

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 21, 2019

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Fire District with certain tax covenants described herein, under existing law, interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and is not a specific item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax imposed on individuals pursuant to Section 55 of the Code. Interest on the Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Bonds and any gain from the sale thereof are not includable in the gross income of owners thereof under the New Jersey Gross Income Tax Act as presently executed and construed. See "TAX MATTERS" herein.

\$2,000,000*
THE COMMISSIONERS OF FIRE DISTRICT NO. 1,
IN THE TOWNSHIP OF WINSLOW
COUNTY OF CAMDEN, NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2019
(Bank Qualified)

Dated: Date of Delivery

Due: March 1, as shown below

The \$2,000,000* aggregate principal amount of General Obligation Bonds, Series 2019, ("Bonds") of the Commissioners of Fire District No. 1, in the Township of Winslow, County of Camden, New Jersey ("Board" when referring to the governing body and "Fire District" when referring to the legal entity governed by the Board), shall be issued in fully registered book-entry only form without coupons. The principal of the Bonds shall be paid on their respective maturity dates upon presentation and surrender of the Bonds at the principal corporate trust office of _____, _____, _____, as bond registrar and paying agent. Interest on the Bonds is payable on March 1 and September 1, commencing on September 1, 2019, in each year until maturity. The Bonds are not subject to redemption prior to their respective maturity dates.

Upon initial issuance, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners of a Bond. Such purchaser must maintain an account with a broker or dealer who is or acts through a DTC participant to receive payment of the principal of and interest on such Bond.

The Bonds are issued pursuant to: (i) Title 40A, Chapter 14, Section 70, of the New Jersey Statutes, as amended and supplemented; (ii) a resolution duly adopted by the Board on January 15, 2019; and (iii) a Certificate of Determination and Award dated February __, 2019. The Bonds are authorized by a proposal, duly adopted by the Board on August 28, 2017, and approved by the legal voters of the Fire District at a special election held on November 7, 2017.

The Bonds are being issued to provide funds that will be used to finance: (i) the acquisition of two (2) Fire Engine Pumper Trucks and one (1) Fire Engine Pumper Truck with Additional Rescue Capabilities, together with the acquisition of all equipment necessary therefor or related thereto; and (ii) solely to the extent that funds remain after the acquisition of the vehicles described in (i) above, acquire back-up generators for the Fire District's fire stations; and (iii) for the payment of certain costs and expenses incidental to the issuance and delivery of the Bonds.

The full faith and credit of the Fire District are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Fire District payable as to principal and interest from *ad valorem* taxes to be levied upon all taxable real property in the Fire District, without limitation as to rate or amount.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.



MATURITY SCHEDULE, INTEREST RATES AND YIELDS*

| <u>Year</u> | <u>Principal Amount*</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>Year</u> | <u>Principal Amount*</u> | <u>Interest Rate</u> | <u>Yield</u> |
|-------------|--------------------------|----------------------|--------------|-------------|--------------------------|----------------------|--------------|
| 2020 | \$170,000 | | | 2025 | \$200,000 | | |
| 2021 | 175,000 | | | 2026 | 210,000 | | |
| 2022 | 180,000 | | | 2027 | 220,000 | | |
| 2023 | 190,000 | | | 2028 | 225,000 | | |
| 2024 | 195,000 | | | 2029 | 235,000 | | |

This cover contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to their making of an Informed Investment decision.

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay, P.A., Mount Laurel, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Fire District by its Solicitor, David Patterson, Esquire of the law firm Maressa Patterson, LLC, Berlin, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey is serving as Municipal Advisor to the Fire District in connection with the issuance of the Bonds. It is anticipated that the Bonds in definitive form will be available for delivery through DTC in New York, New York on or about March __, 2019.



* Preliminary, subject to change

This Preliminary Official Statement and any information contained herein are subject to completion and amendment. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

THE COMMISSIONERS OF FIRE DISTRICT NO. 1,
IN THE TOWNSHIP OF WINSLOW,
COUNTY OF CAMDEN, NEW JERSEY

Board of Commissioners

| | |
|------------------------|---------------|
| Anthony Sirolli | Chairman |
| Richard Iannaco | Vice Chairman |
| Joseph Duble | Commissioner |
| Michael Passarella Jr. | Secretary |
| Robert Sirolli | Treasurer |

Solicitor

David Patterson, Esquire
Maressa Patterson, LLC
Berlin, New Jersey

Auditor

Bowman & Company LLP
Voorhees, New Jersey

Bond Counsel

Parker McCay P.A.
Mount Laurel, New Jersey

Municipal Advisor

Phoenix Advisors, LLC
Bordentown, New Jersey

No dealer, broker, salesperson or other person has been authorized by the Fire District to give any information or to make any representation, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Fire District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Fire District since the date hereof.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the office of the Fire District Business Manager during normal business hours.

The information set forth herein has been obtained from the Fire District, The Depository Trust Company and other sources that are believed to be reliable, and is in form deemed final by the Fire District for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, but the Underwriter does not guarantee the accuracy or completeness of such information, such information is not to be construed as a representation by the Underwriter, and except for the information concerning the Fire District, such information is not to be construed as a representation by the Fire District. The information contained in this Official Statement speaks as of its date, except where otherwise noted, and is subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Fire District since the date of this Official Statement. In making an investment decision, investors must rely on their own examination of the Fire District and the terms of the offering, including the merits and risks involved.

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, nor has the Resolution of the Fire District adopted on January 15, 2019 been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Bonds in accordance with applicable provisions of the securities laws of the states, if any, in which the Bonds have been registered or qualified and the exemption from registration or qualification in certain other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies nor the Securities and Exchange Commission has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the Fire District, will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCOUNTED AT ANY TIME WITHOUT PRIOR NOTICE.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and “Appendix E - Specimen Municipal Bond Insurance Policy”.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of any of such information.

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OFFICIAL STATEMENT

Relating to

\$2,000,000*

THE COMMISSIONERS OF FIRE DISTRICT NO. 1, IN THE TOWNSHIP OF WINSLOW, COUNTY OF CAMDEN, NEW JERSEY GENERAL OBLIGATION BONDS, SERIES 2019

INTRODUCTION

This Official Statement, including the cover page and the appendices attached hereto, has been prepared to provide certain information in connection with the sale of \$2,000,000* aggregate principal amount of General Obligation Bonds, Series 2019 ("Bonds"), to be issued by The Commissioners of Fire District No. 1, in the Township of Winslow, County of Camden, New Jersey ("Board" when referring to the governing body and "Fire District" when referring to the legal entity governed by the Board).

PURPOSE OF THE BOND ISSUE

The Bonds are being issued to provide funds that will be used to finance: (i) the acquisition of two (2) Fire Engine Pumper Trucks and one (1) Fire Engine Pumper Truck with Additional Rescue Capabilities, together with the acquisition of all equipment necessary therefor or related thereto; and (ii) solely to the extent that funds remain after the acquisition of the vehicles described in (i) above, acquire back-up generators for the Fire District's fire stations; and (iii) for the payment of certain costs and expenses incidental to the issuance and delivery of the Bonds.

AUTHORIZATION FOR THE BONDS

The Fire District is issuing the Bonds pursuant to: (i) Title 40A, Chapter 14, Section 85, of the New Jersey Statutes, as amended and supplemented; (ii) a resolution duly adopted by the Board on January 15, 2019; and (iii) a Certificate of Determination and Award dated February __, 2019. The Bonds are authorized by a proposal, duly adopted by the Board on August 28, 2017, and approved by the legal voters of the Fire District at a special election held on November 7, 2017.

The financing plan of the Fire District regarding the Bonds was reviewed in accordance with the Fire District Law, specifically, *N.J.S.A. 40A:5A-6 et seq.*, by the New Jersey Department of Community Affairs, Division of Local Government Services, Local Finance Board ("LFB"). On June 13, 2018 the LFB adopted a resolution that contained positive findings with respect to the issuance of the Bonds and the transactions described herein.

THE BONDS

Description

The Bonds will be issued in the aggregate principal amount as shown on the front cover page, will be dated the date of delivery and bear interest from that date. Interest on the Bonds will be payable semiannually on March 1 and September 1 ("Interest Payment Dates"), commencing on September 1, 2019, in each year until maturity. The Bonds will mature on March 1 in the years and in the principal amounts, all as shown on the cover page of this Official Statement. The Bonds are not subject to redemption prior to their respective maturity dates.

* Preliminary, subject to change

The Bonds will be issued in fully registered book-entry-only form without coupons. The principal of the Bonds is payable at maturity, upon presentation and surrender hereof by the Registered Owner, or registered assigns, at the principal corporate trust office of _____, _____, _____ as registrar and paying agent ("Paying Agent"). Interest on this Bond is payable by check or draft mailed to the Registered Owner of record hereof as of the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date at the address of such Registered Owner appearing on the registration books maintained by the Fire District for such purpose at the offices of the Paying Agent or at the duly designated office of any duly appointed alternate or successor Paying Agent in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the DTC Participants (as herein defined) is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Bonds is the responsibility of the DTC Participants and not the Fire District or the Paying Agent.

Book-Entry Only System¹

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Fire District. Accordingly, the Fire District does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant,

¹ Source: The Depository Trust Company

either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Fire District or its hereafter designated paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Fire District or its hereafter designated paying agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its hereafter designated paying agent, or the Fire District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Fire District or its hereafter designated paying agent, disbursement of such

payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Fire District or its hereafter designated paying agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Fire District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Fire District believes to be reliable, but neither the Fire District nor the Underwriter (as hereinafter defined) take any responsibility for the accuracy thereof.

NEITHER THE FIRE DISTRICT NOR ANY HEREAFTER DESIGNATED PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuance of Book-Entry Only System

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions would apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations, of the same maturity, upon surrender thereof at the principal corporate trust office of the Paying Agent; (ii) the transfer of any Bonds may be registered on the books maintained by the Paying Agent for such purpose only upon the surrender thereof to the Paying Agent together with the duly executed assignment in form satisfactory to the Fire District and the Paying Agent; and (iii) for every exchange or registration of transfer of Bonds, the Paying Agent may make a charge sufficient to reimburse itself for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof, as of the close of business on the record date, whether or not a business day.

Optional Redemption

The Bonds are not subject to redemption prior to their respective maturity dates.

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BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix E to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 21, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2018, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Capitalization of AGM

At September 30, 2018:

- The policyholders' surplus of AGM was approximately \$2,203 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,187 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,863 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the consolidated net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (filed by AGL with the SEC on February 23, 2018);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 (filed by AGL with the SEC on May 4, 2018);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 (filed by AGL with the SEC on August 2, 2018); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018 (filed by AGL with the SEC on November 9, 2018).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications

Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The full faith and credit of the Fire District are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds will be legal, valid and binding general obligations of the Fire District payable as to principal and interest, to the extent payment is not otherwise provided, from *ad valorem* taxes to be levied upon all the taxable real property within the Fire District without limitation as to rate or amount.

The Fire District may pledge only its own credit and taxing power with respect to the payment of the principal of and interest on the Bonds. It has no power to pledge the credit or taxing power of the State of New Jersey ("State") or any other political subdivision thereof, nor shall the Bonds be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the Bonds.

The Fire District is under the jurisdiction of the Local Authorities Fiscal Control Law, Title 40A:5A-1 *et seq.* This Law requires fire districts to submit their budgets and audits to the Director of the Division of Local Government Services in the Department of Community Affairs each year. This Law also delegates to the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs the requirement to review all capital project financings by the Fire District before such fire districts undertake the issuance of bonds or the execution of a capital lease. In accordance with this requirement, the Fire District obtained positive findings for the issuance of the Bonds at the Local Finance Board meeting of July 11, 2018.

The Local Authorities Fiscal Control Law also requires the Local Finance Board to monitor any fire district that is experiencing financial difficulties. The Local Finance Board can order a fire district to comply with a financial plan that insures the payment of the fire district's debt as well as its other obligations.

GENERAL INFORMATION REGARDING THE FIRE DISTRICT

General information concerning the Fire District, including economic, financial, demographic and other relevant data, is set forth in Appendix "A" to this Official Statement.

FINANCIAL INFORMATION REGARDING THE FIRE DISTRICT

The Fire District's financial operations are subject to the following State statutes or regulations.

Annual Audit

Every fire district of the State must be audited annually by a registered municipal accountant or certified public accountant licensed by the State. The annual audit must conform to generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants and the "New Jersey Special Districts Accounting Principles and Policies, Auditing Procedures and Financial Reporting Practices Manual" promulgated by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. The annual audit includes recommendations for improvement of a fire district's financial procedures and must be filed with the municipality and the Director of the Division of Local Government Services prior to April 30 of each year unless extensions are granted. The entire annual audit report for the year ended December 31, 2017 is on file with the Fire District and is available for review during business hours.

The New Jersey State Board of Accountancy regulates the registered municipal accountant and/or certified public accountant who must obtain a biennial license.

Appendix "B" to this Official Statement contains audited financial statements of the Fire District for the year 2017. A copy of the 2017 audit prepared by Bowman & Company LLP, Voorhees, New Jersey and containing the financial statements, and complete Reports of Audit may be obtained upon request to the office of the Business Manager.

Annual Budget

The Fire District must adopt an annual budget in accordance with *N.J.S.A. 40A:14-78.1 et seq.*

The Board of Fire Commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the Fire Commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten (10) days prior to the hearing in a newspaper having substantial circulation in the fire district. The public hearing must not be held less than twenty-eight (28) days after the date the budget was introduced. After the hearing has been held, the Fire Commissioners may, by majority vote, adopt the budget.

Amendments may be made to the fire district budget in accordance with *N.J.S.A. 40A:14-78.3*. The budget may not be amended subsequent to its final adoption and approval.

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the fire district's general purpose financial statements.

Fire District Taxes

Upon the proper certification to the assessor of the municipality in which a fire district is located, the assessor shall assess the amount of taxes to be raised in support of the fire district's budget in the same manner as all other municipal taxes.

The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the fire district 100% of the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all monies assessed; on or before July 1, an amount equaling 22.50% of all monies assessed; on or before October 1, an amount equaling 25% of all monies assessed; and on or before December 31, an amount equaling the difference between the total of all monies so assessed and the total amount of monies previously paid over.

LITIGATION

Upon delivery of the Bonds, the Fire District shall furnish an opinion of David Patterson, Esquire, Berlin, New Jersey, as Solicitor to the Fire District ("Solicitor"), dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, such opinion shall state that there is no litigation of any nature now pending or threatened by or against the Fire District wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Fire District or adversely affect the power of the Fire District to levy, collect and enforce the collection of taxes or other revenues for the payment of its Bonds.

TAX MATTERS

Federal

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Fire District, assuming continuing compliance by the Fire District with the tax covenants described below, under existing law, interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, amended ("Code"), and is not a specific item of tax preference for the purpose of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In rendering this opinion, we have assumed continuing compliance by the Fire District that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Fire District to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor

compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Fire District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC business ("Rating Agency") has assigned an underlying rating of "A+" (stable outlook) based on the underlying credit of the Fire District. The Rating Agency is also expected to assign its rating of "AA" to the Bonds subject to the issuance of the Policy by AGM at the time of the delivery of the Bonds.

The ratings reflect only the views of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The Fire District furnished to the Rating Agency certain information and materials concerning the Bonds and the Fire District. There can be no assurance that the ratings will be maintained for any given period of time or that such ratings may not be raised, lowered or withdrawn entirely, if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such ratings may have an adverse effect on the marketability or market price of the Bonds.

MUNICIPAL BANKRUPTCY

The undertaking of a local governmental unit should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et. seq., as amended by the Bankruptcy Reform Act of 1978, effective October 1, 1979, and other bankruptcy laws affecting creditor's rights and political subdivisions in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

CONTINUING DISCLOSURE

In accordance with the provisions of Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, the Fire District will, prior to the issuance of the Bonds, enter into a continuing disclosure agreement, substantially in the form set forth in Appendix "D" hereto.

The Fire District currently does not have undertakings with regard to continuing disclosure within the past five years as the Fire District had no outstanding publically offered debt within such time period. The Fire District has appointed Phoenix Advisors, LLC, Bordentown, New Jersey to act as continuing disclosure agent (the "Continuing Disclosure Agent") to assist in the filing of certain information on EMMA as required with respect to the Bonds and future obligations.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") from the Fire District, in accordance with the terms of the Purchase Contract (the "Purchase Contract") between the Underwriter and the Fire District. The purchase price for the Bonds, exclusive of accrued interest, is equal to \$_____ consisting of (i) the par amount of the Bonds of \$_____, (ii) less underwriter's discount of \$_____, and (iii) plus/less net original issue premium/discount of \$_____. The obligation of the Underwriter to purchase the Bonds is subject to the terms and conditions set forth in the Purchase Contract. The Purchase Contract provides that the Underwriter will purchase all of the Bonds, if any of the Bonds are purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and

other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at yields higher than the public offering yields set forth on the front cover page of this Official Statement, and such yields may be changed, from time to time, by the Underwriter without prior notice.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as municipal advisor to the Fire District with respect to the issuance of the Bonds ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, money or other funds belonging to them or within their control in any bonds of the Fire District, including the Bonds, and such Bonds are authorized security for any and all public deposits.

NO DEFAULT

There is no record of default in the payment of the principal of or interest on the bonds or notes of the Fire District.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incidental to the authorization, sale and delivery of the Bonds are subject to the approval of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Fire District, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth in Appendix "C". Certain legal matters will be passed on for the Fire District by its Solicitor.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties of the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

PREPARATION OF OFFICIAL STATEMENT

Parker McCay P.A. has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

The Fire District's Solicitor has not participated in the preparation of the information contained in this Official Statement, nor has he verified the accuracy, completeness, or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

Bowman & Company LLP has compiled this Official Statement from information obtained from Fire District management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information. Bowman & Company LLP does take responsibility for the financial statements, appearing in Appendix B hereto, to the extent specified in the Independent Auditor's Report.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Bowman & Company LLP, 601 White Horse Road, Voorhees, New Jersey 08043 at (856) 435-6200 or to the Municipal Advisor at (609) 291-0130.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

All quotations from and summaries and explanations of provisions of laws of the State or the United States of America herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement has been duly executed and delivered by the Business Manager of the Fire District.

