

NOTICE OF SALE

\$2,999,970

TOWNSHIP OF HARRISON

County of Gloucester, New Jersey

BOND ANTICIPATION NOTES OF 2019, SERIES A

Consisting of:

\$1,679,470 General Improvement Notes

\$1,320,500 Water and Sewer Utility Notes

(Non-Callable)

INTRODUCTION

The Township of Harrison, County of Gloucester, New Jersey ("Township"), has authorized the issuance of its bond anticipation notes in the principal amount of \$2,999,970 ("Notes"). The proceeds from the sale of the Notes will be used to temporarily finance the cost of various capital improvements in and for the Township.

In connection with the offering of the Notes, the Township has prepared a Preliminary Official Statement, dated May 8, 2019 ("Preliminary Official Statement"), relating to, *inter alia*, the Notes and the Township. The Preliminary Official Statement is available for viewing in electronic format through the internet facilities of Bowman & Company LLP. In order to view, print a copy or request a copy of the Preliminary Official Statement from the Bowman & Company LLP web site, please visit <http://www.govdebt.net> ("Site"). Access to the Site is limited to registered users of the Site. As such, users must either have been existing registered members, or new users must create a user profile through the Site. Thereafter, bidders for the Notes may log-in to access electronic viewing and delivery. Once logged-in to the Site, bidders for the Notes must follow the applicable instructions and prompts to access the Preliminary Official Statement. The Township will make available to the winning purchaser of the Notes a sufficient amount of copies of the final Official Statement within 7 business days of the award of the Notes, at the expense of the Township.

The Preliminary Official Statement also contains information relating to, *inter alia*, the Township's \$11,283,000 General Obligation Bonds of 2019, Series A ("Bonds"). Bidders shall *not* be required to submit a proposal for the purchase of the Bonds when submitting a proposal for the purchase of the Notes. The submission of a bid for the purchase of the Notes does not and shall not constitute a proposal for the purchase of the Bonds. The specifications for and form of proposal for the purchase of the Bonds are set forth in a separate Notice of Sale prepared and delivered under separate cover.

SPECIFICATIONS

DATED DATE:	May 28, 2019
MATURITY DATE:	May 27, 2020
INTEREST RATE PER ANNUM:	To be determined by successful firm

BOND COUNSEL: Parker McCay P.A.
9000 Midlantic Drive, Suite 300
Mount Laurel, New Jersey 08054

PAYING AGENT: Township

CLOSING:

(a) Date May 28, 2019

(b) Location Offices of the Township

DENOMINATIONS: The Notes will be issued in fully registered form, and available only in the minimum denomination of \$5,000, or integral multiples thereof, and in integral multiples of \$1,000 above the minimum of \$5,000 or in such amount necessary to issue the principal amount of the Notes.

PAYMENT: Immediately available funds

The Notes will be noncallable general obligations of the Township, payable ultimately from ad valorem taxes to be levied upon all the taxable real property within the Township without limitation as to rate or amount.

The Notes will **not** be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

ELECTRONIC PROPOSALS for the purchase of the Notes will be received by the Township on **WEDNESDAY, MAY 15, 2019 ("Bid Date")**, via either (a) facsimile, at (856) 478-0869, attention: Yvonne Bullock, Chief Financial Officer, Township of Harrison, Municipal Building, 114 Bridgeton Pike, Mullica Hill, New Jersey, (b) email, at YBullock@harrisontwp.us, or (c) BiDCOMP®/Parity® Electronic Bid Submission System ("PARITY") of i-Deal LLC ("i-Deal") in the manner described below, until 11:00 A.M. (Eastern Time). No proposals will be accepted after 11:00 A.M. (Eastern Time) on the date specified. If a bidder wishes to transmit its proposal by facsimile, the proposal must be accompanied by a cover sheet stating clearly "PROPOSAL FOR NOTES", and the proposal must be on the Official Form of Proposal attached hereto, and signed by the bidder. The Township will not assume any liability with respect to defective facsimile transmissions. Should you wish to confirm receipt of a proposal by the Township, please call (856) 478-4111, ext. 7. A determination as to the award will be made no later than 5:00 P.M. (Eastern Time) on the Bid Date.

Each proposal submitted must offer to purchase all of the Notes being offered at a price not less than par and specify a single rate of interest. Interest shall be calculated on the basis of twelve (12) thirty (30) day months in a 360-day year. The Notes will be sold to the entity who, after having complied with the terms of this Notice of Sale, offers the lowest net interest cost for the Notes. The net interest cost shall be computed in each instance by adding to the total amount of Notes bid for, the total interest cost to maturity, and deducting therefrom the premium, if any. If two (2) or more

proposers specify the same lowest net interest cost, then to one of such proposers selected by the undersigned by lot. The purchaser must pay an amount equal to the interest on the Notes accrued to the date of delivery. The Township reserves the right to waive irregularities in any proposal and to reject all proposals.

Proposals must be submitted electronically via PARITY or by facsimile in accordance with this Notice of Sale, until 11:00 A.M. (Eastern Time) on the Bid Date set forth above, but no proposal will be accepted after the time for receiving proposals specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, including any fee charged, potential proposers may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: (212) 849-5021. The Township may, but is not obligated to, acknowledge its acceptance, in writing, of any proposal submitted electronically via PARITY. In the event that a proposal for the Notes is submitted via PARITY, the proposer further agrees that:

1. The Township may regard the electronic transmission of the proposal through PARITY (including information about the principal amount of the Notes, the premium bid for the Notes and any other information included in such transmission) as though the same was executed by a duly authorized signatory of the proposer, accordingly for the proposal which is accepted by the Township, the terms of this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the successful proposer shall be bound by the terms of such contract.
2. PARITY is not an agent of the Township, and the Township shall have no liability whatsoever based on any proposer's use of PARITY, including, but not limited to, any failure by PARITY to correctly or timely transmit information provided by the Township or information provided by the proposer.
3. The Township may choose to discontinue use of electronic proposals via PARITY by issuing a notification to such effect via TM3 News Services, or by other available means, no later than 3:00 P.M. (Eastern Time) on the last business date prior to the Bid Date set forth above.
4. Once the proposals are communicated electronically via PARITY to the Township as described above, each proposal will constitute an official "Proposal for Notes" and shall be deemed to be an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale. For purposes of submitting electronic proposals, the time as maintained on PARITY shall constitute the official time.
5. Each proposer shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its proposal in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Township nor i-Deal shall have any duty or obligation to provide or assure access to any proposer, and neither the Township nor i-Deal shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY.

The Township is using PARITY as a communication mechanism, and not as the Township's agent, to conduct the electronic bidding for the Notes. By using PARITY, each proposer agrees to hold the Township harmless for any harm or damages caused to such proposer in connection with its use of PARITY for bidding on the Notes.

The Township may, in its sole discretion and prior to the opening of proposals, clarify any term hereof, including, without limitation, its decision to discontinue use of electronic bidding via PARITY, by issuing a notification of the clarification via TM3 News Services, or any other available means, no later than 9:00 A.M. (Eastern Time) on the date upon which the Township will receive proposals.

As a condition of submitting a proposal, each bidder agrees to sell the Notes to no more than thirty-five (35) persons, each of whom the bidder believes: (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Notes; and (ii) is not purchasing for more than one account or with a view toward distributing the Notes.

CUSIP

It is anticipated that CUSIP Identification Numbers will be printed on the Notes. Acacia Financial Group, Inc., municipal adviser to the Township, will timely apply for CUSIP Identification Numbers with respect to the Notes as required by MSRB Rule G-34. The CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the successful bidder. The successful bidder will be responsible for notifying CUSIP Global Services of any changes in structure and shall add or cancel CUSIP numbers as needed to conform to the final structure. The Township will assume no obligation for the assignment or printing of such numbers on the Notes or for the correctness of such numbers, and neither the failure to print such numbers on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and make payment for the Notes.

Closing Certificates:

Simultaneously with the delivery of the Notes, the purchaser shall furnish to the Township a certificate, in form acceptable to Bond Counsel, stating that it agrees to sell the Notes to no more than thirty-five (35) persons, each of whom the entity believes: (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Notes; and (ii) is not purchasing for more than one account or with a view toward distributing the Notes.

Additionally, the purchaser shall assist the Township in establishing the issue price and yield of the Notes and shall execute and deliver to the Township at closing an "issue price" and "yield" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes and yield, together with the supporting pricing wires or equivalent communications ("Issue Price Certificate"). The Issue Price Certificate shall be executed in the form attached here as: (i) Exhibit "A" in the event the purchaser is purchasing the Notes for its own account and (ii) Exhibit "B" in the event the purchaser is purchasing the Notes for resale to the "public" (as hereinafter defined).

Establishment of Issue Price:

(a) The Township intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

- (1) the Township disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Township may receive bids from at least three (3) underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes; and
- (4) the Township anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

(b) If the successful bidder is a bank or local government unit purchasing for its own account the provisions of paragraphs (d) and (e) below shall not apply

(c) In the event that paragraph (b) above is not applicable and the competitive sale requirements are not satisfied, the Township shall so advise the successful bidder. The Township shall treat the first price at which 10% of the Notes (the "10% Test") is sold to the public as the issue price of the Notes. The successful bidder shall advise the Township if the Notes satisfy the 10% Test as of the date and time of the award of the Notes. The Township will not require bidders to comply with the "hold-the-offering-price rule" and therefore does not intend to use the initial offering price to the public as of the sale date of the Notes as the issue price of the Notes. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that the Notes will be subject to the 10% Test in order to establish the issue price of the Notes.

(d) If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to the Notes, the successful bidder agrees to promptly report to the Township the prices at which the unsold Notes have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Notes. If the 10% Test is not met by the closing date, a supplemental issue price certificate must be provided.

(e) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Notes, if and for so long as directed by the successful bidder and as set forth in the related pricing wires; and (ii) any agreement among underwriters relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each

underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Notes allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Notes, if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

(f) Sales of any securities to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party;

(ii) "underwriter" means: (A) any person that agrees pursuant to a written contract with the Township (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public);

(iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to: (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another); (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another); or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the Notes are awarded by the Township to the successful bidder.

The purchaser is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission ("ELEC") pursuant to N.J.S.A. 19:44A-20.13 (P.L. 2005, c.271, s.3) if the purchaser enters into agreements or contracts, such as its agreement to purchase the Notes, with a public entity, such as the Township and receives compensation or fees in excess of \$50,000 in the aggregate from public entities, such as the Township, in a calendar year. It is the purchaser's responsibility to determine if filing is necessary. Failure to do so can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

Award of the Notes is expected to be made promptly after the reading of the proposals.

YVONNE BULLOCK, Chief Financial Officer

OFFICIAL FORM OF PROPOSAL

May 15, 2019

Ms. Yvonne Bullock
Chief Financial Officer
Township of Harrison
Municipal Building
114 Bridgeton Pike
Mullica Hill, New Jersey 08062

Ms. Bullock:

Subject to the provisions of the Notice of Sale for the purchase of the \$2,999,970, principal amount, Bond Anticipation Notes of 2019, Series A ("Notes"), of the Township of Harrison, County of Gloucester, New Jersey, which Notice of Sale is made a part of this Proposal, we offer to purchase the Notes in the principal amount of \$2,999,970 bearing interest at the rate of _____% per annum, and will pay therefor \$_____ (not less than \$2,999,970), plus accrued interest thereon, if any.

