytracom LLC.	Utilities		300.00	*****
Check	11/07/2019	6538	V.E. Ralph & Son Inc.	Fire Fighting Equipment		140.80	*****
Check	11/07/2019	6539	NetLink	Professional Services		199.00	*****
Check	11/07/2019	6540	KLR Fire Service, Inc.	Trucks		277.90	*****
Check	11/07/2019	6541	Englishtown Fire Department	Contract - Volunteer Fir...		12,800.00	*****
Check	11/07/2019	6542	Englishtown Automotive	Trucks		444.80	*****
Check	11/07/2019	6543	ASAP Garage Door Services	Building		1,822.00	99,147.93
Check	11/07/2019	6544	Blaze Emergency Equipment Com...	Trucks		4,511.97	94,635.96
					0.00	59,702.70	94,635.96
TOTAL					0.00	59,702.70	94,635.96

**GROUP AFFIDAVIT REGARDING
ANNUAL AUDIT REPORT REVIEW**

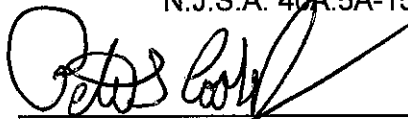
STATE OF NEW JERSEY

SS.

COUNTY OF MONMOUTH

We, the undersigned members of the Board of Fire Commissioners of Fire District No. 1 Borough of Englishtown, being duly sworn, according to law, upon our oath depose and say:

1. We are the duly elected members of the Board of Fire Commissioners of Fire District No. 1 Borough of Englishtown.
2. On the 7th day of November 2019 we received and reviewed the annual report on audit for the year ended December 31, 2018 prepared by the District's Auditor, paying careful attention to the sections of the audit entitled "General Comments" and "Recommendations".
3. We have familiarized ourselves with the contents of the entire report and directed that a copy of the audit report be filed with the municipal clerk pursuant to the provisions of N.J.S.A. 40A:5A-15.


_____ (L.S.)

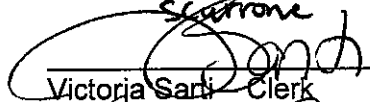
Peter Cooke – Chairman


_____ (L.S.)


Gerald Maresca – Vice Chairman


_____ (L.S.)

Melissa Scorrone – Treasurer

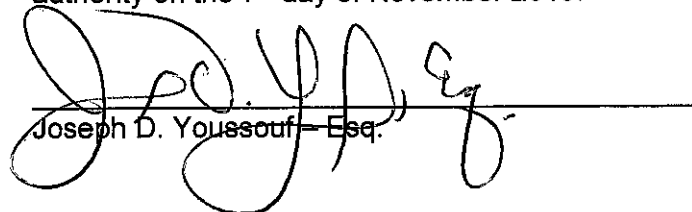

_____ (L.S.)

Victoria Sarti – Clerk


_____ (L.S.)

Brian Stonaker – Assistant Clerk

Sworn and subscribed to before the undersigned authority on the 7th day of November 2019.



Joseph D. Youssouf – Esq.

BOROUGH OF ENGLISHTOWN
Fire District No. 2

P.O. BOX 1
ENGLISHTOWN, NEW JERSEY 07726
732-446-4818
Fax: 732-446-8285

November 7, 2019

WithumSmith&Brown
331 Newman Springs Rd, Suite 125
Red Bank, NJ 07701

We are providing this letter in connection with your audits of the financial statements of the Borough of Englishtown Fire District No. 1, County of Monmouth, State of New Jersey (Fire District) as of December 31, 2018 and 2017 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough of Englishtown Fire District No. 1 and the respective changes in financial position, and results of operation and changes in its fund balances, in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which has adopted GAAP (Generally Accepted Accounting Principles) for fire districts.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated March 19, 2019, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous year audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.


- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- As part of your audit, you assisted with preparation of the draft financial statements and related notes. We have designated a competent board member, Peter Cooke, Chairman, (his backup if need George Lang, Fee Accountant) to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

Information Provided

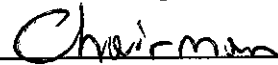
- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;

- Employees who have significant roles in internal control; or
- Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practice.
- Borough of Englishtown Fire District No. 1 has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Borough of Englishtown Fire District No. 1 is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- Borough of Englishtown Fire District No. 1 has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

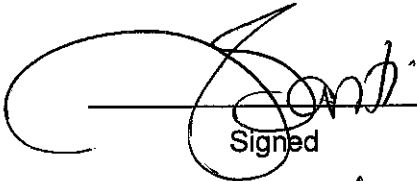
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI. We also acknowledge our responsibility for the other supplementary information such as Schedules of Improvement Authorizations - Capital Fund, Schedule of Deferred Charges to Future Taxation, Statistical Information, and Roster of Officials.




Signed



Chairman
Title



Signed



Clerk
Title

11/7/19

RESOLUTION OF THE BOARD OF FIRE COMMISSIONERS FIRE DISTRICT NO.1 BOROUGH OF ENGLISHTOWN ACCEPTING THE AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2018

WHEREAS; N.J.S.A. 40A:14-89 requires Boards of Fire Commissioners to authorize the preparation of an annual report on audit of its financial books and records of account; and

WHEREAS; the Board of Fire Commissioners has heretofore employed the services of a registered municipal auditor for the purpose of preparing the audit required by New Jersey Statutes and Administrative Regulations; and

WHEREAS; the Board received the report on audit for the year ended December 31, 2018 at its meeting of November 7, 2019 and finds it acceptable as written; and

WHEREAS; N.J.S.A. 40A:5A-16 requires that a synopsis of the annual audit be prepared and published by the District, at least once, in a newspaper circulating within the District and that a copy of the synopsis be filed with the Director of the Local Finance Board within ten days after the date of publication; and

WHEREAS; N.J.S.A. 40A:5A-17 requires the Board of Fire Commissioners to certify to the Local Finance Board by resolution that each Commissioner has personally reviewed the annual audit report, specifically the sections of the audit report entitled "General Comments and Recommendations", and to evidence same by group affidavit in the form prescribed by the Local Finance Board.

NOW, THEREFORE, BE IT HEREBY RESOLVED, by the Board of Fire Commissioners of Fire District No.1 Borough of Englishtown that the report on audit for the year ended December 31, 2018 is hereby accepted and approved.

BE IT FURTHER RESOLVED, that a synopsis of said report on audit be published in the official newspaper of the District and that the members of the Board shall execute the required Annual Group Affidavit and forward same, together with a copy of this Resolution, to the District's Auditor for filing with the Local Finance Board.

Moved by:

Seconded by:

Roll Call Vote:


Ayes:

Nays:

Absent:

Abstain:

Certified to be a true copy of a Resolution adopted by the Board of Fire Commissioners, Fire District No.1 Englishtown Borough on 7th day of November 2019.

 Clerk

Borough of Englishtown Fire District No. 1

Synopsis of audit report of the Borough of Englishtown Fire Commissioners, District No. 1, Monmouth County, New Jersey for the years ended December 31, 2018 and 2017 as required by N.J.S. 40A:5A-16.