**THE COMMISSIONERS OF FIRE DISTRICT
NO. 1 IN THE TOWNSHIP OF WINSLOW,
COUNTY OF CAMDEN, STATE OF NEW
JERSEY**

**By: _____
LORRAINE AZZARANO, Manager**

Dated: February __, 2019

APPENDIX A

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION
REGARDING THE FIRE DISTRICT AND THE TOWNSHIP OF WINSLOW,
IN THE COUNTY OF CAMDEN, NEW JERSEY**

GENERAL INFORMATION ON THE FIRE DISTRICT

Organization and Structure

Fire districts are governed by N.J.S.A. 40A:14-70 et al. and are established as a taxing authority charged with the responsibility of providing the resources necessary to provide fire fighting services, including fire prevention, extinguishment of fires, and regulation of fire hazards within its territorial location. The Fire District's jurisdiction is coterminous with the Township of Winslow ("Township"). Accordingly, the underlying tax base and demographics are identical to those of the Township. General information about the Fire District and the Township, including statistical, demographic and other related data, is set forth in Appendix "A" to this Official Statement.

The Fire District has six (6) fire companies within its jurisdiction:

Cedar Brook Station #253
Tansboro Station #254
Albion Station # 256
Sicklerville Station #257
Waterford Station #258
Elm Station #259

The Board serves as the governing body of the Fire District. The length of a commissioner's term is three (3) years. An annual election is held during the annual general November election for the election of members of the Board according to the expiration of terms which are staggered. The Fire District has its own budget, has taxing power and maintains its own buildings and equipment. The budget does not need to receive voter approval if it is within the 2% cap compliance.

Fire District Employees

The Board of Fire Commissioners oversees all operations of the Fire District. In addition, the Board employs one Fire Chief who is also the Fire Official, Business Manager, twenty-two full time firefighters, three part time fire prevention specialists, and three administrative staff persons. Approximately 100 volunteer firefighters contribute their time to the Fire District.

Compensated Absences

Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. No accrual is made for postemployment benefits.

Full-time employees are entitled to fifteen paid sick leave days each year. Employees may accumulate sick days from year to year. Employees are entitled to vacation and personal days each year. The amount of time that is provided varies based upon the respective employees' Collective Bargaining Agreement.

Pension Plans

Those employees who are eligible for pension coverage are enrolled in the Public Employees Retirement System and Police and Fire Retirement System. For additional information regarding pension costs see Appendix B: Audited Financial Statements of Fire District No. 1 of the Township of Winslow, County of Camden, New Jersey, Note 8 to the Financial Statements.

INFORMATION REGARDING THE TOWNSHIP OF WINSLOW

General information concerning the Township, which is coterminous with the Fire District, including economic, financial, demographic and other relevant data, is set forth in Appendix A to this Official Statement.

FINANCIAL INFORMATION

The Fire District's financial operations are subject to the following State statutes or regulations.

Annual Audit

Every fire district of the State must be audited annually by a registered municipal accountant or certified public accountant licensed by the State. The annual audit must conform to generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants and the "New Jersey Special Districts Accounting Principles and Policies, Auditing Procedures and Financial Reporting Practices Manual" promulgated by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. The annual audit includes recommendations for improvement of a fire district's financial procedures and must be filed with the municipality and the Director of the Division of Local Government Services prior to April 30 of each year unless extensions are granted. The entire annual audit report for the year ended December 31, 2017 is on file with the Fire District and is available for review during business hours.

The New Jersey State Board of Accountancy regulates the registered municipal accountant and/or certified public accountant who must obtain a biennial license.

Annual Budget

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et seq.

The Board of Fire Commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the Fire Commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten (10) days prior to the hearing in a newspaper having substantial circulation in the fire district. The public hearing must not be held less than twenty-eight (28) days after the date the budget was introduced. After the hearing has been held, the Fire Commissioners may, by majority vote, adopt the budget. 2019 is the first year that the Fire District did not have a public vote for the budget. The 2019 budget was introduced and adopted based upon the February dates and calendar provided from the DLGS.

Amendments may be made to the fire district budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval.

Fire districts have a prescribed budgetary basis to demonstrate legal compliance. However, budgets are adopted on principally the same basis of accounting utilized for the preparation of the fire district's general purpose financial statements.

2019 FIRE DISTRICT FINAL BUDGET

| | |
|--------------------------------------|------------------------|
| Anticipated Revenues: | |
| Fund Balance Utilized | \$383,065 |
| Interest on Investments and Deposits | 6,570 |
| Other Revenue | 89,133 |
| Operating Grant Revenue | 7,652 |
| Revenues Offset with Appropriations | 126,546 |
| Amount to be Raised by Taxation | <u>4,136,267</u> |
| Total Revenues | <u>\$4,749,233</u> |
| | |
| Budgeted Appropriations: | |
| Administration | \$987,885 |
| Cost of Operations and Maintenance | 3,498,662 |
| Appropriations Offset with Revenue | 126,546 |
| LOSAP Contribution | 100,140 |
| Interest Payments on Debt | <u>36,000</u> |
| Total Appropriations | <u>\$4,749,233</u> |

Fire District Taxes

Upon the proper certification to the assessor of the municipality in which a fire district is located, the assessor shall assess the amount of taxes to be raised in support of the fire district's budget in the same manner as all other municipal taxes.

The collector or treasurer of the municipality shall then pay over to the treasurer or custodian of funds of the fire district 100% of the taxes assessed in accordance with the following schedule: on or before April 1, an amount equaling 21.25% of all monies assessed; on or before July 1, an amount equaling 22.50% of all monies assessed; on or before October 1, an amount equaling 25% of all monies assessed; and on or before December 31, an amount equaling the difference between the total of all monies so assessed and the total amount of monies previously paid over.

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES

| <u>Year</u> | <u>Net Valuation Taxable</u> | <u>Fire District Tax</u> | |
|-------------|--------------------------------------|--------------------------|-------------------------|
| | | <u>Amount</u> | <u>Rate (per \$100)</u> |
| 2018 | \$2,637,706,250 | \$3,812,489 | \$0.145 |
| 2017 | 2,639,796,149 | 3,626,000 | 0.138 |
| 2016 | 2,646,066,940 | 3,632,040 | 0.138 |
| 2015 | 2,636,593,675 | 3,526,277 | 0.134 |
| 2014 | 2,627,503,750 | 3,460,182 | 0.132 |

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
Historical Revenues, Expenditures, and Changes in Fund Balances
All Governmental Funds (1)

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|------------------------|------------------------|------------------------|------------------------|
| REVENUES: | | | | |
| Miscellaneous Anticipated Revenues | \$ 62,532.06 | \$ 45,648.70 | \$ 36,320.21 | \$ 54,674.75 |
| Operating Grant Revenue | 7,652.00 | 7,652.00 | 7,652.00 | 7,652.00 |
| Miscellaneous Revenues Offset with Appropriations | 138,724.94 | 127,623.76 | 114,163.41 | 91,732.08 |
| Amount to be Raised by Taxation to Support the District Budget | 3,626,000.00 | 3,632,040.00 | 3,526,277.00 | 3,460,182.00 |
| Non-Budgetary Revenues | 105,732.34 | 53,774.42 | 24,723.50 | 5,339.47 |
| Total Revenues | 3,940,641.34 | 3,866,738.88 | 3,709,136.12 | 3,619,580.30 |
| EXPENDITURES: | | | | |
| Operating Appropriations: | | | | |
| Administration | 909,059.73 | 974,073.06 | 855,536.25 | 943,665.54 |
| Cost of Operations and Maintenance | 3,189,078.74 | 2,668,620.09 | 2,323,822.26 | 2,124,214.87 |
| Operating Appropriations Offset with Revenues | 98,943.28 | 97,379.74 | 78,835.34 | 84,937.60 |
| Length of Service Award Program Contribution | 73,273.72 | 41,250.40 | 47,296.28 | 62,708.80 |
| Capital Appropriations | 61,700.99 | 7,900.00 | 132,876.00 | 80,458.00 |
| Total Expenditures | 4,332,056.46 | 3,789,223.29 | 3,438,366.13 | 3,295,984.81 |
| Excess (Deficiency) of Revenues over Expenditures | (391,415.12) | 77,515.59 | 270,769.99 | 323,595.49 |
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | | 75,000.00 | 16,456.00 | 2,775.00 |
| Total Other Financing Sources (Uses) | - | 75,000.00 | 16,456.00 | 2,775.00 |
| Net Change in Fund Balance | (391,415.12) | 152,515.59 | 287,225.99 | 326,370.49 |
| Fund Balance, January 1 | 2,769,625.52 | 2,617,109.93 | 2,329,883.94 | 1,926,098.00 |
| Prior Period Adjustment | - | - | - | 77,415.45 |
| Fund Balance, January 1 (restated) | | | | 2,003,513.45 |
| Fund Balance, December 31 | \$ 2,378,210.40 | \$ 2,769,625.52 | \$ 2,617,109.93 | \$ 2,329,883.94 |

(1) Source: Fire District Reports of Audit

WINSLOW TOWNSHIP FIRE DISTRICT NO. 1
SCHEDULE OF DEBT SERVICE
BONDED DEBT ONLY

| Proposed General Obligation Bonds, Series 2019 | | | |
|---|------------------|-----------------|--------------|
| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2020 | \$ 170,000.00 | | |
| 2021 | 175,000.00 | | |
| 2022 | 180,000.00 | | |
| 2023 | 190,000.00 | | |
| 2024 | 195,000.00 | | |
| 2025 | 200,000.00 | | |
| 2026 | 210,000.00 | | |
| 2027 | 220,000.00 | | |
| 2028 | 225,000.00 | | |
| 2029 | 235,000.00 | | |
| | | | |
| Total | \$ 2,000,000.00 | \$ - | \$ - |

Source: Financial Advisor

GENERAL INFORMATION ON THE TOWNSHIP

History, Location and Area

The Township is a 57.4 square mile community at the southeastern end of Camden County ("County"). It is bordered in the County on the north by Gloucester Township, Pine Hill Borough, and Berlin Borough; on the east by Chesilhurst and Waterford; in Atlantic County on the south by Hammonton Town and Folsom Borough; and in Gloucester County on the west by Monroe Township. It straddles the Atlantic City Expressway and New Jersey State Highway Route No. 30, the White Horse Pike, which leads to the Cities of Camden, Philadelphia and Atlantic City. The Township was created and incorporated from a part of the Township of Gloucester by an act of the State Legislature on March 8, 1845. The name is derived from the village of Winslow which was named after one of the very early industries in the area, the Winslow Glass Works.

Form of Government

The Township is governed by a nine-member Township Committee, comprised of the Mayor, who is elected at large for a four-year term, and presides over meetings of the Township Committee. The other eight members of the Township Committee, two from each of four wards, are elected for three-year terms on a staggered basis. The functions of the Mayor are, among others, to see that the laws of the State and the ordinances of the Township are carried out. The functions of the Township Committee are, among others, to adopt the municipal budget and to enact ordinances to promote and secure the health, government and protection of the Township and its residents.

The day-to-day administrative duties are the responsibility of the Township Administrator, who is appointed by the Township Committee. To that end, the Township Administrator keeps the Township Committee informed as to the conduct of the Township affairs, the condition of the Township finances and the welfare and future needs of the Township.

The financial affairs of the Township are administered by the Chief Financial Officer, who reports to the Township Committee. With the Township Administrator, the Chief Financial Officer prepares and then monitors the annual municipal budget after adoption by the Township Committee.

Planning, Development and Recreational Activities

Much of the Township has been developed for residential use, although substantial sites have been developed or are available for non-residential use. There are 13,335 residential dwellings and 1,830 apartment units.

The Township is currently undergoing a period of substantial growth in ratables. This is primarily the result of the lifting of a long standing sewer moratorium, and the anticipation of implementing Planning and Zoning Board recommendations to rezone the Route 73 Corridor (among other revisions) as a "Regional Growth Area" within the million acre plus Pinelands. These zoning changes now provides for commercial zoning in addition to the existing residential zones. Along with the availability of water and sewer service within the zones, and the close proximity to the Atlantic City Expressway, the Black Horse Pike and the White Horse Pike; the zoning changes now makes the Route 73 Corridor a prime location for development.

The Township owns and maintains nineteen various parks throughout the Township which include tot lots, ballfields and picnic areas. The Township Clerk coordinates seasonal uses of facilities which include baseball, football and soccer leagues. The Township Parks and Recreation Department consists of one Parks Superintendent and maintenance workers.

Pinelands

The legislative mandate to protect the Pinelands is set forth in the National Parks and Recreation Act of 1978 ("Pinelands Act") signed by President Carter. The Pinelands Act established the Pinelands National Reserve, encompassing parts of seven southern New Jersey counties and all or parts of fifty-six municipalities. This includes the County municipalities of Waterford Township, Winslow Township, Berlin Township, Berlin Borough and Chesilhurst Borough. Approximately seventy-five percent (75%) of the Township is in the preservation area.

The New Jersey Pinelands Commission, established in 1979 by the Pinelands Protection Act, adopted the Pinelands Comprehensive Management Plan in 1981. The Comprehensive Management Plan consists of recommendations and regulations for the protection, preservation, regulation and development of the Pinelands region.

Public Services

The Township currently has a contract with Waste Management Services for the removal of solid waste in the Township. Pick-up is provided for recyclable paper, glass and metals, which are ultimately sold to provide the Township with a small source of revenue.

The Township had its own sewerage treatment plant until May 1, 1990 which serviced a part of the Township. At that time, the Camden County Municipal Utilities Authority ("CCMUA") took over the treatment portion of the public wastewater system. The plant has a capacity of 1.65 million gallons per day (mgd) and serviced approximately 10,750 customers at December 31, 2018.

The Township operates a public water system which services part of the Township and had approximately 12,950 customers at December 31, 2018.

Emergency Medical Service

There is a consolidated service that provides emergency medical services for the entire Township.

Police

The safety and security of the residents is protected by a Chief, one Deputy Chief, one Captain, four Lieutenants, seven Sergeants and fifty-nine uniformed officers. The Township's force provides twenty-four hour patrol car surveillance.

Transportation

The City of Philadelphia is easily accessible from the Township via the White Horse Pike and the Benjamin Franklin Bridge or the Atlantic City Expressway-North/South Freeway and the Walt Whitman Bridge, which span the Delaware River. This route enables Township residents to reach Center City Philadelphia in approximately thirty minutes. The New Jersey Turnpike and Interstate 295 provide a modern limited-access highway network to points in the State for Township residents. The world famous resort, Atlantic City, is approximately thirty miles away.

The Township is a suburban area within the Delaware Valley economic region, a tri-state region comprised of eleven counties in Pennsylvania, New Jersey and Delaware. The Delaware Valley Region stretches from Trenton, New Jersey south to Wilmington, Delaware and includes the Philadelphia-Camden metropolitan area. It is a major transportation hub combining one of the largest port facilities in the world with extensive rail, highway and air

networks. The Delaware Valley is one of the nation's major concentrations of manufacturing and service activities.

An impetus for the development of the Township has been the Delaware River Port Authority's High Speed Transit Line, providing fast service between Lindenwold and the urban center of Camden and Philadelphia, and the extension of the line to Atlantic City.

Compensated Absences

Full-time employees are entitled to fifteen paid sick leave days each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Vacation days not used during the year may be accumulated and carried forward. The amount carried forward cannot exceed the amount earned.

Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by the State.

Township Employees

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-----------|-------------|-------------|-------------|-------------|-------------|
| Permanent | 182 | 170 | 162 | 164 | 167 |
| Part-time | <u>19</u> | <u>13</u> | <u>8</u> | <u>8</u> | <u>12</u> |
| Total | <u>201</u> | <u>183</u> | <u>170</u> | <u>172</u> | <u>179</u> |

Employee Collective Bargaining Units

| <u>Collective Bargaining Units</u> | <u>Employees Represented</u> | <u>Contract Expiration Date</u> |
|---|------------------------------|---------------------------------|
| Communication Workers of America | 62 | Dec. 31, 2019 |
| Winslow Township Police Officers' Association | 61 | Dec. 31, 2019 |
| Winslow Township Superior Officers' Association | 7 | Dec. 31, 2019 |
| Winslow Township Sergeants | 6 | Dec. 31, 2019 |

Township Population(1)

| | |
|---------------------|--------|
| 2010 Federal Census | 39,499 |
| 2000 Federal Census | 34,611 |
| 1990 Federal Census | 30,087 |
| 1980 Federal Census | 20,034 |
| 1970 Federal Census | 11,202 |

(1) Source: U.S. Department of Commerce, Bureau of Census

Selected Census 2017 Data for the Township(1)

| | |
|-------------------------|----------|
| Median household income | \$76,640 |
| Median family income | \$90,124 |
| Per capita income | \$33,908 |

Building, Zoning and Development Codes

The Township has established development regulations governing the size of lots for various types of construction. The land requirements are based on the type and nature of the building.

The Township building codes conform to standards of the Uniform Construction Code in the State. These codes and other municipal codes are codified as a basis for improved administration and regulation.

The Municipal Land Use Law was adopted by the Township to give the Township Zoning Board of Adjustment and Planning Board authority to regulate most land use other than family residential use. In this way, the Township is able to guide the approximate use or development of land to promote the public health, safety, morals and general welfare.

Building Permits (2)

| <u>Year</u> | <u>Number of Permits</u> | <u>Value of Construction</u> |
|-------------|--------------------------|------------------------------|
| 2018 | 2,192 | \$54,510,203 |
| 2017 | 2,276 | 44,269,298 |
| 2016 | 2,204 | 58,732,518 |
| 2015 | 2,013 | 65,958,875 |
| 2014 | 1,599 | 41,743,026 |

Township Labor Force (3)

The following table discloses current labor force data for the Township, County and State.

| <u>Year</u> | <u>Labor Force</u> | <u>Employed Persons</u> | <u>Unemployed Persons</u> | <u>Unemployment Rate</u> |
|-----------------|--------------------|-------------------------|---------------------------|--------------------------|
| Township | | | | |
| 2018 | 20,067 | 19,033 | 1,042 | 5.2% |
| 2017 | 20,079 | 18,956 | 1,123 | 5.6 |
| 2016 | 20,025 | 18,809 | 1,216 | 6.1 |
| 2015 | 19,790 | 18,405 | 1,385 | 7.0 |
| 2014 | 19,582 | 17,952 | 1,630 | 8.3 |
| County | | | | |
| 2018 | 256,392 | 244,558 | 11,825 | 4.6% |
| 2017 | 256,929 | 243,835 | 13,094 | 5.1 |
| 2016 | 256,005 | 241,947 | 14,058 | 5.5 |
| 2015 | 255,354 | 239,308 | 16,046 | 6.3 |
| 2014 | 252,870 | 233,430 | 19,440 | 7.7 |

(1) Source: U.S. Department of Commerce, Bureau of Census

(2) Source: Township's Construction Office

(3) Source: New Jersey Department of Labor

| <u>Year</u> | <u>Labor Force</u> | <u>Employed Persons</u> | <u>Unemployed Persons</u> | <u>Unemployment Rate</u> |
|--------------|--------------------|-------------------------|---------------------------|--------------------------|
| State | | | | |
| 2018 | 4,488,675 | 4,301,575 | 187,075 | 4.2% |
| 2017 | 4,518,800 | 4,309,700 | 209,100 | 4.6 |
| 2016 | 4,530,800 | 4,305,500 | 225,300 | 5.0 |
| 2015 | 4,543,800 | 4,288,800 | 255,000 | 5.6 |
| 2014 | 4,513,600 | 4,209,700 | 303,900 | 6.7 |

**TEN LARGEST PRIVATE SECTOR EMPLOYERS
IN CAMDEN COUNTY (1)**

| <u>Company</u> | <u>Nature of Business</u> | <u>Approximate Number of Employees</u> |
|---|--|--|
| Virtua Health | Multi-hospital healthcare system | 3,024 |
| Cooper Hospital University Medical Center | Hospital | 3,000 |
| Lourdes Health System | Healthcare system | 2,451 |
| Jefferson Health System | Integrated healthcare delivery system | 2,282 |
| Bancroft NeuroHealth | Education programs and treatment services | 1,600 |
| Campbell Soup Co. | Prepared food products | 1,400 |
| TD Bank, N.A. | Banking services | 1,364 |
| Aluminum Shapes | Aluminum extrusions | 1,300 |
| L-3 Communication Systems-East | Design, develop, produce and integrate communication systems | 1,111 |
| Baxter Healthcare | Manufacturer of ethical pharmaceuticals | 1,000 |

**GENERAL INFORMATION ON THE BOARD OF EDUCATION
IN THE TOWNSHIP OF WINSLOW(2)**

Primary and Secondary

The School District is a Type II school district functioning through a nine-member Board which is elected by the voters for staggered three-year terms.

