PENFLEX
SERVICE AWARDS FOR FIRE & EMS

50 Century Hill Drive, Suite 3
Latham, New York 12110

penflexinc.com

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October 2022

Ms. Sandra Bullock
Village of Croton-on-Hudson
Municipal Building
1 Van Wyck Street
Croton-on-Hudson, NY 10520

Re: Service Award Program 2022-2023 Service Fee Agreement

Dear Ms. Bullock:

In 2022, Penflex welcomed the opportunity to reconnect with our clients through in-person meetings, at trade shows, and attending trainings together. Also, many of our clients, including ourselves, perfected the art of conducting effective virtual meetings this year. No matter how we've interacted with our clients, two constants remain: one is the level of passion that you all continue to exhibit in serving your communities, and the second is the level of dedication and commitment Penflex has in serving you, our clients! Penflex continues to provide continuity and consistency to our clients when administering their LOSAP program.

Enclosed, please find our service fee agreement for the new administration year, which sets forth the fees for actuarial and administration services for your program. As with every year, Penflex is excited to service and remain a trusted partner for our clients.

Over the last year, Penflex continued to leverage the resources of a large company like McNeil & Company while still operating autonomously and providing a small firm feel, focused on being available and attentive to our clients. To highlight some technology advancements, Penflex now offers online training with a tracking management program with 24/7 access to a wide variety of courses for volunteers, all free of charge to the plan sponsor. Additionally, clients can now utilize a secure client portal which allows the sharing of the plan, client, and participant information electronically. If you want more information on these enhancements, please get in touch with Penflex staff. Behind the scenes, one of the most significant technological investments was for Penflex to move onto the McNeil Information Security Platform. The new platform allows for participant information to be monitored in a 24/7 manner that no other independent organizations would have the resources to accomplish. In today's environment, protecting participant information is paramount, and our clients can rest assured that Penflex, in conjunction with McNeil, offers a robust technology security infrastructure.

Indeed, the cornerstone of Penflex has always been the level of knowledge, experience, and expertise our staff exhibits when working with our clients in addressing their LOSAP needs and questions. Since last year, Penflex added two new staff members, with one associate holding the highest actuarial credential (Fellow of the Society of Actuaries). The influx of new staff, experience, and ideas directly contribute to the high standard of expectations Penflex has shown for over 30 years when servicing our clients.

Please return a signed copy of the Service Fee Agreement to Penflex Actuarial Services, LLC by January 13th, 2023. Your timely response is greatly appreciated. The signed Agreement can be faxed to (518) 783-6915 or emailed to: info@penflexinc.com or mailed to: Penflex Actuarial Services, LLC. 50 Century Hill Drive, Suite #3, Latham NY 12110. Please note that if applicable, an invoice for our base fee is enclosed. If you are requesting that we prepare an optional financial statement disclosure package, please review your auditor's information, and make any applicable changes to the Agreement.

The entire Penflex staff takes great pride and satisfaction in meeting the high expectations of our clients and will always have their best interest at the forefront of our actions. Thank you for your continued business!

Paul A. Cognetta

Paul A. Cognetta
Vice President of Operations

Penflex Actuarial Services, LLC.
11/1/2022-10/31/2023 Service Fee Agreement

CROTON VOLUNTEER FIRE DEPARTMENT
SERVICE AWARD PROGRAM

Standard Services Fee Schedule

Base Fee: $3,900

Per-Participant Fee: $21

Payment certification and trustee directive letters: $75 per letter

Total Estimated Standard and Distribution Services Fees: $6,700

Optional Preparation of Financial Statement Disclosures (For Additional Fee)

Disclosure Packages Provided For Program Year 2021:

NYS LOSAP Audit Package: No

GASB 73 Package: Yes

Auditing Firm: PKF O'Connor Davies, LLP
Contact Name: Alan Kassay
Email Address: akassay@pkfod.com

Please Check 'Yes' Or 'No' For Program Year 2022:

Complete the NYS LOSAP Audit Package for a fee of $495: _____ Yes _____ No

Please refer to the enclosed newsletter titled 'NYS Volunteer Firefighter LOSAP Audit Requirement' for more information.

Complete the GASB 73 Package for a fee of $1,100: ______ Yes ______ No

Please refer to the enclosed 'GASB 73 FAQs' for more information. For a sample, please email: info@penflexinc.com.

PLEASE NOTE: If you are requesting any Disclosure Packages, please review and make any necessary changes to your auditor's information noted above.

All other services are optional and are billed only when requested. Please call for fee estimates and purchase order arrangements. Optional services include additional client meetings, drafting of special correspondence and documents, and performing actuarial cost estimate calculations. Plan transfers have a $750 processing fee, while plan consolidations or terminations fee will be determined by the complexity of the work upon request.

To authorize Penflex Actuarial Services, LLC. to begin providing these services in accordance with this fee schedule, please have the Village Manager sign and return this Service Fee Agreement. Keep a copy for your records.

______________________	______________________	*Paul A. Cognetta*
Print Name Village Manager Village of Croton-on-Hudson	Signature	Paul A. Cognetta Vice President of Operations Penflex Actuarial Services, LLC.

____

Email Address

Penflex Actuarial Services, LLC.
11/1/2022-10/31/2023 Service Fee Agreement

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GASB 73 Package: Yes

Auditing Firm: PKF O'Connor Davies, LLP
Contact Name: Alan Kassay
Email Address: akassay@pkfod.com

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Print Name	Signature	Paul A. Cognetta
Village Manager		Vice President of Operations
Village of Croton-on-Hudson		Penflex Actuarial Services, LLC.