Purchaser: _____

By: _____
Signature

Title

Telephone: _____

Please supply the following for informational purposes only and not as part of the foregoing Proposal:

Gross Interest Payable on Notes: \$ _____

Less: Premium on the Notes (if any): \$ _____

Net Interest Cost: \$ _____

Net Interest Rate: _____%

Exhibit "A"

\$2,999,970
TOWNSHIP OF HARRISON
County of Gloucester, New Jersey
BOND ANTICIPATION NOTES OF 2019, SERIES A
Consisting of:
\$1,679,470 General Improvement Notes
\$1,320,500 Water and Sewer Utility Notes

CERTIFICATE OF PURCHASER
REGARDING ISSUE PRICE AND YIELD

The undersigned, an authorized representative of _____, as purchaser ("Purchaser") of the above-captioned obligations ("Notes"), hereby certifies as follows:

1. This certificate is delivered to the Township of Harrison, in the County of Gloucester, New Jersey ("Township"), and may be relied upon in establishing the reasonable expectations of the Township as to the matters stated herein as may be necessary or appropriate in the preparation by the Township of a certificate relating to arbitrage matters in connection with the issuance of the Notes and in complying with the requirements of the Internal Revenue Code of 1986, as amended ("Code"), and the regulations promulgated thereunder with respect to arbitrage.

2. This certificate is based on facts and estimates in existence on the date hereof and, to the best of the undersigned's knowledge and belief, the matters set forth herein are reasonable in light of such facts and estimates.

3. Based upon prevailing market conditions on May 15, 2019, the date the Purchaser agreed to purchase the Notes ("Sale Date"), the Purchaser had no reason to believe that the fair market value of any of the Notes was in excess of the par amount thereof.

4. The Purchaser is the first purchaser of the Notes and has agreed to purchase the Notes at a price of \$2,999,970 ("Purchase Price"). The Notes shall bear interest (based upon twelve (12) months each containing thirty (30) days in a 360 day-year) at a rate of _____%.

5. The Purchaser has not offered, and does not intend to offer, any of the Notes for sale to the general public.

6. The issue price for the Notes is the Purchase Price.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of May, 2019.

_____,
as Purchaser

By: _____
[NAME], [Title]

Exhibit "B"

\$2,999,970
TOWNSHIP OF HARRISON
County of Gloucester, New Jersey
BOND ANTICIPATION NOTES OF 2019, SERIES A
Consisting of:
\$1,679,470 General Improvement Notes
\$1,320,500 Water and Sewer Utility Notes

CERTIFICATE OF UNDERWRITER
REGARDING ISSUE PRICE AND YIELD

The undersigned, an authorized representative of _____, as underwriter ("Underwriter") of the above-captioned obligations ("Notes"), hereby certifies as follows:

1. This certificate is delivered to the Township of Harrison, in the County of Gloucester, New Jersey ("Township"), and may be relied upon in establishing the reasonable expectations of the Township as to the matters stated herein as may be necessary or appropriate in the preparation by the Township of a certificate relating to arbitrage matters in connection with the issuance of the Notes and in complying with the requirements of the Internal Revenue Code of 1986, as amended ("Code"), and the regulations promulgated thereunder with respect to arbitrage.

2. This certificate is based on facts and estimates in existence on the date hereof and, to the best of the undersigned's knowledge and belief, the matters set forth herein are reasonable in light of such facts and estimates.

3. On May 15, 2019 ("Sale Date"), the Underwriter submitted and the Township accepted its competitive proposal to purchase the Notes.

[4. As of the Sale Date, the reasonably expected aggregate offering price of the Notes to the Public by the Underwriter is \$ _____ ("Expected Offering Price"). The

Expected Offering Price is the price for the Notes used by the Underwriter in formulating its bid to purchase the Notes.

5. The Underwriter was not given the opportunity to review other bids prior to submitting its bid. The bid submitted by the Underwriter constituted a firm bid to purchase the Notes.]

[4. As of the date of this certificate, the Underwriter has not sold at least 10% of the Notes at a single price and agrees once it has sold at least 10% of the Notes at a single price, it will provide a Supplemental Issue Price Certificate to the Township and Bond Counsel, which date will be not later than thirty (30) days after the last day of the calendar quarter next ending after the date of closing of the Notes.]

[4. The Underwriter has offered the Notes to the Public for purchase at the initial offering price listed in Schedule A ("Initial Offering Price") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Notes is attached to this certificate as Schedule B.

5. As set forth in the Notice of Sale and bid award, the Underwriter has agreed in writing that: (i) it would neither offer nor sell any of the Notes to any person at a price that is higher than the Initial Offering Price during the Holding Period (as defined below) ("hold-the-offering-price rule"); and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply

with the hold-the-offering-price rule. Pursuant to such agreement, no underwriter (as defined below) has offered or sold the Notes at a price that is higher than the respective Initial Offering Price during the Holding Period.]

[5/7]. The Yield (as defined below) on the Notes to maturity is not less than _____%.

[6/8]. Capitalized terms utilized herein and not otherwise defined shall have the meanings ascribed thereto below:

(i) "Public" shall mean any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(ii) "Underwriter" shall mean: (a) any person that agrees pursuant to a written contract with the Township (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public; and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public). The representations set forth in this certificate are limited to factual matters only.

(iii) "Yield" shall mean that discount rate, determined on the basis of one interest compounding period equal to the term of the Notes, which, when used in computing the present

value of all unconditionally payable payments of principal (including original issue discount, if any), produces an amount equal to the aggregate issue price thereof.

[(iv) "Holding Period" means the period starting on the Sale Date and ending on the earlier of: (i) the close of the fifth business day after the Sale Date; or (ii) the date on which the Underwriter has sold at least 10% of the Notes to the Public at a price that is no higher than the Initial Offering Price.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Township with respect to certain of the representations set forth in the Certificate as to Nonarbitrage and Other Tax Matters and with respect to compliance with the federal income tax rules affecting the Notes, and by Parker McCay P.A. in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Township from time to time relating to the Notes.

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IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of May, 2019.

_____,
as Underwriter

By: _____
[NAME], [Title]

DRAFT

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 8, 2019

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

\$11,283,000
TOWNSHIP OF HARRISON
County of Gloucester, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2019
Consisting of:
\$9,172,000 General Improvement Bonds
\$2,111,000 Sewer Utility Bonds
(Callable)

\$2,999,970
TOWNSHIP OF HARRISON
County of Gloucester, New Jersey
BOND ANTICIPATION NOTES, SERIES 2019
Consisting of:
\$1,679,470 General Improvement Notes
\$1,320,500 Sewer Utility Notes
Interest Rate: ___%
Yield: ___%
(Non-Callable)

Dated: Date of Delivery

Bonds Due: May 15, as shown on inside front cover
Notes Due: May 27, 2020

The: (i) \$11,283,000 aggregate principal amount of its General Obligation Bonds, Series 2019 ("Bonds"); and (ii) \$2,999,970 principal amount of Bond Anticipation Notes, Series 2019 ("Notes"), of the Township of Harrison, County of Gloucester, New Jersey ("Township"), shall be issued in fully registered book-entry-only form without coupons in minimum denominations of \$5,000 or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds and the Notes.

The Bonds consist of: (i) \$9,172,000 General Improvement Bonds; and (ii) \$2,111,000 Sewer Utility Bonds. The principal of the Bonds shall be paid on their respective maturity dates thereof upon presentation and surrender of the Bonds at the offices of the Township or the Township's hereafter designated paying agent, if any. Interest on the Bonds is payable semi-annually on May 15 and November 15 ("Interest Payment Dates"), commencing May 15, 2020, in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions stated herein.

The Notes consist of: (i) \$1,679,470 General Improvement Notes; and (ii) \$1,320,500 Sewer Utility Notes. The Notes shall be dated and bear interest from May 28, 2019 (date of delivery) at the rate set forth above. The Notes shall mature on May 27, 2020 upon presentation and surrender of the Notes at the offices of the Township. Interest on the Notes is payable at maturity. The Notes are not subject to redemption prior to maturity.

Upon initial issuance, the Bonds and the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds and the Notes. So long as Cede & Co. is the registered owner of the Bonds and the Notes, payments of principal of and interest on the Bonds and the Notes will be made by the Township directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the Bonds and the Notes. Purchasers will not receive certificates representing their ownership interest in the Bonds or the Notes purchased. For so long as any purchaser is a Beneficial Owner of a Bond or Note, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant to receive payment of the principal of and interest on such Bond or Note.

The Township is issuing the Bonds pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 40-2011, 26-2013, 9-2015, 10-2015, 10-2016 and 11-2016 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Committee on May 6, 2019; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May __, 2019.

The Bonds are being issued by the Township to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment authorized by the Bond Ordinances by the repayment at maturity of a portion of the principal of certain notes heretofore issued by the Township; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The Township is issuing the Notes pursuant to: (i) the Local Bond Law; (ii) bond ordinances 15-2017, 16-2017, 10-2018, 11-2018, 13-2019 and 14-2019, each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law (collectively, the "Note Ordinances"); and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May __, 2019.

The Notes are being issued by the Township to provide funds which will be used to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment authorized by the Note Ordinances by the repayment at maturity of a portion of the principal of certain notes heretofore issued by the Township; (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized by the Note Ordinances, but not issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

The Bonds and Notes are general obligations of the Township and the full faith and credit of the Township are irrevocably pledged for the payment thereof. The Bonds and Notes are payable ultimately from *ad valorem* taxes that shall be levied upon all taxable real property within the Township without limitation as to rate or amount.

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 and Notes are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township. Certain legal matters will be passed upon for the Township by its Solicitor, Brian J. Duffield, Esquire, Mullica Hill, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Bonds and Notes. Delivery of the Bonds and Notes is further subject to certain other conditions set forth herein. It is anticipated that the Bonds and Notes in definitive form will be available for delivery through DTC in New York, New York, on or about May 28, 2019.