The School District operates six elementary schools, one middle school and one high school within the Township, providing educational services for grades kindergarten through twelve and preschool handicapped students.

In 2001, the School District became a Pre-K to 12 district as a result of voter approval to dissolve the Lower Camden County Regional School District. Schools 1-4 became Pre-K to 2nd grade, Schools 5-6 became 3rd grade to 5th grade, the Middle School became 6th grade to 8th grade and the High School became 9th grade to 12th grade. Starting September 2010, Schools 1-4 became Pre-K through 3rd grade, Schools 5 and 6 became 4th grade through 6th grade, the Middle School became 7th and 8th grades, and High School remained 9th grade through 12th grade.

(1) Source: Philadelphia Business Journal, Book of Lists

(2) Source: School District officials

HIGHER EDUCATION FACILITIES

Rutgers University-Camden Campus

Rutgers University-Camden ("Rutgers"), is a comprehensive, publicly-supported, co-educational four-year institution accredited by the Middle States Association of Colleges and Secondary Schools and funded primarily by the State, was founded in 1950 on a 23.8 acre campus in the City of Camden. As of September, 2016, there were approximately 5,021 undergraduate students and 1,454 graduate students.

Camden County College

Fully accredited by the Middle States Association of Colleges and Secondary Schools, Camden County College ("College") is a comprehensive publicly supported, co-educational two-year institution developed under the State Department of Higher Education. It is funded in part by the County Board of Chosen Freeholders who appoint an eleven (11) member Board of Trustees. The College has three distinct campuses in Blackwood, Camden and Cherry Hill – along with its satellite locations in Lakeland, Sicklerville and elsewhere throughout the County.

As of the Fall of 2018, full time enrollment was 4,271 and part-time enrollment was 5,404 for a total of 9,675.

Camden County Technical Schools

From a vocational school that opened with 400 students in 12 trade areas in 1928, Camden County Technical Schools ("CCTS") has grown to be one of the largest and most comprehensive technical schools in the nation. The district today encompasses a full range of day and evening programs at campuses in Pennsauken and Gloucester Township. Beginning in 2012, the adult programs were operated by Camden County College as part of the Camden County shared services agreement.

For high school students, there are 32 career programs from which to choose. For the 2018-2019 school year, 1,331 students are enrolled at the Gloucester Township Campus, and 772 at the Pennsauken Campus, including 270 Special Education Students between the two campuses. Seniors are offered the opportunity to participate in several of our school-to-career programs and are offered lifetime job placement assistance. In addition, students are offered a full-range of athletics and activities to complement their education. Through Camden County College, high school juniors and seniors at CCTS have various opportunities to earn college credit for college level work completed while in high school. Students may bank the credits earned for future enrollment at colleges and universities.

In addition to the facilities mentioned above, Stockton University, University of Pennsylvania, Temple University, LaSalle University, Villanova University, St. Joseph's University, Drexel University and Rowan University are all within a commuting distance from the Township.

CERTAIN TAX INFORMATION

TEN LARGEST REAL PROPERTY TAXPAYERS (1)

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>2019 Assessed Valuation</u> |
|-------------------------------|----------------------------|--------------------------------|
| Woodlands at Cedar Parke, LLC | Life Care Facility | \$19,500,000 |
| Johns Manville | Insulation | 13,900,000 |
| Timberlane/Colleen Manor | Apartments | 10,880,100 |
| ARC HR5SINJ001 | Supermarket Store | 8,258,600 |
| Edgewood Acres/Gardens | Apartments | 8,098,400 |
| Kramer Beverage Company | Beer Distributor | 7,050,000 |
| Carmax Auto Superstores, Inc. | Car Dealership | 7,004,000 |
| Winslow Center Partners | Stores | 6,100,000 |
| Donio Leasing Company | Produce Shipping/Warehouse | 5,946,600 |
| Regency House Apartments, LLC | Apartments | 5,766,500 |

CURRENT TAX COLLECTIONS (2)

| <u>Year</u> | <u>Total Levy</u> | <u>Collected in Year of Levy</u> | | <u>Outstanding Dec. 31</u> | |
|-------------|-------------------|----------------------------------|-------------------|----------------------------|-------------------|
| | | <u>Amount</u> | <u>Percentage</u> | <u>Amount</u> | <u>Percentage</u> |
| 2017 | \$92,015,943 | \$88,968,783 | 96.69% | \$2,261,261 | 2.46% |
| 2016 | 91,070,616 | 87,994,095 | 96.62 | 2,069,193 | 2.27 |
| 2015 | 89,380,377 | 86,239,921 | 96.49 | 2,337,702 | 2.62 |
| 2014 | 87,096,483 | 84,265,998 | 96.75 | 2,353,965 | 2.70 |
| 2013 | 86,034,909 | 82,926,291 | 96.39 | 2,427,933 | 2.82 |

DELINQUENT TAXES (2)

| <u>Year</u> | <u>Outstanding Jan 1</u> | <u>Added</u> | <u>Collected</u> | | <u>Transferred To Liens</u> | <u>Other Credits</u> | <u>Outstanding Dec. 31</u> |
|-------------|--------------------------|--------------|------------------|-------------------|-----------------------------|----------------------|----------------------------|
| | | | <u>Amount</u> | <u>Percentage</u> | | | |
| 2017 | \$2,275,643 | \$20,654 | \$1,983,081 | 86.36% | \$47,359 | \$119,278 | \$146,579 |
| 2016 | 2,496,220 | 22,302 | 2,215,754 | 87.98 | 94,090 | 2,226 | 206,450 |
| 2015 | 2,584,182 | 35,852 | 2,169,184 | 82.79 | 231,930 | 61,003 | 158,518 |
| 2014 | 2,792,630 | 74,899 | 2,422,243 | 84.47 | 200,642 | 14,425 | 230,217 |
| 2013 | 3,360,897 | 123,338 | 2,704,050 | 77.61 | 24,711 | 390,777 | 364,697 |

(1) Source: Township Tax Assessor

(2) Source: Annual Reports of Audit

TAX TITLE LIENS (1)

| <u>Year</u> | <u>Balance Jan. 1</u> | <u>Added by Sales and Transfers</u> | <u>Costs Accrued to Liens/ Adjustments</u> | <u>Collections</u> | <u>Cancellations</u> | <u>Balance Dec. 31</u> |
|-------------|-----------------------|-------------------------------------|--|--------------------|----------------------|------------------------|
| 2017 | \$5,053,372 | \$670,194 | \$104,138 | \$307,634 | \$479,288 | \$5,040,782 |
| 2016 | 4,259,767 | 779,639 | 66,944 | 50,492 | 2,486 | 5,053,372 |
| 2015 | 3,478,714 | 961,326 | 151,675 | 310,544 | 21,404 | 4,259,767 |
| 2014 | 2,820,586 | 638,888 | 119,195 | 98,742 | 1,212 | 3,478,714 |
| 2013 | 2,483,278 | 393,005 | 30,379 | 86,034 | 42 | 2,820,586 |

FORECLOSED PROPERTY (1)(2)

| <u>Year</u> | <u>Balance Jan. 1</u> | <u>Added by Transfer</u> | <u>Adjustment to Assessed Valuation</u> | <u>Balance Dec. 31</u> |
|-------------|-----------------------|--------------------------|---|------------------------|
| 2017 | \$2,193,800 | - | - | \$2,193,800 |
| 2016 | 183,200 | \$68,964 | \$1,941,636 | 2,193,800 |
| 2015 | 3,162,730 | - | (2,979,530) | 183,200 |
| 2014 | 3,162,730 | - | - | 3,162,730 |
| 2013 | 3,162,730 | - | - | 3,162,730 |

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (3)

| <u>Year</u> | <u>Net Assessed Valuation</u> | <u>Total</u> | <u>Tax Rate (4)</u> | | | |
|-------------|-------------------------------|--------------|---------------------|---------------------|------------------|----------------------|
| | | | <u>County (5)</u> | <u>Local School</u> | <u>Municipal</u> | <u>Fire District</u> |
| 2018 | \$2,643,131,473 | \$3.537 | \$0.902 | \$1.877 | \$0.613 | \$0.145 |
| 2017 | 2,639,796,149 | 3.474 | 0.886 | 1.845 | 0.605 | 0.138 |
| 2016 | 2,646,066,940 | 3.430 | 0.892 | 1.805 | 0.595 | 0.138 |
| 2015 | 2,636,593,675 | 3.380 | 0.884 | 1.782 | 0.580 | 0.134 |
| 2014 | 2,627,503,750 | 3.305 | 0.834 | 1.759 | 0.580 | 0.132 |

(1) Source: Annual Reports of Audit

(2) These amounts are reflected on the basis of assessed value in the year of acquisition in accordance with the regulation of the Division of Local Government Services.

(3) Source: Township's Tax Collector

(4) Per \$100 of Assessed Valuation

(5) Includes Open Space and Library Tax

**RATIO OF ASSESSED VALUATION TO TRUE VALUE
AND TRUE VALUE PER CAPITA (1)**

| <u>Year</u> | <u>Real Property Assessed Valuation</u> | <u>Percentage of True Value</u> | <u>True Value</u> | <u>True Value Per Capita(2)</u> |
|-------------|---|---------------------------------|-------------------|---------------------------------|
| 2018 | \$2,637,706,250 | 100.14% | \$2,634,018,624 | \$66,686 |
| 2017 | 2,634,383,150 | 101.08 | 2,606,235,803 | 65,982 |
| 2016 | 2,640,670,800 | 99.63 | 2,650,477,567 | 67,102 |
| 2015 | 2,631,030,900 | 99.53 | 2,643,455,139 | 66,925 |
| 2014 | 2,622,013,400 | 102.44 | 2,559,560,133 | 64,801 |

REAL PROPERTY CLASSIFICATION (3)

| <u>Year</u> | <u>Assessed Value</u> | | | | | | |
|-------------|------------------------------|--------------------|--------------------|-------------------|-------------------|--------------|------------------|
| | <u>Land and Improvements</u> | <u>Vacant Land</u> | <u>Residential</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Farm</u> | <u>Apartment</u> |
| 2018 | \$2,637,706,250 | \$52,961,200 | \$2,272,852,300 | \$201,876,250 | \$32,074,700 | \$25,770,900 | \$52,170,900 |
| 2017 | 2,634,383,150 | 54,708,200 | 2,272,549,200 | 203,087,250 | 30,351,600 | 25,711,500 | 47,975,400 |
| 2016 | 2,640,670,800 | 56,605,500 | 2,273,436,000 | 203,287,500 | 31,045,900 | 28,320,500 | 47,975,400 |
| 2015 | 2,631,030,900 | 67,879,900 | 2,260,122,200 | 193,524,600 | 31,104,200 | 34,011,100 | 44,388,900 |
| 2014 | 2,622,013,400 | 69,446,200 | 2,250,791,900 | 190,768,100 | 31,104,200 | 34,075,700 | 45,827,300 |

(1) Source: State of New Jersey, Department of Treasury, Division of Taxation

(2) Based on Federal Census 2010 of 39,499

(3) Source: Township Tax Assessor

**TOWNSHIP OF WINSLOW
STATEMENT OF INDEBTEDNESS (1)**

The following table summarizes the direct debt of the Township as of December 31, 2017 in accordance with the requirements of the Local Bond Law. The gross debt comprises short and long-term debt issued in the form of bonds, loans, bond anticipation notes and debt authorized but not issued, including General, Water-Sewer Utility and debt of the School District. Deductions from gross debt to arrive at net debt include local school debt, as well as debt considered to be self-liquidating. The resulting net debt of \$10,717,964 represents 0.408% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

| | <u>Debt Issued</u> | | <u>Authorized But Not Issued</u> | <u>Gross Debt</u> | <u>Deductions</u> | | <u>Net Debt</u> |
|-------------------------|----------------------|---------------------|--|-----------------------|------------------------|----------------------------------|----------------------|
| | <u>Bonds/Loans</u> | <u>Notes</u> | | | <u>School Debt</u> | <u>Self-Liquidating Debt</u> | |
| | General | \$ 6,113,239 | | | \$ 4,435,750 | \$ 168,975 | |
| School District | 5,535,000 | | | 5,535,000 | \$ 5,535,000 | | |
| Water and Sewer Utility | 15,110,284 | 2,517,174 | 2,372,742 | 20,000,200 | | \$ 20,000,200 | |
| | <u>\$ 26,758,523</u> | <u>\$ 6,952,924</u> | <u>\$ 2,541,717</u> | <u>\$ 36,253,164</u> | <u>\$ 5,535,000</u> | <u>\$ 20,000,200</u> | <u>\$ 10,717,964</u> |

(1) As of December 31, 2017

Source: Township Auditor

**TOWNSHIP OF WINSLOW
DEBT RATIOS AND VALUATIONS(1)**

| | |
|--|------------------|
| Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad Property for 2015, 2016 and 2017 | \$ 2,627,986,103 |
| Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2015, 2016 and 2017 | 0.408% |
| 2018 Net Valuation Taxable | \$ 2,643,131,473 |
| 2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications | \$ 2,639,443,847 |
| Gross Debt (2): | |
| As a percentage of 2018 Net Valuation Taxable | 1.37% |
| As a percentage of 2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications | 1.37% |
| Net Debt (2): | |
| As a percentage of 2018 Net Valuation Taxable | 0.41% |
| As a percentage of 2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications | 0.41% |
| Gross Debt Per Capita (3) | \$ 918 |
| Net Debt Per Capita (3) | \$ 271 |

TOWNSHIP BORROWING CAPACITY(1)

| | |
|---|-----------------------------|
| 3.5% of Averaged (2015-17) Equalized Valuation of Real Property including Improvements (\$2,627,986,103) | \$ 91,979,514 |
| Net Debt | <u>10,717,964</u> |
| Remaining Borrowing Capacity | <u><u>\$ 81,261,550</u></u> |

SCHOOL DISTRICT BORROWING CAPACITY(1)

| | |
|---|-----------------------------|
| 4% of Averaged (2015-17) Equalized Valuation of Real Property including Improvements (\$2,627,986,103) | \$ 105,119,444 |
| School Debt | <u>5,535,000</u> |
| Remaining Borrowing Capacity | <u><u>\$ 99,584,444</u></u> |

(1) As of December 31, 2017
(2) Excluding overlapping debt
(3) Based on Federal 2010 Census of 39,499

TOWNSHIP OF WINSLOW
OVERLAPPING DEBT AS OF DECEMBER 31, 2017

| DEBT ISSUED | | | | | |
|---|-------------------------|-----------------------|---------------------------------------|---|----------------------------------|
| | <u>Debt Outstanding</u> | <u>Deductions</u> | <u>Statutory Net Debt Outstanding</u> | <u>Net Debt Outstanding Allocated to the Issuer</u> | <u>Debt Auth. but not Issued</u> |
| County of Camden(1): | | | | | |
| General: | | | | | |
| Bonds | \$ 36,125,000 | \$ 8,342,385 (2) | \$ 27,782,615 | \$ 2,017,018 (4) | \$ 11,960,225 |
| Notes | 35,461,125 | | 35,461,125 | 2,574,478 (4) | |
| Loan Agreements | 314,966,900 | | 314,966,900 | 22,866,597 (4) | |
| Bonds Issued by Other Public Bodies Guaranteed by the County | 276,594,254 | 276,594,254 (3) | | | |
| | <u>\$ 663,147,279</u> | <u>\$ 284,936,639</u> | <u>\$ 378,210,640</u> | <u>\$ 27,458,092</u> | <u>\$ 11,960,225</u> |

(1) Source: County of Camden.

(2) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.

(3) Deductible in accordance with N.J.S. 40:37A-80.

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2017 Net Valuation on which County taxes are apportioned, which is 7.26%.

Camden County Municipal Utilities Authority

The Camden County Municipal Utilities Authority ("CCMUA") is a public body corporate and politic of the State and was originally created as the Camden County Sewerage Authority ("Sewerage Authority") by a resolution of the County adopted on December 5, 1967. The Sewerage Authority was reorganized in 1972 as a utilities authority and changed its name to the Camden County Municipal Utilities Authority pursuant to a resolution of the County adopted on April 13, 1972. The CCMUA operates under the supervision of nine commissioners who are appointed by the Board for five-year staggered terms. The County has entered into a deficiency agreement with the CCMUA ("Deficiency Agreement") whereby the County is obligated to pay to the CCMUA any annual charges equal to any deficits in CCMUA revenues necessary to pay or provide for: (i) operation and maintenance expenses of the CCMUA's regional sewer system, (ii) principal and interest payments on bonds and notes of the CCMUA in an aggregate principal amount not to exceed \$685,500,000, and (iii) the maintenance of reserves required under the bond resolution securing the CCMUA's bonds and notes. The obligation of the County pursuant to the provisions of the Deficiency Agreement is a direct and general obligation of the County, and any annual charges are ultimately payable by the County from the levy of *ad valorem* taxes on all the taxable real property within the jurisdiction of the County in amounts sufficient to enable the County to meet its obligations under the Deficiency Agreement. **To date, no payments have been required to be made by the County pursuant to the Deficiency Agreement.** The County and the CCMUA may agree to amend the Deficiency Agreement at any time to increase the obligations of the County thereunder.

