

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Board (as defined herein) with certain covenants described herein, interest on the Bonds (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX MATTERS" herein.

**THE BOARD OF FIRE COMMISSIONERS OF FIRE DISTRICT NO. 2
IN THE TOWNSHIP OF BRICK, IN THE COUNTY OF OCEAN, NEW JERSEY
\$1,800,000 FIRE DISTRICT BONDS, SERIES 2020
(Book-Entry Issue) (Callable) (Bank Qualified)**

Dated Date: Date of Delivery

Due: March 1, as shown below

The \$1,800,000 Fire District Bonds, Series 2020 (the "Bonds") of The Board of Fire Commissioners of Fire District No. 2, in the Township of Brick in the County of Ocean, New Jersey (the "Board" when referring to the governing body and the "Fire District" when referring to the legal entity governed by the Board), will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository (the "Securities Depository"). See "THE BONDS - Book-Entry-Only System" herein.

Interest on the Bonds will be payable semiannually on the first day of March and September in each year until maturity or earlier redemption, commencing March 1, 2021. The principal of and the interest on the Bonds will be paid to DTC by the Fire District as paying agent. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding February 15 and August 15 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are subject to redemption prior to their stated maturities. See "THE BONDS - Redemption" herein.

The Bonds are valid and legally binding obligations of the Fire District and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Fire District for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

MATURITIES, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2021	\$ 80,000	2.125%	1.100%	107892AA9	2029	\$125,000	2.125%	1.700*%	107892AJ0
2022	100,000	2.125	1.150	107892AB7	2030	130,000	2.125	1.800*	107892AK7
2023	105,000	2.125	1.200	107892AC5	2031	130,000	2.250	1.900*	107892AL5
2024	110,000	2.125	1.300	107892AD3	2032	135,000	2.250	2.000*	107892AM3
2025	110,000	2.125	1.400	107892AE1	2033	140,000	2.250	2.120*	107892AN1
2026	115,000	2.125	1.500	107892AF8	2034	140,000	2.250	2.250	107892AP6
2027	115,000	2.125	1.600	107892AG6	2035	145,000	2.375	2.375	107892AQ4
2028	120,000	2.125	1.650*	107892AH4					

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey and certain other conditions described herein. Certain legal matters will be passed upon for the Fire District by its Counsel, Sendzik & Sendzik, P.C., Brick, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey served as Municipal Advisor to the Fire District in connection with the issuance of the Bonds. Delivery is anticipated to be via DTC in New York, New York on or about April 30, 2020.

ROOSEVELT & CROSS, INC. AND ASSOCIATES

Dated: April 16, 2020

* Priced at the stated yield to the first optional redemption date of March 1, 2027 at a redemption price of 100%.

** Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Fire District does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**THE BOARD OF FIRE COMMISSIONERS OF
FIRE DISTRICT NO. 2 IN THE
TOWNSHIP OF BRICK, IN THE COUNTY OF
OCEAN, NEW JERSEY**

BOARD OF FIRE COMMISSIONERS

Joseph J. Pawlowicz, Jr. - President
John C. Hefferon – Vice President
Ronald M. Braen, Jr. – Commissioner
Charles F. Turner – Clerk
Stephen W. Earl, Jr. – Treasurer

FIRE DISTRICT ATTORNEY

Sendzik & Sendzik, P.C.
Brick, New Jersey

AUDITOR

Mohel Elliott Bauer & Gass CPAs PA
Toms River, New Jersey

BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Fire District to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Fire District and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Fire District as to information from sources other than itself. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

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 offices of the Fire District during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Fire District from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Fire District.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale 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 or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be used, in whole or in part, for any other purpose.

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

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

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. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Fire District.

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. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

Neither Wilentz, Goldman & Spitzer, P.A. nor the Underwriter has participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy or completeness thereof, and, accordingly, they express no opinion with respect thereto.

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OFFICIAL STATEMENT
Relating to

**THE BOARD OF FIRE COMMISSIONERS OF FIRE DISTRICT NO. 2 IN THE TOWNSHIP
OF BRICK, IN THE COUNTY OF OCEAN, NEW JERSEY**

\$1,800,000 FIRE DISTRICT BONDS, SERIES 2020
(Book-Entry Issue) (Callable) (Bank Qualified)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by The Board of Fire Commissioners of Fire District No. 2 in the Township of Brick (the "Township") (the "Board" when referring to the governing body and the "Fire District" when referring to the legal entity governed by the Board), in the County of Ocean (the "County"), State of New Jersey (the "State"), in connection with the sale and the issuance of \$1,800,000 Fire District Bonds, Series 2020 (the "Bonds"). This Official Statement has been executed by and on behalf of the Fire District by its President and may be distributed in connection with the sale of the Bonds described herein.

This Official Statement is "deemed final," as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

THE BONDS

General Description

The Bonds shall be dated their date of issuance and will mature on March 1 in the years and in the principal amounts as set forth on the front cover page hereof. The Bonds shall bear interest from their date, payable semiannually on each March 1 and September 1 (each, an "Interest Payment Date"), commencing March 1, 2021, in each year until maturity or earlier redemption, at the interest rates shown on the front cover page hereof. Interest on the Bonds shall be computed on a 30-day month/360-day year basis.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry only form in the amount of any integral multiple of \$1,000 with a minimum purchase of \$5,000 required through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC") and its participants. So long as DTC or its nominee, CEDE & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Fire District directly to CEDE & Co. (or any successor or assign), as nominee for DTC. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 15 and August 15 (the "Record Dates" for the payment of interest on the Bonds). See "Book-Entry Only System" herein.

Redemption

The Bonds of this issue maturing prior to March 1, 2028 are not subject to optional redemption prior to their stated maturities. The Bonds of this issue maturing on or after March 1, 2028 shall be subject to redemption at the option of the Fire District, in whole or in part, on any date on or after March 1, 2027, upon notice as required herein, at a price equal to one hundred percent (100%) of the principal amount thereof being redeemed (the "Redemption Price"), plus unpaid accrued interest to the date fixed for redemption.

Notice of Redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on and after such redemption date.

Book-Entry-Only System¹

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to Direct and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Fire District.

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 year of maturity of the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest 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,

¹ Source: The Depository Trust Company

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, either directly or indirectly ("Indirect Participants"). 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 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 the 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 the 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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity 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 Board 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 principal and interest payments 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 Board or the paying agent, if any, on the 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, the paying agent, if any, or the Board, subject to any statutory or regulatory

requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to CEDE & CO. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

The Board 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 Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

THE BOARD WILL NOT 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 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 CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

Discontinuation of Book-Entry Only System

If the Board, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Board will attempt to locate another qualified Securities Depository. If the Board fails to find such a Securities Depository, or if the Board determines, in its sole discretion, that it is in the best interest of the Board or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Board undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Board shall notify DTC of the termination of the book-entry only system.

SECURITY AND SOURCE OF PAYMENT

The Bonds are valid and legally binding general obligations of the Fire District, and the Fire District has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Fire District is required by law to levy *ad valorem* taxes upon all the real property taxable within the Fire District for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount.

Statutory Debt Limitation

The authorized bonded indebtedness of the Fire District is limited by N.J.S.A. 40A:14-86 to an amount not exceeding two percent (2%) of the assessed valuation of all taxable property in the Fire District. The assessed valuation of the taxable property in the Fire District, as of December 31, 2019, is included in Appendix A hereto. The Bonds offered hereby are included in the computation of debt for the

purpose of the statutory debt limit. The issuance of the Bonds will not cause the Fire District's indebtedness to exceed the statutory debt limit.

THE FIRE DISTRICT

The governing body of any municipality which does not have a paid or part-time fire department may, upon application of at least 5% of the registered voters or at least twenty (20) voters, whichever is greater, by ordinance, designate a territorial location (or locations) for use as a fire district(s). The Fire District is one of three (3) fire districts located in the Township. The Fire District provides fire prevention, protection and suppression services to approximately 6.3 square miles of the Township, which represents approximately thirty percent (30%) of the total assessed valuation of the Township. The Fire District has approximately 45-55 volunteer firefighters. (See Appendix A for more information concerning the Fire District).

AUTHORIZATION FOR THE BONDS

The Bonds have been authorized and are being issued pursuant to: (i) the proposal adopted by the Board and approved by the affirmative vote of a majority of the legal voters present and voting at the annual election held on February 16, 2019 pursuant to Title 40A, Chapter 14 of the State Statutes, and (ii) a resolution adopted by the Board on March 10, 2020 (the "Resolution"). The Board received positive findings from the Local Finance Board, a State regulatory agency, on February 12, 2020.

Proceeds from the sale and issuance of the Bonds, along with other available budgetary funds of the Board, will be used by the Board to: (i) finance the Project (as described herein) and (ii) pay the costs in connection with the authorization, sale and issuance of the Bonds.

Local Authorities Fiscal Control Law

The Fire District is regulated by the Local Authorities Fiscal Control Law, N.J.S.A. 40A:5A-1 et seq. (the "Act"). The Act regulates the local financial operations and debt of independent local authorities and special taxing districts, such as the Fire District. The purpose of the Act, according to the Senate, County and Municipal Government Committee Statement that accompanied Assembly Bill No. 344, was to strengthen the credit standing of municipalities, counties and independent financing authorities by extending a proven system of financial regulation to what was a largely unregulated area of local debt financing.

The Act assigns financial control responsibilities over fire districts to the Local Finance Board and the Director of Local Government Services in the State Department of Community Affairs. The Local Finance Board reviews, conducts hearings, and issues findings and recommendations on any proposed project financing of a fire district and on any financing agreement between a local government unit and a fire district. The Local Finance Board also prescribes minimum audit requirements to be followed by fire districts in the conduct of their annual audits. The Director of Local Government Services also reviews and approves annual budgets of fire districts.