MATURITY SCHEDULES

\$11,283,000
GENERAL OBLIGATION BONDS, SERIES 2019
 Consisting of:
\$9,172,000 General Improvement Bonds
\$2,111,000 Sewer Utility Bonds

<u>Year</u>	<u>General Improvement Principal Amount</u>	<u>Sewer Principal Amount</u>	<u>Total Aggregate Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2020	\$355,000	\$86,000	\$441,000	%	%
2021	492,000	115,000	607,000		
2022	505,000	115,000	620,000		
2023	515,000	120,000	635,000		
2024	525,000	120,000	645,000		
2025	535,000	120,000	655,000		
2026	545,000	125,000	670,000		
2027	560,000	130,000	690,000		
2028	580,000	130,000	710,000		
2029	595,000	135,000	730,000		
2030	615,000	140,000	755,000		
2031	630,000	145,000	775,000		
2032	650,000	150,000	800,000		
2033	670,000	155,000	825,000		
2034	690,000	160,000	850,000		
2035	710,000	165,000	875,000		

\$2,999,970
BOND ANTICIPATION NOTES, SERIES 2019
 Consisting of:
\$1,679,470 General Improvement Notes
\$1,320,500 Sewer Utility Notes

<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity Date</u>
\$2,999,970	%	%	May 27, 2020

**TOWNSHIP OF HARRISON
COUNTY OF GLOUCESTER, NEW JERSEY**

Elected Officials

Lou Manzo	Mayor
Donald Heim	Deputy Mayor
Julie Delaurentis	Committee Member
John Williams	Committee Member
Jeffrey D. Jacques	Committee Member

**Township Administrator
Mark L. Gravinese**

**Chief Financial Officer
Yvonne Bullock**

**Municipal Clerk
Diane L. Malloy**

**Solicitor
Brian J. Duffield, Esquire
Mullica Hill, New Jersey**

**Auditor
Bowman & Company LLP
Voorhees and Woodbury, New Jersey**

**Bond Counsel
Parker McCay P.A.
Mount Laurel, New Jersey**

**Municipal Advisor
Acacia Financial Group, Inc.
Mount Laurel, New Jersey**

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Bonds and the Notes 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 Township. The information contained herein has been provided by the Township 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 any underwriter or, as to information from sources other than itself, by the Township. 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 any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there be any sale of the Bonds or the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman 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 Township or any underwriter.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER AND/OR PURCHASER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND THE NOTES 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 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.

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OFFICIAL STATEMENT

\$11,283,000
TOWNSHIP OF HARRISON
County of Gloucester, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2019
Consisting of:
\$9,172,000 General Improvement Bonds
\$2,111,000 Sewer Utility Bonds
(Callable)

\$2,999,970
TOWNSHIP OF HARRISON
County of Gloucester, New Jersey
BOND ANTICIPATION NOTES, SERIES 2019
Consisting of:
\$1,679,470 General Improvement Notes
\$1,320,500 Sewer Utility Notes
(Non-Callable)

INTRODUCTION

The purpose of this Official Statement, including the cover page hereof and the appendices attached hereto, is to provide certain information relating to the issuance by the Township of Harrison, County of Gloucester, New Jersey ("Township"), of its: (i) \$11,283,000 aggregate principal amount of General Obligation Bonds, Series 2019 ("Bonds"); and (ii) \$2,999,970 principal amount of Bond Anticipation Notes, Series 2019 ("Notes"). The Bonds consist of: (i) \$9,172,000 General Improvement Bonds; and (ii) \$2,111,000 Sewer Utility Bonds. The Notes consist of: (i) \$1,679,470 General Improvement Notes; and (ii) \$1,320,500 Sewer Utility Notes.

The information contained herein relating to the Township was furnished by the Township unless otherwise indicated.

AUTHORIZATION FOR THE BONDS AND THE NOTES

Bonds

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 40-2011, 26-2013, 9-2015, 10-2015, 10-2016 and 11-2016 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Committee on May 6, 2019; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May __, 2019.

Notes

The Township is issuing the Notes pursuant to: (i) the Local Bond Law; (ii) bond ordinances 15-2017, 16-2017, 10-2018, 11-2018, 13-2019 and 14-2019 (collectively, the “Note Ordinances”), each duly and finally adopted by the Township Committee and published in accordance with the requirements of Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May __, 2019.

PURPOSE OF THE ISSUE

Bonds

The Bonds are being issued by the Township to provide funds which will be used to: (i) permanently finance the costs of various capital improvements and the acquisition of various capital equipment authorized by the Bond Ordinances by the repayment at maturity of a portion of the principal of certain notes heretofore issued by the Township; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

Notes

The Notes are being issued by the Township to provide funds which will be used to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment authorized by the Note Ordinances by the repayment at maturity of a portion of the principal of certain notes heretofore issued by the Township; (ii) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment for which obligations have been authorized by the Note Ordinances, but not issued; and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

The capital improvements and equipment to be permanently financed with the proceeds of the Bonds and to be temporarily financed with the proceeds of the Notes include the following:

TABLE I - Bonds
General Improvement Bonds

Ordinance Number	Purpose/ Improvement	Amount Authorized	Outstanding Notes	Bonds
40-2011	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	\$1,987,181	\$1,291,881	\$1,291,181
26-2013	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	2,830,162	2,484,512	2,484,512
9-2015	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	745,750	701,250	701,250
10-2016	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	4,695,090	4,695,057	4,695,057
	Total	\$10,258,183	\$9,172,700	\$9,172,000

Sewer Utility Bonds

Ordinance Number	Purpose/ Improvement	Amount Authorized	Outstanding Notes	Bonds
10-2015	Completion of Various Capital Improvements and Acquisition of Capital Equipment for the Sewer Utility	\$802,000	\$783,000	\$783,000
11-2016	Completion of Various Sewer Utility Improvements and Acquisition of Capital Equipment for the Sewer Utility	1,328,400	1,328,000	1,328,000
	Total	\$2,130,400	\$2,111,000	\$2,111,000

TABLE II – Notes

General Capital Notes

Ordinance Number	Purpose	Amount Authorized	Outstanding Notes	Notes
15-2017	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	\$643,720	\$643,600	\$643,600
10-2018	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	411,540	411,540	411,540
13-2019	Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements	624,330	0	624,330
TOTAL		\$1,679,590	\$1,055,140	\$1,679,470

Sewer Utility Notes

Ordinance Number	Purpose	Amount Authorized	Outstanding Notes	Notes
16-2017	Completion of Various Capital Improvements and Acquisition of Capital Equipment for the Sewer Utility	\$440,000	\$440,000	\$440,000
11-2018	Completion of Various Capital Improvements and Acquisition of Capital Equipment for the Sewer Utility	447,500	447,500	447,500
14-2019	Completion of Various Capital Improvements and Acquisition of Capital Equipment for the Sewer Utility	433,000	0	433,000
TOTAL		\$1,320,500	\$887,500	\$1,320,500

DESCRIPTION OF THE BONDS AND THE NOTES

General

Bonds

The Bonds will be issued in the aggregate principal amount of \$11,283,000. The Bonds will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on May 15 and November 15 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing May 15, 2020, in each year until maturity or earlier redemption. Individual purchases of the Bonds may be made in the principal amount of \$5,000, or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "DESCRIPTION OF THE BONDS AND THE NOTES--Book-Entry-Only System" below. The Bonds will mature on May 15 in the years and in the principal amounts, all as shown on the inside front cover page of this Official Statement.

The Bonds will be issued in fully registered book-entry only form without coupons. The principal of the Bonds will be payable to the registered owners at maturity upon presentation and surrender of the Bonds at the offices of the Chief Financial Officer or the hereafter designated paying agent, if any. Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Township for such purpose at the offices of the Chief Financial Officer or the hereafter designated paying agent, if any, as of the close of business on the first (1st) day of the calendar month containing an Interest Payment Date (each a "Record Date").

So long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Bonds is the responsibility of the DTC Participants and not the Township or its hereafter designated paying agent, if any.

The Notes will be issued in fully registered book-entry-only form without coupons in minimum denominations of \$5,000 or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes. The principal of the Notes will be payable to the registered owners thereof at maturity upon presentation and surrender of the Notes at the offices of the Township, acting as paying agent. Interest on each Note shall be payable at maturity to the registered owner of record thereof appearing on the registration books kept by the Township.

So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made directly to Cede & Co., as nominee for DTC. Disbursements of such payments to the DTC Participants ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Notes is the responsibility of the DTC Participants and not the Township. See "THE NOTES--Book-Entry Only System" herein.

Notes

The Notes will be issued in the principal amount of \$2,999,970, will be dated the date of issuance, will bear interest from that date at the rate set forth on the cover page hereof and will mature on May 27, 2020.

Redemption Provisions

Bonds

The Bonds maturing on and after May 15, 2029 are subject to redemption prior to their stated maturity dates at the option of the Township, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Township shall determine and within any such maturity by lot) on any date on or after May 15, 2028, at a redemption price equal to one hundred percent (100%) of the principal amount of the Bonds to be redeemed, plus accrued interest to the redemption date.

Notice of redemption shall be given by mailing first class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last known address, if any, appearing on the registration books of the Township. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent only to DTC and not be sent to the Beneficial Owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any Participant or any failure of a Participant to notify any Beneficial Owner of the Bonds shall not affect the validity of any proceedings for the redemption of Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Bonds or portion thereof to be redeemed shall cease to accrue and be payable.

Notes

The Notes are **not** subject to redemption prior to their stated maturity dates.

Book-Entry-Only System¹

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

¹ Source: The Depository Trust Company

The DTC will act as securities depository for the Bonds and the Notes. The Bonds and the Notes 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 and Note certificate will be issued for each maturity of the Bonds and Notes, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of the Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC's records. The ownership interest of each actual purchaser of each Bond and Note ("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 and Notes 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 and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

To facilitate subsequent transfers, all the Bonds and Notes 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 and Notes 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 and Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes 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, if any, shall be sent to DTC. If less than all of the bonds or notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

The Township may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond and Note 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 Township believes to be reliable, but neither the Township nor the Underwriters (as hereinafter defined) take any responsibility for the accuracy thereof.

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

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

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds and Notes, the following provisions would apply: (i) the Bonds and Notes may be exchanged for an equal principal amount of Bonds and Notes in other authorized denominations and of the same maturity, upon surrender thereof at the offices of the Township or its hereafter designated paying agent, if any; (ii) the transfer of the Bonds and Notes may be registered on the books maintained by the Township or its hereafter designated paying agent, if any, for such purposes only upon the surrender thereof to the Township or its hereafter designated paying agent, if any, together with the duly executed assignment in form satisfactory to the Township or its hereafter designated paying agent for the Bonds or Notes, if any; and (iii) for every exchange or registration of transfer of the Bonds and Notes, the Township or its hereafter designated paying agent, if any, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds and Notes. In such event, interest on the Bonds and Notes will be payable by check or draft, mailed on each Interest Payment Date, to the registered owners thereof as of the close of business on the Record Date, whether or not a business day.

SECURITY FOR THE BONDS AND THE NOTES

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds and the Notes. The Bonds are general obligations of the Township payable as to principal and interest from *ad valorem* taxes that shall be levied upon all taxable real property within the Township without limitation as to rate or amount. The Notes are general obligations of the Township and are issued in anticipation of the issuance of bonds and, if not paid from the proceeds of such bonds or other funds, are payable ultimately from *ad valorem* taxes that shall be levied upon all taxable real property within the Township without limitation as to rate or amount.

The Township may pledge only its own credit and taxing power in respect of the Bonds and the Notes, and has no power to pledge the credit or taxing power of the State or any other political subdivision thereof, nor shall the Bonds and the Notes be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the Bonds and the Notes.