The CCMUA owns and operates a sewage collection and treatment system which serves all County residents connected to local sewer collection systems. The CCMUA's system does not include the local sewage collection system of any CCMUA participant, but it owns and operates interceptor sewer lines connecting the local systems to the CCMUA's sewage treatment facilities.

The CCMUA is required to charge and collect service charges for the use of its facilities such that revenues of the CCMUA will at all times be adequate to pay all operating and maintenance expenses, including reserves, insurance, extensions and replacements, and to pay punctually the principal of and interest on any bonds and notes of the CCMUA and to maintain reserves and sinking funds therefor as may be required by the terms of any agreements with the holders thereof.

The gross debt as of December 31, 2017 for the CCMUA was \$171,431,116. The County guarantees up to \$685,500,000 of debt issued by the CCMUA.

Camden County Improvement Authority

The Camden County Improvement Authority ("CCIA") is a public body corporate and politic of the State and was created by a resolution of the County Board. The CCIA operates under the supervision of a five (5) member Board who are appointed for five (5) year staggered terms by the County Board. The CCIA has from time to time issued its revenue bonds for projects involving the County and for which the County has a repayment obligation or guaranty. The CCIA also issues conduit debt from time to time which is not included in the overlapping debt as there is no obligation by the taxpayers to repay the associated debt service.

The amount of debt which the County has guaranteed or for which it has a repayment obligation as of December 31, 2017 was \$432,082,097.

APPENDIX B

2017 AUDITED FINANCIAL STATEMENTS OF THE FIRE DISTRICT

**FIRE DISTRICT No. 1
TOWNSHIP OF WINSLOW**



**CAMDEN COUNTY,
NEW JERSEY**

REPORT OF AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

**FIRE DISTRICT NO. 1
TOWNSHIP OF WINSLOW, NEW JERSEY**

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**FIRE DISTRICT NO. 1
TOWNSHIP OF WINSLOW, NEW JERSEY**

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**FIRE DISTRICT NO. 1
TOWNSHIP OF WINSLOW, NEW JERSEY
Roster of Officials and Surety Bonds**

Board of Fire Commissioners

| <u>Name</u> | <u>Title</u> | <u>Amount of Surety Bond</u> |
|--------------------|---------------------|---|
| Anthony Sirolli | Chairman | (A) |
| Richard Iannaco | Vice Chairman | (A) |
| Robert Sirolli | Treasurer | (A), (B) |
| Joseph Duble | Commissioner | (A) |
| Michael Passarella | Secretary | (A) |

(A) All Commissioners handling funds were covered by a Public Employee Blanket with American Alternative Insurance Corporation in the amount of \$250,000.00 per occurrence, with an additional \$650,000.00 crime limit in excess of \$250,000.00.

(B) Treasurer covered by a Public Employee Dishonesty Position Bond with American Alternative Insurance Corporation in the amount of \$100,000.00 per occurrence.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1
Township of Winslow
Sicklerville, New Jersey 08081

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Winslow Fire District No.1, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fire District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Winslow Fire District No. 1, in the County of Camden, State of New Jersey, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Fire District's proportionate share of the net pension liability, schedule of the Fire District's contributions, and schedule of funding progress for health benefits plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2018 on our consideration of the Township of Winslow Fire District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Winslow Fire District No. 1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Winslow Fire District No. 1's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
July 3, 2018

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Fire District No. 1
Township of Winslow
Sicklerville, New Jersey 08081

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Winslow Fire District No. 1, in the County of Camden, State of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements, and have issued our report thereon dated July 3, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Winslow Fire District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Winslow Fire District No. 1's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Winslow Fire District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

39801

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, in considering the Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Handwritten signature in blue ink that reads "BOWMAN & COMPANY LLP".

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
July 3, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

As management of the Winslow Township Fire District No. 1 (hereafter referred to as the "Fire District"), we offer readers of the Fire District's financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Fire District's financial performance as a whole; readers should also review the information furnished in the notes to the basic financial statements and financial statements to enhance their understanding of the Fire District's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the Fire District, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, resulted in a deficit of \$1,163,000.14 at the close of the current year. This deficit is directly attributable to the recognition of long-term liabilities (pensions, other postemployment benefits, and compensated absences) that the Fire District is not required to fund in accordance with State budgetary rules and regulations.
- As of the close of the current year, the Fire District's governmental funds reported combined ending fund balances of \$2,378,210.40, a decrease of \$391,415.12, or fourteen percent (14%), in comparison with the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$1,606,433.13, approximately a ten percent (10%) decrease from that of the prior year.

USING THIS REPORT OF AUDIT

This report of audit consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Fire District as a whole and present a longer-term view of the Fire District's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. These fund financial statements also report the Fire District's operations in more detail than the government-wide statements by providing information about the Fire District's most significant funds.

Reporting the Fire District as a Whole

One of the most important questions asked about the Fire District's finances is, "Is the Fire District as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the Fire District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Fire District's *net position* and changes in it. You can think of the Fire District's net position - which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources - as one way to measure the Fire District's financial health, or *financial position*. Over time, *increases or decreases* in the Fire District's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Fire District's property tax base and the condition of the Fire District's capital assets, to assess the *overall health* of the Fire District.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

USING THIS REPORT OF AUDIT (CONT'D)

Reporting the Fire District as a Whole (Cont'd)

In the statement of net position and the statement of activities, we classify the Fire District as one kind of activity, that being governmental activities. This is where all of the Fire District's basic services are reported, which include fire-fighting services. Property taxes, uniform fire safety act fees, and state and federal grants primarily finance these activities.

Reporting the Fire District's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Fire District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fire District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Fire District maintains two fund types, governmental and fiduciary.

Governmental funds - The operational activities of the Fire District are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Fire District's fund balances by law, creditors, Fire District Board of Commissioners, and the Fire District's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Fire District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Fire District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

The Fire District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund.

Fiduciary fund - The fiduciary fund is used to account for assets held by the Fire District on behalf of outside related organizations or on behalf of other funds within the Fire District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The Fire District maintains a private-purpose trust fund, which is a fund used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The Fire District's private-purpose trust fund is for its length of service awards program, which is a program established to provide length of service awards in the amounts and at the time determined under the Plan to such volunteers within the Fire District in recognition of their long-term volunteer service. Readers should refer to note 9 of the notes to financial statements for additional information on the Fire District's length of service awards program.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1

Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

THE FIRE DISTRICT AS A WHOLE

During 2017, the Fire District's net position increased by \$199,412.77, increasing from a deficit of \$1,362,412.91 in 2016 to a deficit of \$1,163,000.14. Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the Fire District's governmental-type activities.

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|--------------------------|--------------------------|
| Current and Other Assets | \$ 2,522,007.75 | \$ 2,943,325.21 |
| Capital Assets, net | <u>2,644,257.58</u> | <u>1,507,044.91</u> |
| Total Assets | <u>5,166,265.33</u> | <u>4,450,370.12</u> |
| Deferred Outflows of Resources | <u>2,611,485.00</u> | <u>1,707,149.00</u> |
| Other Liabilities | 651,074.35 | 522,543.69 |
| Long-Term Liabilities Outstanding | <u>6,504,005.12</u> | <u>6,038,649.34</u> |
| Total Liabilities | <u>7,155,079.47</u> | <u>6,561,193.03</u> |
| Deferred Inflows of Resources | <u>1,785,671.00</u> | <u>958,739.00</u> |
| Net Investment in Capital Assets | 2,644,257.58 | 1,507,044.91 |
| Restricted | 10,000.00 | 10,000.00 |
| Unrestricted (Deficit) | <u>(3,817,257.72)</u> | <u>(2,879,457.82)</u> |
| Total Net Position (Deficit) | <u>\$ (1,163,000.14)</u> | <u>\$ (1,362,412.91)</u> |

In total, assets increased by \$715,895.21, deferred outflows of resources increased by \$904,336.00, liabilities increased by \$602,102.45, and deferred inflows of resources increased by \$826,932.00. The net change in assets was primarily attributable to a less favorable cash on deposit at year end (a decrease of \$401,391.47 compared to 2016) and an increase in the Fire District's capital assets which the 2017 addition amount totaled \$1,336,900.99 and the depreciation of the Fire District's capital assets, which for 2017 totaled \$199,688.32.

The increases in deferred outflows of resources, deferred inflows of resources, and liabilities, are mainly attributable to the change in the Fire District's proportionate share of its liability associated with the Public Employees' Retirement System and the Police and Firemen's Retirement System (see note 8 of the notes to financial statements).

\$2,644,257.58 of the Fire District's net position at the end of the current year reflects its net investment in capital assets (i.e., land, buildings, equipment and vehicles). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

THE FIRE DISTRICT AS A WHOLE (CONT'D)

The Fire District uses these assets to provide fire-fighting to the citizens of the Township of Winslow; consequently, these assets are not available for future spending. Although the Fire District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the Fire District's net position, \$10,000.00, represents resources that are restricted. These amounts consist of amounts restricted for future capital outlays, which require the approval of the voters of the Fire District.

The third and final component of net position is unrestricted. The unrestricted net position at year-end is a deficit of \$3,817,257.72. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. As stated previously, this deficit is directly attributable to the recognition of long-term liabilities, specifically related to pensions, in which the Fire District is not required to fund in accordance with State budgetary rules and regulations, but instead funds on a pay-as-you-go basis via contractual contributions. Table 2 that follows illustrates the changes in net position of the Fire District's governmental activities.

| TABLE 2 | | |
|---|---------------------------------|---------------------------------|
| CHANGES IN NET POSITION | | |
| FOR THE YEARS ENDED DECEMBER 31, | | |
| | <u>2017</u> | <u>2016</u> |
| Expenses: | | |
| Operating Appropriations: | | |
| Administration | \$ 917,424.79 | \$ 999,200.92 |
| Cost of Operations and Maintenance | 3,987,512.75 | 3,117,821.40 |
| Operating Appropriations Offset with Revenues | 112,131.31 | 110,348.06 |
| Length of Service Awards Program - Contribution | 73,273.72 | 41,250.40 |
| Total Program Expenses | <u>5,090,342.57</u> | <u>4,268,620.78</u> |
| Program Revenues: | | |
| Charges for Services | 174,351.57 | 165,132.09 |
| Operating Grants and Contributions | 81,566.00 | 59,212.00 |
| Capital Grants and Contributions | 1,275,200.00 | |
| Net Program Expenses | <u>3,559,225.00</u> | <u>4,044,276.69</u> |
| General Revenues: | | |
| Property Taxes: | | |
| Levied for General Purposes | 3,626,000.00 | 3,632,040.00 |
| Investment Earnings | 3,470.87 | 2,752.23 |
| Miscellaneous Income | 129,166.90 | 59,162.56 |
| Gain on Sale of Capital Assets | | 22,938.07 |
| Total General Revenues | <u>3,758,637.77</u> | <u>3,716,892.86</u> |
| Change in Net Position | 199,412.77 | (327,383.83) |
| Net Position (Deficit), January 1 | <u>(1,362,412.91)</u> | <u>(1,035,029.08)</u> |
| Net Position (Deficit), December 31 | <u>\$ (1,163,000.14)</u> | <u>\$ (1,362,412.91)</u> |

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

THE FIRE DISTRICT AS A WHOLE (CONT'D)

During 2017, the Fire District's revenues increased by \$1,348,518.39, increasing from \$3,941,236.95 in 2016 to \$5,289,755.34 in 2017. The increase in revenues is largely attributable to the following:

- non-budgetary revenues increased by \$53,774.42 largely due to a receipt from their third party administrator for worker's compensation.
- land and building for two properties were contributed to the Fire District for a cost of \$1 each.

Other revenues of the Fire District increased from 2016 but by only marginal amounts.

Property taxes constituted approximately sixty-nine percent (69%) of total revenues for governmental activities for the Fire District for the year 2017. In addition, charges for services, which resulted from rescue service billings and uniform fire safety act fees, and operating and capital grants and contributions, constituted approximately thirty-one percent (31%) of total revenues for governmental activities.

During 2017, the Fire District's expenses increased by \$821,721.79, increasing from \$4,268,620.78 in 2016 to \$5,090,342.57 in 2017. The increase is largely attributable to an increase in the pension costs in 2017 which resulted in an increase in the expense amount on the Statement of Activities.

THE FIRE DISTRICT'S FUNDS

As the Fire District completed the year, its governmental funds reported a *combined* fund balance of \$2,378,210.40, which is a decrease over last year's total *combined* fund balance of \$391,415.12. Of the combined ending fund balances of \$2,378,210.40, approximately sixty-eight percent (68%) constitutes unassigned fund balance in the amount of \$1,606,433.13. The remainder of fund balance is nonspendable, restricted, and / or assigned to indicate that it is not available for new spending because of the following: 1) nonspendable as a result of recorded prepaid expenses at year-end (\$84,219.39), (2) restricted for voter-approved future capital outlays (\$10,000.00), (3) assigned to liquidate contracts and purchase orders of the prior period (\$163,143.88), and (4) assigned to the 2018 budget for subsequent year's expenditures (\$514,414.00).

General fund - The general fund is the general operating fund of the Fire District and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as fire-fighting and rescue equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current year, all of the Fire District's unassigned fund balance resided in the general fund, which totaled \$1,606,433.13.

During the current year, the fund balance of the Fire District's general fund decreased by \$391,415.12. The primary factors affecting the fund balance of the general fund are as follows:

- revenues were \$157,489.34 more than the final estimated budget of \$3,783,152.00.
- fund balance utilized as a revenue source in the 2017 adopted budget was \$609,925.00.

Special revenue fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. There was no activity in the special revenue fund during the year ended December 31, 2017.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1

Management's Discussion and Analysis

For the Year Ended December 31, 2017

(Unaudited)

THE FIRE DISTRICT'S FUNDS (CONT'D)

Capital projects fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities such as fire houses, firefighting apparatus, and emergency medical equipment. Generally, the financial resources of the capital projects fund are derived from the issuance of debt or by the utilization of fund balance, which must be authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

On November 7, 2017, the legal voters of the Fire District authorized (a) a capital improvement program consisting of (i) the acquisition of two (2) fire engine pumper trucks and one (1) fire engine pumper trucks with additional rescue capabilities, together with such other equipment as may be necessary to acquire such vehicles and make them operational, and (ii) solely to the extent that funds remain after the acquisition of the vehicles previously described, acquire back-up generators for the fire station; and (b) expend for all of the foregoing an amount not to exceed \$2,000,000.00; (c) issue and sell bonds or in the alternative bond anticipation notes of the Fire District for said purposes in the amount not to exceed \$2,000,000.00. The acquisition of new apparatus is to replace existing apparatus that will be out of commission.

Debt service fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. There was no activity in the debt service fund during the year ended December 31, 2017.

Budgetary Highlights

General fund - During the months of November and December of the current year, the Fire District modified its general fund budget through budgetary line item transfers approved by the governing body. The final budgetary basis revenue estimate was \$3,783,152.00, which remained unchanged from the original budget estimate. Actual revenues realized exceeded the final budgetary basis revenue estimate by \$157,489.34, thus aiding the Fire District in the replenishment of fund balance utilized in previous years' budgets.

The final budgetary basis expenditure appropriation estimate was \$4,680,510.88, which also remained unchanged from the original budget estimate. The final budget estimate exceeded actual expenditures incurred by \$348,454.42, thus aiding the Fire District in the replenishment of fund balance utilized in previous years' budgets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Fire District's net investment in capital assets for its governmental activities as of December 31, 2017 amounts to a historical cost of \$6,497,271.00, or \$2,644,257.58 net of accumulated depreciation (see Table 3). The net change in capital assets was attributable to the following:

- the Fire District purchased the Cedar Brook station and Waterford station which increased land by \$170,500.00 and buildings by \$1,104,700.00.
- the Fire District purchased one vehicle increasing historical cost by \$41,350.99.
- and, depreciation expense for the current year was \$199,688.32.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

| TABLE 3 | | |
|--|------------------------|------------------------|
| CAPITAL ASSETS | | |
| (NET OF ACCUMULATED DEPRECIATION) | | |
| AS OF DECEMBER 31, | | |
| | <u>2017</u> | <u>2016</u> |
| Land | \$ 205,761.46 | \$ 35,261.46 |
| Buildings | 1,395,225.64 | 302,222.62 |
| Buildings Improvements | 273,160.56 | 288,352.06 |
| Vehicles | 683,226.56 | 800,177.23 |
| Equipment | 84,030.02 | 77,108.20 |
| Computer Equipment | 2,853.34 | 3,923.34 |
| | <u>\$ 2,644,257.58</u> | <u>\$ 1,507,044.91</u> |
| Total | \$ 2,644,257.58 | \$ 1,507,044.91 |

Additional information on the Fire District's capital assets can be found in note 5 of the notes to financial statements.

Debt Administration

General Obligation Bonds. Currently, the Fire District has no outstanding bonded debt, or any outstanding authorizations to issue debt.

Net Pension Liability. The Fire District's annual required contribution to the Public Employees' Retirement System and the Police and Firemen's Retirement System are budgeted and paid on an annual basis. For additional details on the net pension liability, see note 8 to the financial statements.

Other Postemployment Benefits. At the end of the current year, the liability for the net OPEB obligation was \$347,255.05. This liability represents the projected liability resulting from the Fire District's commitment to provide its administrative employees with postretirement health care benefits, which includes medical, dental, and prescription plans. This liability is calculated by an actuary every three years. Additional information on other postemployment benefits can be found in note 10.