The Act provides a mechanism for addressing unsound financial conditions of fire districts. If the Director of the Division of Local Government Services finds that a fire district is faced with financial difficulties, he/she is to schedule a hearing before the Local Finance Board. If the Local Finance Board determines that a serious continuing financial difficulty exists, and that a fire district has not undertaken a remedial plan, the Local Finance Board may order implementation of a financial plan. The financial plan shall assure the payment of debt service or provide relief from undue financial burdens on residents of the fire district or users of the fire district's services and facilities.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two successive years; which has a deficit greater than 4 percent of its tax levy for two successive years; which has failed to make payments due and owing to the State, county, school district or special district for two consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceed 25 percent of its total operating appropriation (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law or the Local Fiscal Affairs Law which substantially jeopardizes its fiscal integrity. State officials are authorized to continue supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

PURPOSE OF THE BONDS

The Project consists of: (i) site upgrades, renovations and additions to the existing Folsom Fire House, Station 23-1 (the "Existing Facility"), located at 765 Midstreams Road, in the Township; (ii) the acquisition of necessary equipment and furniture for the improvements to the Existing Facility; and (iii) making the necessary onsite and offsite improvements. Specifically, the planned capital improvements include: (i) enlarging and raising the height of the engine bays within the Existing Facility, extending the engine bays as close as possible to the front of the setback line; (ii) constructing an addition spanning the entire rear wall of the Existing Facility to allow for operations support functions, which rear addition will be accessible from the rear of the engine bays and will contain the gear room holding lockers, as well as decontamination, maintenance and storage spaces; (iii) constructing a mezzanine within the Existing Facility containing an enclosed ready room and kitchenette located above the support spaces, accessible by stair from the engine bays; and (iv) constructing a small addition to the lower portion of the Existing Facility, which addition will contain a radio room/captain's office with visual access to the engine bays and exterior of the Existing Facility, ADA accessible male and female locker/toilet rooms, and a unisex shower room, with additional storage space and mechanical and electrical spaces located within the roof of the addition.

RECENT HEALTHCARE DEVELOPMENTS

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus"), which was first detected in China and has spread to other countries, including the United States, has been declared a pandemic by the World Health Organization, a national emergency by the President of the United States (the "President") and a state of emergency by the Governor of the State (the "Governor"). As a result, and among other things, the spread of the Coronavirus has affected global economics and financial markets, which has led to volatility and reduced liquidity.

In response, the President declared a national emergency on March 13, 2020 which made available more than \$50 billion in federal resources to combat the spread of the virus. In addition, a multi-billion-dollar relief package was signed into law by the President on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. Further, an approximately \$2 trillion federal stimulus package was signed into law on March 27, 2020 (titled the "Coronavirus Aid, Relief, and Economic Security Act"), which includes extraordinary public health spending to confront Coronavirus; immediate cash relief for individuals; and a broad lending program for businesses and governmental entities. The Federal Reserve also lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

The State has also taken action to assist residents affected by the Coronavirus. On March 28, 2020, the Governor announced a ninety (90) day forbearance program for mortgage payments for borrowers economically impacted by the Coronavirus. Additionally, the income tax filing deadline and the corporation business tax filing deadline have been extended from April 15 to July 15 and the State fiscal year has been extended to September 30, 2020. The impact of these changes may result in short and long-term reductions in available tax and other miscellaneous revenue for the Fire District, depending on duration and severity. Notwithstanding the foregoing, the Fire District cannot predict, and does not predict, the duration, severity or ultimate impact of the Coronavirus, or the intervening legislative measures in response thereto, upon global, State-wide and local economies and operations, including that of the Fire District.

Notwithstanding the above, the Fire District intends to continue to provide its essential fire prevention, protection and suppression services necessary to remain operational and responsive to public needs. In addition, the Fire District is closely monitoring the spread and effects of the Coronavirus and is communicating with other appropriate governmental agencies in this regard.

TAX MATTERS

Exclusion of Interest on the Bonds From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds in order for the interest on the Bonds to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause the interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds. The Board will represent in its tax certificate relating to the Bonds, that it expects and intends to comply and will comply, to the extent permitted by law, with such requirements.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Board (“Bond Counsel”), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Board with the requirements of the Code described above, interest on the Bonds is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and is not treated as a preference item under Section 57 of the Code for purposes of calculating the Federal alternative minimum tax.

Original Issue Premium

The Bonds maturing on March 1 in the years 2021 through 2033, inclusive (collectively, the “Premium Bonds”) were purchased at a premium (“original issue premium”) over the stated principal amounts of the Bonds. For Federal income tax purposes, original issue premium generally must be amortized over the term of the Premium Bonds. Amortizable bond premium is accounted for as reducing the tax-exempt interest on the Premium Bonds rather than creating a deductible expense or loss. Under Section 171(a)(2) of the Code, no deduction is allowed for the amortizable bond premium (determined in accordance with Section 171(b) of the Code) on tax-exempt bonds. Under Section 1016(a)(5) of the Code, however, an adjustment must be made to the purchaser’s basis in the Premium Bonds to the extent of any amortizable bond premium that is disallowable as a deduction under Section 171(a)(2) of the Code. Holders of the Premium Bonds should consult their tax advisors for an explanation of the bond premium amortization rules.

Additional Federal Income Tax Consequences of Holding the Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the

earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Bank Qualification

The Bonds **will** be designated as qualified under Section 265 of the Code by the Board for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

State Taxation

Bond Counsel is further of the opinion that, under existing laws of the State, interest on the Bonds and any gain realized on the sale of the Bonds are not includable in gross income under the New Jersey Gross Income Tax Act, N.J.S.A. 54A:1-1 et seq., as amended.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds or the marketability of the Bonds. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisers regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, state, local or foreign tax consequences of ownership of the Bonds. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of delivery of the Bonds and assumes no obligation to update its opinion after such date to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest paid or to be paid on the Bonds as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See Appendix C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF THE OWNERSHIP OF THE BONDS.

LITIGATION

To the knowledge of the Board Attorney, Sendzik & Sendzik, P.C., Brick, New Jersey (the “Board Attorney”), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Board or the title of any of the present officers. Moreover, to the knowledge of the Board Attorney, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a material adverse impact on the financial condition of the Board if adversely decided.

SECONDARY MARKET DISCLOSURE

The Board, pursuant to the Resolution, has covenanted for the benefit of holders of the Bonds and the beneficial holders of the Bonds to provide certain financial information and operating data of the Board each year and to comply with the provisions of Rule 15c2-12 (the “Rule”) promulgated by the United States Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the “Disclosure Certificate”) to be executed on behalf of the Board by its Treasurer, in the form appearing in Appendix D hereto. Such Disclosure Certificate shall be delivered concurrently with the delivery of the Bonds. Annual financial information, including operating data, and notices of events specified in the Rule, if material, shall be filed with the Municipal Securities Rulemaking Board (the “MSRB”) or any other entity designated by the MSRB. The notices of material events will be filed by the Board with the MSRB through its Electronic Municipal Market Access (“EMMA”) system and with any other entity designated by the MSRB, as applicable. These covenants have been made in order to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “SEC Rule”).

This is the first time the Board will be obligated to provide secondary market disclosure pursuant to the Rule. The Board has appointed Phoenix Advisors, LLC to serve as continuing disclosure agent.

MUNICIPAL BANKRUPTCY

The undertakings of the Board should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor’s rights and municipalities 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 Reform 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.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale, and the delivery of the Bonds are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C hereto. Certain legal matters will be passed on for the Board by the Board Attorney.

UNDERWRITING

The Bonds have been purchased from the Board by Roosevelt & Cross, Inc. and Associates, New York, New York (the "Underwriter"), at a price of \$1,800,000.00 (consisting of the par amount of the Bonds plus an original issue premium of \$36,115.10 and less an Underwriter's discount of \$36,115.10).

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 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, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

RATING

Moody's Investors Service, Inc. (the "Rating Agency") has assigned a rating of "Aa2" to the Bonds. An explanation of the significance of the rating may be obtained from the Rating Agency. Such rating reflects only the views of the Rating Agency, and there is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn entirely by the Rating Agency, if in the judgment of the Rating Agency, circumstances so warrant. Any revision, downward change or withdrawal of the rating may have an adverse effect on the marketability or market price of the Bonds. Except as set forth in the Bond Disclosure Certificate, the Board has not agreed to take any action with respect to any proposed rating change or to bring such rating change, if any, to the attention of the owners of the Bonds.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Board with respect to the issuance of the Bonds (the "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 this 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.

FINANCIAL STATEMENTS

The financial statements of the Board for the year ended December 31, 2018 are presented in Appendix B to this Official Statement. The financial statements of the Board for the year ended December 31, 2018 were audited by Mohel Elliott Bauer & Gass CPAs PA, independent auditors (the "Auditor"), as stated in its Independent Auditors' Report appearing in Appendix B hereto.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Bonds, by a certificate signed by the President of the Board, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The Auditor takes responsibility for the audited financial statements to the extent specified in its Independent Auditor's Report.

All other information has been obtained from sources which Board considers to be reliable and the Board makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Bond Counsel has not participated in the preparation of the financial or statistical information contained in this official statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Municipal Advisor, Phoenix Advisors, LLC at 625 Farnsworth Avenue, Bordentown, New Jersey 08505, (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Board and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**THE BOARD OF FIRE COMMISSIONERS OF
FIRE DISTRICT NO. 2 IN THE TOWNSHIP
OF BRICK IN THE COUNTY OF OCEAN,
NEW JERSEY**

By: /s/ Joseph J. Pawlowicz, Jr.
Joseph J. Pawlowicz, Jr., President

Dated: April 16, 2020

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APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE FIRE DISTRICT AND THE TOWNSHIP OF BRICK

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INFORMATION REGARDING THE FIRE DISTRICT¹

General

The governing body of any municipality which does not have a paid or part-time fire department may, upon application of at least 5% of the registered voters or twenty (20) voters, whichever is greater, by ordinance designate a territorial location (or locations) for use as a fire district(s). In 1927, the governing body of the Township of Brick (the “Township”), in the County of Ocean (the “County”), State of New Jersey (the “State”) adopted an ordinance creating the Brick Township Fire District No. 2 (the “Fire District”) and establishing the Board of Commissioners of Fire District No. 2 of the Township of Brick (the “Board”) to govern the territorial area to be served by the Fire District.

The Fire District, one of three (3) fire districts in the Township, encompasses the central portion of the Township, north and east of the Metedeconk River and Forge Pond, southwest of the Point Pleasant Borough border, and borders on Fire District #3 to the north. The service area covers approximately 6.3 square miles of the total area of the Township, which represents approximately 30% of the total assessed valuation of the Township. As of 2017, the population within the Fire District was 22,750. The service area is comprised of both residential housing units and a large commercial section, inclusive of boat basins, a hospital, senior development and numerous nursing and assisted living units.

The active membership is approximately 45-55 volunteer firefighters, who respond to approximately 700 calls per year. The firefighters are equally deployed to each of the three (3) stations within the Fire District. The three (3) fire stations within the Fire District are strategically located to each service one third (1/3) of the 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 firefighting services, including fire prevention, extinguishments of fires, and regulation of fire hazards within its territorial location.