Statements of Net Position

	2018	2017 (Restated)
Assets		
Cash	\$ 565,844	\$ 597,505
Prepaid expenses	717	730
Investment in LOSAP	411,651	406,841
Capital assets, net	<u>788,531</u>	<u>876,227</u>
Total assets	<u>\$ 1,766,743</u>	<u>\$ 1,881,303</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 24,352	\$ 40,583
Payroll tax liabilities	342	361
Accrued interest on bonds and notes	2,287	6,524
Bond anticipation note	--	45,000
Bonds payable - current	55,000	55,000
Capital lease payable - current	26,488	25,504
Reserve for SFSG	645	645
Reserve for fire official trust	165,054	154,181
Reserve for LOSAP	147,481	126,825
Net asset available for LOSAP	<u>411,651</u>	<u>406,841</u>
Total current liabilities	833,300	861,464
Other liabilities		
Bonds payable - long-term	55,000	110,000
Capital lease payable - long-term	<u>148,589</u>	<u>175,077</u>
Total other liabilities	203,589	285,077
Net Position		
Net investment in capital assets	501,167	459,122
Restricted for capital acquisitions	105,777	125,777
Unrestricted	<u>122,910</u>	<u>149,863</u>
Total net position	<u>729,854</u>	<u>734,762</u>
Total Liabilities and Net Position	<u>\$ 1,766,743</u>	<u>\$ 1,881,303</u>

Statement of Revenues, Expenses and Changes in Net Position

Revenue and Other Financing Sources		
District taxes	\$ 484,000	\$ 472,925
Supplemental fire services grant	444	444
Interest on deposits and investments	202	223
Uniform fire safety act revenues	14,577	12,634
Miscellaneous income	16,055	593
Sale of asset	<u>(376)</u>	<u>--</u>
Total revenue and other financing sources	514,902	486,819
Expenditures		
Operating	<u>519,810</u>	<u>483,903</u>
Changes in net position	(4,908)	2,916
Net position - beginning of year	<u>734,762</u>	<u>731,846</u>
Net position - end of year	<u>\$ 729,854</u>	<u>\$ 734,762</u>

Recommendations

None

The above synopsis was prepared from the report of the audit of the Borough of Englishtown Fire Commissioners, District No. 1, County of Monmouth, for the years ended December 31, 2018 and 2017.

The report of audit, submitted by Ronald C. Petrics, CPA, RMA, is on file at the Board of Fire Commissioners office and may be inspected by any interested person.

Victoria Sarti
Clerk of the Board
Borough of Englishtown Fire District No. 1

Garage bay 1 replaced motor and added safety devices

Transfer switch installed on 1276

New batteries installed on 1293

KLR repaired and certified 35' ladder in back shed.

NJR came and repaired AC unit 1 / meeting room.

Quote for Bench testing from NJFE 43.50 per unit

Bench testing to be done in December

Mileage for the month

1274- 63

1275- 118

1276- 97

1287- 168

1293- 3

Administrative Engineer



Thomas Frueh

STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
DIVISION OF LOCAL GOVERNMENT SERVICES
BUREAU OF AUTHORITY REGULATION

2020 FIRE DISTRICT BUDGET CALENDAR

<i>Actions</i>	<i>Statutory Date</i>	<i>Suggested Date</i>
Introduction and approval of budget by Fire Commissioners at least 60 days prior to the annual election. LOSAP resolution must be adopted. The introduced budget must be "cap compliant."	12/17/2019	11/01/2019
District submits two copies of budget as introduced and approved by the Fire Commissioners to the Director of the DLGS, at least 60 days prior to the annual election. Submit two copies of adopted LOSAP resolution to DLGS. To place a property tax levy cap referendum on the budget, the submitted budget must include and identify the specific amounts and budget line items for which funds approved at referendum will be used.	12/17/2019	11/01/2019
Advertisement of public hearing at least ten days prior to such hearing	01/04/2020	11/20/2019
A complete copy of the approved budget is posted and made available to each person requesting a copy during the week preceding the hearing and during the hearing.	01/06/2020 to 01/14/2020	11/25/2019 to 12/01/2019
Public hearing to be held not less than twenty-eight days after approval of the budget by Fire Commissioners. (After closing hearing, Fire Commissioners may adopt the budget without amendments, or may approve amendments).	01/14/2020	12/02/2019
Adoption of budget not later than twenty-five days prior to the annual election. If a property tax levy referendum is included in the adopted budget, all amounts to be put out for public vote must be indicated. The Board of Commissioners must pass a resolution authorizing the referendum question at adoption. The amount to be raised by taxation must agree with the amount in the adopted budget.	01/21/2020	12/07/2019
District submits two copies of complete adopted budget package to Director within seven days after adoption.	01/28/2020	12/14/2019
Division returns one certified copy of adopted budget to District within seven days.	02/04/2020	12/23/2019
Advertisement of certified, adopted budget at least seven days prior to the annual election.	02/08/2020	01/21/2020
Annual Election and LOSAP ratification. A public question for a cap levy referendum is handled as part of the annual fire district election. (only if required)	02/15/2020	02/15/2020
Submit annual election results to Director within five days after annual voter referendum and copy of official ballot. Please note: Failure to submit election results will delay certification of taxes to the municipal assessor. (only if required)	02/20/2020	02/20/2020