GENERAL INFORMATION REGARDING THE TOWNSHIP

General

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

Financial

Appendix "B" to this Official Statement contains (a) compiled financial statements of the Township for the year ended December 31, 2018 and (b) audited financial statements of the Township for the years ending December 31, 2017, 2016, 2015, 2014 and 2013. The compiled and audited financial data was provided by Bowman & Company LLP, Woodbury and Voorhees, New Jersey, and is included herein in reliance upon the authority of such firm. Bowman & Company LLP, Woodbury and Voorhees, New Jersey, has consented to the inclusion of their report in this Official Statement. Copies of the complete 2018 Annual Financial Statement (unaudited) and Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT

Local Bond Law

General - The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the power and obligation to pay any and all bonds and notes issued pursuant to the Local Bond Law shall be unlimited; (ii) the county or municipality shall levy *ad valorem* taxes upon all taxable property therein for the payment of the principal of and interest on such bonds and notes without limitation as to rate or amount; (iii) generally, a down payment that is not less than five percent (5%) of the amount of debt obligations authorized must be appropriated in addition to the amount of debt obligations authorized; (iv) all non-special-assessment bonds shall mature within the period of usefulness or average period of usefulness of the improvements being financed; and (v) after issuance, all bonds and notes shall be conclusively presumed to be fully authorized and issued by all of the laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery.

Debt Limits - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.50%) of its equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. The Township, including the issuance of the Bonds and the Notes, will not exceed its three and one-half percent (3.50%) debt limit.

Exceptions to Debt Limits – Extensions of Credit - The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval may be granted.

In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for purposes in an amount not exceeding two-thirds (2/3) of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing – When approved by bond ordinance, the Township may issue bond anticipation notes to temporarily finance capital improvements. Such notes may not be issued in an aggregate amount exceeding that specified by the ordinance. The notes may not be issued for periods of more than one year, renewable with the final maturity occurring no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original note. After the third year, the amount of the notes that may be renewed annually must be decreased by the minimum amount required for the first year's principal payment for the bond issue in anticipation of which the notes are issued.

Bonds – Bonds may be issued pursuant to the Local Bond Law for the purpose of paying, or funding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-state administered public employee pension system and amounts owing to others for taxes levied in the local unit, or any renewals or extensions thereof, and for paying the cost of issuance of such bonds.

Local Fiscal Affairs Law

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey State Statutes, as amended and supplemented ("Local Fiscal Affairs Law"), governs audits, auditors, public moneys and financial statements of local governmental units, including the Township.

Each local unit is required to cause an annual audit of its books, accounts and financial transactions to be made and completed within six months after the close of its fiscal year by either a Registered Municipal Accountant or, by agreement with the Director ("Director") of the Division of Local Government Services ("Division") in the Department of Community Affairs, by qualified employees of the Division.

An independent examination of the Township's books, accounts and financial transactions must be performed annually by a Registered Municipal Accountant who is licensed by the State Board of Public Accountants. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made. A Summary of Audit, together with recommendations, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2017 is on file with the Township Clerk and is available for review during business hours, and is available online at the Township's website: www.harrisontwp.us.

The Local Fiscal Affairs Law also requires that the Chief Financial Officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units. The Annual Compiled Financial Statement for the year ended December 31, 2018 is on file with the Township Clerk and is available for review during business hours.

Local Budget Law

The Local Budget Law, Chapter 4 of Title 40A of the State, as amended and supplemented ("Local Budget Law"), governs the budgeting and appropriation of funds by local governmental units.

The Local Budget Law requires local governmental units to adopt a "cash basis" budget in such form that there will be sufficient cash collected to meet all debt service requirements, necessary operations of the local governmental units for the fiscal year and any mandatory payments required to be met during the fiscal year.

No budget shall be adopted unless the Director shall have previously certified their approval thereof.

Each local governmental unit must include in its budget an appropriation for the payment of debt service. The Director is required to examine such appropriation to determine whether it is properly set forth, in addition to determining whether all estimates of revenue contained in the budget are reasonable, accurate and correctly stated.

A statute passed in 1976, as amended (*N.J.S.A. 40A:4-45.1 et seq.*), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a local unit to increase its overall appropriations, it does not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on the Bonds and the Notes. The Cap Law provides that a local unit shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010 (S-29R1), which, among other things, imposes a two percent (2.00%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2.00%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.00%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.00% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (*C.52:14-17.25 et seq.*), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as

appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A. 40A:4-45-46*) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2.00%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2.00%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service on its bonds or notes, including the Bonds and the Notes.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the [D]irector shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." Such determination may be made by the governing body and the chief financial officer in any year during which the local unit is subject to local examination.

No budget or amendment shall be adopted unless the Director has previously certified the approval of such anticipated revenues.

Real Estate Taxes

Receipts from Delinquent Taxes - Revenues are permitted by *N.J.S.A. 40A:4-29* to be anticipated in the annual budget for collection of delinquent taxes of prior years. The maximum amount permitted to be anticipated is determined by applying the collection rate of the prior year's delinquent taxes to the total amount of delinquent taxes outstanding at the beginning of the current year.

Current Year Tax Levy and Reserve for Uncollected Taxes - The current year's taxes to be levied are determined by adding the sums of the cash required from taxes to support the municipal, school, county and special district budgets, if any, together with the amount of an appropriation required to be included in the annual municipal budget entitled "Reserve for Uncollected Taxes", less the total of anticipated revenues. The inclusion of the "Reserve for Uncollected Taxes" appropriation in the current year's budget protects the municipality from taxes currently unpaid. The "Reserve for Uncollected Taxes" is required to be, at a minimum, an amount sufficient to provide for the same percentage of uncollected taxes in the current year as was experienced in the immediately preceding year, the average of the previous three years in accordance with P.L. 2000, c. 126, or the previous year collection percentage after reducing the previous year levy by tax appeal judgments of the county tax board pursuant to R.S.54:3-21 *et seq.*, or the State tax court pursuant to R.S.54:48-1 *et seq.* in accordance with Chapter 56 of P.L. 2010.

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess

of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

Another provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required for all current budget appropriations and school and county taxes of the current fiscal year. The reserve requirement is calculated as follows:

$$\frac{\text{Levy Required for Current Budget, School and County Taxes}}{\text{Prior Year's Percentage of Current Tax Collections (or Lesser \%)}} = \text{Total Taxes to be Levied}$$

Deferral of Current Expenses

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3.00%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

The exceptions are certain enumerated projects to cover the cost of the extraordinary expense for the repair, or reconstruction of streets, roads or bridges, or other public property damaged by snow, ice, frost or flood, where such expense was not foreseen at the time of the adoption of the budget, which may be amortized over three years; and tax map preparations, revision of ordinances, revaluations, master plan preparation, studies and planning necessary for the installation and construction of a sanitary sewer system, and payments of accumulated sick and vacation time which may be amortized over five years.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Capital Budget

In accordance with the Local Budget Law, each local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Every local unit which adopts a capital budget must also adopt a three (3) year capital program unless the local unit's population exceeds 10,000 where a six (6) year capital program is required.

Utility Budget

The Township's public sewer utility is supported, in addition to the general taxing power upon real property, by the revenues generated by the operations of the utility. A separate budget is established for the utility. The anticipated revenues and appropriations for the utility are set forth in a budget, which is required to be balanced and to fully provide for debt service. The regulations regarding anticipation of revenue and deferral of charges apply equally to the

budget of the utility. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Related Constitutional and Statutory Provisions

In the general election of January 2, 1976, as amended by the general election of January 6, 1984, the following Article 8, Section 1, Paragraph 7, with respect to a state income tax, was added to the State Constitution:

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

A progressive state income tax is currently in effect in the State.

The State Constitution may only be amended after: (i) approval of a proposed amendment by three-fifths (3/5) of all of the members of each house of the State Legislature and approval by a majority vote in a statewide referendum; or (ii) approval in two successive legislative years by a majority of all of the members of each house and approval by a majority vote in a statewide referendum. Amendments failing to receive voter approval may not be resubmitted for voter approval before the third succeeding general election after such disaffirmance.

The Municipal Finance Commission

The Municipal Finance Commission ("Commission") was created in 1931 to assist in the financial rehabilitation of municipalities, which had defaulted in their obligations. The powers of the Commission are exercised today by the Local Finance Board. The previously discussed elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the "Municipal Finance Commission Statutes" are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the State's Superior Court. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations causes the Commission to become operative in that municipality.

The Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. The Commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors and the readjustment of debts under the Federal Municipal Bankruptcy Act. Such Act permits

municipalities to have access to bankruptcy court for protection against suits by bondholders and creditors.

The Local Finance Board also serves as the "Funding Commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such Funding Commission for the proposed reorganization of its debt.

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the Bonds and the Notes are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the local unit's debts may be filed or accepted by the petitioner without express authority from the Commission to do so.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE BONDS AND THE NOTES.

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS 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.

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. The last complete revaluation of property within the Township was in 2017 effective for the 2018 tax year.

Upon the filing of certified adopted budgets by the Township, the School District and the County of Gloucester ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The

statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in *N.J.S.A. 54:4-1 et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18.00% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under New Jersey Statutes. Additionally, a 6.00% penalty is charged on any delinquencies in excess of \$10,000.00 if not paid by the end of each year. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens retained by the Township are periodically assigned to the Township Solicitor for "in rem foreclosures" in order to acquire title to these properties.

Tax Appeals

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the New Jersey Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

TAX MATTERS

Federal

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

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

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

In rendering this opinion, we have assumed continuing compliance by the Township that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Bonds and the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code.

Failure of the Township to comply with such covenants could result in the interest on the Bonds and the Notes being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Bonds and the Notes.

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has **not** designated the Bonds or the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Eighty percent (80%) of the interest expense deemed incurred by banks, thrift institutions and other financial institutions to purchase or carry "qualified tax-exempt obligations" is deductible.

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

New Jersey

Bond Counsel is also of the opinion that interest on the Bonds and the Notes and any gain from the sale thereof is not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as presently enacted and construed.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value of the Bonds and the Notes. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time

to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds and the Notes.

PROSPECTIVE PURCHASERS OF THE BONDS AND THE NOTES SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING ANY FEDERAL AND STATE INCOME TAX LEGISLATION, WHETHER CURRENTLY PENDING OR PROPOSED, REGULATORY INITIATIVES OR LITIGATION. THE OPINIONS EXPRESSED BY BOND COUNSEL ARE BASED UPON EXISTING LEGISLATION AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY AUTHORITIES AS OF THE DATE OF ISSUANCE AND DELIVERY OF THE BONDS AND THE NOTES AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

LITIGATION

To the knowledge of the Township's Solicitor, Brian J. Duffield, Esq., Mullica Hill, New Jersey ("Solicitor"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds and the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds and the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Bonds and the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Solicitor, no litigation is presently pending or threatened that, in the opinion of the Solicitor, would have a material adverse impact on the financial condition of the Township if adversely decided.

RATING

Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned a rating of "AA" to the Bonds based upon the creditworthiness of the Township.

The Notes are not rated.

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

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein and in the Appendices attached hereto, including financial and statistical statements, are true and correct in all material respects, and it will confirm the same to the purchasers of the Bonds and the Notes by certificates signed by various officers and officials of the Township upon issuance and delivery of the Bonds and the Notes.

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

The Township compiled Appendix "A" from information obtained from various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto.