The Board, consisting of five (5) members, serves as the Fire District’s governing body and manages all operations of the Fire District. The length of each commissioner’s term is three (3) years. An annual election is held the third Saturday of February for the election of members of the Board, according to the expiration of the staggered terms. The current commissioners and their term dates are:

President – Joseph J. Pawlowicz, Jr. (March 2023)
First Vice President – John C. Hefferon (March 2022)
Second Vice President – Ronald M. Braen, Jr. (March 2021)
Treasurer – Stephen W. Earl, Jr. (March 2023)
Secretary – Charles F. Turner (March 2022)

¹ Source: The Fire District, unless otherwise indicated.

The Fire District has its own budget, has taxing power and owns and maintains its own buildings and equipment. The budget and amount of taxes to be raised in support of the budget are included on the ballot for the annual election.

Fire District Financial Operations

The General Fund Revenues, Expenditures and Changes in Fund Balances for the Fire District for the past five (5) years are included below.

	<u>2014</u>	<u>2015*</u>	<u>2016*</u>	<u>2017</u>	<u>2018</u>
REVENUES					
Amount to be Raised by Taxation	\$1,676,000	\$1,710,000	\$1,726,000	\$1,750,000	\$1,784,000
Interest Income	454	547	915	7,291	8,190
Investment Income (LOSAP)	0	0	22,991	121,965	(24,823)
Miscellaneous Revenue	<u>25,095</u>	<u>0</u>	<u>0</u>	<u>13,913</u>	<u>9,746</u>
Total Revenues	1,701,549	1,710,547	1,749,906	1,893,169	1,777,113
EXPENDITURES					
Personnel Services	284,407	289,264	241,848	257,892	101,596
Materials and Services	766,511	731,668	775,130	755,978	984,037
Capital Outlays	257,302	259,495	209,954	422,290	144,961
Debt Service (Principal)	237,379	241,161	245,104	241,182	242,946
Debt Service (Interest)	46,301	36,161	25,914	34,593	26,472
Other	<u>0</u>	<u>0</u>	<u>92,635</u>	<u>106,874</u>	<u>68,324</u>
Total Expenditures	<u>1,591,900</u>	<u>1,557,749</u>	<u>1,590,585</u>	<u>1,818,809</u>	<u>1,568,336</u>
Net Change in Fund Balances	109,649	152,798	159,321	74,360	208,777
Fund Balance, January 1	<u>702,966</u>	<u>738,022</u>	<u>1,688,657</u>	<u>1,847,978</u>	<u>1,922,338</u>
Fund Balance, December 31	<u><u>\$812,615</u></u>	<u><u>\$890,820</u></u>	<u><u>\$1,847,978</u></u>	<u><u>\$1,922,338</u></u>	<u><u>\$2,131,115</u></u>

*Restated

Source: Annual Audit Reports of the Fire District.

Fire District Budgets

The adopted budgets of the Fire District for the past five (5) years are included below.

<u>Anticipated Revenues</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Fund Balance Utilized	\$22,400	\$170,000	\$44,000	\$39,000	\$0
Interest Income	316	564	794	3,281	3,093
Amount to be Raised by Taxation	<u>1,726,000</u>	<u>1,750,000</u>	<u>1,784,000</u>	<u>1,825,000</u>	<u>1,908,000</u>
Total Revenue:	<u>\$1,748,716</u>	<u>\$1,920,564</u>	<u>\$1,828,794</u>	<u>\$1,867,281</u>	<u>\$1,911,093</u>
<u>Appropriations</u>					
Administration	\$114,423	\$114,423	\$123,923	\$123,923	\$129,423
Cost of Operations and Maintenance	974,607	1,020,607	1,033,607	1,080,607	1,115,107
Length of Service Aware Program	110,000	110,000	110,000	110,000	104,000
Capital Appropriations	276,700	397,700	289,700	289,700	449,700
Debt Service Appropriation	<u>272,986</u>	<u>277,834</u>	<u>271,564</u>	<u>263,051</u>	<u>112,863</u>
Total Appropriations:	<u>\$1,748,716</u>	<u>\$1,920,564</u>	<u>\$1,828,794</u>	<u>\$1,867,281</u>	<u>\$1,911,093</u>

Source: Annual Adopted Budgets of the Fire District.

Net Taxable Valuations and Annual Tax Rates

The net taxable valuations for the Fire District, the amount of Fire District tax levy and the Fire District tax rate for the past five (5) years are included below.

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>% of Total Assessed Valuation</u>	<u>Fire District Tax</u>	
			<u>Amount</u>	<u>Rate</u>
2019	\$3,033,186,115	29.3%	\$1,825,000	\$0.060
2018	3,037,622,989	29.4%	1,784,000	0.059
2017	3,045,525,915	29.6%	1,750,000	0.058
2016	3,046,018,250	29.7%	1,726,000	0.057
2015	3,053,572,421	29.8%	1,710,000	0.056

Source: Annual Audit Reports of the Fire District.

Long Term Debt

The following table outlines the outstanding long-term debt of the Board as of December 31, 2019.

EXISTING GENERAL OBLIGATION DEBT			
<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$99,042	\$13,821	\$112,863
2021	100,908	11,955	112,863
2022	102,808	10,055	112,863
2023	104,745	8,118	112,863
2024	106,717	6,146	112,863
2025	108,727	4,136	112,863
2026	<u>110,776</u>	<u>2,087</u>	<u>112,863</u>
TOTALS	<u>\$733,722</u>	<u>\$56,319</u>	<u>\$790,041</u>

Source: Annual Audit Reports of the Fire District.

Debt Limit of the Fire District

The debt limitation of the Board is established by statute (N.J.S.A. 40A:14-86). The Board is permitted to incur debt up to 2.00% of the assessed valuation in the Fire District for the past year. The following is a summation of the Board's debt limitation as of December 31, 2019:

Assessed Valuation (2019)	\$3,033,186,115
Permitted Debt Limitation (2%)	60,663,722
Less: Net Debt	<u>733,722</u>
Remaining Borrowing Power	<u>\$59,930,000</u>
Percentage of Net Debt to Assessed Valuation	0.02%

*Excludes the \$1,800,000 of bonds authorized by the majority of voters at a special election held on February 19, 2019. Inclusive of such bonds, the Percentage of Net Debt to Average Equalized Valuation is 0.08%.

Source: Annual Audit Reports of the Fire District.

INFORMATION REGARDING THE TOWNSHIP²

The following material presents certain economic and demographic information of the Township of Brick (the “Township”), in the County of Ocean (the “County”), State of New Jersey (the “State”).

General Information

The Township is a municipal corporation that was incorporated in 1850. The Township covers a land area of 26.4 square miles in the northeastern section of the County in the east central area of the State along the Atlantic Ocean. The Township is situated approximately 65 miles south of New York City and about 60 miles east of the Camden-Philadelphia metropolitan area. It is readily accessible from both metropolitan areas, and the Garden State Parkway links it directly with many points in the Northern New Jersey-New York Area. The Township shares in the marine and outdoor oriented activities present along New Jersey's Atlantic Coast.

History

The Township has evolved over the course of its history into one of the State’s most thriving, successful communities. The history of the Township is comprised of four (4) developmental eras. Each era has its own unique characteristics.

The first era was that of the Native American Lenni Lenape Indians. Their existence in the Township was based on subsistence agriculture, fishing, hunting and gathering.

It is believed that the Europeans first visited the area as early as the 1660s and settled in 1742, displacing the Indians from the land. Their arrival heralded the opening of the European Settlement Era of the Township’s history. Settlement grew as people were attracted to the area to take advantage of local timber, iron deposits and other natural resources.

The next era was the Expansion Era. Beginning with municipal incorporation in May 1850, the Township derived its name from iron magnate Joseph W. Brick. At this time the Township shifted its emphasis from a more iron production community to agriculture, particularly cranberry and blueberry cultivation, and to the sea.

The opening of the Garden State Parkway in the 1950s marked the beginning of the Modern Era and set off a tremendous period of growth and evolution that is continuing today. During this time, the population of the Township exploded from slightly over 4,000 in 1950 to over 76,000 in 2000. The Township became both a suburban community and summer resort. In the mid-1960s a change in government occurred as the committee form was replaced by a mayor and seven (7) member council form of government. A police department was phased in during the early 1970s.

² Source: The Township, unless otherwise indicated.

Form of Government

The Township operates under a Mayor-Council form of government. The Mayor is elected for a four-year term without limitation as to the number of terms. The Township Council consists of seven (7) members, elected biennially, for staggered four-year terms.

The Mayor is the chief executive and administrative officer in the Township and, as such, is responsible for administering local laws and policy development. The specific powers of the Mayor include various appointments, preparation of the Township's budget, and approval or veto (which may be overridden by a 2/3 vote of the Township Council) of the ordinances adopted by the Township Council. The Mayor appoints, with the advice and consent of the Township Council, the Business Administrator, the Township Attorney, and the Directors of the Departments of Public Safety, Engineering and Public Works.

All legislative power of the Township is exercised by the Township Council, including final adoption of spending legislation such as budgets and bond authorizations. In addition to its legislative powers, the Township Council may also conduct such investigations as it deems appropriate.

Principal Governmental Services

There are six (6) departments within the municipal government, which include: Administration, Law, Finance, Public Safety, Public Works and Engineering. Principal services provided by the municipal government include police protection, street maintenance and cleaning, and parks and recreation. Fire protection is provided through special fire districts supported by a separate tax levy.

Much of the population growth in the Township was the result of several factors: the influx of year-round occupancy; the diversion of growth to areas outside the protected area of the State known as the Pinelands; the influx of senior citizen housing projects; the availability of vacant land zoned and suitable for housing; and the continued strength of the resort economy.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

The Public Employees' Retirement System ("PERS") 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, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") 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, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

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Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Township, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2018	38,913	37,260	1,653	4.2%
2017	39,074	37,247	1,827	4.7%
2016	39,168	37,138	2,030	5.2%
2015	38,983	36,616	2,367	6.1%
2014	39,295	36,513	2,782	7.1%
<u>County</u>				
2018	266,971	255,456	11,515	4.3%
2017	268,234	255,361	12,873	4.8%
2016	267,872	253,889	13,983	5.2%
2015	265,397	248,986	16,411	6.2%
2014	264,480	244,949	19,531	7.4%
<u>State</u>				
2018	4,422,900	4,239,600	183,400	4.1%
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2017)

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$73,051	\$65,771	\$76,475
Median Family Income	91,768	82,380	94,337
Per Capita Income	37,908	33,312	39,069

Source: US Bureau of the Census, 2017 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Township, the County, and the State.