Compensated Absences. At the end of the current year, the liability for compensated absences was \$35,324.07. Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. Additional information on compensated absences can be found in note 13.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the 2017 year, the Fire District was able to sustain its budget through property taxes, rescue services billings, uniform fire safety act annual registration fees, interest on investments and deposits, and other miscellaneous revenue sources. Approximately ninety-two percent (92%) of total revenue is from property taxes. The 2018 annual budget of the Fire District was adopted by the Board of Commissioners on January 22, 2018.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1

Management's Discussion and Analysis

For the Year Ended December 31, 2017

(Unaudited)

CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Township of Winslow Fire District No. 1's finances for all those with an interest in the Fire District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township of Winslow Fire District No. 1, 9 Cedar Brook Road, Sicklerville, New Jersey 08081.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
Statement of Net Position
December 31, 2017

ASSETS:

| | |
|---------------------------|----------------------------|
| Cash and Cash Equivalents | \$ 2,425,762.39 |
| Accounts Receivable, net | 12,025.97 |
| Prepaid Expenses | 84,219.39 |
| Capital Assets, net | <u>2,644,257.58</u> |
| Total Assets | <u>5,166,265.33</u> |

DEFERRED OUTFLOWS OF RESOURCES:

| | |
|---------------------|---------------------|
| Related to Pensions | <u>2,611,485.00</u> |
|---------------------|---------------------|

LIABILITIES:

| | |
|----------------------------------|----------------------------|
| Accounts Payable: | |
| Other | 78,740.34 |
| Length of Service Awards Program | 65,057.01 |
| Pensions | 338,184.00 |
| Accrued Liabilities: | |
| Pensions | 169,093.00 |
| Noncurrent Liabilities: | |
| Due within One Year | 13,735.27 |
| Due beyond One Year | <u>6,490,269.85</u> |
| Total Liabilities | <u>7,155,079.47</u> |

DEFERRED INFLOWS OF RESOURCES:

| | |
|---------------------|---------------------|
| Related to Pensions | <u>1,785,671.00</u> |
|---------------------|---------------------|

NET POSITION:

| | |
|-------------------------------------|--|
| Net Investment in Capital Assets | 2,644,257.58 |
| Restricted for: | |
| Capital Projects | 10,000.00 |
| Unrestricted (Deficit) | <u>(3,817,257.72)</u> |
| Total Net Position (Deficit) | <u><u>\$ (1,163,000.14)</u></u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1

Statement of Activities

For the Year Ended December 31, 2017

| | |
|---|---------------------------------|
| Expenses: | |
| Operating Appropriations: | |
| Administration | \$ 917,424.79 |
| Cost of Operations and Maintenance | 3,987,512.75 |
| Operating Appropriations Offset with Revenues | 112,131.31 |
| Length of Service Award Program (LOSAP) - Contribution (P.L. 1997, c. 388) | <u>73,273.72</u> |
| Total Program Expenses | <u>5,090,342.57</u> |
| Program Revenues: | |
| Charges for Services | 174,351.57 |
| Operating Grants and Contributions | 81,566.00 |
| Capital Grants and Contributions | <u>1,275,200.00</u> |
| Net Program Expenses | <u>3,559,225.00</u> |
| General Revenues: | |
| Property Taxes: | |
| Levied for General Purposes | 3,626,000.00 |
| Investment Earnings | 3,470.87 |
| Miscellaneous Income | <u>129,166.90</u> |
| Total General Revenues | <u>3,758,637.77</u> |
| Change in Net Position | 199,412.77 |
| Net Position (Deficit), January 1 | <u>(1,362,412.91)</u> |
| Net Position (Deficit), December 31 | <u><u>\$ (1,163,000.14)</u></u> |

The accompanying notes to financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Governmental Funds
 Balance Sheet
 December 31, 2017

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------------|-----------------------------|------------------------------|--------------------------|---------------------------------|
| ASSETS: | | | | | |
| Cash and Cash Equivalents | \$ 2,425,762.39 | | | | \$ 2,425,762.39 |
| Accounts Receivable, net | 12,025.97 | | | | 12,025.97 |
| Prepaid Expenses | 84,219.39 | | | | 84,219.39 |
| | <u>2,522,007.75</u> | | | | <u>2,522,007.75</u> |
| Total Assets | <u>\$ 2,522,007.75</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>\$ 2,522,007.75</u> |
| LIABILITIES AND FUND BALANCES: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | 61,789.47 | | | | 61,789.47 |
| Payroll Deductions Payable | 10,502.88 | | | | 10,502.88 |
| Interfund Accounts Payable: | | | | | |
| Fiduciary Fund | 65,057.01 | | | | 65,057.01 |
| Intergovernmental Accounts Payable: | | | | | |
| Other | 6,447.99 | | | | 6,447.99 |
| | <u>143,797.35</u> | | | | <u>143,797.35</u> |
| Total Liabilities | <u>143,797.35</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>143,797.35</u> |
| Fund Balances: | | | | | |
| Nonspendable | 84,219.39 | | | | 84,219.39 |
| Restricted: | | | | | |
| Future Capital Outlays | 10,000.00 | | | | 10,000.00 |
| Assigned: | | | | | |
| Other Purposes | 163,143.88 | | | | 163,143.88 |
| For Subsequent Year's Expenditures | 514,414.00 | | | | 514,414.00 |
| Unassigned | 1,606,433.13 | | | | 1,606,433.13 |
| | <u>2,378,210.40</u> | | | | <u>2,378,210.40</u> |
| Total Fund Balances | <u>2,378,210.40</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,378,210.40</u> |
| Total Liabilities and Fund Balances | <u>\$ 2,522,007.75</u> | <u>-</u> | <u>-</u> | <u>-</u> | |

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

| | |
|--|---------------------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$6,497,271.00 and the accumulated depreciation is \$3,853,013.42. | 2,644,257.58 |
| Deferred outflows and deferred inflows related to pensions represent the consumption and acquisition, respectively, of resources that relate to future periods; therefore, such amounts are not reported in the fund financial statements. | 825,814.00 |
| Accounts payable and accrued expenses related to pensions are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements. | (507,277.00) |
| Long-term liabilities, including compensated absences, other postemployment benefits, and pension are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. | <u>(6,504,005.12)</u> |
| Net position of governmental activities | <u>\$ (1,163,000.14)</u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Governmental Funds
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 For the Year Ended December 31, 2017

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| REVENUES: | | | | | |
| Miscellaneous Anticipated Revenues | \$ 62,532.06 | | | | \$ 62,532.06 |
| Operating Grant Revenue | 7,652.00 | | | | 7,652.00 |
| Miscellaneous Revenues Offset with Appropriations Amount to be Raised by Taxation to Support the District Budget | 138,724.94 | | | | 138,724.94 |
| Non-Budgetary Revenues | 3,626,000.00 | | | | 3,626,000.00 |
| | <u>105,732.34</u> | | | | <u>105,732.34</u> |
| Total Revenues | <u>3,940,641.34</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,940,641.34</u> |
| EXPENDITURES: | | | | | |
| Operating Appropriations: | | | | | |
| Administration | 909,059.73 | | | | 909,059.73 |
| Cost of Operations and Maintenance | 3,189,078.74 | | | | 3,189,078.74 |
| Operating Appropriations Offset with Revenues | 98,943.28 | | | | 98,943.28 |
| Length of Service Award Program (LOSAP) - Contribution (P.L. 1997, c. 388) | 73,273.72 | | | | 73,273.72 |
| Capital Appropriations | <u>61,700.99</u> | | | | <u>61,700.99</u> |
| Total Expenditures | <u>4,332,056.46</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,332,056.46</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(391,415.12)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(391,415.12)</u> |
| Net Change in Fund Balance | <u>(391,415.12)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(391,415.12)</u> |
| Fund Balance, January 1 | <u>2,769,625.52</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,769,625.52</u> |
| Fund Balance, December 31 | <u>\$ 2,378,210.40</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>\$ 2,378,210.40</u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2017

| | |
|---|-----------------------------|
| Total Net Change in Fund Balance - Governmental Funds | \$ (391,415.12) |
| Amounts reported for <i>governmental activities</i> in the statement of activities (A-2) are different because: | |
| Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period. | |
| Depreciation Expense | \$ (199,688.32) |
| Capital Outlays | <u>61,700.99</u> |
| | (137,987.33) |
| Donated capital assets are not recognized as revenue in the governmental funds, but capital assets contributed are recorded at acquisition value at the time received and a revenue is recognized on the statement of activities. | 1,275,200.00 |
| Revenue recognized from non-employer special funding situations with pension plans (long-term liability) is not recognized as revenue in the fund financial statements but is recognized as revenue from contributions in the statement of activities. | 73,914.00 |
| In the statement of activities, certain operating expenses, (e.g., compensated absences, other postemployment benefits costs, and pension), are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+). | <u>(620,298.78)</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ 199,412.77</u></u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
Fiduciary Fund
Private-Purpose Trust Fund
Statement of Fiduciary Net Position
December 31, 2017

| | Length of Service Awards <u>Program</u> |
|-------------------------------------|---|
| ASSETS: | |
| Investments | \$ 1,128,319.81 |
| Interfund Accounts Receivable: | |
| General Fund | <u>65,057.01</u> |
| Total Assets | <u>1,193,376.82</u> |
| NET POSITION: | |
| Held in Trust for Plan Participants | <u><u>\$ 1,193,376.82</u></u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Fiduciary Fund
 Private-Purpose Trust Fund
 Statement of Changes in Fiduciary Fund Net Position
 For the Year Ended December 31, 2017

| | <u>Length of Service Awards Program</u> |
|--|---|
| ADDITIONS: | |
| Contributions: | |
| Fire District's Contributions | \$ 73,273.72 |
| Investment Earnings: | |
| Net Increase (Decrease) in the Fair Value of Investments | <u>134,619.56</u> |
| Total Additions | <u>207,893.28</u> |
| DEDUCTIONS: | |
| Benefits Paid to Participants | 75,268.03 |
| Forfeited Investments | 8,216.71 |
| Administration Expenses | <u>3,466.93</u> |
| Total Deductions | <u>86,951.67</u> |
| Change in Net Position | 120,941.61 |
| Net Position, January 1 | <u>1,072,435.21</u> |
| Net Position, December 31 | <u><u>\$ 1,193,376.82</u></u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1

Notes to Financial Statements
For the Year Ended December 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Winslow Fire District No. 1 (the "Fire District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The Fire District is a political subdivision of the Township of Winslow (the "Township"), Camden County, New Jersey. The Township is comprised of an area of approximately fifty-eight (58) square miles. It borders Berlin Borough, Chesilhurst Borough, Pine Hill Borough and Waterford Township in Camden County, and both Folsom Borough and the Town of Hammonton in Atlantic County, and both Monroe Township and Washington Township in Gloucester County. As of the 2010 United States Census, the Township's population was 39,499. The Fire District was formed in 1989 through the adoption of a Township ordinance. A board of five commissioners oversees all operations of the Fire District. The length of each commissioner's term is three years with the annual election held the third Saturday of every February.

Fire Districts are governed by N.J.S.A. 40A:14-70 et al. and are organized as a taxing authority charged with the responsibility of providing the resources necessary to provide firefighting and rescue services to the residents within its territorial location. The Fire District has seven fire companies within its jurisdiction: the Albion Fire Company, the Cedar Brook Fire Company, the Elm Fire Company, the Sicklerville Fire Company, the Tansboro Fire Company, the Waterford Fire Company and the Winslow Fire Company.

The primary criterion for including activities within the Fire District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the Fire District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The financial statements include all funds of the Fire District over which the Board of Commissioners exercises operating control.

Component Units

In evaluating how to define the Fire District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Component Units (Cont'd)**

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Fire District has no component units.

Government-wide and Fund Financial Statements

The Fire District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. The Fire District's operations consist of governmental activities, which normally are supported by property taxes and intergovernmental revenues. The Fire District has no business-type activities, which rely to a significant extent on fees and charges for support. If the Fire District had business-type activities, such activities would be reported separately from governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the Fire District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the Fire District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the Fire District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes (ad valorem) are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, a municipality is required to remit to its fire district the entire balance of taxes in the amount voted upon or certified, prior to the end of the fire district year. The Fire District records the entire approved tax levy as revenue (accrued) at the start of the year since the revenue is both measurable and available. The Fire District is entitled to receive moneys under the following established payment schedule: on or before April 1, an amount equaling 21.25% of all moneys assessed; on or before July 1, an amount equaling 22.5% of all moneys assessed; on or before October 1, an amount equaling 25% of all moneys assessed; and on or before December 31, an amount equaling the difference between the total of all moneys so assessed and the total amount of moneys previously paid over.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fire District considers revenues to be available if they are collected within sixty (60) days of the end of the current year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, reimbursable-type grants, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the Fire District.

The Fire District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in another fund. The acquisition of certain capital assets, such as firefighting apparatus and equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The financial resources are derived from temporary notes and general obligation bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

In addition to governmental funds, the Fire District also reports a fiduciary fund. Fiduciary funds are used to account for assets held by the Fire District on behalf of outside related organizations or on behalf of other funds within the Fire District. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

The Fire District maintains a private-purpose trust fund, which is a fund used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The Fire District's private-purpose trust fund is for its length of service awards program, which is a program established to provide length of service awards in the amounts and at the time determined under the Plan to such volunteers within the Fire District in recognition of their long-term volunteer service.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Budgets / Budgetary Control

The Fire District must adopt an annual budget in accordance with N.J.S.A. 40A:14-78.1 et al. The fire commissioners must introduce and approve the annual budget not later than sixty days prior to the annual election. At introduction, the commissioners shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper having substantial circulation in the Fire District. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the fire commissioners may, by majority vote, adopt the budget.

Amendments may be made to the Fire District budget in accordance with N.J.S.A. 40A:14-78.3. The budget may not be amended subsequent to its final adoption and approval, except for provisions allowed by N.J.S.A. 40A:14-78.5.

Subsequent to the adoption of the Fire District budget, the amount of money to be raised by taxation in support of the Fire District budget must appear on the ballot for the annual election for approval of the legal voters.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at year-end.

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on exhibit C-1, includes all amendments and modifications to the adopted budget as approved by the Board of Commissioners.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Budgets / Budgetary Control (Cont'd)**

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the Fire District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis of accounting.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to assign a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance at year-end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the Fire District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at year-end.

The encumbered appropriation authority carries over into the next year. An entry will be made at the beginning of the next year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current year end.

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey fire districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey fire districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Inventories (Cont'd)**

Inventories recorded on the government-wide financial statements are recorded as expenses when consumed rather than when purchased. The Fire District did not have any significant inventory for the year ended December 31, 2017.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2017.

Short-Term Interfund Receivables / Payables

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the Fire District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the Fire District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position. In the case of gifts or contributions, such capital assets are recorded at acquisition value at the time received.

The Fire District's capitalization threshold is \$5,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|----------------------------|-------------------------------|
| Buildings | 40 Years |
| Buildings and Improvements | 25 - 40 Years |
| Vehicles | 3 - 20 Years |
| Equipment | 5 - 15 Years |
| Computer Equipment | 5 Years |

The Fire District does not possess any infrastructure assets.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources (Cont'd)**

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Fire District is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Fire District's proportion of expenses and liabilities to the pension as a whole, differences between the Fire District's pension contribution and its proportionate share of contributions, and the Fire District's pension contributions subsequent to the pension valuation measurement date.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the Fire District is eligible to realize the revenue.

Compensated Absences

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Fire District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Fire District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The Fire District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. Expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and Police and Firemen's Retirement System ("PFRS") and additions to/deductions from PERS's and PFRS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Fire District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The Fire District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The Fire District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the Fire District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Fire District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Fire District's highest level of decision-making authority, which, for the Fire District, is the Board of Fire Commissioners. Such formal action consists of an affirmative vote by the Board of Fire Commissioners, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Fire Commissioners removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance (Cont'd)**

The Fire District's classifications, and policies for determining such classifications, are as follows (cont'd):

Assigned - The assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Fire Commissioners or by the Fire Chief, to which the Board of Fire Commissioners has delegated the authority to assign amounts to be used for specific purposes. Such authority of the Fire Chief is established by way of a formal job description for the position, approved by the Board of Fire Commissioners.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the Fire District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the Fire District to spend fund balances, if appropriate, in the following order: committed, assigned, and then unassigned.

Interfund Activity

Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Accounting 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

The Fire District implemented the following GASB Statements for the year ended December 31, 2017:

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The adoption of this Statement had no impact on the basic financial statements of the Fire District.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued and Adopted Accounting Pronouncements (Cont'd)**

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of this statement had no impact on the basic financial statements of the Fire District.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements during the year ended December 31, 2017 that will become effective for the Fire District in future years as shown below:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the Fire District in the year ending December 31, 2018. Management has determined that this Statement will have an impact on the basic financial statements of the Fire District.

Statement No. 84, *Fiduciary Activities*. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the Fire District in the year ending December 31, 2018. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Fire District.

Statement No. 85, *Omnibus 2017*. The primary objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Statement will become effective for the Fire District in the year ending December 31, 2019. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Fire District.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement will become effective for the Fire District in the year ending December 31, 2020. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the Fire District.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Fire District's deposits might not be recovered. Although the Fire District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation ("FDIC"). Public funds owned by the Fire District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings or funds that may pass to the Fire District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. The entire amount of the Fire District's amount on deposit of \$2,373,530.32 was insured by either FDIC or GUDPA.

New Jersey Cash Management Fund - During the year, the Fire District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2017 the Fire District's deposits with the New Jersey Cash Management Fund were \$134,090.21.

Note 3: PROPERTY TAX LEVIES

Following is a tabulation of Fire District assessed valuations, tax levies, and property tax rates per \$100.00 of assessed valuations for the current and preceding four years:

| <u>Year</u> | <u>Assessed Valuation</u> | <u>Total Tax Levy</u> | <u>Tax Rate</u> |
|-------------|-------------------------------|---------------------------|---------------------|
| 2017 | \$ 2,639,796,149.00 | \$ 3,626,000.00 | \$.138 |
| 2016 | 2,646,066,940.00 | 3,632,040.00 | .138 |
| 2015 | 2,636,593,675.00 | 3,526,277.00 | .134 |
| 2014 | 2,627,503,750.00 | 3,460,182.00 | .132 |
| 2013 | 2,632,751,322.00 | 3,484,982.00 | .133 |

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2017 consisted of amounts owed from rescue service billings and contributions for the Length of Service Awards Program less forfeited investments. All receivables are considered collectible. The Fire District's accounts receivable as of year-end for its individual major funds and fiduciary fund is as follows:

| | <u>Government- Wide</u> | <u>General Fund</u> | <u>Fiduciary Fund</u> |
|---|-----------------------------|-------------------------|---------------------------|
| LOSAP Contributions Less Forfeited Investments | | | \$ 65,057.01 |
| Rescue Services | \$ 50,925.34 | \$ 50,925.34 | |
| Less: Allowance for Doubtful Accounts | (38,899.37) | (38,899.37) | |
| Total | <u>\$ 12,025.97</u> | <u>\$ 12,025.97</u> | <u>\$ 65,057.01</u> |

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 is as follows:

| | <u>Balance Jan. 1, 2017</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance Dec. 31, 2017</u> |
|--|---------------------------------|------------------------|--------------------|----------------------------------|
| Capital Assets that are not being Depreciated: | | | | |
| Land | \$ 35,261.46 | \$ 170,500.00 | | \$ 205,761.46 |
| Total Capital Assets not being Depreciated | <u>35,261.46</u> | <u>170,500.00</u> | <u>-</u> | <u>205,761.46</u> |
| Capital Assets that are being Depreciated: | | | | |
| Buildings | 375,820.86 | 1,104,700.00 | | 1,480,520.86 |
| Buildings and Improvements | 356,100.00 | | | 356,100.00 |
| Vehicles | 3,944,124.94 | 41,350.99 | \$ (16,500.00) | 3,968,975.93 |
| Equipment | 333,200.42 | 20,350.00 | (7,593.00) | 345,957.42 |
| Computer Equipment | 155,418.43 | | (15,463.10) | 139,955.33 |
| Total Capital Assets being Depreciated | <u>5,164,664.65</u> | <u>1,166,400.99</u> | <u>(39,556.10)</u> | <u>6,291,509.54</u> |
| Total Capital Assets, Cost | <u>5,199,926.11</u> | <u>1,336,900.99</u> | <u>(39,556.10)</u> | <u>6,497,271.00</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (73,598.24) | (11,696.98) | | (85,295.22) |
| Buildings and Improvements | (67,747.94) | (15,191.50) | | (82,939.44) |
| Vehicles | (3,143,947.71) | (158,301.66) | 16,500.00 | (3,285,749.37) |
| Equipment | (256,092.22) | (13,428.18) | 7,593.00 | (261,927.40) |
| Computer Equipment | (151,495.09) | (1,070.00) | 15,463.10 | (137,101.99) |
| Total Accumulated Depreciation | <u>(3,692,881.20)</u> | <u>(199,688.32) *</u> | <u>39,556.10</u> | <u>(3,853,013.42)</u> |
| Total Capital Assets being Depreciated, Net of Accumulated Depreciation | <u>1,471,783.45</u> | <u>966,712.67</u> | <u>-</u> | <u>2,438,496.12</u> |
| Capital Assets, Net | <u>\$ 1,507,044.91</u> | <u>\$ 1,137,212.67</u> | <u>-</u> | <u>\$ 2,644,257.58</u> |

* Depreciation expense was charged to the cost of operations and maintenance function of the Fire District.