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

Bowman & Company LLP only takes responsibility for the financial statements, appearing in Appendix "B" hereto.

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by _____, as underwriter ("Bond Underwriter"), pursuant to a Certificate of Determination and Award, dated May __, 2019. The Notes have been purchased from the Township at a public sale by _____, as underwriter ("Notes Underwriter"; together with the Bond Underwriter, the "Underwriters"), pursuant to a Certificate of Determination and Award, dated May __, 2019. The Underwriters have purchased the Bonds and the Notes in accordance with the respective Notices of Sale. The Bonds and Notes are being offered for sale at the yields set forth on the inside front cover of this Official Statement. The Underwriters are each obligated to purchase all of the Bonds and Notes if any of the Bonds and Notes are purchased.

The Underwriters intend to offer the Bonds and Notes to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds and Notes to the public. The Underwriters may offer and sell the Bonds and Notes to certain dealers (including dealers depositing Bonds and Notes into investment trusts) at yields higher than the public offering yields set forth on the front cover page of this Official Statement, and such yields may be changed, from time to time, by the Underwriters without prior notice.

LEGALITY FOR INVESTMENT

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

NO DEFAULT

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

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey, has served as Municipal Advisor to the Township with respect to the issuance of the Bonds and the Notes ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 ("Rule"), promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission ("Commission"), the Township will, prior to the issuance of the Bonds and the Notes, enter into agreements substantially in the forms set forth in Appendix "D".

In connection with the issuance of the Township's previously issued bonds, the Township has not previously filed its annual financial information as required with the Electronic Municipal Market Access ("EMMA"). The Township and its designated dissemination agents failed to timely file certain annual financial information for the years ended 2014 through 2015. The Township also failed to timely file the Township's adopted budgets for the years ended 2014 through 2016. The Township has subsequently filed the annual financial information, budgets and appropriate notices with EMMA.

As of the date hereof, the Township is in compliance with its previous undertakings with regard to continuing disclosure for the previous five (5) years in all material respects. The Township has taken steps to ensure timely filings of its annual financial information on a going-forward basis.

LEGAL MATTERS

The legality of the Bonds and the Notes will be subject to the approving legal opinions of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township ("Bond Counsel"). Such opinions will be printed on or accompany the Bonds and the Notes and provide, *inter alia*, that the Bonds and the Notes are valid and binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township without limitation as to rate or amount for the payment of the Bonds and the Notes and interest thereon. The enforceability of rights or remedies with respect to the Bonds and the Notes may be limited by bankruptcy, insolvency, or other law affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the Township by its Solicitor, Brian J. Duffield, Esq., Mullica Hill, New Jersey.

Bond Counsel has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement (except to the extent, if any, as specifically stated herein) and will express no opinion relating thereto.

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

ADDITIONAL INFORMATION

Additional information may be obtained from Yvonne Bullock, Chief Financial Officer of the Township of Harrison, at 856.478.4111 or the Municipal Advisor at 856.234.2266.

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

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

TOWNSHIP OF HARRISON, NEW JERSEY

By: _____
YVONNE BULLOCK, Chief Financial Officer

Dated: May __, 2019

APPENDIX A

GENERAL INFORMATION ON THE TOWNSHIP

GENERAL INFORMATION ON THE TOWNSHIP

History

The Township of Harrison, County of Gloucester, New Jersey ("Township") was incorporated in 1844 as Spicer Township; however, the name was changed to Harrison Township in 1845. The Township is located in the southeastern corner of Gloucester County ("County"), New Jersey, approximately 15 miles south of the City of Philadelphia. The Township is bordered by the municipalities of East Greenwich Township, Mantua Township, the Borough of Glassboro, Elk Township, South Harrison Township and Woolwich Township.

The Township is primarily a residential community, having experienced significant increased housing construction since the late 1980's.

Township Government

The Township operates under a Township Committee form of government as defined under N.J.S.A. 40A:63-1. The voters elect five members who, at the reorganization meeting, appoint a member to serve as Mayor. The Mayor is the chief executive officer of the Township. The government is empowered to levy taxes on real property, of which 81.5% of the properties are residential, 5% are farmland, 10.7% are vacant land, while the remaining 2.8% are commercial.

Responsibilities for various departments are divided among the members of the governing body. The governing body is responsible, among other things, for passing ordinances, adopting the budget and appointing officials. While the members adopt policy, the Township Administrator is charged with the responsibility of carrying-out the policies and for overseeing the day-to-day operations. The financial affairs of the Township are administered by the Chief Financial Officer, who reports to the Township Committee.

Fire Protection and Emergency Services

The Township is served by two volunteer fire companies organized through a fire district. The the Harrison Township Fire District budget is funded through a separate tax on real property owners. The two fire companies (Harmony & Ewan) are equipped with modern firefighting apparatus.

There is twenty-four hour EMA/ambulance service provided by the County EMS system.

Police

The Police Department ("Department") consists of full-time officers, 2-part time officers, and 3 Command staff officers and 1 full-time and 1 part-time police clerk who serve to provide public safety to the Township residents. Through the Department, a comprehensive education program is provided in the local schools. Four of the full time officers serve as resource officers that are stationed at Clearview Regional High School; Clearview Middle School; Pleasant Valley Elementary School and Harrison Elementary School.

Public Works

The Department of Public Works is responsible for the maintenance of the Township's streets, buildings, grounds and all activities at Ella Harris Recreational Facility, Pleasant Valley Recreation Park and William Wilt Sports Complex.

Trash collection and recycling of newspapers, paper, glass and aluminum is serviced by curbside collection through a private company. In addition, from April through November, Township residents can drop-off such items as grass clippings, tree branches and leaves at the Township Recycling Center. In 2017, monthly curbside service pick-up for brush was introduced.

Recreation

The recreation program within the community is administered by the Recreation Commission whose function is to sponsor community wide events throughout the year.

The Ella Harris Recreational Facility is offered to Township residents, and includes a park with a walking path, ball fields, basketball courts, a playground area, picnic areas, a concession stand and tennis courts.

Pleasant Valley Recreational facility is a shared facility with the School district that includes sports fields, playground equipment, a basketball court and gazebo.

William Wilt Soccer Complex is offered to residents for recreational activities, includes grass and turf sports fields, walking path, concession stand and playground equipment.

Other recreational facilities available to Township residents are the Raccoon Valley Swim Club, a private swim and social club.

Library

The Mullica Hill branch of the Gloucester County Library ("Library") was constructed in 1994 and is accessible to all residents of the County as well as the Township. The Library is situated at the intersection of Route 45 and Wolfert Station Road between the Mullica Hill and Jefferson sections of the Township. The Library is 27,000 sq. ft. and houses 98,000 items consisting of books, videos, CD's, newspapers, magazines and journals. In addition, there are public workstations with internet access and word processing programs. There are also workstations that are equipped with educational software for children.

Health Care Facilities

Located in the County are two acute care facilities, Inspira Health Hospital and Jefferson Hospital, which are in Woodbury and Washington Township, New Jersey, respectively. Located in Salem County is Elmer Hospital. Haddon Pediatric recently opened an office in Harrison Township, and various other medical facilities are located at the Mullica Hill Commons Plaza.

Inspira Emergency Care Center, an out-patient office facility, is located within the Township as well.

Inspira received state approval to build a new state of the art Regional Hospital in the Richwood section of our township that will connect to Rowan's Western Campus and the Technology Park. This complex will also be a home state of the art cancer treatment center that is currently under construction. The hospital complex will also include medical offices for doctors and specialists in the medical field which will bring in future retables'.

Transportation

Public transportation is provided to all residents by New Jersey Transit. Air travel is also provided by the Philadelphia International Airport, which is located in the City of Philadelphia, Pennsylvania.

Exit 2 of the New Jersey Turnpike is located just outside the northeast corner of the Township and provides for easy access to both metropolitan Philadelphia, Pennsylvania and Wilmington, Delaware. New Jersey State Highway Route 55, which has two interchanges along the eastern side of the Township, provides limited access highway connections to Deptford, New Jersey to the north and to Vineland, New Jersey to the south.

US Route 322 crosses the Township from west to east connecting not only with New Jersey Route 55 and the New Jersey Turnpike, but also with I-295, which runs parallel to the Turnpike, and with the Commodore Barry Bridge, which provides access across the Delaware River and to I-95.

These major highways form the principal elements of the transportation system in the County and are important links between the Township and surrounding communities.

Sewer Utility

The Sewer Connection Ordinance was adopted in December of 1966 and the Sewer Utility ("Utility") was organized in March of 1975 by ordinance.

The Harrison Township Wastewater Treatment Facility presently provides collection service to an area specified by the approved Wastewater Management Plan with 16 pump stations, gravity lines, force mains, manholes, and currently has approximately 2100 customers.

In 1999, the Township constructed a 0.8 MGD Wastewater Treatment Plant to accommodate the increasing sewer service area. This replaced a 1969 0.4 MGD plant. The new facility was completed in October 2004. At this time, the upgrades, rehabilitation, reconstruction and replacement regarding certain pumping stations was substantially complete and was needed in order to further provide sewer capacity to the remaining sewer service area.

Plans are currently in place to design and construct a new sewer system to support the new hospital and commercial growth in the Richwood section of town. The system will be constructed and connected to the Gloucester County Sewer Authority.

Water Supply

South Jersey American Water Company provides water to approximately 2,667 Township residences. All other residents rely on their own private wells for water usage.

Planning and Development

The existing housing stock in the Township consists mainly of single-family dwellings. The Township's Land Use Plan continues to provide for a range of housing types to meet a variety of needs, inclinations and economic circumstances. In addition to providing a range of housing types, an overall theme of the plan is to channel moderate and high density residential development to specific areas of the Township while maintaining the prevailing suburban and rural atmosphere.

The following analysis from the construction office reflects current developments planned and under construction:

Project/Location	# Dwellings/Square Footage	Status
Ellis Mill Estates Ellis Mill Road	30 SFD	2 Lots Left
Forest Walk Cedar Road	43 SFD	2 Lots Left
Harman Estates Commissioners Road	11 SFD	No Approval No Construction
Highlands Woodland Avenue	12 Lots	1 Lots Left
Manors at Saratoga Woodstown Road	49 SFD	1 Lot Left

Project/Location	# Dwellings/Square Footage	Status
Mt. Pleasant Orchards Richwood Road	193 SFD	Lost Approval
Mullica Lake Estates Mullica Hill Road	13 SFD	Final Approval
Paparone Datz Parcel Heilig Road	6 SFD	Withdrew Application
Remington Estates Woodland Avenue	13 SFD	1 Lots Left
RJP Grasso Farm Bridgeton Pike	54 SFD	Lost Approval
RJP Griffin Road Griffin Road	20 SFD	Lost Approval
Saddle Ridge Swedesboro Road	29 SFD	Lost Approval
Stetson Court Estates Woodland Avenue	14 SFD	Lost Approval
Terra Bella Union Road	10 SFD	Lost Approval
Tesoro Court Heilig Road	18 SFD	1 Lot Left
Traditions at Richwood Richwood/Aura Roads	430 Age Restricted SFD 76 Age Restricted Twins	Lost Approval
Turning Creek Walters Road	15 SFD	Lost Approval
Twelve Oaks Route 45	44 Townhouses	Lost Approval
Visalli Farm Estates Swedesboro Road	181 Age Restricted SFD 24 Affordable Age Restricted Duplexes	Lost Approval
Windhaven Cohawkin Road	19 SFD	Lost Approval
Colonial Bank FSB Route 45	2,289 S.F.	Lost Approval
Cumberland Nephrology Tomlin Station Commerce 1	21,000 S.F.	Lost Approval
4 Kids Zone Tomlin Station Commerce 1	23,000 S.F.	Lost Approval
Haddon Pediatrics Tomlin Station Commerce 1	11,960 S. F.	Phase 1 Built Out Final Approval Phase 2

Financial Institutions

Several financial institutions are available to the citizens of the Township. TD Bank, NA, BB & T Bank, Fulton Bank of New Jersey, Newfield Bank, The Bank and Century Federal Savings and Loan are located on Route 45.