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2018 Estimate	75,667	0.8%	601,651	4.4%	8,908,520	1.3%
2010	75,072	-1.4	576,567	12.8	8,791,894	4.5
2000	76,119	14.5	510,916	17.9	8,414,350	8.9
1990	66,473	23.9	433,203	25.2	7,730,188	5.0
1980	53,629	53.0	346,038	66.0	7,365,001	2.7

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the Township and their assessed valuations are listed below:

<u>Taxpayers</u>	<u>2019</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
Federal Realty Investment Trust	\$63,796,500	0.62%
JSM LLC	60,375,600	0.58%
Bricktown UE LLC	39,126,500	0.38%
Waterside Holdings Manager LLC	28,000,000	0.27%
Kentwood Construction Co.	25,500,000	0.25%
Centro NP Laurel SQ Owner LLC	25,000,000	0.24%
Bay Harbor Plaza LLC	20,000,000	0.19%
Brick Blvd. LLC et al	17,782,200	0.17%
Dayton Hudson/Mervyn %Prop. Tx. Dpt.	17,000,000	0.16%
Lowes Home Center Inc. %D. Beckman	<u>15,763,100</u>	<u>0.15%</u>
Total	<u>\$312,343,900</u>	<u>3.02%</u>

Source: Comprehensive Annual Financial Report of the School District and Municipal Tax Assessor

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2019U	\$240,100,898	\$237,064,407	98.74%
2018	233,663,607	233,193,555	99.80%
2017	225,193,007	221,238,467	98.24%
2016	218,884,308	214,933,237	98.19%
2015	218,884,308	214,933,237	98.19%

U = Unaudited
Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2019U	\$602,560	\$2,744,595	\$3,347,155	1.39%
2018	663,066	2,709,491	3,372,557	1.44%
2017	709,251	2,757,001	3,466,252	1.54%
2016	744,052	3,029,513	3,773,564	1.72%
2015	606,877	3,095,439	3,702,316	1.69%

U = Unaudited
Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2019U	\$8,602,005
2018	8,558,500
2017	7,699,100
2016	7,204,800
2015	7,204,800

U = Unaudited
Source: Annual Audit Reports of the Township

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Township residents for the past five (5) years.

<u>Year</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>Local School</u>	<u>County</u>	<u>Total</u>
2019	\$0.713	\$0.010	\$1.093	\$0.442	\$2.258
2018	0.704	0.010	1.063	0.428	2.205
2017	0.685	0.010	1.019	0.431	2.145
2016	0.690	0.010	1.008	0.426	2.134
2015	0.681	0.010	0.966	0.421	2.078

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2019	\$10,337,125,166	\$11,370,723,975	90.91%	\$11,005,053	\$11,381,729,028
2018	10,303,567,896	11,176,448,526	92.19	11,112,562	11,187,561,088
2017	10,271,736,308	10,678,590,610	96.19	10,925,152	10,689,515,762
2016	10,253,100,428	10,675,864,669	96.04	11,079,784	10,686,944,453
2015	10,246,621,830	10,524,467,779	97.36	11,393,137	10,535,860,916

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2019	\$167,944,990	\$9,027,259,390	\$1,200	\$987,897,298	\$21,962,688	\$132,059,600	\$10,337,125,166
2018	175,733,290	8,977,810,020	1,200	996,811,098	21,052,688	132,159,600	10,303,567,896
2017	165,068,290	8,968,898,232	1,200	1,000,883,098	21,052,688	115,832,800	10,271,736,308
2016	185,967,990	8,934,074,602	1,200	996,334,548	20,889,288	115,832,800	10,253,100,428
2015	178,891,640	8,925,065,142	0	1,005,815,648	20,464,400	116,385,000	10,246,621,830

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Township Indebtedness as of December 31, 2019

General Purpose Debt

Serial Bonds	\$104,975,000
Bond Anticipation Notes	14,850,000
Bonds and Notes Authorized but Not Issued	22,308,672
Other Bonds, Notes and Loans	<u>1,576,344</u>
Total:	\$143,710,016

Local School District Debt

Serial Bonds	\$6,204,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$6,204,000

Regional School District Debt

Serial Bonds	\$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$0

Self-Liquidating Debt

Serial Bonds	\$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$0

TOTAL GROSS DEBT

\$149,914,016

Less: Statutory Deductions	
General Purpose Debt	\$2,016,880
Local School District Debt	6,204,000
Regional School District Debt	0
Self-Liquidating Debt	<u>0</u>
Total:	\$8,220,880

TOTAL NET DEBT

\$141,693,135

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2019)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$6,204,000	100.00%	\$6,204,000
Ocean County MUA	112,420,085	35.78%	40,227,754
Fire Districts	893,745	100.00%	893,745
Brick Township MUA	42,039,124	100.00%	42,039,124
County	464,408,180	10.72%	<u>49,776,271</u>
Net Indirect Debt			\$139,140,894
Net Direct Debt			<u>141,693,135</u>
Total Net Direct and Indirect Debt			<u>\$280,834,029</u>

Debt Limit - Township

Average Equalized Valuation Basis (2017, 2018, 2019)	\$11,075,254,370
Permitted Debt Limitation (3 1/2%)	387,633,903
Less: Net Debt	<u>141,693,135</u>
Remaining Borrowing Power	<u>\$245,940,768</u>
Percentage of Net Debt to Average Equalized Valuation	1.279%
Gross Debt Per Capita based on 2010 population of 75,072	\$1,997
Net Debt Per Capita based on 2010 population of 75,072	\$1,887

Source: Annual Debt Statement of the Township

³ Township percentage of County debt is based on the Township's share of total equalized valuation in the County and Township percentage of authority debt is based on the Township's share of usage of the respective authority.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE FIRE DISTRICT
FOR YEAR ENDED DECEMBER 31, 2018**

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FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
WITH
INDEPENDENT AUDITOR'S REPORT

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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MEB&G

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

**Board of Fire Commissioners
Fire District No. 2, Township of Brick
County of Ocean
Brick, New Jersey 08723**

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 Fire District No. 2, Township of Brick in the County of Ocean, State of New Jersey, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the 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 an opinion 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with auditing standards 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.

MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

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 entity'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 entity'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fire District No. 2, Township of Brick in the County of Ocean, as of December 31, 2018, and the respective change 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 and budgetary comparison information, and notes to the required supplementary information 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.

MOHEL ELLIOTT BAUER & GASS

A P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 13, 2019, on our consideration of the Fire District No. 2, Township of Brick'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 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 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 Fire District No. 2, Township of Brick's internal control over financial reporting and compliance.



Toms River, New Jersey
August 13, 2019

**INDEPENDENT AUDITOR'S 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**

**Board of Fire Commissioners
Fire District No. 2, Township of Brick
Brick, New Jersey 08723**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and 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 government activities and each major fund of Fire District No. 2, Township of Brick in the County of Ocean, State of New Jersey as of and for the year ended December 31, 2018, and the related notes to the financial statements which collectively comprise the Fire District No. 2, Township of Brick's basic financial statements, and have issued our report thereon dated August 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fire District No. 2, Township of Brick'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District No. 2, Township of Brick's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District No. 2, Township of Brick'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 a 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.

MOHEL ELLIOTT BAUER & GASS
A P R O F E S S I O N A L A S S O C I A T I O N
C E R T I F I E D P U B L I C A C C O U N T A N T S

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District No. 2, Township of Brick'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.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mohe Elliott Bauer & Gass

Toms River, New Jersey
August 13, 2019

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Unaudited)**

As management of Fire District No. 2, Township of Brick (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, 2018. 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 assets and liabilities was \$2,945,917. This represents an increase of \$189,683 from 2017.
- The amount raised by taxation was \$1,784,000 or 99.00% of all revenues.
- Total expenditures were \$1,612,253 as compared to \$1,574,379 in 2017; An increase of \$37,874 or 2.41%.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. Fire District No. 2, Township of Brick's basic financial statements is comprised of three components: district-wide financial statements; fund financial statements; and notes to the basic financial statements.

Reporting on the District as a Whole

Our analysis of the District as a whole begins on page -12-. District-wide financial statements are provided to give the reader a broad overview of the District's financial position and its financial activity for the year. It is presented in a format similar to the private sector to give the reader a familiar point of reference.

The Statement of Net Position presents information on all the assets and liabilities of Fire District No. 2, Township of Brick. The difference between the two is reported as the District's Net Position. Significant increases or decreases in the District's Net Position can be an indication of the financial health of the District.

The Statement of Activities presents financial information about activities that result in the District's Net Position increasing or decreasing during the year. Financial activities are recorded when the transactions occur rather than when the cash is received or paid out. As a result, there could be activities that result in cash flow in a future period.

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Reporting on the District as a Whole (Continued)

The district-wide financial statements report on the financial data by function. Fire District No. 2, Township of Brick provides firefighting services to the citizens of Brick Township.

Fund Financial Statements

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. Like other state and local governments, Fire District No. 2, Township of Brick uses fund accounting to document compliance with finance-related legal matters. Fire District No. 2, Township of Brick has three types of fund groups, and that is the general fund, capital projects fund and debt service fund.

Governmental Funds

Fire District No. 2 of the Township of Brick's activities are all reported in governmental funds. These funds record the flow of cash in and out of the District during the period and the balances remaining at year end for future periods. The modified accrual basis of accounting is utilized for reporting purposes. This method of accounting measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services that 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 District's services.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

As required by N.J.S.A. 40A:14:78-3, Fire District No. 2 Township of Brick adopts an annual budget which is voted on by the legal voters of the district on the third Saturday in February. Budgetary comparison schedules have been prepared to document compliance with budgetary requirements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements are an integral part of the financial statements.

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

DISTRICT-WIDE FINANCIAL ANALYSIS

Fire District No. 2 Township of Brick's Net Position is a useful indicator of the District's financial condition. At the end of 2018 the District's assets exceeded the liabilities by \$2.95 million. A significant portion of Fire District No. 2, Township of Brick's Net Position is its investment in capital assets. The District uses these assets to provide fire-fighting services to the community; consequently, these assets are not available for future spending.