LOSAP 2000-1

New Jersey Department of Community Affairs
Division of Local Government Services

9/26/2000

Notice Number

Date

LOCAL FINANCE NOTICE

CHRISTINE TODD WHITMAN

JANE M. KENNY

ULRICH H. STEINBERG, JR.

GOVERNOR

COMMISSIONER

DIRECTOR

IMPORTANT – LOSAP IMPLEMENTATION INSTRUCTIONS

This Notice reviews the final rule proposal and provides information on how program providers and how municipal and fire district sponsoring agencies that have had voters approve their plans can act now to start the process to implement their Length of Service Award Programs (LOSAP) at the earliest possible time.

Current Status Of The LOSAP Rules

The Division has resolved the outstanding issues related to the adoption of the Length of Service Award Program Rules that were originally published in the *New Jersey Register* for comment in December 1999.

The receipt of an Opinion from the Office of the Attorney General and consultation with the Internal Revenue Service resolved the questions that were raised regarding the taxability of the LOSAP awards and program administration. The proposed *Rules* have been redrafted accordingly and have been approved by the Local Finance Board for publication in the *New Jersey Register*. The scope of the changes, while affecting only a few sections of the *Rules*, are substantive in nature and require a 30-day comment period following republication.

Publication in the *New Jersey Register* is anticipated for October 16, and if there are no delays, adoption scheduled for December 18.

Changes To The Rules

The substantive change made to the proposed *Rules* is deals with the manner in which the funds awarded are held and thereby their taxability. The original proposed *Rules* has the funds awarded to the volunteers held in trust for the exclusive benefit of the volunteers and their beneficiaries. In simple terms, this might possibly result in the constructive receipt of the funds at the conclusion of the vesting period and thereby make the award taxable at that time. The revised *Rules* now require that the funds remain an asset of the sponsoring agency until they are distributed. As such they are subject to the claims of the agency's general creditors.

Despite the sound of this, rest assured that no New Jersey local governmental unit has filed for bankruptcy since 1929. Unit the 1994 bankruptcy of Orange County in California, funds in a governmental deferred compensation program were considered the asset of the sponsoring agency. In New Jersey between the enactments of the Deferred Compensation enabling statute in 1977, until 1994 when the Internal Revenue Code was changed, the deferred funds were the same: the asset of the sponsoring agency.

The State's comprehensive fiscal oversight system of municipalities and fire districts, and statutory requirements requiring State approval of any local unit bankruptcy action, render any risk that might be associated with this provision negligible. Thus, New Jersey's fiscal control laws provide a substantial

Director's Office
(609) 292-6613

Local Government
Research
(609) 292-6110

Financial Regulation
and Assistance
(609) 292-4806

Local Finance
Board
(609) 292-0479

Local Management
Services
(609) 292-7842

Authority Regulation
(609) 984-0132

Fax
(609) 984-7388

101 South Broad Street

P.O. Box 803

Trenton, New Jersey 08625-0803

<http://www.state.nj.us/dca/lgs/lgs.htm>