Township Employees (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Permanent Employees	51	53	48	45	43
Part-time Employees	<u>25</u>	<u>30</u>	<u>28</u>	<u>25</u>	<u>17</u>
Total	<u>76</u>	<u>83</u>	<u>76</u>	<u>70</u>	<u>60</u>

Employee Collective Bargaining Unit

There are two Collective Bargaining Units, one covering the Township Police Patrolmen and one covering the Police Command Staff Officers, for rank of Lieutenant and above. The current contracts cover years 2018-2021.

Compensated Absences

All employees may accrue sick time according to the years of service and hours worked that were provided to the Township. In addition to sick time, by contract and personnel policy, employees may carry up to two weeks unused vacation time. Township has adopted the state new Earned Sick Leave Rules under N.J.A.C. 12:69 that was implemented on October 29, 2018.

Pension Plans

Those Township employees who are eligible for pension coverage are enrolled in one of three pension systems established by Acts of the State Legislature. Currently, Township employees are either enrolled in the Police and Firemen’s Retirement System, the Public Employees’ Retirement System, or the Defined Contribution Retirement Program. Benefit contributions, means of funding and the manner of administration are determined by the State of New Jersey. (For additional information on pension plans, see Appendix B: Audited Financial Statements of the Township, Note 8.)

Population (2)

2010 Federal Census	12,417
2000 Federal Census	8,788
1990 Federal Census	4,715
1980 Federal Census	3,585
1970 Federal Census	2,661

Selected Census 2017 Data for the Township (2)

Median household income	\$130,491
Median family income	\$141,723
Per capita income	\$50,455

(1) As of December 31 in each respective year

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

Labor Force(1)

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township					
Labor Force	6,767	6,738	6,652	6,552	6,586
Employment	6,549	6,479	6,333	6,185	6,162
Unemployment	218	259	319	367	423
Unemployment Rate	3.2%	3.8%	4.8%	5.6%	6.4%
County					
Labor Force	151,568	150,050	149,669	148,835	155,615
Employment	144,412	142,467	140,803	138,254	142,350
Unemployment	7,156	7,583	8,866	10,581	13,265
Unemployment Rate	4.7%	5.1%	5.9%	7.1%	8.5%
State					
Labor Force	4,518,800	4,524,300	4,543,800	4,518,700	4,537,800
Employment	4,309,700	4,299,900	4,288,800	4,218,400	4,166,000
Unemployment	209,100	224,300	255,000	300,300	371,800
Unemployment Rate	4.6%	5.0%	5.6%	6.6%	8.2%

Building Permits(2)

<u>Year</u>	<u>Number of Permits Issued</u>
2018	775
2017	864
2016	950
2015	711
2014	724

EDUCATION(3)

Primary and Secondary

The public school system in the Township is operated by the Harrison Township Board of Education ("Board of Education") as a type II school district. It functions independently through a nine-member board, elected by the voters in alternate three-year terms.

The Board of Education annually prepares an operating and maintenance, capital outlay and debt service budget. If the budget is at or below the state cap, voter approval is not required and the budget immediately goes into effect. If the budget exceeds the state mandated cap, the budget becomes temporary and the portion exceeding the cap is then submitted for voter approval in November. The Commissioner must also review every proposed local school district budget for the then current school year. The Commissioner has the power to increase or decrease individual line items in a budget. Any amendments in the school district's budget must be approved by the board of the school district.

(1) Source: New Jersey Department of Labor
 (2) Source: Township's Construction Official
 (3) Source: Harrison Township School District Officials

The school system provides education programs for students from kindergarten to the sixth grade level. All seventh through twelfth grade students attend the Clearview Regional High School District along with students from the Township of Mantua.

**TOWNSHIP OF HARRISON SCHOOL DISTRICT
SCHOOL ENROLLMENTS (1)(2)**

<u>Grade</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
K	167	158	160	153	166
1	176	175	172	183	208
2	176	171	194	218	188
3	177	199	222	185	217
4	207	222	194	216	222
5	224	195	218	224	228
6	200	218	225	228	209
Spec. Ed.	<u>21</u>	<u>26</u>	<u>19</u>	<u>18</u>	<u>21</u>
Totals	<u>1,348</u>	<u>1,364</u>	<u>1,404</u>	<u>1,425</u>	<u>1,459</u>

PRESENT SCHOOL FACILITIES AND ENROLLMENT

<u>Name of School</u>	<u>Date Constructed</u>	<u>Renovations/ Additions</u>	<u>Grades</u>	<u>Enrollment October 15, 2018</u>
Harrison Township Elementary	1950	1951,1989, 1993,2004,	Preschool-3	713
Pleasant Valley	2001	2004	4-6	<u>631</u>
				<u>1,344</u> (3)

**CLEARVIEW REGIONAL HIGH SCHOOL DISTRICT(2)(4)
SCHOOL ENROLLMENTS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Totals	<u>2,285</u>	<u>2,321</u>	<u>2,372</u>	<u>2,438</u>	<u>2,489</u>

HIGHER EDUCATION FACILITIES

Rowan College at Gloucester County (5)

Rowan College at Gloucester County ("College") (formerly known as Gloucester County College ("GCC"), which opened in 1967, is a publicly supported, co-educational two-year institution, fully accredited by the Middle States Commission on Higher Education.

- (1) Source: Harrison Township School District Officials
- (2) As of October 15 in each respective year.
- (3) Excludes 4 out-of-district students
- (4) Source: Clearview Regional School District Officials. Harrison Township students only.
- (5) Source: Rowan College at Gloucester County website

Total enrollment for the fall 2016 semester was 7,118 students. In addition, the College's Division of Continuing Education provides various educational, career training and personal enrichment courses, as well as outreach programs, to community residents.

The College offers more than 70 academic programs in full spectrum of career fields. The college also maintains a well-rounded cultural, artistic and sports calendar of events.

A number of selective admission programs related to the allied-health field, including nursing, diagnostic medical sonography (DMS) and nuclear medicine technology (NMT) are available at the College.

The College awards both certificate and associate degrees leading to immediate career and transfer opportunities. With an extensive record of matriculation agreements with four-year colleges and universities, graduates are able to transfer seamlessly into baccalaureate and master degree programs. The College added an automatic-dual acceptance initiative with five (5) four-year universities which makes earning a bachelor's degree an uncomplicated progression with added benefits. The College's educational partners offer a variety of programs and incentives to the College graduates ranging from tuition discounts to obtaining a bachelor's degree on the College campus.

There were recently several developments and renovations including a \$1 million renovation to the former Sciences building, a \$11.5 million; 41,000-square-foot building at the Nursing and Allied Health Center, and a \$2 million; 6,500 square-foot expansion to the Law and Justice Education Center.

Located on 250 acres in Deptford, New Jersey, the College's main campus also houses the Continuing Education Center that provides customized training and safety instruction to the business community. The Safety Unit is especially well-known for its long-term relationship with the Delaware Valley Safety Council, which represents large petrochemical and manufacturing businesses in the region.

Rowan University

Rowan University ("Rowan" or the "University") is a selective, medium-sized public research university located in Glassboro, New Jersey. It is recognized for its nationally-ranked academic and athletic programs, talented professors and high-tech facilities. Rowan prides itself on being able to provide its approximately 15,000 students an outstanding education at an exceptional value. The University is aiming to boost student enrollment from its current 14,000 students to 25,000 by 2023.

The University offers 63 bachelor's degrees (with 36 program options), 44 master's degrees (with 28 program options), 27 post-baccalaureate certificates of graduate study, three post-master's certificates, three professional post-master's certificate programs, two doctoral degrees (Ed. D. and Ph.D.) and two professional degrees, a Doctor of Medicine (M.D.) and a Doctor of Osteopathic Medicine (D.O.). Students may pursue degrees at the main Glassboro campus, the Camden campus, Cooper Medical School of Rowan University in Camden, the School of Osteopathic Medicine in Stratford, online, or at several community colleges.

The University's main campus, on approximately 200 acres in the southern New Jersey town of Glassboro, is about 20 minutes southeast of Philadelphia and about one hour west of Atlantic City. It is approximately two hours from New York City and just a two-and-a-half hour drive to Washington, D.C. The locale provides students all of the advantages of a suburban campus plus opportunities for entertainment, cultural events and professional opportunities in major East Coast metropolises and the nation's capital.

Rowan has acquired approximately 600 acres of open space in Glassboro and neighboring Harrison and Mantua Townships, some of which is home to the South Jersey Technology Park at Rowan University. Other land on that parcel, informally referred to as the West Campus, is being developed into athletic fields.

On July 6, 1992, Mr. and Mrs. Henry M. Rowan pledged \$100 million to the Glassboro State College Development Fund. Terms of the gift required establishment of an Inductotherm Scholarship Fund in the amount of \$3 million and the creation of a School of Engineering. In 1992, the name of the University was changed from Glassboro State College to Rowan College of New Jersey. On March 21, 1997, the school became Rowan University.

In Fiscal Year 2015, following a subsequent gift announcement from the Henry M. Rowan Family Foundation of \$15 million, the College of Engineering was renamed the Henry M. Rowan College of Engineering in Mr. Rowan's honor.

In 2017, Rowan opened the new \$63.2 million dollar, four-story, 96,500-square-foot Rohrer College of Business facility, which houses 16 classrooms, 7 conference rooms, 10 specialty spaces, 15 administrative offices, and 70 faculty offices. Along with the new College of Business facility, Rowan opened a three story, 90,500 square-foot, \$71 million addition to the College of Engineering building and opened the new \$145 million Holly Pointe Commons housing complex, which houses 1,400 students on campus.

In addition, Rowan is in the process of several new developments including the West Campus Development, which includes a soccer stadium, commercial and retail space, 1,000 construction jobs, 350 permanent jobs, 100-million-dollar investment. The South Jersey Technology Park, which is a new technology related business expansion of 40,000 square feet creating 500 new jobs and a 45 million dollar investment.