Statement of Net Position:

	FIRE DISTRICT NO. 2 TOWNSHIP OF BRICK NET POSITION DECEMBER 31, 2018			
	<u>2018</u>	<u>2017</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Total assets and deferred outflows of resources	\$ 5,006,926	\$ 5,043,572	\$ (36,646)	-0.73%
Total liabilities and deferred inflows of resources	(2,061,009)	(2,287,338)	(226,329)	-9.89%
Net position	<u>\$ 2,945,917</u>	<u>\$ 2,756,234</u>	<u>\$ 189,683</u>	6.88%

Analysis of net position

Net investment in capital assets	\$ 1,717,780	\$ 1,747,830	\$ (30,050)	-1.72%
Restricted for:				
Capital projects	472,108	327,369	144,739	44.21%
Unrestricted	756,029	681,035	74,994	11.01%
Total net position	<u>\$ 2,945,917</u>	<u>\$ 2,756,234</u>	<u>\$ 189,683</u>	6.88%

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

Governmental Activities

The Statement of Activities shows the cost of the governmental activities and general revenues. A summary of these activities follows:

	<u>2018</u>	<u>2017</u>	<u>\$ Increase (Decrease)</u>	<u>% Increase (Decrease)</u>
Expenses				
Administrative expenses	\$ 101,596	\$ 105,218	\$ (3,622)	-3.44%
Interest expense	26,472	34,593	(8,121)	-23.48%
Cost of operations and maintenance	1,403,486	1,354,245	49,241	3.64%
Length of Service Award Program Contribution	80,699	80,323	376	0.47%
Total program expenses	<u>1,612,253</u>	<u>1,574,379</u>	<u>37,874</u>	2.41%
General revenues				
Property taxes levied for:				
General purposes	1,224,882	1,076,525	148,357	13.78%
Capital projects	289,700	397,700	(108,000)	-27.16%
Debt service	269,418	275,775	(6,357)	-2.31%
Total property taxes levied	<u>1,784,000</u>	<u>1,750,000</u>	<u>34,000</u>	1.94%
Other revenue	17,936	21,204	(3,268)	-15.41%
Total general revenues	<u>1,801,936</u>	<u>1,771,204</u>	<u>30,732</u>	1.74%
Increase in net position	189,683	196,825	(7,142)	-3.63%
Net position, January 1	2,756,234	2,559,409	196,825	7.69%
Net position, December 31	<u>\$ 2,945,917</u>	<u>\$ 2,756,234</u>	<u>\$ 189,683</u>	6.88%

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

Fire District No. 2, Township of Brick uses fund accounting to document compliance with finance-related legal requirements.

Government Fund

The primary objective of the District's governmental funds is to report on cash flows in and out during the period and the ending balances of the spendable resources. This information is useful to evaluate the performance of the district and to assess its future needs and available resources.

As of December 31, 2018, the combined balance of the governmental cash and investment funds of Fire District No. 2, Township of Brick was approximately \$1.45 million. This balance is approximately \$247,000 higher than last year's combined governmental funds balance.

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS (Continued)

The combined fund balance of the governmental funds of Fire District No. 2, Township of Brick was a surplus of approximately \$2.1 million. Amounts of approximately \$472,000 is restricted for capital, \$821,000 is restricted for investment in length of service awards program; \$39,000 is assigned - designated for subsequent year's expenditures and \$802,000 is unassigned.

The general fund is the main operating fund of Fire District No. 2, Township of Brick. At the end of 2018, the total fund balance of the general fund was approximately \$1.66 million.

During 2018, the general fund balance surplus of Fire District No. 2 Township of Brick increases by approximately \$64,000. The primary reason for this increase is primarily due to the excess of revenues over expenditures.

At the end of 2018, the District has a capital projects fund balance of approximately \$472,000. This was an increase of approximately \$145,000 from the previous year.

General Fund Budgetary Highlights

The original budget had an approximate projected deficit of \$(44,000). The District had total revenues in excess of expenditures of approximately \$221,000 in 2018.

Administrative expenses were approximately \$22,000 less than projected in 2018. Operating expenses were approximately \$50,000 less than projected in 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2018 Fire District No. 2 Township of Brick had invested in capital assets for government activities of approximately \$2,691,000 (net of accumulated depreciation). Capital assets consist of fire apparatus, vehicles and fire equipment. In 2018, the District purchased a 2018 a paratech 22-HVEK heavy vehicle extrication kit, \$45,360, a Yamaha VX Cruiser, \$9,453, a telephone system, \$6,476, a Motorola APX 8500 all band radio, \$6,258, and a Motorola APX 8500 mobile radio, \$5,631.

CAPITAL ASSETS DECEMBER 31, 2018			
	<u>2018</u>	<u>2017</u>	<u>\$ Increase (Decrease)</u>
Capital assets			
Apparatus	\$ 3,498,528	\$ 3,498,528	\$ -
Vehicles	184,017	174,564	9,453
Equipment	672,365	608,640	63,725
Van Zile project	1,639,793	1,639,793	-
Total capital assets	<u>5,994,703</u>	<u>5,921,525</u>	<u>73,178</u>
Accumulated depreciation	<u>(3,303,998)</u>	<u>(2,957,825)</u>	<u>346,173</u>
Total capital assets, net	<u>\$ 2,690,705</u>	<u>\$ 2,963,700</u>	<u>\$ (272,995)</u>

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
FOR THE YEAR ENDED DECEMBER 31, 2018**

ECONOMIC FACTORS AND NEXT YEARS BUDGET

In 2018, Fire District No. 2 Township of Brick was able to fund its appropriations through the fire tax levy and other revenues. The 2018 budget was projected to be in balance. It finished the year with an excess of revenues over expenses of \$221,225.

Fire District No. 2, Township of Brick adopted the 2019 budget on January 21, 2019. The 2019 budget reflects a 2.3% increase in the tax levy compared to 2018. The proposed budget reflects an increase of .001 in the tax rate for 2019. The proposed tax rate per \$100 of assessed value will be \$.060.

REQUESTS FOR INFORMATION

The District financial report is designed to provide users of the financial statements with a general overview of the District's finances and to show the District's accountability for the money it receives. The financial statements of the District are a matter of public record.

If you have any questions about this report or need additional information please contact The Board Clerk at 253 Brick Boulevard, Brick, New Jersey 08724.

FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	<u>2018</u>
ASSETS	
Cash and cash equivalents	\$ 1,451,271
Accounts receivable	509
Prepaid expenses	23,533
Capital assets, net	2,690,705
Contribution receivable - length of service award program	80,699
Cash and investments - length of service award program	<u>740,228</u>
Total assets	<u>4,986,945</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - PERS	<u>19,981</u>
Total deferred outflows of resources	<u>19,981</u>
Total assets and deferred outflows of resources	<u>5,006,926</u>
LIABILITIES	
Current liabilities	
Note payable	141,988
Capital lease obligation payable	97,211
Accounts payable and accrued expenses	<u>162,024</u>
Total current liabilities	<u>401,223</u>
Noncurrent liabilities	
Capital lease obligation payable	733,726
Net pension liability	78,506
Net assets available for program benefits - length of service award program	<u>820,927</u>
Total noncurrent liabilities	<u>1,633,159</u>
Total liabilities	<u>2,034,382</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - PERS	<u>26,627</u>
Total deferred inflows of resources	<u>26,627</u>
Total liabilities and deferred inflows of resources	<u>2,061,009</u>
NET POSITION	
Net investment in capital assets	1,717,780
Restricted for capital projects	472,108
Unrestricted	<u>756,029</u>
Total net position	<u>\$ 2,945,917</u>

The accompanying notes are an integral part of these financial statements

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK**

**STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>
Expenses:	
Operating appropriations:	
Administration	\$ 101,596
Cost of operations and maintenance	1,403,486
Interest expense	26,472
Length of service award program (LOSAP) - Contribution P.L. 1997, c.388)	<u>80,699</u>
Total program expenses	<u>1,612,253</u>
 General revenues:	
Amount raised by taxation	1,784,000
Interest on investments and deposits	8,190
Miscellaneous revenue	<u>9,746</u>
Total general revenues	<u>1,801,936</u>
 Change in net position	 189,683
 Net position - beginning of year	 <u>2,756,234</u>
Net position - end of year	\$ <u><u>2,945,917</u></u>

The accompanying notes are an integral part of these financial statements

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2018**

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 979,163	\$ 472,108	\$	\$ 1,451,271
Accounts receivable	509			509
Prepaid expenses	23,533			23,533
Contribution receivable - length of service award program	80,699			80,699
Cash and investments - length of service award program	740,228			740,228
Total assets	<u>1,824,132</u>	<u>472,108</u>	<u>-</u>	<u>2,296,240</u>
LIABILITIES				
Accounts payable and accrued expenses	162,024			162,024
Total liabilities	<u>162,024</u>	<u>-</u>	<u>-</u>	<u>162,024</u>
FUND BALANCES				
Restricted for Capital Projects		472,108	-	472,108
Investment in length of service award program	820,927			820,927
Assigned - other				-
Assigned - Designated for subsequent year's expenditures	39,000			39,000
Unassigned	802,181			802,181
Total fund balances	<u>1,662,108</u>	<u>472,108</u>	<u>-</u>	<u>2,134,216</u>
Total liabilities and fund balances	<u>\$ 1,824,132</u>	<u>\$ 472,108</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 \$5,994,703 and the accumulated depreciation is \$3,303,998.

2,690,705

Deferred outflows and inflows related to pensions

(6,646)

Long-term liabilities, including net pension liability, capital lease obligation payable, length of service awards program payable, are not due and payable in the current period and are therefore not reported as liabilities in the funds.

(1,872,358)

\$ 2,945,917

The accompanying notes are an integral part of these financial statements

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Revenues:				
Amount raised by taxation	\$ 1,224,882	\$ 289,700	\$ 269,418	\$ 1,784,000
Interest on investments and deposits	8,190			8,190
Investment income - length of service award program	(24,823)			(24,823)
Miscellaneous revenue	9,746			9,746
Total revenues	<u>1,217,995</u>	<u>289,700</u>	<u>269,418</u>	<u>1,777,113</u>
Expenditures:				
Administration	101,596			101,596
Cost of operations and maintenance	984,037			984,037
Capital Expenditures		144,961		144,961
Debt service principal payments			242,946	242,946
Interest payments on debt			26,472	26,472
Participant distributions, forfeitures and charges length of service award program	68,324			68,324
Total expenditures	<u>1,153,957</u>	<u>144,961</u>	<u>269,418</u>	<u>1,568,336</u>
Excess of revenues over expenditures	64,038	144,739	-	208,777
Fund balance, January 1	1,598,070	327,369		1,925,439
Fund balance, December 31	<u>\$ 1,662,108</u>	<u>\$ 472,108</u>	<u>\$ -</u>	<u>\$ 2,134,216</u>

The accompanying notes are an integral part of these financial statements.