Note 6: LONG-TERM LIABILITIES

During the year ended December 31, 2017, the following changes occurred in long-term obligations for governmental activities:

| | <u>Balance</u> <u>Jan. 1, 2017</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>Dec. 31, 2017</u> | <u>Due within</u> <u>One Year</u> |
|---|---------------------------------------|------------------------|--------------------------|--|--------------------------------------|
| Other Liabilities: | | | | | |
| Obligations under Capital Leases | | | | | |
| Compensated Absences | \$ 26,217.53 | \$ 16,139.01 | \$ (7,032.47) | \$ 35,324.07 | \$ 13,735.27 |
| Net Pension Liability | 5,719,983.00 | 4,116,165.00 | (3,714,722.00) | 6,121,426.00 | |
| Other Postemployment Benefits | 292,448.81 | 54,806.24 | | 347,255.05 | |
| | <u>6,038,649.34</u> | <u>4,187,110.25</u> | <u>(3,721,754.47)</u> | <u>6,504,005.12</u> | <u>13,735.27</u> |
| Total Other Liabilities | 6,038,649.34 | 4,187,110.25 | (3,721,754.47) | 6,504,005.12 | 13,735.27 |
| Governmental Activities Long-Term Liabilities | <u>\$ 6,038,649.34</u> | <u>\$ 4,187,110.25</u> | <u>\$ (3,721,754.47)</u> | <u>\$ 6,504,005.12</u> | <u>\$ 13,735.27</u> |

Bonds Authorized but not Issued – On November 7, 2017, the legal voters of the Fire District authorized (a) a capital improvement program consisting of (i) the acquisition of two (2) fire engine pumper trucks and one (1) fire engine pumper trucks with additional rescue capabilities, together with such other equipment as may be necessary to acquire such vehicles and make them operational, and (ii) solely to the extent that funds remain after the acquisition of the vehicles previously described, acquire back-up generators for the fire station; and (b) expend for all of the foregoing an amount not to exceed \$2,000,000.00; (c) issue and sell bonds or in the alternative bond anticipation notes of the Fire District for said purposes in the amount not to exceed \$2,000,000.00. The acquisition of new apparatus is to replace existing apparatus that will be out of commission.

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 13 for a description of the Fire District's policy.

Other Postemployment Benefits - This amount represents the actuarial valuation for the retiree health benefits in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (refer to note 10). The general fund is the fund that is required to budget and pay for retiree health benefits.

Net Pension Liability - For details on the net pension liability, refer to note 8. The Fire District's annual required contribution to the Public Employees' Retirement System and the Police and Firemen's Retirement System is budgeted and paid from the general fund on an annual basis.

Note 7: OPERATING LEASES

During the year ended December 31, 2017, the Fire District had various operating lease agreements in effect for the following: rental of office space at Cedar Brook Volunteer Fire Company and Sicklerville Fire Company, housing and maintaining of fire apparatus at four (4) fire companies within the jurisdiction of the Fire District, one (1) digital copy machine, and one (1) 2015 Spartan ER Star Series Pumper. The present value of the future minimum rental payments under the operating lease agreements are as follows:

| <u>Year Ending</u> <u>Dec. 31,</u> | <u>Amount</u> |
|---------------------------------------|----------------------|
| 2018 | \$ 181,548.36 |
| 2019 | 118,548.36 |
| 2020 | 114,548.36 |
| 2021 | 114,548.36 |
| 2022 | 8,358.06 |
| 2023-2027 | <u>40,000.00</u> |
| Total | <u>\$ 577,551.50</u> |

Note 7: OPERATING LEASES (CONT'D)

Rental payments under operating leases for the year ended December 31, 2017 were \$191,671.06.

Note 8: PENSION PLANS

A substantial number of the Fire District's employees participate in one of the following defined benefit pension plans: the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"), which are administered by the New Jersey Division of Pensions and Benefits. In addition, several Fire District employees participate in the Defined Contribution Retirement Program ("DCRP"), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plans**Plan Descriptions**

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Fire District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Police and Firemen's Retirement System - The Police and Firemen's Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. The PFRS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Fire District. The PFRS' Board of Trustees is primarily responsible for the administration of the PFRS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemen's Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier Definition

- 1 Members who were enrolled prior to May 22, 2010
- 2 Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
- 3 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Fire District's contractually required contribution rate for the year ended December 31, 2017 was 12.78% of the Fire District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$28,919.00, and is payable by April 1, 2018. Based on the PERS measurement date of June 30, 2016, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$27,379.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$16,457.44.

Police and Firemen's Retirement System - The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was 10% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Note 8: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Contributions (Cont'd)**

Police and Firemen's Retirement System (Cont'd) - Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a *special funding situation* as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to record in the government-wide financial statements or to disclose in the notes to the financial statements of the local participating employer related to this legislation.

The Fire District's contractually required contribution rate for the year ended December 31, 2017 was 21.87% of the Fire District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$309,265.00 and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the Fire District's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$205,183.00, which was paid on April 1, 2017. Employee contributions to the Plan during the year ended December 31, 2017 were \$144,866.10.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Fire District, for the year ended December 31, 2017 was 2.14% of the Fire District's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2017 is \$30,215.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Fire District, to the pension plan for the year ended December 31, 2016 was \$15,468.00, which was paid on April 1, 2017.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Fire District contributes 3% of the employees' base salary, for each pay period, to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

For the year ended December 31, 2017, employee contributions totaled \$975.46, and the Fire District's contributions were \$532.00. There were no forfeitures during the year.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Public Employees' Retirement System - At December 31, 2017 the Fire District's proportionate share of the PERS net pension liability was \$726,676.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Fire District's proportion was 0.0031216766%, which was an increase of 0.0000397945% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Fire District's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2017 measurement date was a negative \$4,885.00.

Police and Firemen's Retirement System - At December 31, 2017, the Fire District's and State of New Jersey's proportionate share of the PFRS net pension liability was as follows:

PFRS - Proportionate Share of Net Pension Liability (Table 3)

| | |
|--|------------------------|
| Fire District's Proportionate Share of Net Pension Liability | \$ 5,394,750.00 |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Fire District | <u>604,257.00</u> |
| | <u>\$ 5,999,007.00</u> |

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the Fire District's proportion was 0.0349444689%, which was an increase of 0.0097791574% from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the Fire District, was 0.0349444689%, which was an increase of 0.0097791574% from its proportion, on-behalf of the Fire District, measured as of June 30, 2016.

At December 31, 2017, the Fire District's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2017 measurement date is \$723,420.00.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Fire District, calculated by the Plan as of the June 30, 2017 measurement date is \$73,914.00. This on-behalf expense has been recognized by the Fire District in the government-wide financial statements.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2017, the Fire District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | | | <u>Deferred Inflows of Resources</u> | | |
|--|---------------------------------------|------------------------|------------------------|--------------------------------------|------------------------|------------------------|
| | <u>PERS</u> | <u>PFRS</u> | <u>Total</u> | <u>PERS</u> | <u>PFRS</u> | <u>Total</u> |
| Differences between Expected and Actual Experience | \$ 17,111.00 | \$ 34,998.00 | \$ 52,109.00 | - | \$ 31,663.00 | \$ 31,663.00 |
| Changes of Assumptions | 146,400.00 | 665,233.00 | 811,633.00 | \$ 145,864.00 | 883,502.00 | 1,029,366.00 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 4,948.00 | 102,944.00 | 107,892.00 | - | - | - |
| Changes in Proportion and Differences between Fire District Contributions and Proportionate Share of Contributions | 12,147.00 | 1,458,611.00 | 1,470,758.00 | 217,541.00 | 507,101.00 | 724,642.00 |
| Fire District Contributions Subsequent to the Measurement Date | 14,460.00 | 154,633.00 | 169,093.00 | - | - | - |
| | <u>\$ 195,066.00</u> | <u>\$ 2,416,419.00</u> | <u>\$ 2,611,485.00</u> | <u>\$ 363,405.00</u> | <u>\$ 1,422,266.00</u> | <u>\$ 1,785,671.00</u> |

\$14,460.00 and \$154,633.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans measurement date of June 30, 2017 to the Fire District's year end of December 31, 2017.

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - The Fire District will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

| | PERS | | PFRS | |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between Expected and Actual Experience | | | | |
| Year of Pension Plan Deferral: | | | | |
| June 30, 2014 | - | - | - | - |
| June 30, 2015 | 5.72 | - | - | 5.53 |
| June 30, 2016 | 5.57 | - | - | 5.58 |
| June 30, 2017 | 5.48 | - | 5.59 | - |
| Changes of Assumptions | | | | |
| Year of Pension Plan Deferral: | | | | |
| June 30, 2014 | 6.44 | - | 6.17 | - |
| June 30, 2015 | 5.72 | - | 5.53 | - |
| June 30, 2016 | 5.57 | - | 5.58 | - |
| June 30, 2017 | - | 5.48 | - | 5.59 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | | | | |
| Year of Pension Plan Deferral: | | | | |
| June 30, 2014 | - | 5.00 | - | 5.00 |
| June 30, 2015 | - | 5.00 | - | 5.00 |
| June 30, 2016 | 5.00 | - | 5.00 | - |
| June 30, 2017 | 5.00 | - | 5.00 | - |
| Changes in Proportion and Differences between Fire District Contributions and Proportionate Share of Contributions | | | | |
| Year of Pension Plan Deferral: | | | | |
| June 30, 2014 | 6.44 | 6.44 | 6.17 | 6.17 |
| June 30, 2015 | 5.72 | 5.72 | 5.53 | 5.53 |
| June 30, 2016 | 5.57 | 5.57 | 5.58 | 5.58 |
| June 30, 2017 | 5.48 | 5.48 | 5.59 | 5.59 |

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd) - Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

| Year Ending Dec 31, | <u>PERS</u> | <u>PFRS</u> | <u>Total</u> |
|--------------------------------|------------------------|----------------------|----------------------|
| 2018 | \$ (40,193.00) | \$ 296,297.00 | \$ 256,104.00 |
| 2019 | (31,486.00) | 408,438.00 | 376,952.00 |
| 2020 | (42,761.00) | 148,396.00 | 105,635.00 |
| 2021 | (53,955.00) | (61,879.00) | (115,834.00) |
| 2022 | (14,404.00) | 48,268.00 | 33,864.00 |
| | <u>\$ (182,799.00)</u> | <u>\$ 839,520.00</u> | <u>\$ 656,721.00</u> |

Actuarial Assumptions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

| | <u>PERS</u> | <u>PFRS</u> |
|--|------------------------------|------------------------------|
| Inflation Rate | 2.25% | 2.25% |
| Salary Increases: | | |
| Through 2026 | 1.65% - 4.15% Based on Age | 2.10% - 8.98% Based on Age |
| Thereafter | 2.65% - 5.15% Based on Age | 3.10% - 9.98% Based on Age |
| Investment Rate of Return | 7.00% | 7.00% |
| Mortality Rate Table | RP-2000 | RP-2000 |
| Period of Actuarial Experience Study upon which Actuarial Assumptions were Based | July 1, 2011 - June 30, 2014 | July 1, 2010 - June 30, 2013 |

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

For PERS, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For PFRS, preretirement mortality rates were based on the RP-2000 Preretirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the Plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the Plan actuary's modified 2014 projection scales and further projected on a generational basis using the Plan actuary's modified 2014 projection scales. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the Plan actuary's modified 2014 projection scales and further projected on a generational basis using the Plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's and PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Absolute Return/Risk Mitigation | 5.00% | 5.51% |
| Cash Equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.78% |
| Public High Yield | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% |
| Credit Oriented Hedge Funds | 1.00% | 6.60% |
| Debt Related Private Equity | 2.00% | 10.63% |
| Debt Related Real Estate | 1.00% | 6.61% |
| Private Real Estate | 2.50% | 11.83% |
| Equity Related Real Estate | 6.25% | 9.23% |
| U.S. Equity | 30.00% | 8.19% |
| Non-U.S. Developed Markets Equity | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% |
| Buyouts/Venture Capital | 8.25% | 13.08% |
| | <u>100.00%</u> | |

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2017 was 5.00% for PERS and 6.14% for PFRS. For both PERS and PFRS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040 for PERS and through 2057 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2040 for PERS and through 2057 for PFRS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities

Note 8: PENSION PLANS (CONT'D)**Sensitivity of Fire District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Public Employees' Retirement System (PERS) - The following presents the Fire District's proportionate share of the net pension liability at June 30, 2017, the Plan's measurement date, calculated using a discount rate of 5.00%, as well as what the Fire District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

| | PERS | | |
|---|------------------------------------|--|------------------------------------|
| | 1% Decrease (4.00%) | Current Discount Rate (5.00%) | 1% Increase (6.00%) |
| Fire District's Proportionate Share of the Net Pension Liability | \$ 901,491.00 | \$ 726,676.00 | \$ 581,034.00 |

Police and Firemen's Retirement System (PFRS) - As previously mentioned, PFRS has a special funding situation, where the State of New Jersey pays a portion of the Fire District's annual required contribution. As such, the net pension liability as of June 30, 2017, the Plan's measurement date, for the Fire District and the State of New Jersey, calculated using a discount rate of 6.14%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

| | PFRS | | |
|--|------------------------------------|--|------------------------------------|
| | 1% Decrease (5.14%) | Current Discount Rate (6.14%) | 1% Increase (7.14%) |
| Fire District's Proportionate Share of the Net Pension Liability | \$ 7,108,027.00 | \$ 5,394,750.00 | \$ 3,987,098.00 |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the Fire District | 796,158.36 | 604,257.00 | 446,588.21 |
| | <u>\$ 7,904,185.36</u> | <u>\$ 5,999,007.00</u> | <u>\$ 4,433,686.21</u> |

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and PFRS and additions to/deductions from PERS' and PFRS' respective fiduciary net position have been determined on the same basis as they are reported by PERS and PFRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS and PFRS, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 9: LENGTH OF SERVICE AWARDS PROGRAM

Plan Description - The Fire District's length of service awards program (the "Plan"), which is a defined contribution plan reported in the Fire District's fiduciary fund as a private-purpose trust, was created by a Fire District Resolution adopted on November 28, 2001 pursuant to Section 457(e)(11)(B) of the Internal 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 voters of the Fire District approved the adoption of the Plan at the general election held on February 16, 2002, and the first year of eligibility for entrance into the length of service awards program by qualified volunteers was calendar year 2002. The Plan provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel, and is administered by Lincoln National Life Insurance Company ("Plan Administrator"), a State of New Jersey approved length of service awards program provider. The Fire District's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents of the Township of Winslow come from contributions made solely by the governing body of the Fire District, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Plan Amendments - The Fire District may make minor amendments to the provisions of the Plan at any time, provided, however, that no amendment affects the rights of participants or their beneficiaries regarding vested accumulated deferrals at the time of the amendment. The Plan can only be amended by resolution of the governing body of the Fire District, and the following procedures must be followed: (a) any amendment to the Plan shall be submitted for review and approval by the Director of Local Government Services, State of New Jersey (the "Director") prior to implementation by the Fire District's governing body, provided, however, that any amendment required by the IRS, may be adopted by the Fire District's governing body without the advance approval of the Director (although such amendment shall be filed with the Director); (b) the documentation submitted to the Director shall identify the regulatory authority for the amendment and the specific language of the change; and (c) the Fire District shall adopt the amendment by resolution of the governing body, and a certified copy of the resolution shall be forwarded to the Director. The Fire District may amend the Plan agreement to accommodate changes in the Internal Revenue Code, Federal statutes, state laws or rules or operational experience. In cases of all amendments to the Plan, the Fire District shall notify all participants in writing prior to making any amendment to the Plan.

Contributions - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100.00 and a maximum contribution of \$1,150.00 per year. 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 of the State of New Jersey will issue the permitted maximum annually.

The Fire District elected to contribute \$1,704.04 for the year ended December 31, 2017, per eligible volunteer, into the Plan, depending on how many years the volunteer has served. Participants direct the investment of the contributions into various investment options offered by the Plan. The Fire District has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the Plan Administrator.

For the year ended December 31, 2017, the Fire District's expense, net of forfeitures of \$8,216.71, and outstanding liability related to the Plan was \$65,057.01 and \$73,273.72, respectively.

Note 9: LENGTH OF SERVICE AWARDS PROGRAM (CONT'D)

Participant Accounts - Each participant's account is credited with the Fire District's contribution and Plan earnings, and charged with administrative expenses. For the year ended December 31, 2017, the Fire District elected to pay substantially all of the Plan's administrative costs. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Fire District has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the Plan participants and their beneficiaries. The contributions from the Fire District to the Plan, and the related earnings, are not irrevocable, and such funds are not legally protected from the creditors of the Fire District. These funds, however, are not available for funding the operations of the Fire District.

Vesting - The Fire District, in accordance with N.J.S.A. 40A:14-188 and N.J.A.C. 5:30-11.63 may make a yearly contribution to the length of service awards program account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period or be in accordance with changes to vesting conveyed through the issuance of a Local Finance Notice and/or publication of a public notice in the New Jersey Register, with payment of that benefit only being as otherwise permitted by the Plan.