Gloucester County Institute of Technology (1)

The Gloucester County Institute of Technology ("Institute") provides a full range of regionalized occupational and technical County-wide educational services and programs appropriate to the needs of the students of 13 public high schools, and adults who seek educational opportunities that lead to employment or higher education. The Institute also provides programming for secondary students who wish to continue to higher education through Tech Prep matriculation agreements with various county colleges and four-year institutions.

As of June 30, 2017, there are approximately 1,359 students are enrolled in the Institute's Academy and Career-Technical programs. Recent construction has added, among other things, a cafeteria, gymnasium and classrooms to the academic facilities in order to keep pace with demand.

In addition to its day school enrollment, the Institute serves an average of 4,000 residents in various programs, including: (i) adult and continuing education programs; (ii) County employees in customized training programs; (iii) adults in the skill center; (iv) over 400 at-risk youth and their families in school-based youth services counseling; (v) the U.S. swim team of 175 members; and (vi) the joint auto technology program with Rowan College serving 40 adult students in an AAS degree program.

Gloucester County Special Services School District

Gloucester County Special Services School District ("GCSSSD") provides a wide range of educational services to the families of the County. GCSSSD serves children with special needs from birth to age 21. The enrollment for the 28-acre Bankbridge complex in Deptford, as of June 2017, was approximately 693 special needs students.

Bankbridge Regional opened its doors in September 2000 and serves secondary level students who have special needs. In September 2002, GCSSSD opened Bankbridge Elementary School. The elementary school is located next to Bankbridge Regional and serves special needs students from pre-kindergarten to grade five (5).

(1) Source: University Basic Financial Statements and Management's Discussion and Analysis Year Ended June 30, 2017

The Bankbridge Development Center ("BDC") opened in 2007. With an emphasis on developing skills in the areas of communication, socialization, and independence, the BDC strives toward helping students become participating and contributing members of their community. Education, advocacy, public awareness efforts, and the promotion of research form the cornerstones of the activities. Together, they can promote lifelong access and opportunity for all individuals within the autism spectrum and/or multiply disabled.

BDC student outcome goals include, but are not limited to:

- The development of a functional communication system in order to increase interaction and enhance adaptive behaviors.
- Effectively providing functional, skill based instruction to develop each student’s social, behavioral and academic abilities.
- Providing students with the skills necessary to become contributing and functional members of society.

The staff at BDC is dedicated to educating and supporting the special needs students who attend BDC. Each classroom and specialty area has been carefully designed to provide an encouraging but challenging learning environment to help the children reach their maximum potential. The programs are tailored to meet the specific needs of each child. The philosophy, goals, and objectives of the BDC reflect the diversity of the children they serve. Programs are designed to meet their educational, social, and emotional needs.

In addition to the schools, GCSSSD provides the following services to support the special needs children of the County: (i) the Early Intervention Program for children from birth to age 3 and their families; and (ii) the Center for Regional Education Support Services (CRESS) which provides professional services to the school districts in the County and the County of Camden.

GCSSSD also provides support to nonpublic students through their schools including remedial programs, speech-language therapy and textbook purchasing. GCSSSD's Special Projects Program provides Migrant Services to more than 3,000 students and families throughout the southern region of New Jersey.

CERTAIN TAX INFORMATION

TEN LARGEST TAXPAYERS (1)

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	2019 Assessed Valuation
AEW SCT Mullica Hill, LLC	Shopping Center	\$14,000,000
Mantec Associates	Engineering	5,884,000
Inspira Medical Center	Medical Center	3,760,000
Mullica Hill Commons, LLC	Retail Management Company	3,000,000
Verizon, New Jersey	Utility	2,882,389
Inspira Medical Center	Medical Center	2,629,600
Storage Quest NJ LP	Self Storage Facility	2,500,000
WAWA Inc.	Retailer	2,465,000
CVS	Retailer	2,095,400
Storage Quest NJ LP	Self Storage Facility	<u>2,075,000</u>
Totals		<u>\$41,291,389</u>

(1) Source: Gloucester County Assessment Board

CURRENT TAX COLLECTIONS(1)

<u>Year</u>	<u>Total Levy</u>	<u>Current Collection</u>		<u>Outstanding Dec. 31</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2018(2)	\$44,578,490	\$44,006,140	98.72%	\$515,776	1.16%
2017	43,401,679	42,480,798	97.88	724,858	1.67
2016	42,157,553	41,725,534	98.98	385,294	0.91
2015	40,816,188	40,278,469	98.68	311,130	0.76
2014	38,802,008	38,206,004	98.46	508,068	1.31

DELINQUENT TAXES(1)

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected</u>		<u>Transfer to Liens</u>	<u>Other Credits/ Adj.</u>	<u>Outstanding Dec. 31</u>
			<u>Amount</u>	<u>Percent</u>			
2018(2)	\$724,864	\$1,500	\$700,563	96.45%	\$6,114	\$19,679	\$8
2017	385,294	---	363,895	94.45	12,381	9,012	6
2016	311,880	40	305,828	98.07	6,092	---	---
2015	508,068	1,500	508,818	99.85	---	---	750
2014	464,460	746	463,533	99.64	1,672	1	---

TAX TITLE LIENS(1)

<u>Year</u>	<u>Balance Jan. 1</u>	<u>Added by Adjustment, Sales/Transfers</u>	<u>Canceled</u>	<u>Transfer to Foreclosed Property</u>	<u>Collections</u>	<u>Balance Dec. 31</u>
2017	227,782	32,249	---	\$212,529	15,522	31,980
2016	199,908	39,048	---	---	11,174	227,782
2015	181,546	21,279	---	---	2,917	199,908
2014	219,390	27,811	\$22,654	---	43,001	181,546

**FORECLOSED PROPERTY
ACQUIRED BY DEED AND FORECLOSURE(1)(3)**

<u>Year</u>	<u>Balance Jan. 1</u>	<u>From Tax Title Liens</u>	<u>Transferred Adjustment to Assessment Valuation</u>	<u>Balance Dec. 31</u>
2017	---	\$212,529	\$350,970	563,500
2016	---	---	---	---
2015	---	---	---	---
2014	---	---	---	---

(1) Source: Annual Reports of Audit, unless otherwise noted

(2) Compiled Annual Financial Statement

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

CURRENT SEWER COLLECTIONS(1)

<u>Year</u>	<u>Beginning Balance</u>	<u>Total Levy</u>	<u>Collected in Year of Levy Amount</u>	<u>Percentage</u>	<u>Outstanding Dec. 31 Amount</u>	<u>Percentage</u>
2018(2)	\$630,799	\$1,555,263	\$1,926,891	88.15%	\$259,171	11.86%
2017	616,335	1,828,573	1,814,109	74.20	630,799	25.80
2016	624,095	1,916,351	1,924,111	75.74	616,335	24.26
2015	680,403	1,834,148	1,890,455	75.18	624,095	24.82
2014	646,405	1,983,091	1,949,093	74.12	680,403	25.88

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (3)

Tax Rate (4)

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total</u>	<u>County</u>	<u>County Open Space</u>	<u>Municipal Open Space</u>	<u>Fire District</u>	<u>Local School</u>	<u>Regional School</u>	<u>Municipal</u>
2018(8)	\$1,530,035,240	\$2.896	\$.690	\$.040	\$.060	\$.077	\$.856	\$.738	\$.435
2017	1,528,708,197	2.825	.677	.040	.060	.076	.841	.706	.425
2016	1,405,992,089	2.990	.716	.043	.060	.083	.893	.732	.463
2015	1,392,670,506	2.905	.687	.043	.060	.082	.893	.696	.444
2014	1,369,955,043	2.788	.634	.043	.060	.082	.878	.680	.412

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA(5)

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita(6)</u>
2018(8)	\$1,526,933,600	99.88%	\$1,528,768,122	\$123,119
2017	1,525,648,100	100.83	1,513,089,458	121,856
2016	1,403,109,700	95.19	1,474,009,560	118,709
2015	1,389,700,900	96.42	1,441,299,419	116,075
2014	1,366,979,400	98.17	1,392,461,444	112,142

REAL PROPERTY CLASSIFICATION(7)

<u>Year</u>	<u>Assessed Value Land and Improvements</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartments</u>	<u>Farm</u>
2018(8)	\$1,526,933,600	\$21,975,200	\$1,360,971,500	\$111,546,200	---	\$32,440,700
2017	1,525,648,100	22,815,000	1,352,280,900	118,532,700	---	32,019,500
2016	1,403,109,700	22,055,200	1,250,162,100	96,665,400	\$1,073,300	33,153,700
2015	1,389,700,900	24,430,700	1,229,510,600	95,725,500	7,297,300	32,736,800
2014	1,366,979,400	25,368,500	1,208,175,300	92,196,500	7,297,300	33,941,800

(1) Source: Annual Reports of Audit, unless otherwise noted

(2) Compiled Annual Financial Statement

(3) Source: Township Tax Collector

(4) Per \$100 of assessed valuation

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

(6) Based on Federal Census 2010 of 12,417

(7) Source: Gloucester County Assessment Board

(8) Reassessment

**TOWNSHIP OF HARRISON
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2018**

The following table summarizes the direct debt of the Township in accordance with the requirements of the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-2- et. seq.). The gross debt comprises short and long-term debt issued and debt authorized but not issued, including General, Sewer Utility and debt of the Local and Regional School Districts. Deductions from gross debt to arrive at net debt include deductible school debt, reserve for payment of debt and debt considered to be self-liquidating. The resulting net debt of \$36,555,958 represents 2.391% of the average of equalized valuations for the Township for the last three years, which is within the 3.5% limit imposed by N.J.S.A. 40A:2-6.