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
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, 2018**

Total net changes in fund balance - governmental funds (B - 2)	\$	208,777
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Amounts reported for governmental activities in the statement of activities
(A - 2) are different because:

Capital outlays are reported in governmental funds as expenditures. However,
in the statement of activities, the cost of those assets is allocated over their
useful lives as depreciation expense

Capital outlays - capital projects fund	73,178		
Depreciation expense	<u>(346,173)</u>		(272,995)

District pension contributions are reported as expenditures in the governmental
funds when made. However, they are reported as deferred outflows of resources
in the Statement of Net Position because the reported net pension liability is
measured a year before the District's report date. Pension expense, which is
the change in the net pension liability adjusted for changes in deferred outflows
and inflows of resources related to pensions, is reported in the Statement of
Activities

(1,493)

Length of service award program contribution is not reported in governmental
funds as expenditures. However, in the statement of activities, the
expense is equal to the amount of contributions to the volunteers accounts
as determined by the benefit terms. Investment income LOSAP is not a
revenue in the government-wide financial statements as it is payable to the
volunteers in accordance with the plan benefits

District contribution to length of service award program	(80,699)		
Length of service award investment income	24,823		
Participant withdrawals	<u>68,324</u>		12,448

Debt service principal payments		<u>242,946</u>
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Changes in net position of governmental activities (A - 2)	\$	<u><u>189,683</u></u>
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The accompanying notes are an integral part of these financial statements.

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

GENERAL INFORMATION

A. Description of Reporting Entity

Fire District No. 2 Township of Brick is a political subdivision of the Township of Brick, County of Ocean, State of New Jersey. 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 the *N.J.S.A. 40A: 14-70* et al. and are taxing authorities charged with the responsibility of providing the resources necessary to provide fire fighting services to the residents within its territorial location.

The primary criterion for including activities with the District's reporting entity, as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name);
- the District holds the corporate powers of the organization;
- the District appoints a voting majority of the organization's board;
- the District is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the District;
- there is a fiscal dependency by the organization on the District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. District Officials

The District is governed by a board of five commissioners. The following were in office at December 31, 2018;

<u>Officials</u>	<u>Term Expires March</u>
Joseph J. Pawlowicz, Jr.	2020
John C. Hefferon	2022
Ronald M. Braen, Jr.	2021
Stephen W. Earl, Jr.	2020
Charles F. Turner	2022

C. Accounting Records

The official accounting records of the Fire District No. 2 Township of Brick are maintained in the office of the district.

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fire District No. 2, Township of Brick (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.

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.

The statement of activities demonstrates the degree to which the direct expenses of a given function of 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.

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.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are recognized as revenues in the year for which they are levied, as under New Jersey State Statute, 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.

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.

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.

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.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued)

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

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, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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. The encumbrances at December 31, 2018 totaled \$0 for the general fund and \$0 for the capital projects fund.

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, include petty cash, 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.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments (Continued)

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 of 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 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, 2018.

Prepaid Expenses

Prepaid expenses recorded on the government-side financial statements represent payments made to vendors for services that will benefit periods beyond December 31, 2018.

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. Other costs incurred for repairs and maintenance are 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>
Apparatus	10 years
Vehicles	5 years
Equipment	5 - 10 years

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between the summation of assets and the summation of liabilities. 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 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 of 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 actions 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.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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 appropriated in the following order: committed, assigned, and then unassigned.

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.

Subsequent Events

The District has evaluated subsequent events through August 13, 2019, the date the financial statements were available to be issued.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

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 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.

PROPERTY TAX LEVIES:

Following is a tabulation of district assessed valuations, tax levies and property tax rates per \$100 of assessed valuations for the current and preceding four years:

<u>Calendar Year</u>	<u>Assessed Valuations</u>	<u>Total Tax Levy</u>	<u>Property Tax Rates</u>
12/31/2018	\$ 3,048,225,189	\$ 1,784,000	0.059
12/31/2017	\$ 3,050,393,715	\$ 1,750,000	0.058
12/31/2016	\$ 3,053,309,650	\$ 1,726,000	0.057
12/31/2015	\$ 3,059,579,696	\$ 1,710,000	0.056
12/31/2014	\$ 3,079,974,159	\$ 1,676,000	0.055

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

CAPITAL ASSETS

Capital assets together with accumulated depreciation and estimated useful lives consists of the following:

	<u>2018</u>	<u>Estimated Useful Life (Years)</u>
Assets		
Apparatus	3,498,528	10
Vehicles	184,017	5
Equipment	672,365	5
Van Zile project	<u>1,639,793</u>	
	5,994,703	
Less: accumulated depreciation	<u>(3,303,998)</u>	
	<u>\$ 2,690,705</u>	

ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	<u>2018</u>
Accounts payable	\$ 56,280
Accrued LOSAP	80,699
Accrued professional fees	20,188
Accrued interest	520
Accrued pension	<u>4,337</u>
	<u>\$ 162,024</u>

NOTE PAYABLE

The Board of Fire Commissioners District No. 2, Township of Brick issued a note in the amount of \$1,475,000 to provide a portion of the funds necessary for improvements to the Van Zile Fire Station. The note dated February 12, 2009 is payable quarterly over a ten year period commencing January 1, 2010 in substantially equal principal payments. Interest is payable quarterly beginning April 1, 2009 at the rate of 4.25%. Maturities of debt is as follows:

<u>Year</u>	<u>2018</u>
2019	\$ <u>141,988</u>
	<u>\$ 141,988</u>

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

COMMITMENTS

The Board leases facilities from the Laurelton Fire Company.

The lease is for a term of one year and is automatically renewable from year to year unless either party notifies the other by written notice at least 60 days prior to the expiration of the term that the lease will not be renewed. Rental is paid annually in the amount of \$51,000.

The Board also leases the Van Zile Fire Station under a long term lease agreement (30 years). Rental for the property is the payment of debt service over a ten year period.

CAPITAL LEASE OBLIGATIONS PAYABLE

The Board entered into a lease with option to purchase agreement for Aerial Platform Truck. The lease dated as of November 28, 2016 in the amount of \$1,020,000 is payable in annual installments of \$112,863 and bears interest at the rate of 1.884%.

<u>Balance</u> <u>12/31/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Due Within</u> <u>One Year</u>
\$ 926,350	\$ -	\$ (95,413)	\$ 830,937	\$ 97,211

The following is a schedule of future lease payments under the lease together with the present value of the lease payments as of December 31, 2018:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 97,211	\$ 15,652	\$ 112,863
2020	99,042	13,821	112,863
2021	100,908	11,955	112,863
2022	102,808	10,055	112,863
2023	104,745	8,118	112,863
Thereafter	326,223	12,366	338,589
Total payments	\$ 830,937	\$ 71,967	\$ 902,904

RELATED PARTY TRANSACTIONS

The Joint Board of Fire Commissioners, Township of Brick is comprised of the three fire districts in the Township of Brick. Each fire district contributes to the operation of the Joint Board of Fire Commissioners. The Joint Board of Fire Commissioners is a joint meeting comprised of the three districts in the township pursuant to N.J.S.A. 40A:65-1 et seq.

District No. 2 appropriated \$233,607 or 30.72% of the three districts towards the operations of Brick Township Joint Board of Fire Commissioners. In addition, \$52,700 was funded for Joint Board Capital Projects.

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

PENSION PLAN

Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. 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 PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 22, 2010
4	Members who were eligible to enroll on or after May 22, 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, with 25 or more years of service credit before age 62, 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.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with full payment and any such amounts were not included in their unfunded liability. The actuaries determine the unfunded liability of the systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and were adjusted by the rate of return on the actuarial value of assets.

Components of Net Pension Liability - As of December 31, 2018, the District reported a liability of \$78,506 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018. The District's proportion of the net pension liability was based on the ratio of the District's contributions to the total contributions to PERS during the measurement period July 1, 2017 through June 30, 2018. The District's proportion measured as of June 30, 2018 was .000399%. This was an increase from its proportion measured as of June 30, 2017 of .000029%.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Collective Balances as of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Actuarial valuation date	July 1, 2017	July 1, 2016
Deferred outflows of resources	\$ 19,981	\$ 20,161
Deferred inflows of resources	\$ 26,627	\$ 17,783
Net pension liability	\$ 78,506	\$ 86,038
District's portion of the plan's total net pension liability	0.000399%	0.000370%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended December 31, 2018 the District recognized pension expense of \$6,121. As of December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 12,937	\$ 25,102
Difference between expected and actual experience	1,497	405
Net difference between projected and actual earnings on pension plan investments		736
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>5,547</u>	<u>384</u>
Total	\$ <u>19,981</u>	\$ <u>26,627</u>

Amounts allocated as deferred outflows of resources and deferred inflows of resources related to pensions will be included in pension expense as follows:

<u>Year Ended June 30:</u>	<u>PERS</u>
2019	\$ 332
2020	(399)
2021	(3,057)
2022	(2,658)
2023	<u>(864)</u>
Total	\$ <u>(6,646)</u>

(Continued)

FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

The District will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience		
Year of pension plan deferral:		
2015	5.72	
2016	5.57	
2017	5.48	
2018		5.63
Changes in assumptions		
Year of pension plan deferral:		
2014	6.44	
2015	5.72	
2016	5.57	
2017		5.48
2018		5.63
Difference between projected and actual investment earning on pension plan investments:		
Year of pension plan deferral:		
2014		5.00
2015		5.00
2016		5.00
2017		5.00
2018		5.00
Changes in proportion:		
Year of pension plan deferral:		
2014	6.44	6.44
2015	5.72	5.72
2016	5.57	5.57
2017	5.48	5.48
2018	5.63	5.63

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Actuarial Assumptions - The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Measurement date	June 30, 2018
Actuarial valuation date	July 1, 2017
Inflation rate	2.25%
Salary increases based on age:	
Through 2026	1.65 - 4.15% based on age
Thereafter	2.65 - 5.15% based on age
Investment rate of return	7.00%

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. 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 conduit 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).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - 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 PERS's target asset allocation as of June 30, 2017 are summarized in the following table.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

Public Employees' Retirement System (PERS) - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 was 5.66% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

(Continued)

FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

PENSION PLAN - (Continued)

Public Employees' Retirement System (PERS) - (Continued)

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2018 calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage -point higher (6.66%) than the current rate:

	<u>1% Decrease (4.66%)</u>	<u>Current Discount Rate (5.66%)</u>	<u>1% Increase (6.66%)</u>
District's proportionate share of the net pension liability	\$ 98,706	\$ 78,506	\$ 61,549

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

LENGTH OF SERVICE AWARDS PROGRAM

LENGTH OF SERVICE AWARD PROGRAM

The Length of Service Award Program (LOSAP) for the Board of Fire Commissioners of Fire District No. 2, of the Township of Brick, was created by a Fire District Resolution adopted on November 13, 2001 pursuant to Section 457 (e)(11)(B) of the Internal Revenue 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 Township of Brick, Fire District No. 2, approved the adoption of the Program at the general election held on February 16, 2002.

The first year of eligibility for entrance into the program was calendar year 2002. The tax deferred income benefits for active volunteer Fire Fighters that serve Fire District No. 2, Township of Brick come from contributions made solely by the Board of Fire Commissioners, on behalf of those volunteers who meet the criteria of the Program created by the Board of Fire Commissioners.