Payment of Benefits - Upon separation from volunteer service, retirement or disability, termination of the Plan, participants may select various payout options of vested accumulated deferrals, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate.

In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals.

Forfeited Accounts - For the year ended December 31, 2017, forfeited non-vested accounts totaled \$8,216.71. The Forfeited accounts were forfeited to the Fire District.

Investments - The investments of the length of service awards program reported on the statement of fiduciary net position are recorded at fair value.

Plan Information - Additional information about the Fire District's length of service awards program can be obtained by contacting the Plan Administrator.

Note 10: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**Southern New Jersey Regional Employee Benefit Fund**

Plan Description - The Fire District provides administrative employees with postretirement health care benefits through the Winslow Township Fire District No. 1 health benefits plan for retirees, which includes a medical, dental, and prescription plan. The Fire District's plan provides an agent multiple-employer post-employment healthcare plan which covers the following retiree population: eligible retirees who retire from active employment with the Winslow Township Fire District with at least twenty-five (25) years of service with Fire District or employees upon retirement who have reached the age of sixty-two (62) years or older with at least fifteen (15) years of service with the Fire District. The same coverage that is in effect on the date of the employee's retirement is provided for the retirees and their spouse. The coverage shall cease for the retiree and spouse when the retiree becomes eligible for Medicare / Medicaid or both, and any and all supplemental coverage payments for which the Fire District is responsible to pay on behalf of the retiree shall cease at that time. Currently, there are no employees who meet these eligibility requirements. This provision is part of a Labor Agreement between the Board of Fire Commissioners, Winslow Township Fire District No. 1, and the Camden County Uniformed Fire Fighters Association International Association of Fire Fighters Local 3249 A.F.L.-C.I.O.-C.L.C. The plan is administered by the Fire District; therefore, premium payments are made directly to the insurance carriers.

Note 10: POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN (CONT'D)**Southern New Jersey Regional Employee Benefit Fund (Cont'd)**

Funding Policy - The contribution requirements of plan members and the Fire District are established and may be amended by the Fire District's Board of Fire Commissioners. Plan members receiving benefits who have twenty-five (25) years of service at retirement will contribute thirty-five percent (35%) of the total cost of the medical benefits, per retiree and spouse per year. Plan members receiving benefits who have fifteen (15) years of service at retirement will contribute forty-five percent (45%) of the total cost of the medical benefits, per retiree and spouse per year.

Retirees - For the years 2017, 2016, and 2015, there are no retirees receiving postemployment health care benefits; therefore, the Fire District did not contribute to the plan for the aforementioned years.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Fire District is required to expense the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of future retirees. The current ARC was determined to be \$59,600.00 at an unfunded discount rate of 4.50%. In 2017, the Fire District has accrued the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Annual OPEB Cost - For 2017, the Fire District's annual OPEB cost (expense) of \$54,806.24 for the plan was equal to the ARC plus interest on the net OPEB obligation, decreased by the adjustment to the ARC. The Fire District's annual required contribution (ARC), interest on the net OPEB obligation, adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for 2017, 2016, and 2015 is as follows:

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------------|----------------------|----------------------|
| Annual Required Contribution (ARC) | \$ 59,600.00 | \$ 53,797.00 | \$ 53,797.00 |
| Interest on the Net OPEB Obligation | 13,160.20 | 10,918.29 | 8,639.02 |
| Adjustment to the ARC | <u>(17,953.96)</u> | <u>(14,895.16)</u> | <u>(11,785.70)</u> |
| Annual OPEB Cost | 54,806.24 | 49,820.13 | 50,650.32 |
| Pay-as-You Go Cost (Existing Retirees) | <u>-</u> | <u>-</u> | <u>-</u> |
| Increase (Decrease) in the Net OPEB Obligation | 54,806.24 | 49,820.13 | 50,650.32 |
| Net OPEB Obligation, January 1 | <u>292,448.81</u> | <u>242,628.68</u> | <u>191,978.36</u> |
| Net OPEB Obligation, December 31 | <u>\$ 347,255.05</u> | <u>\$ 292,448.81</u> | <u>\$ 242,628.68</u> |
| Percentage of Annual OPEB Cost Contributed | 0.0% | 0.0% | 0.0% |

Note 10: POSTEMPLOYMENT HEALTHCARE BENEFITS PLAN (CONT'D)**Southern New Jersey Regional Employee Benefit Fund (Cont'd)**

Funded Status and Funding Progress - The funded status of the plan as of the December 31, 2017 actuarial valuation was as follows:

| | |
|---|----------------------|
| Actuarial Accrued Liability (AAL) | \$ 462,407.00 |
| Actuarial Value of Plan Assets | - |
| | <hr/> |
| Unfunded Actuarial Accrued Liability (UAAL) | <u>\$ 462,407.00</u> |
| Funded Ratio (Actuarial Value of Plan Assets / AAL) | 0.0% |
| Covered Payroll (Active Plan Members) | \$ 223,009.13 |
| UAAL as a Percentage of Covered Payroll | 207.3% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2017 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality.* RP 2000 combined healthy male mortality rates set forward three years.
- *Turnover.* NJ state pensions ultimate withdrawal rates - prior to benefits eligibility.
- *Assumed Retirement Age.* At first eligibility after completing 25 years of service.
- *Full Attribution Period.* Service to assumed retirement age.
- *Annual Discount Rate.* 4.50%.
- *Medical Trend.* 6% in 2017, reducing by 0.1% per annum, leveling at 5% per annum in 2026.
- *Medical Cost Aging Factor.* NJ SHBP medical morbidity rates.
- *Retiree Contributions.* Retirees contribute 35% of premiums.

Note 11: RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Fire District maintains commercial insurance coverage for property, liability, and surety bonds.

New Jersey Unemployment Compensation Insurance - The Fire District has elected to fund its New Jersey Unemployment Compensation Insurance by the "contributions" method. Under this method, a contribution rate is established annually for the Fire District share of unemployment tax. This rate is based on cost experience for all government employers.

Note 12: DEFERRED COMPENSATION

The Fire District offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Fire District or its creditors. Since the Fire District does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Fire District's financial statements.

Note 13: COMPENSATED ABSENCES

The Fire District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Fire District employees earn paid vacation, personal, sick and compensation leave based upon individual employment contracts. Vacation, sick and compensation leave not used during the year may be accumulated up to a maximum number of hours based upon individual employment contracts. At time of termination or retirement, employees are compensated at their current rate of pay for unused time accordance with such employment contracts.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of December 31, 2017, the liability for compensated absences reported on the government-wide statement of net position was \$35,324.07.

Note 14: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances at December 31, 2017 is as follows:

| <u>Fund</u> | <u>Interfunds Receivable</u> | <u>Interfunds Payable</u> |
|-------------|----------------------------------|-------------------------------|
| General | | \$ 65,057.01 |
| Fiduciary | \$ 65,057.01 | |
| | <u>\$ 65,057.01</u> | <u>\$ 65,057.01</u> |

The interfund receivables and payables above resulted from the Fire District's contribution for the length of service awards program in the amount of \$73,273.72 less the forfeited length of service awards program investments in the amount of \$8,216.71 for the year ended December 31, 2017. During the year 2018, the Fire District expects to liquidate such interfund.

Note 15: CONCENTRATIONS

A significant source of revenue for the Fire District comes from its ability to levy property taxes (see note 1 for detail on property taxes). The ability to levy property taxes, and the limits to which property taxes can be levied, are promulgated by State statute. As a result of this dependency, the Fire District's operations are significantly reliant and impacted by State laws and regulations regarding property taxes.

Note 16: FUND BALANCES APPROPRIATED - GENERAL FUND

The 2018 annual budget of the Fire District was adopted on January 22, 2018 and subsequently approved by the voters at the annual election held on February 17, 2018. The adopted budget utilized \$514,414.00 of fund balance in the general fund.

The following presents the total fund balance of the general fund as of the end of the last five years and the amount utilized in the subsequent year's budget:

| <u>Year</u> | <u>Balance Dec. 31</u> | <u>Utilization in Subsequent Budget</u> |
|-------------|----------------------------|---|
| 2017 | \$ 2,378,210.40 | \$ 514,414.00 |
| 2016 | 2,769,625.52 | 609,925.00 |
| 2015 | 2,617,109.93 | 344,794.00 |
| 2014 | 2,329,883.94 | 348,882.00 |
| 2013 | 1,926,098.00 | 395,843.00 |

Note 17: FUND BALANCES**NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable fund balances of the Fire District, as of December 31, 2017, are summarized as follows:

General Fund - The Fire District records inventory utilizing the consumption method of accounting. As a result, because inventory is recorded as an asset, even though it does not represent expendable financial resources, it is necessary to set aside fund balance at year-end by an amount equal to the carrying value of the inventory. As of December 31, 2017, the nonspendable fund balance was \$84,219.39.

RESTRICTED

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the Fire District's fund balance are summarized as follows:

General Fund -

Capital Projects (Future Capital Outlays) - These funds are restricted for future capital expenditures to be made in future years. When the Fire District desires to utilize these funds in their annual budget, a capital resolution must be passed by the Board of Fire Commissioners prior to any expenditure against a capital appropriation. As of December 31, 2017, the balance is \$10,000.00.

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the Fire District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the Fire District's fund balance are summarized as follows:

General Fund

Other Purposes - As of December 31, 2017, the Fire District had \$163,143.88 of encumbrances outstanding for purchase orders and contracts signed by the Fire District, but not completed, as of the close of the year.

For Subsequent Year's Expenditures - The Fire District has appropriated and included as an anticipated revenue for the year ending December 31, 2018, \$514,414.00 of general fund balance at December 31, 2017.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The Fire District's unassigned fund balance is summarized as follows:

General Fund - As of December 31, 2017, \$1,606,433.13 of general fund balance was unassigned.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2017

| | <u>Original Budget</u> | <u>Budget Modifications / Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative) Final to Actual</u> |
|--|----------------------------|---|-------------------------|---------------|---|
| REVENUES: | | | | | |
| Miscellaneous Anticipated Revenues: | | | | | |
| Interest on Investments and Deposits | \$ 1,230.00 | | \$ 1,230.00 | \$ 3,470.87 | \$ 2,240.87 |
| Other Revenue | 40,500.00 | | 40,500.00 | 59,061.19 | 18,561.19 |
| Total Miscellaneous Anticipated Revenues | 41,730.00 | - | 41,730.00 | 62,532.06 | 20,802.06 |
| Operating Grant Revenue: | | | | | |
| Supplemental Fire Services Grant (P.L. 1985, Ch. 295) | 7,652.00 | - | 7,652.00 | 7,652.00 | - |
| Miscellaneous Revenues Offset with Appropriations: | | | | | |
| Uniform Fire Safety Act (P.L. 1983, Ch. 383): | | | | | |
| Annual Registration Fees | 107,770.00 | - | 107,770.00 | 138,724.94 | 30,954.94 |
| Amount to be Raised by Taxation to Support the District Budget | 3,626,000.00 | - | 3,626,000.00 | 3,626,000.00 | - |
| Total Anticipated Revenues | 3,783,152.00 | - | 3,783,152.00 | 3,834,909.00 | 51,757.00 |
| Non-Budgetary Revenues: | | | | | |
| Miscellaneous | - | - | - | 105,732.34 | 105,732.34 |
| Total Revenues | 3,783,152.00 | - | 3,783,152.00 | 3,940,641.34 | 157,489.34 |

(Continued)

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2017

| | Original <u>Budget</u> | Budget Modifications / <u>Transfers</u> | Final <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) <u>Final to Actual</u> |
|---|---------------------------|---|------------------------|-------------------|---|
| EXPENDITURES: | | | | | |
| Operating Appropriations: | | | | | |
| Administration: | | | | | |
| Salary and Wages: | | | | | |
| Commissioners | \$ 28,000.00 | | \$ 28,000.00 | \$ 27,999.60 | \$ 0.40 |
| Fire Chief | 114,213.00 | | 114,213.00 | 114,183.73 | 29.27 |
| Deputy Chief | 1.00 | | 1.00 | | 1.00 |
| Administrative Clerk | 64,543.00 | \$ 6,679.69 | 71,222.69 | 70,606.50 | 616.19 |
| Principal Account Clerk | 54,871.00 | | 54,871.00 | 54,870.48 | 0.52 |
| Principal Clerk Typist | 50,357.00 | 0.31 | 50,357.31 | 50,357.31 | |
| Sick Time Buyout | 1.00 | | 1.00 | | 1.00 |
| Vacation Buyback | 2,211.00 | | 2,211.00 | 2,210.84 | 0.16 |
| Overtime | 3,000.00 | 2,000.00 | 5,000.00 | 3,863.70 | 1,136.30 |
| Longevity - Administrative Clerk | 1,291.00 | 125.00 | 1,416.00 | 1,409.64 | 6.36 |
| Longevity - Principal Account Clerk | 755.00 | 69.76 | 824.76 | 823.16 | 1.60 |
| Longevity - Principal Clerk Typist | 823.00 | 184.24 | 1,007.24 | 1,007.24 | |
| Business Administrator | 1.00 | | 1.00 | | 1.00 |
| Fringe Benefits | 143,242.00 | (934.07) | 142,307.93 | 136,692.58 | 5,615.35 |
| Other Expenses: | | | | | |
| District Employee Expenses | 700.00 | (43.35) | 656.65 | 207.95 | 448.70 |
| Insurance | 372,500.00 | (56,900.71) | 315,599.29 | 311,807.58 | 3,791.71 |
| Membership Dues / Subscriptions | 3,700.00 | | 3,700.00 | 3,542.50 | 157.50 |
| Office Supplies / Printing / Postage / Shipping | 16,057.91 | 2,100.00 | 18,157.91 | 14,910.25 | 3,247.66 |
| Professional Services | 109,452.00 | 5,825.92 | 115,277.92 | 105,558.92 | 9,719.00 |
| Advertising | 3,223.10 | 1,400.00 | 4,623.10 | 4,472.23 | 150.87 |
| Election | 3,000.00 | 2,000.00 | 5,000.00 | 4,535.52 | 464.48 |
| Total Administration | 971,942.01 | (37,493.21) | 934,448.80 | 909,059.73 | 25,389.07 |

(Continued)

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Required Supplementary Information - Part II
 General Fund
 Budgetary Comparison Schedule
 For the Year Ended December 31, 2017

| | Original <u>Budget</u> | Budget Modifications / <u>Transfers</u> | Final <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) <u>Final to Actual</u> |
|---|---------------------------|---|------------------------|---------------------|---|
| EXPENDITURES (CONT'D): | | | | | |
| Operating Appropriations (Cont'd): | | | | | |
| Cost of Operations and Maintenance: | | | | | |
| Salary and Wages: | | | | | |
| Captains | \$ 341,252.00 | \$ 0.06 | \$ 341,252.06 | \$ 341,252.05 | \$ 0.01 |
| Firefighters | 1,032,136.00 | (73,433.06) | 958,702.94 | 949,066.21 | 9,636.73 |
| S&W Extra Time | 50,000.00 | 69,947.43 | 119,947.43 | 119,947.43 | |
| S&W Overtime | 23,500.00 | 20,000.00 | 43,500.00 | 41,441.29 | 2,058.71 |
| Compensation Time | 20,000.00 | 8,990.57 | 28,990.57 | 23,969.86 | 5,020.71 |
| Promotional Adjustment | 15,500.00 | (15,460.97) | 39.03 | | 39.03 |
| Fringe Benefits | 696,754.00 | (19,783.26) | 676,970.74 | 649,232.52 | 27,738.22 |
| Other Expenses: | | | | | |
| Other Rentals and Leases | 4,100.00 | 114.92 | 4,214.92 | 3,128.42 | 1,086.50 |
| Contracted Services | 283,800.00 | 9,916.67 | 293,716.67 | 189,316.67 | 104,400.00 |
| Other Outside Services | 18,400.00 | 13,795.00 | 32,195.00 | 29,987.03 | 2,207.97 |
| Public Relations | 23,770.49 | | 23,770.49 | 22,654.45 | 1,116.04 |
| Training and Education | 36,069.25 | 1,380.04 | 37,449.29 | 32,703.40 | 4,745.89 |
| Fire Equipment | 52,844.36 | (2,900.00) | 49,944.36 | 36,950.15 | 12,994.21 |
| Members' Reimbursement for Expenses | 70,500.00 | (7,988.00) | 62,512.00 | 57,633.27 | 4,878.73 |
| Duty Crew | 107,500.00 | (2,000.00) | 105,500.00 | 94,105.20 | 11,394.80 |
| Uniforms and Personal Equipment | 28,970.05 | 843.35 | 29,813.40 | 17,166.81 | 12,646.59 |
| Operating Materials | 78,246.59 | (12,025.48) | 66,221.11 | 59,947.16 | 6,273.95 |
| Utilities and Related Services | 189,081.00 | 9,782.00 | 198,863.00 | 165,770.94 | 33,092.06 |
| Maintenance and Repairs | 367,820.82 | 7,375.97 | 375,196.79 | 324,284.15 | 50,912.64 |
| Supplemental Fire Services Grant | 15,131.00 | | 15,131.00 | 15,015.80 | 115.20 |
| Computers & GIS Hardware | 43,964.91 | 41,018.10 | 84,983.01 | 77,206.92 | 7,776.09 |
| Total Cost of Operations and Maintenance | 3,499,340.47 | 49,573.34 | 3,548,913.81 | 3,250,779.73 | 298,134.08 |

(Continued)