Paul A. Cognetta

Email Address

Penflex Actuarial Services, LLC
50 Century Hill Drive, Suite #3
Latham, NY 12110
800-742-1409
accounting@mcneilandcompany.com
www.penflexinc.com

PENFLEX
SERVICE AWARDS FOR FIRE & EMS
BY McNeil&Co.

INVOICE

BILL TO

Village of Croton-On-Hudson
Attention: Accounts Payable
1 Van Wyck St.
Croton-On-Hudson, NY 10520

INVOICE # 2022-1155
DATE 10/11/2022

TERMS Due on receipt

DESCRIPTION	QTY	RATE	AMOUNT
BASE FEE FOR THE PERIOD OF NOVEMBER 1, 2022 TO OCTOBER 31, 2023	1	3,900.00	3,900.00

Please remit payment to:

BALANCE DUE **$3,900.00**

Penflex Actuarial Services, LLC
PO Box 5670
Cortland NY 13045

New York State Volunteer Firefighter LOSAP Audit Requirement

Background

In November 2005 and May 2006, the Long Island-based newspaper Newsday published articles about Length of Service Award Programs (LOSAPs), in particular, their relatively poor funded status. Partly in reaction to these articles, a bill was introduced in 2006 that was eventually signed into law. This new legislation, GML §219-a(3) required a LOSAP to be audited annually by an independent certified public accountant (CPA). The justification for the bill stated, in part, the following:

"Annual audits will help ensure that programs are adequately funded, allow program sponsors to adjust contributions and increase transparency."

The new statute required the audits to commence effective with the program sponsor's fiscal year ending on/after June 30, 2007. Although the original deadline for the completion of the audit was 90 days, it was subsequently increased to 270 days. However, for reasons discussed below, the deadline for fire districts that prepare audited financial statements is 180 days. The audit report must be submitted to the Office of the State Comptroller (OSC).

Our observation is that the audit requirement has made LOSAP sponsors generally more educated about the financial state of their program, but more progress must still be made. Penflex is proactively working with CPAs, statewide associations, and other professionals serving LOSAP sponsors to increase awareness about the need to more closely monitor these programs.

Compliance & Model Footnote

The text of the statute is somewhat vague and open ended. To clarify how a LOSAP sponsor is to comply with this requirement, the OSC established guidelines in a 2008 memorandum which outlined two options. The first option is aimed towards LOSAP sponsors that already have their financial statements audited by an independent CPA. These sponsors can include a footnote of information about the LOSAP in its financial statements. The CPA will then audit the footnote and LOSAP as part of the overall financial statement audit. The second option is to engage a CPA to perform a LOSAP-only audit in compliance with the AICPA Audit and Accounting Guide for Employee Benefit Plans. With either option, the LOSAP information is to be presented using the model footnote format and submitted to the OSC. Note that fire districts that are required to have their financial statements audited must submit the financial statements to the OSC by June 30th, making the effective filing date for these fire districts 180 days, not 270.

The footnote is to state basic program provisions and benefits provided. It must describe how the program assets are managed and what vendors have been hired to assist the sponsor in its fiduciary role, including asset management and third-party administration. It also requires disclosure of the financial condition of the program, which includes the investment allocation of the program assets and changes in the assets during the year, liabilities, contributions required and made during the year, fees paid to vendors for administration, actuarial and/or investment management services, and actuarial assumptions (for defined benefit programs).

PENFLEX

SERVICE AWARDS FOR FIRE & EMS

Governmental Accounting Standards Board (GASB) Statement No. 73 Frequently Asked Questions

The accounting and financial reporting requirements of Governmental Accounting Standards Board (GASB) Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68" became effective for fiscal years beginning after June 15, 2016. Penflex has responded to this new client need by providing educational information as well as an optional "GASB 73 Disclosure Package" containing the information required to be reported under GASB 73.

The majority of our clients who have requested the GASB 73 Disclosure Package have now completed their first year of financial statements including these new requirements; a handful of clients are in their second year of reporting under this new standard. Over the past year, we have prepared the actuarial information required by GASB 73 for our clients and communicated with them and their auditors regarding implementation of the new standard. Throughout this process we have heard many questions and concerns about the new standard and the information presented in our GASB 73 Disclosure Package.

The following is a list of some of the most frequently asked questions.

Q1. ***Is my municipality required to report financial information in accordance with GASB 73?***

A1. Financial statements that are prepared in accordance with generally accepted accounting principles (GAAP) are required to comply with all applicable GASB statements, including GASB 73. Many of our clients consist of Towns and Villages, and the majority of those municipalities prepare GAAP based financial statements which are including the GASB 73 information. Conversely, fire districts typically do not prepare GAAP based financial statements. Ultimately, your accountant or auditor will be able to advise you as to whether the GASB 73 information will be needed by your municipality.

Q2. ***Is the Office of the New York State Comptroller (OSC) going to require GASB 73 information to be reported on the Annual Update Document (AUD)?***

A2. As of the date of this newsletter, the OSC has not issued any guidance on the reporting of GASB 73 information on the AUD. However, the OSC did recently issue guidance on a separate statement, GASB 75, which applies to the treatment of liabilities for other post-employment benefits (OPEB) sometimes offered by local governments. The OSC will *not* be requiring the GASB 75 OPEB information for AUD reporting purposes. Penflex is hopeful that similar guidance will be issued soon regarding the reporting of GASB 73 information on the AUD.

Q3. ***My LOSAP is a defined contribution plan, not defined benefit. Do I still need the Disclosure Package provided by Penflex?***

A3. Penflex does not provide a GASB 73 Disclosure Package for our clients with defined contribution plans. While GASB 73 is applicable to defined contribution LOSAPs, the information required does not require special actuarial calculations. The GASB 73 disclosure can be prepared by your accountant or auditor using the Annual Report already provided by Penflex.