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 and a maximum contribution of \$1,150 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 after notice to the participants and public publication elected to automatically make the maximum annual contribution permitted by the Division of Local Government Services and budgets accordingly.

The Fire District elected to contribute \$1,717 for the year ended December 31, 2018 per eligible volunteer, into the Plan. Participants direct the investment of the contributions into various investment options offered by the Plan.

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, 2018, 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. In accordance with the amendments to Section 457 of the Internal Revenue Code, and the State Deferred Revenue Regulations, the Fire District has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

VALIC ("Contractor"), an approved Length of Service Awards Contractor provides investment and other services regarding the length of services award program. 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 Contractor. Since the Fire District is not considered to be holding the assets, the Length of Service Awards Program is not presented in the Fire District's financial statements.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

Vesting

Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of active emergency service. "Year of active emergency service" means a twelve (12) month period during which an active volunteer member participates in the Fire Service and satisfies the minimum requirements of participation established by the sponsoring agency on a consistent uniform basis.

Payment of Benefits

Upon separation from service or disability as defined under the program, vested participants may select various options, 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.

The Board did adopt an amended plan in 2010 wherein "In-Service Distribution" after vesting is permitted. Such distribution requires the total vested amount is withdrawn by the participant. No partial distribution is permitted. If a participant elects in-service distribution the participant must thereafter complete at least five (5) years of emergency service again to vest in the program. Participants do not have to separate himself/herself from service.

Forfeited Accounts

During the year ended December 31, 2018 forfeitures were \$9,735.

LENGTH OF SERVICE AWARD PROGRAM - INVESTMENTS

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

The investments consist of pooled separate accounts by Fund. Each participant may choose his/her allocation from among these investments. The investments are made by the Plan Contractor for benefit of plan participants. The investments are valued at fair value at the end of each year and the increase/decrease benefit of plan is posted to the participant's account.

	2018
Pooled Separate Accounts	\$ <u>740,228</u>

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

TAX STATUS - LENGTH OF SERVICE AWARD PROGRAM

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Fire District has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries. The Plan administrator and the management of the Fire District believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the Internal Revenue Service Code.

The Plan is generally subject to routine audits by the Internal Revenue Service, for three years. There are currently no audits in progress.

RISK AND UNCERTAINTIES - LENGTH OF SERVICE AWARD PROGRAM

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amounts reported in the statement of net assets available for benefits.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

FAIR VALUE MEASUREMENTS

The District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

- Level 1 Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.
- Level 2 Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the District may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018.

Pooled Separate Accounts: Valued at the net asset value (NAV) of the participation units held by the plan at year end. The NAV, as reported by the insurance company, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying mutual fund held in the subaccounts.

(Continued)

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
(Continued)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

LENGTH OF SERVICE AWARD PROGRAM - CASH AND INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018.

Assets at Fair Value as of December 31, 2018

Pooled Separate Accounts:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Blue Chip Growth Fund	\$ 5,996	\$	\$	5,996
Emerging Economies	3,771			3,771
Fixed Account Plus	71,826			71,826
Foreign Value	953			953
Global Social Awareness Fund	538			538
Health Sciences Fund	102,832			102,832
International Equities Index Fund	2,064			2,064
Int'l Opportunities	28,937			28,937
Large Capital Growth	1,851			1,851
Mid Cap Index Fund	33,237			33,237
Mid Cap Value Fund	748			748
NASDAQ-100(R) Index Fund	102,302			102,302
Science & Technology Fund	97,880			97,880
Short Term Fixed Account	177,977			177,977
Sm Cap Aggressive Growth	8,349			8,349
Small Cap Growth Fund	49,127			49,127
Small Cap Index Fund	4,493			4,493
Stock Index Fund	47,099			47,099
Value Fund	248			248
Total Pooled Separate Accounts	\$ 740,228	\$ -	\$ -	\$ 740,228
Total Assets at Fair Value	\$ 740,228	\$ -	\$ -	\$ 740,228

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REQUIRED SUPPLEMENTARY INFORMATION

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Modified</u>		
Revenues				
Miscellaneous anticipated revenues:				
Interest investments and deposits	\$ 794	\$ 794	\$ 8,190	\$ 7,396
Miscellaneous revenue				-
Total miscellaneous anticipated revenues	794	794	8,190	7,396
Amount to be raised by taxation to support the district budget	1,784,000	1,784,000	1,784,000	-
Total anticipated revenues	1,784,794	1,784,794	1,792,190	7,396
Non-budgetary revenues:				
Miscellaneous			9,746	9,746
Total revenues	1,784,794	1,784,794	1,801,936	17,142
Expenditures				
Operating appropriations:				
Administration:				
Commissioners salaries	40,923	40,923	35,000	5,923
Elections	4,500	4,500	2,803	1,697
Office supplies and postage	4,000	4,000	512	3,488
Professional fees	72,000	72,000	61,912	10,088
Advertising	2,500	2,500	1,369	1,131
Total administration	123,923	123,923	101,596	22,327
Cost of operations and maintenance:				
Fringe benefits	124,000	194,000	189,244	4,756
Joint Board Mutual Service Agreement	223,607	233,607	233,607	-
Hydrants	200,000	200,000	192,806	7,194
Rental charges	51,000	51,000	51,000	-
Utilities and fuel	65,000	55,000	53,325	1,675
Maintenance and repairs	100,000	75,000	70,406	4,594
Insurance	110,000	65,000	62,293	2,707
Training and education	36,000	36,000	34,171	1,829
Reimbursement for expenses and losses	35,000	35,000	27,554	7,446
Operating materials and supplies	6,000	6,000	5,376	624
Uniforms	3,000	3,000	265	2,735
New equipment	80,000	80,000	63,990	16,010
Total cost of operations and maintenance	1,033,607	1,033,607	984,037	49,570

(Continued)

FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Modified</u>		
Expenditures (Continued)				
Capital appropriations:				
Capital appropriations	<u>289,700</u>	<u>289,700</u>	<u>144,961</u>	<u>144,739</u>
Length of service award program (LOSAP)	<u>110,000</u>	<u>110,000</u>	<u>80,699</u>	<u>29,301</u>
Debt service for capital appropriations:				
Principal payment on debt service	<u>242,946</u>	<u>242,946</u>	<u>242,946</u>	<u>-</u>
Interest payment on debt service	<u>28,618</u>	<u>28,618</u>	<u>26,472</u>	<u>2,146</u>
Total debt service for capital appropriations	<u>271,564</u>	<u>271,564</u>	<u>269,418</u>	<u>2,146</u>
Total expenditures	<u>1,828,794</u>	<u>1,828,794</u>	<u>1,580,711</u>	<u>248,083</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,000)</u>	<u>(44,000)</u>	<u>221,225</u>	<u>265,225</u>
Fund balance, January 1			<u>1,092,064</u>	
Fund balance, December 31			<u>\$ 1,313,289</u>	
RECAPITULATION OF FUND BALANCE				
Restricted fund balance				
Capital projects			<u>\$ 472,108</u>	
Assigned fund balance				
Designated for subsequent year's expenditures			<u>39,000</u>	
Other purposes			<u>-</u>	
Unassigned fund balance			<u>802,181</u>	
Total budgetary basis			<u>1,313,289</u>	
Reconciliation to governmental fund statements::				
Length of service award program investment balance not recognized on the budgetary basis			<u>820,927</u>	
Total fund balance per governmental funds			<u>\$ 2,134,216</u>	

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
RECONCILIATION OF BUDGET TO STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018**

Sources/Inflows of Resources:

Actual amount (budgetary basis) total revenues from budgetary comparison schedule (C - 1)	\$ 1,801,936
Budgetary basis differs from GAAP in that the District does not budget for length of service award program investment income	<u>(24,823)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds (B - 2)	\$ <u><u>1,777,113</u></u>

Use/Outflows of Resources:

Actual amount (budgetary basis) total expenditures from budgetary comparison schedule (C - 1)	1,580,711
Budgetary basis differs from GAAP in that the District is required to budget for contributions to the length of service award program. Expenditures under the current financial resources measurement focus and modified accrual basis of accounting are limited to the benefits paid in accordance with the plan	
Length of service award program district contribution	(80,699)
Participant distributions and forfeitures	<u>68,324</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds (B - 2)	\$ <u><u>1,568,336</u></u>

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	Measurement Date Ended June 30,					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.00040%	0.00037%	0.00037%	0.00037%	0.00037%	0.00037%
District's Proportionate Share of the Net Pension Liability	\$ 78,506	\$ 86,038	\$ 110,216	\$ 83,292	\$ 69,314	\$ 70,920
District's Covered-Employee Payroll	\$ 28,000	\$ 25,600	\$ 25,600	\$ 25,600	\$ 25,600	\$ 25,600
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	280.37%	336.08%	430.53%	325.35%	270.75%	277.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

*** This schedule is presented to illustrate the requirement to show information for ten years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	For the year ended December 31,					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Contractually Required Contribution	\$ 3,966	\$ 3,424	\$ 3,306	\$ 3,190	\$ 3,052	\$ 2,796
District's Contribution in Relation to the Contractually Required Contribution	<u>3,966</u>	<u>3,424</u>	<u>3,306</u>	<u>3,190</u>	<u>3,052</u>	<u>2,796</u>
District's Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's Covered-Employee Payroll	\$ 28,000	\$ 28,000	\$ 25,600	\$ 25,600	\$ 25,600	\$ 25,600
District's Contributions as a Percentage of it's Covered-Employee Payroll	14.16%	12.22%	12.91%	12.46%	11.92%	10.92%

*** This schedule is presented to illustrate the requirement to show information for ten years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

Public Employees' Retirement System (PERS)

Changes of Benefit Terms

None.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017, to 5.66% as of June 30, 2018.

Length of Service Awards Program (LOSAP)

Changes in Benefit Terms

None.

Changes of Assumptions

None.

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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.

**FIRE DISTRICT NO. 2
TOWNSHIP OF BRICK
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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APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

_____, 2020

The Board of Fire Commissioners of
Fire District No. 2 in the Township of Brick
Brick, New Jersey

Ladies and Gentlemen:

We have served as bond counsel in connection with the authorization, sale and issuance of \$1,800,000 aggregate principal amount of Fire District Bonds, Series 2020 (the “Bonds”) of The Board of Fire Commissioners of Fire District No. 2 in the Township of Brick, in the County of Ocean, New Jersey (the “Board” when referring to the governing body and the “Fire District” when referring to the legal entity governed by the Board).