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1

Required Supplementary Information - Part II

General Fund

Budgetary Comparison Schedule

For the Year Ended December 31, 2017

| | Original Budget | Budget Modifications / Transfers | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|---------------------|--|---------------------|------------------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Operating Appropriations (Cont'd): | | | | | |
| Operating Appropriations Offset with Revenues: | | | | | |
| Salary and Wages: | | | | | |
| Senior Clerk Typist | \$ 47,237.00 | | \$ 47,237.00 | \$ 47,174.84 | \$ 62.16 |
| S & W Overtime | 500.00 | | 500.00 | 87.89 | 412.11 |
| Longevity - Senior Clerk Typist | 709.00 | \$ 236.17 | 945.17 | 944.84 | 0.33 |
| Fringe Benefits | 35,674.00 | (316.30) | 35,357.70 | 33,293.68 | 2,064.02 |
| Other Expenses - USFA | 24,968.40 | | 24,968.40 | 17,442.03 | 7,526.37 |
| | <u>109,088.40</u> | <u>(80.13)</u> | <u>109,008.27</u> | <u>98,943.28</u> | <u>10,064.99</u> |
| Total Operating Appropriations Offset with Revenues | | | | | |
| Length of Service Award Program (LOSAP) - Contribution (P.L. 1997, c. 388) | 100,140.00 | (12,000.00) | 88,140.00 | 73,273.72 | 14,866.28 |
| | <u>4,680,510.88</u> | <u>-</u> | <u>4,680,510.88</u> | <u>4,332,056.46</u> | <u>348,454.42</u> |
| Total Expenditures | | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(897,358.88)</u> | <u>-</u> | <u>(897,358.88)</u> | <u>(391,415.12)</u> | <u>505,943.76</u> |
| Fund Balance, January 1 | | | | <u>2,769,625.52</u> | |
| Fund Balance, December 31 | | | | <u>\$ 2,378,210.40</u> | |
| Recapitulation: | | | | | |
| Nonspendable | | | | \$ 84,219.39 | |
| Restricted | | | | 10,000.00 | |
| Assigned | | | | | |
| Year-End Encumbrances | | | | 163,143.88 | |
| For Subsequent Year's Expenditures | | | | 514,414.00 | |
| Unassigned | | | | <u>1,606,433.13</u> | |
| | | | | <u>\$ 2,378,210.40</u> | |

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Required Supplementary Information - Part II
 Budgetary Comparison Schedule
 Notes to Required Supplementary Information
 For the Year Ended December 31, 2017

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|--|-------------------------|-------------------------------------|
| Sources / Inflows of Resources: | | |
| Actual amounts (budgetary basis) "total revenue" from the budgetary comparison schedule(s). | <u>\$ 3,940,641.34</u> | <u>-</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2) | <u>\$ 3,940,641.34</u> | <u>-</u> |
| Uses / Outflows of Resources: | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule(s) and summary statement of project expenditures. | <u>\$ 4,332,056.46</u> | <u>-</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. (B-2) | <u>\$ 4,332,056.46</u> | <u>-</u> |

**REQUIRED SUPPLEMENTARY INFORMATION
PART III**

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS
AND LENGTH OF SERVICE AWARD PROGRAM**

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Schedule of the Fire District's Proportionate Share of the Net Pension Liability
 Public Employees' Retirement System (PERS)
Last Five Plan Years

| | <u>Measurement Date Ended June 30,</u> | | | | |
|---|--|---------------|-----------------|---------------|---------------|
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Fire District's Proportion of the Net Pension Liability | 0.0031216766% | 0.0030818821% | 0.0047906800% | 0.0047859886% | 0.0047220922% |
| Fire District's Proportionate Share of the Net Pension Liability | \$ 726,676.00 | \$ 912,765.00 | \$ 1,075,412.00 | \$ 896,068.00 | \$ 902,486.00 |
| Fire District's Covered Payroll (Plan Measurement Period) | \$ 216,272.00 | \$ 212,012.00 | \$ 297,612.00 | \$ 339,240.00 | \$ 333,468.00 |
| Fire District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 336.00% | 430.53% | 361.35% | 264.14% | 270.64% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 48.10% | 40.14% | 47.93% | 52.08% | 48.72% |

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Schedule of the Fire District's Contributions
 Public Employees' Retirement System (PERS)
Last Five Years

| | <u>Year Ended December 31,</u> | | | | |
|---|--------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Fire District's Contractually Required Contribution | \$ 28,919.00 | \$ 27,379.00 | \$ 41,187.00 | \$ 39,455.00 | \$ 35,580.00 |
| Fire District's Contribution in Relation to the Contractually Required Contribution | <u>(28,919.00)</u> | <u>(27,379.00)</u> | <u>(41,187.00)</u> | <u>(39,455.00)</u> | <u>(35,580.00)</u> |
| Fire District's Contribution Deficiency (Excess) | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |
| Fire District's Covered Payroll (Calendar Year) | \$ 226,324.00 | \$ 216,272.00 | \$ 212,945.00 | \$ 266,521.00 | 331,913.00 |
| Fire District's Contributions as a Percentage of Covered Payroll | 12.78% | 12.66% | 19.34% | 14.80% | 10.72% |

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Schedule of the Fire District's Proportionate Share of the Net Pension Liability
 Police and Firemen's Retirement System (PFRS)
Last Five Plan Years

| | <u>Measurement Date Ended June 30,</u> | | | | |
|--|--|------------------------|------------------------|------------------------|------------------------|
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Fire District's Proportion of the Net Pension Liability | 0.0349444689% | 0.0251653115% | 0.0308050366% | 0.0301876498% | 0.0259789996% |
| Fire District's Proportionate Share of the Net Pension Liability | \$ 5,394,750.00 | \$ 4,807,218.00 | \$ 5,131,045.00 | \$ 3,797,326.00 | \$ 3,453,674.00 |
| State's Proportionate Share of the Net Pension Liability associated with the Fire District | <u>604,257.00</u> | <u>403,687.00</u> | <u>449,975.00</u> | <u>408,908.00</u> | <u>321,924.00</u> |
| Total | <u>\$ 5,999,007.00</u> | <u>\$ 5,210,905.00</u> | <u>\$ 5,581,020.00</u> | <u>\$ 4,206,234.00</u> | <u>\$ 3,775,598.00</u> |
| Fire District's Covered Payroll (Plan Measurement Period) | \$ 1,097,144.00 | \$ 740,952.00 | \$ 893,452.00 | \$ 947,436.00 | \$ 815,304.00 |
| Fire District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 491.71% | 648.79% | 574.29% | 400.80% | 423.61% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 58.60% | 52.01% | 56.31% | 62.41% | 58.70% |

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Schedule of the Fire District's Contributions
 Police and Firemen's Retirement System (PFRS)
Last Five Years

| | <u>Year Ended December 31,</u> | | | | |
|---|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Fire District's Contractually Required Contribution | \$ 309,265.00 | \$ 205,183.00 | \$ 250,399.00 | \$ 231,862.00 | \$ 189,537.00 |
| Fire District's Contribution in Relation to the Contractually Required Contribution | <u>(309,265.00)</u> | <u>(205,183.00)</u> | <u>(250,399.00)</u> | <u>(231,862.00)</u> | <u>(189,537.00)</u> |
| Fire District's Contribution Deficiency (Excess) | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |
| Fire District's Covered Payroll (Calendar Year) | \$ 1,413,809.00 | \$ 1,143,116.00 | \$ 828,928.00 | \$ 853,363.00 | \$ 921,238.00 |
| Fire District's Contributions as a Percentage of Covered Payroll | 21.87% | 17.95% | 30.21% | 27.17% | 20.57% |

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Schedule of the Fire District's Contributions
 Length of Service Award Program
Last Four Years

| | <u>Year Ended December 31,</u> | | | |
|--|--------------------------------|--------------------|--------------------|--------------------|
| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Fire District's Plan Calculated Contribution | \$ 73,273.72 | \$ 41,250.40 | \$ 47,296.28 | \$ 61,690.80 |
| Fire District's Contributions in Relation to the Plan Calculated Contribution | <u>(73,273.72)</u> | <u>(41,250.40)</u> | <u>(47,296.28)</u> | <u>(61,690.80)</u> |
| Fire District's Plan Calculated Contribution Deficiency (Excess) | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Required Supplementary Information - Part III
 Notes to Required Supplementary Information - Part III
 For the Year Ended December 31, 2017

Public Employees' Retirement System (PERS)

Changes in Benefit Terms:

None

Changes in Assumptions:

For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

Police and Firemen's Retirement System (PFRS)

Changes in Benefit Terms:

In 2017, Chapter 26, P.L. 2016 increased the accidental death benefit payable to children if there is no surviving spouse to 70% of final compensation.

Changes in Assumptions:

For 2017, the discount rate changed to 6.14% and the long-term rate of returned changed to 7.00%. For 2016, the discount rate changed to 5.55%, the long-term expected rate of return changed to 7.65% from 7.90%, and the mortality improvement scale incorporated the plan actuary's modified 2014 projection scale. Further, salary increases were assumed to increase between 2.10% and 8.98% (based on age) through fiscal year 2026 and 3.10% and 9.98% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 5.79% and demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study. For 2014, the discount rate was 6.32%.

Length of Service Award Program (LOSAP)

The Fire District may contribute an amount per eligible volunteer in accordance with the Plan document. The amount that the Fire District elected to contribute to an eligible volunteer ranged from \$1,028.18 in 2014 to \$1,704.04 in 2017.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV**

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR OTHER
POSTEMPLOYMENT BENEFITS**

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
 Required Supplementary Information - Part IV
 Schedule of Funding Progress for Health Benefits Plan

| Actuarial Valuation Date <u>Date</u> | Actuarial Value of Assets <u>(a)</u> | Actuarial Accrued Liability (AAL) - Projected Unit Credit <u>(b)</u> | Unfunded AAL (UAAL) <u>(b-a)</u> | Funded Ratio <u>(a/b)</u> | Covered Payroll <u>(c)</u> | UAAL as a Percentage of Covered Payroll <u>[(b-a)/c]</u> |
|---|---|--|---|---------------------------------|----------------------------------|--|
| 12/31/17 | - | \$ 462,407.00 | \$ 462,407.00 | - | \$ 223,009.13 | 207.3% |
| 12/31/14 | - | \$ 379,210.00 | \$ 379,210.00 | - | \$ 208,418.30 | 181.9% |
| 12/31/11 | - | \$ 280,680.00 | \$ 280,680.00 | - | \$ 186,131.37 | 150.8% |

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
Schedule of Findings and Recommendations
For the Year Ended December 31, 2017

Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

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TOWNSHIP OF WINSLOW FIRE DISTRICT NO. 1
Summary Schedule of Prior Year Audit Findings
and Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

None.

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APPRECIATION

We express our appreciation for the assistance and courtesies rendered by the Fire District officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

APPENDIX C

FORM OF BOND COUNSEL'S OPINION



March __, 2019

The Commissioners of Fire District No. 1,
in the Township of Winslow,
County of Camden, New Jersey
9 Cedar Brook Road
Sicklerville, New Jersey

RE: \$2,000,000 THE COMMISSIONERS OF FIRE DISTRICT NO. 1, IN THE TOWNSHIP OF WINSLOW, COUNTY OF CAMDEN, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2019

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Bonds"), by The Commissioners of Fire District No. 1, in the Township of Winslow, County of Camden, New Jersey ("Board" when referring to the governing body and "Fire District" when referring to the legal entity governed by the Board).

The Bonds are being issued pursuant to: (i) Title 40A, Chapter 14, Section 70 *et seq.*, of the New Jersey Statutes, as amended and supplemented ("Fire District Law"); and (ii) a resolution duly adopted by the Board on January 15, 2019 ("Resolution"); and (iii) a Certificate of Determination and Award dated February __, 2019 ("Award Certificate"). The Bonds are authorized by a proposal duly adopted by the Board on August 28, 2017, and approved by the legal voters of the Fire District at the annual election held on November 7, 2017.

The Bonds are dated their date of delivery and mature on March 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the rates per annum below, payable semi-annually on March 1 and September 1, commencing September 1, 2019, in each year until maturity.

| <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-------------|-------------------------|----------------------|-------------|-------------------------|----------------------|
| 2020 | \$170,000 | % | 2025 | \$200,000 | % |
| 2021 | 175,000 | | 2026 | 210,000 | |
| 2022 | 180,000 | | 2027 | 220,000 | |
| 2023 | 190,000 | | 2028 | 225,000 | |
| 2024 | 195,000 | | 2029 | 235,000 | |

The Bonds are issued in fully registered book-entry-only form without coupons and are not subject to redemption prior to their stated maturity dates.

COUNSEL WHEN IT MATTERS.SM



The Bonds are being issued to provide funds which will be used to: (i) acquire two (2) Fire Engine Pumper Trucks and one (1) Fire Engine Pumper Truck with Additional Rescue Capabilities, together with the acquisition of all equipment necessary therefor or related thereto; (ii) solely to the extent that funds remain after the acquisition of the vehicles described in (i) above, acquire back-up generators for the Fire Districts fire stations; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Fire District Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Resolution, the Award Certificate, a certification of officials of the Fire District ("Nonarbitrage Certificate") having the responsibility for issuing the Bonds, given pursuant to the Code and the other certifications, instruments, documents and opinions listed in the closing agenda prepared in connection with the settlement of the Bonds.

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, instruments and certifications examined including, without limiting the generality of the foregoing, the Nonarbitrage Certificate.

Based upon and subject to the foregoing, we are of the following opinion:

1. The Bonds are legal, valid and binding obligations of the Fire District enforceable in accordance with the respective terms thereof, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

2. For the payment of principal of and interest on the Bonds, the Fire District has the power and is obligated, to the extent payment is not otherwise provided, to levy *ad valorem* taxes upon all taxable property within the Fire District without limitation as to rate or amount, except to the extent that enforcement thereof may be affected by Creditors' Rights Limitations.

3. Interest on the Bonds will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.



In rendering this opinion, we have assumed continuing compliance by the Fire District that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Fire District to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Fire District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

Owners of the Bonds should consult their own tax advisers as to the applicability and effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on passive investment income of S corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

4. Interest on the Bonds and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof.



We express no opinion as to any matter not set forth in the numbered paragraphs above including, without limitation, any financial or other information which has been or may be supplied to purchasers of the Bonds.

The opinions expressed in the numbered paragraphs above are being rendered on the basis of federal law and the laws of the State of New Jersey, as presently enacted and construed, and we assume no responsibility to advise any party as to any changes in law or fact subsequent to the date hereof.

This is only an opinion letter and not a warranty or guaranty of the matters discussed above.

This letter is being provided solely for the benefit of the Fire District and may not be relied upon by any other person, party, firm or organization without our prior written consent.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ___th day of March, 2019 by and between The Commissioners of Fire District No. 1, in the Township of Winslow, County of Camden, New Jersey ("Fire District") and Phoenix Advisors, LLC, Bordentown, New Jersey ("Dissemination Agent"). This Disclosure Agreement is entered into in connection with the issuance and sale by the Fire District of its General Obligation Bonds, Series 2019, in the aggregate principal amount of \$2,000,000 ("Bonds").

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the "Bondholders") and in compliance with the provisions of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission ("SEC") pursuant to the Securities Exchange Act of 1934 ("Exchange Act"), as it may be amended and supplemented from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds ("Rule").

SECTION 2. Definitions. Capitalized terms, not otherwise defined herein, shall, for purposes of this Disclosure Agreement, have the following meanings:

"Annual Report" shall mean the Fire District's Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the Fire District or the Dissemination Agent is authorized by law or contract to remain closed.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the National Repository pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the National Repository pursuant to Section 3(c) hereof.

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"National Repository" shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC as a repository for purposes of the Rule.

"Opinion of Counsel" shall mean a written opinion of counsel expert in federal securities law acceptable to the Fire District.

"SEC Release" shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

SECTION 3. Provision of Annual Report.

(a) The Fire District shall not later than 270 days after the end of its fiscal year (currently December 31) during which any of the Bonds remain Outstanding provide to the Dissemination Agent the Fire District's Annual Report prepared for the preceding fiscal year of the Fire District. Each Annual Report provided to the Dissemination Agent by the Fire District shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

(b) The Dissemination Agent, promptly (within fifteen (15) Business Days) after receiving the Annual Report from the Fire District, shall submit the Annual Report received by it to the National Repository and thereafter shall file a written report with the Fire District certifying that the Annual Report has been provided pursuant to this Agreement, stating the date it was provided to the National Repository.

(c) If the Fire District fails to provide the Annual Report to the Dissemination Agent by the dates required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Fire District advising of such failure. Whether or not such notice is given or received, if the Fire District thereafter fails to submit the Annual Report to the Dissemination Agent within fifteen (15) Business Days after the Annual Report was due pursuant to the provisions of subsection (a) of this Section 3, the Dissemination Agent shall promptly send a notice to the National Repository in substantially the form attached as Exhibit "A" hereto.

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) the Fire District's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, dated February __, 2019 ("Official Statement"), audited by an independent certified public accountant, provided that the annual audited financial statements of the Fire District may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Fire District are included in the Annual Report; and (ii) the general financial information and operating data of the Fire District consistent with the information set forth in Appendix A to the Official Statement under the headings of "2019 Fire District Final Budget", "Net Assessed Valuations and Annual Tax Rates", "Township of Winslow Fire District No. 1 Historical Revenues, Expenditures, and Changes in Fund Balances", "Schedule of Debt Service". Each annual audited financial statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the New Jersey Department of Education as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events ("Listed Events"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation of the Fire District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Fire District, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Fire District, any of which reflect financial difficulties.

(b) The Fire District shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) and (15) of subsection (a) of this Section 5, the Fire District may, but shall not be required to, rely conclusively on an Opinion of Counsel.

(c) If the Dissemination Agent has been instructed by the Fire District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the National Repository within five (5) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Fire District.

SECTION 6. Termination of Disclosure Agreement. This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Fire District is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Fire District and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver (supported by an Opinion of Counsel) is: (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Fire District, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of Bondholders. The Fire District shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Fire District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Fire District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default and Remedies. In the event of a failure of the Fire District to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Bondholder may (and, at the written request of Bondholders of at least twenty-five percent (25%) of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Fire District to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Fire District to comply with this Disclosure Agreement shall be an action to compel performance. A failure of the Fire District to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds.

SECTION 10. Notices. All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Fire District:

The Commissioners of Fire District No. 1,
in the Township of Winslow,
County of Camden, New Jersey
9 Cedar Brook Road
Sicklerville, New Jersey 08081
Attention: Anthony Sirolli, Chairman

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505
Attention: Compliance Department

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 10 for the giving of notice.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Fire District, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

SECTION 12. Submission of Information to MSRB. Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 13. Compensation. The Fire District shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

SECTION 14. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Fire District, or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 17. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 18. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**THE COMMISSIONERS OF FIRE DISTRICT NO. 1,
IN THE TOWNSHIP OF WINSLOW, COUNTY OF
CAMDEN, NEW JERSEY**

By: _____
ANTHONY SIROLI, Chairman

**PHOENIX ADVISORS, LLC,
as Dissemination Agent**

By: _____
SHERRY L. TRACEY, Senior Managing Director

EXHIBIT A

**NOTICE TO THE NATIONAL REPOSITORY OF
FAILURE TO FILE AN ANNUAL REPORT**

Name of Issuer: The Commissioners of Fire District No. 1, in the Township of Winslow,
County of Camden, New Jersey

Name of Bond Issues Affected: \$2,000,000 General Obligation Bonds, Series 2019

Date of Issuance of the Affected Bond Issue: March __, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated March __, 2019, between the Fire District and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____].

Dated:

**PHOENIX ADVISORS, LLC,
Dissemination Agent**

cc: Fire District

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100