The Bonds are issued pursuant to: (i) Title 40A, Chapter 14 of the New Jersey Statutes, as amended and supplemented (the “Fire District Law”); (ii) a proposal adopted by the Board on November 13, 2018 (the “Proposal”) and approved by the affirmative vote of a majority of the legal voters present and voting at the annual Fire District election held on February 16, 2019, and (iii) a resolution adopted by the Board on March 10, 2020 (the “Resolution”).

The Bonds are issued in fully registered book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), an automated depository for securities and clearing house for securities transactions. Purchases of the Bonds will be made in book-entry only form in principal amounts of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board directly to Cede & Co., as nominee for DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants.

The Bonds are dated their date of delivery and shall bear interest from such date, which interest shall be payable and semiannually on the first day of March and September in each year until maturity or prior redemption, commencing March 1, 2021, and shall mature on March 1 of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$ 80,000	2.125%	2029	\$125,000	2.125%
2022	100,000	2.125	2030	130,000	2.125
2023	105,000	2.125	2031	130,000	2.250
2024	110,000	2.125	2032	135,000	2.250
2025	110,000	2.125	2033	140,000	2.250
2026	115,000	2.125	2034	140,000	2.250
2027	115,000	2.125	2035	145,000	2.375
2028	120,000	2.125			

The Bonds of this issue are subject to optional redemption prior to their stated maturities.

We have examined such matters of law, certified copies of the proceedings, including the bond referendum proceedings, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that: (i) such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Fire District Law, the Proposal and the Resolution; (ii) the Bonds are valid and legally binding obligations of the Board; and (iii) all the taxable real property within the Fire District is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for the interest thereon to be and remain excludable from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the issuance of the Bonds. The Board has covenanted to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Board with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for Federal income tax purposes in the

gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the Federal alternative minimum tax.

The Bonds maturing on March 1 in the years 2021 through 2033, inclusive (the “Premium Bonds”), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bonds and not as interest.

We are further of the opinion that the Bonds constitute “qualified tax-exempt obligations” within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

Except as stated in the preceding paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of the executed Bonds and, in our opinion, its form and execution are regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate dated as of April 30, 2020 (the "Disclosure Certificate") is executed and delivered by The Board of Fire Commissioners of Fire District No. 2, in the Township of Brick in the County of Ocean, New Jersey (the "Board" when referring to the governing body and the "Fire District" when referring to the legal entity governed by the Board) in connection with the issuance of its \$1,800,000 aggregate principal amount of Fire District Bonds, Series 2020 (the "Bonds"), all such Bonds being dated their date of delivery. The Bonds are being issued by virtue of a proposal adopted by the Board on November 13, 2018 and approved by the affirmative vote of a majority of the legal voters present and voting at the annual Fire District election held on February 16, 2019, and pursuant to a resolution entitled "Resolution Determining The Form And Other Details Of The Offering Of \$1,800,000 Fire District Bonds, Series 2020 Of The Board Of Fire Commissioners Of Fire District No. 2 In The Township Of Brick, In The County Of Ocean, New Jersey, And Providing For The Sale Of Such Bonds, And Determining Certain Matters With Respect Thereto", duly adopted by the Board on March 10, 2020 (the "Bond Resolution"). The Board covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Board for the benefit of the Beneficial Owners of the Bonds to assist the Underwriter(s) in complying with the Rule (as defined below). The Board acknowledges the Fire District is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Board pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for Federal income tax purposes.

"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, collectively, (i) each Annual Report, (ii) any notice required to be electronically filed by the Board with the MSRB through EMMA pursuant to Section 3 of this Disclosure Certificate, and (iii) any notice of a Listed Event required to be filed by the Board with the MSRB through EMMA pursuant to Section 5 of this Disclosure Certificate.

"*Disclosure Representative*" shall mean the President of the Board or his or her designee, or such other person as the Board shall designate in writing from time to time for the purposes of this Disclosure Certificate.

"*Dissemination Agent*" shall mean, initially, Phoenix Advisors, LLC, or any Dissemination Agent subsequently designated in writing by the Board which has filed with the County a written acceptance of such designation.

"*EMMA*" shall mean the Electronic Municipal Market Access system, a website created by the MSRB and approved by the SEC to provide a central location where investors can obtain municipal bond information including disclosure documents. The Board or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to www.emma.msrb.org.

"*Financial Obligation*" shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term "*Financial Obligation*" shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board.

"*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 defined below) as a repository for purposes of the Rule (as defined below).

"*Rule*" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*SEC*" shall mean the United States Securities and Exchange Commission.

"*State*" shall mean the State of New Jersey.

"*Underwriter(s)*" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Board shall provide or cause to be provided to the Dissemination Agent not later than September 15 of each year, commencing September 15, 2020 (for the calendar year ending December 31, 2019), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be

submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Fire District may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Fire District are not available by September 15 of each year, the Board shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Fire District, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Fire District.

(b) Not later than September 30 of each year (commencing September 30, 2020), the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the Board does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot forward the Annual Report to EMMA in accordance with subsection (b) above, the Dissemination Agent shall send, in a timely manner, a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the Board (if the Dissemination Agent is not the Board).

(d) Each year the Dissemination Agent shall file a report with the Board (if the Dissemination Agent is not the Board), certifying that the Annual Report has been filed with EMMA pursuant to this Disclosure Certificate, and stating the date it was provided.

(e) If the fiscal year of the Fire District changes, the Board shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) Business Days after the receipt thereof from the Board, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. (a) The Fire District's Annual Report shall contain or incorporate by reference the following:

1. The audited financial statements of the Fire District (as of the preceding December 31).

The audited financial statements are to be prepared in accordance with generally accepted auditing standards and audit requirements prescribed by the Division of Local Government Services, State Department of Community Affairs (the "Division") that demonstrate compliance with the modified accrual basis, with certain exceptions, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) and the budget laws of the State.

2. The general financial information and operating data of the Fire District consistent with the information set forth in Appendix A to the Official Statement dated April 16, 2020, prepared in connection with the sale of the Bonds (the "Official Statement"), under the headings entitled "Fire District Financial Operations", "Fire District Budgets", "Net

Taxable Valuations and Annual Tax Rates”, “Long Term Debt” and “Debt Limit of the Fire District”.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Fire District is an "Obligated Person" (as defined by the Rule), which have been filed with the MSRB, through the EMMA system, or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds, as applicable:

1. Principal and interest payment delinquencies;
2. Nonpayment 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 rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances of the Bonds;
10. Release, substitution or sale of property securing repayment of the Bonds, if material;
11. Rating changes relating to the Bonds;

12. Bankruptcy, insolvency, receivership or similar event of the Fire District;
13. The consummation of a merger, consolidation, or acquisition involving the Fire District or the sale of all or substantially all of the assets of the Fire District, 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 for the Bonds or the change of name of a trustee for the Bonds, 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 Bondholders, 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.

The Board shall, in a timely manner not in excess of ten (10) Business Days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB, through the EMMA system, in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5 that require a materiality determination, the Board may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Board has or obtains knowledge of the occurrence of any of the Listed Events that require a materiality determination, the Board shall, as soon as possible, determine if such event would constitute information material, if applicable, to the Beneficial Owners of the Bonds.

(c) If the Board (i) has or obtains knowledge of the occurrence of any of the Listed Events not requiring a materiality determination, or (ii) determines that the occurrence of a Listed Event requiring a materiality determination would be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Board is not the Dissemination Agent) and the Board shall instruct the

Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Board determines that the occurrence of a Listed Event requiring a materiality determination would not be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Board) and the Dissemination Agent (if the Dissemination Agent is not the Board) shall be instructed by the Board not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Board to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB, through the EMMA system, in a timely manner not in excess of ten (10) Business Days after the occurrence thereof, with a copy to the Board (if the Dissemination Agent is not the Board). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Bondholders of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The Fire District's obligations under this Disclosure Certificate 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). The Board shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with the MSRB, through the EMMA system, in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Compliance with the Rule. The Board hereby covenants for the benefit of the holders of the Bonds and the beneficial holders of the Bonds to provide certain financial information and operating data of the Fire District, as detailed in Sections 3, 4 and 5 hereof, and to comply with the provisions of the Rule.

The Board has taken steps to ensure timely Annual Report and other filings on a going-forward basis, including hiring Phoenix Advisors, LLC to serve as its continuing disclosure agent. This covenant is being made by the Board to assist the purchasers of the Bonds in complying with the Rule.

SECTION 8. Dissemination Agent; Compensation. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Phoenix Advisors, LLC. The Board shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the

Board to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) 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 obligated person, 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 holders, as determined either by parties unaffiliated with the Fire District, such determination being supported by an opinion of counsel expert in Federal securities laws, or by the approving vote of a majority of Beneficial Owners of the Bonds at the time of the amendment. The Board shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Board shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. If the Board 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 Certificate, the Board shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Fire District to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may 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 Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure

Certificate in the event of any failure of the Fire District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of the Dissemination Agent.

The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Board agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Board) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the Board further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Board under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Fire District, the Dissemination Agent, the Underwriter(s), and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 14. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by electronic mail or facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Board

Mr. Joseph J. Pawlowicz, Jr.
President
The Board of Fire Commissioners of
Fire District No. 2, in the Township of Brick
P.O. Box 66
Brick, New Jersey 08723
Telephone: (732) 477-3219
Email: jpawlowicz@brickfire.org and
district2@brickfire.org

(b) Copies of all notices to the Dissemination Agent from
time to time with respect to the Bonds:

initially: Anthony P. Inverso
Senior Managing Director
Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, New Jersey 08505
Telephone: (609) 291-0130
Email: ainverso@muniadvisors.com

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 15. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Board and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 16. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Fire District and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 17. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State, as applicable.

**THE BOARD OF FIRE COMMISSIONERS
OF FIRE DISTRICT NO. 2, IN THE
TOWNSHIP OF BRICK IN THE
COUNTY OF OCEAN, NEW JERSEY**

**JOSEPH J. PAWLOWICZ, JR.,
President**

**Acknowledged and Accepted by:
PHOENIX ADVISORS, LLC,
as Dissemination Agent**

AUTHORIZED SIGNATORY

EXHIBIT A

NOTICE TO MSRB VIA EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: The Board of Fire Commissioners of Fire District No.2,
In the Township of Brick in the County of Ocean, New Jersey

Name of Bond Issue: \$1,800,000 Fire District Bonds, Series 2020
Dated April 30, 2020
(CUSIP Number 107892AQ4)

Date of Issuance: April 30, 2020

NOTICE IS HEREBY GIVEN that the above designated Fire District has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate dated as of April 30, 2020 executed by the Fire District.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Fire District)

cc: The Board of Fire Commissioners of
Fire District No. 2, in the Township of Brick
In the County of Ocean, New Jersey