	Debt Issued		Authorized But Not Issued	Gross Debt	Deductions			Net Debt
	Bonds and Loans	Notes			School Debt	Self-Liquidating Debt	Reserve for Payment of Debt	
General	\$26,328,000	\$10,227,840	\$120	\$36,555,960			\$2	\$36,555,958
School - Regional	7,152,006			7,152,006	\$7,152,006			
School - Local	8,275,000		601,577	8,876,577	8,876,577			
Sewer Utility	10,748,594	2,998,500	21,190	13,768,284		\$13,768,284		
	<u>\$52,503,600</u>	<u>\$13,226,340</u>	<u>\$622,887</u>	<u>\$66,352,827</u>	<u>\$16,028,583</u>	<u>\$13,768,284</u>	<u>\$2</u>	<u>\$36,555,958</u>

Source: Township Auditor

DEBT RATIOS AND VALUATIONS(1)(2)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad for 2016, 2017 and 2018	\$1,529,163,980
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2016, 2017 and 2018	2.39%
2018 Net Valuation Taxable	\$1,530,035,240
2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$1,531,869,762
Gross Debt (3):	
As a percentage of 2018 Net Valuation Taxable	4.34%
As a percentage of 2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	4.33%
Net Debt (3):	
As a percentage of 2018 Net Valuation Taxable	2.39%
As a percentage of 2018 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.39%
Gross Debt Per Capita (4)	\$5,344
Net Debt Per Capita (4)	\$2,944

TOWNSHIP BORROWING CAPACITY(1)(2)

3.5% of Averaged (2016-18) Equalized Valuation of Real Property including Improvements (\$1,529,163,980)	\$53,520,739
Net Debt	<u>36,555,958</u>
Remaining Borrowing Capacity	<u><u>\$16,964,781</u></u>

LOCAL BOARD OF EDUCATION BORROWING CAPACITY(1)(2)

2.5% of Averaged (2016-18) Equalized Valuation of Real Property including Improvements (\$1,529,163,980)	\$38,229,100
Local School Debt	<u>8,876,577</u>
Remaining Borrowing Capacity	<u><u>\$29,352,523</u></u>

REGIONAL SCHOOL DISTRICT BORROWING CAPACITY(1)(2)

3.0% of Averaged (2016-18) Equalized Valuation of Real Property including Improvements (\$2,935,171,419)	\$88,055,143
Regional School Debt(5)	<u>13,728,000</u>
Remaining Borrowing Capacity	<u><u>\$74,327,143</u></u>

(1) As of December 31, 2018

(2) Source: Township Auditor

(3) Excluding overlapping debt

(4) Based on 2010 Federal Census of 12,417

(5) Debt portion allocated to the Township is \$7,152,006

SCHEDULE OF TOWNSHIP DEBT SERVICE(1)
(BONDED DEBT ONLY)

Year	General			Sewer (2)			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	
2019	\$ 2,010,000	\$ 862,383	\$2,872,383	\$ 295,000	\$ 297,610	\$592,610	\$3,464,993
2020	2,118,000	801,860	2,919,860	315,000	289,016	604,016	3,523,876
2021	2,154,000	733,339	2,887,339	335,000	279,054	614,054	3,501,393
2022	2,235,000	663,834	2,898,834	350,000	268,373	618,373	3,517,206
2023	2,320,000	591,859	2,911,859	440,000	257,254	697,254	3,609,113
2024	2,355,000	517,428	2,872,428	515,000	243,466	758,466	3,630,894
2025	1,485,000	441,840	1,926,840	535,000	227,310	762,310	2,689,150
2026	965,000	391,678	1,356,678	445,000	210,166	655,166	2,011,844
2027	1,000,000	361,878	1,361,878	465,000	196,410	661,410	2,023,288
2028	1,010,000	329,728	1,339,728	480,000	181,441	661,441	2,001,169
2029	1,045,000	296,840	1,341,840	500,000	165,785	665,785	2,007,625
2030	1,085,000	261,890	1,346,890	515,000	149,060	664,060	2,010,950
2031	1,095,000	224,815	1,319,815	535,000	131,410	666,410	1,986,225
2032	1,110,000	186,490	1,296,490	555,000	112,623	667,623	1,964,113
2033	1,125,000	145,965	1,270,965	580,000	92,123	672,123	1,943,088
2034	1,140,000	104,990	1,244,990	600,000	70,798	670,798	1,915,788
2035	1,156,000	63,490	1,219,490	629,000	48,648	677,648	1,897,138
2036	460,000	21,563	481,563	215,000	25,378	240,378	721,941
2037	460,000	7,188	467,188	225,000	18,503	243,503	710,691
2038				230,000	11,394	241,394	241,394
2039				240,000	3,900	243,900	243,900
	<u>\$ 26,328,000</u>	<u>\$ 7,009,054</u>	<u>\$ 33,337,054</u>	<u>\$ 8,999,000</u>	<u>\$ 3,279,720</u>	<u>\$ 12,278,720</u>	<u>\$ 45,615,774</u>

(1) As of December 31, 2018

(2) Exclusive of \$1,749,594 Loans Payable

Source: Township Auditor

2019 MUNICIPAL BUDGET(1)

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$1,975,000.00
Miscellaneous Revenues:	
Local Revenues	397,840.00
State Aid without Offsetting Appropriations	542,592.00
Dedicated Uniform Construction Code Fees	319,160.00
Special Items--Shared Service Agreements	79,261.98
Special Items--Public and Private Revenues	91,717.69
Other Special Items of Revenue	707,970.68
Receipts from Delinquent Taxes	525,000.00
Amount to be Raised by Taxation for Municipal Purposes	7,082,194.90
Total Appropriated Revenues	<u>\$11,720,737.25</u>
Appropriations:	
Within CAPS:	
Operations	\$6,690,111.88
Deferred Charges and Statutory Expenditures	924,886.00
Excluded from CAPS:	
Other Operations	1,756.00
Shared Service Agreements	598,261.98
Public and Private Programs	93,967.69
Capital Improvements	33,000.00
Debt Service	2,366,775.00
Deferred Charges	50,000.00
Reserve for Uncollected Taxes	961,978.70
Total Appropriations	<u>\$11,720,737.25</u>

SEWER UTILITY

Anticipated Revenues:	
Fund Balance	\$748,753.00
Rents	1,750,000.00
Penalties and Interest	10,000.00
Miscellaneous	33,000.00
Total Anticipated Revenues	<u>\$2,541,753.00</u>
Appropriations:	
Operating	\$1,289,496.00
Capital Improvement Fund	52,500.00
Debt Service	1,119,576.00
Deferred Charges and Statutory Expenditures	80,181.00
Total Appropriations	<u>\$2,541,753.00</u>

(1) As adopted

CAPITAL PROGRAM(1)
PROJECTS SCHEDULED FOR THE YEARS 2019 - 2024

	Estimated <u>Total Cost</u>	Capital Improvement <u>Fund</u>	Grants-in- Aid and <u>Other Funds</u>	Bonds and Notes	
				<u>General</u>	<u>Self- liquidating</u>
<u>GENERAL:</u>					
Police Department Vehicles and Equipment	\$ 88,000	\$ 4,400		\$ 83,600	
Police Department Equipment	18,000	900		17,100	
Construction Code Equipment	5,190	260		4,931	
Paving Various Streets and Roads	300,000	15,000		285,000	
Public Works Mowers	20,000	1,000		19,000	
Building Demolition	20,000	1,000		19,000	
Building & Properties LED Lighting Upgrade	20,000	1,000		19,000	
School Buses for District Schools	186,000	9,300		176,700	
Sewer Pump Equipment and Repairs	40,000				\$ 40,000
Sewer Land for Pump Stations	100,000				100,000
Sewer Office Building Addition & Improvs.	100,000				100,000
Sewer Pump Station By-Pass	20,000				20,000
Sewer Alarm Unit Antennae Upgrade at Pump Stations	20,000				20,000
Sewer Asphalt	15,000				15,000
Sewer Treatment Plant Samples & Analyzers	20,000				20,000
Sewer Replace Wood Fence at Pump Stations	30,000				30,000
Sewer Pump Station Fence & Gate Upgrades	40,000				40,000
Sewer Collection System Emergency Equip.	20,000				20,000
Sewer Pump Station Aeration Units	18,000				18,000
Sewer Lawn Maintenance Equipment	10,000				10,000
Total General	\$ 1,090,190	\$ 32,860	\$ -	\$ 624,331	\$ 433,000

(1) As adopted

APPENDIX B

**COMPILED AND AUDITED FINANCIAL STATEMENTS OF THE
TOWNSHIP OF HARRISON,
IN THE COUNTY OF GLOUCESTER, NEW JERSEY**

FOR THE YEAR ENDED 2018
COMPILED FINANCIAL STATEMENTS



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Harrison
Mullica Hill, New Jersey 08062

Management is responsible for the accompanying financial statements of the Township of Harrison, in the County of Gloucester, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance-- regulatory basis of the various funds as of December 31, 2018 and the related statements of operations and changes in fund balances-- regulatory basis for the year then ended, in accordance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for determining that this regulatory basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures required by these regulatory accounting practices. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's assets, liabilities, reserves, fund balance, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

/s/ BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

/s/ Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
March 11, 2019

TOWNSHIP OF HARRISON
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS
AS OF DECEMBER 31, 2018

ASSETS

Cash and Cash Equivalents:	
Cash--Municipal Finance Officer	\$6,475,579
Change Funds	<u>250</u>
Total Cash and Cash Equivalents	<u>6,475,829</u>
Receivables and Other Assets with Full Reserves:	
Delinquent Property Taxes	515,784
Tax Title Liens Receivable	21,105
Revenue Accounts Receivable	1,295
Property Acquired for Taxes - Assessed Valuation	563,500
Due Sewer Operating Fund	1,616
Due Sewer Capital Fund	4,585
Due Municipal Open Space Trust Fund	913
Interfunds Receivable:	
Trust--Animal Control Fund	16,271
General Capital Fund	<u>68,273</u>
Total Receivables and Other Assets with Full Reserves	<u>1,193,342</u>
Due from State of New Jersey:	
Senior Citizens and Veterans Deductions	<u>1,500</u>
Deferred Charges:	
Special Emergency Authorizations	<u>200,000</u>
Total Deferred Charges	<u>200,000</u>
Total Current Fund	<u>7,870,671</u>
Federal and State Grant Fund:	
Cash--Municipal Finance Officer	226,272
Federal/State Grants Receivable	<u>122,302</u>
Total Federal and State Grant Fund	<u>348,574</u>
Total Assets	<u><u>\$8,219,245</u></u>

TOWNSHIP OF HARRISON
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS
AS OF DECEMBER 31, 2018

LIABILITIES, RESERVES AND FUND BALANCE	
Appropriation Reserves	\$653,699
Other Liabilities and Reserves:	
Reserve for Encumbrances	9,471
Local District School Taxes Payable	880,606
Regional High School Taxes Payable	1,392,536
County Taxes Payable	69,673
Special Emergency Notes Payable	200,000
Municipal Open Space Local Taxes Payable	5,946
Special District Taxes Payable	1
Interfunds Payable	4,978
Prepaid Taxes	369,824
Tax Overpayments	12,885
Amount Due State of New Jersey:	
Marriage License Fees	475
Reserve for Master Plan Revision	57,684
Total Appropriation Reserves, Other Liabilities and Reserves	3,657,777
Reserve for Receivables and Other Assets	1,193,342
Fund Balance	3,019,551
Total Current Fund	7,870,671
Federal and State Grant Fund:	
Encumbrances Payable	657
Reserve for Grants:	
Appropriated	320,407
Unappropriated	27,511
Total Federal and State Grant Fund	348,574
Total Liabilities, Reserves and Fund Balance	\$8,219,245

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
CURRENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OPERATING FUND--REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Revenue and Other Income Realized:	
Receipts from Current Taxes	\$44,006,140
Receipts from Delinquent Taxes	<u>726,216</u>
Total Taxes	44,732,355
Miscellaneous Revenue Anticipated	1,646,920
Other Income	1,202,127
Fund Balance Utilized	<u>2,721,800</u>
Total Income	<u>50,303,203</u>
Expenditures:	
Budget Appropriations:	
Operating	7,876,948
Capital Improvements	44,000
Municipal Debt Service	2,495,476
Deferred Charges	50,000
County Taxes	11,211,069
Special District Taxes	1,178,038
Municipal Open Space Tax	923,745
Local District School Tax	13,100,225
Regional High School Tax	11,299,872
Other Expenditures	1,500
Creation of Reserve for Interfunds	<u>77,344</u>
Total Expenditures	<u>48,258,217</u>
Excess in Revenue	2,044,985
Fund Balance:	
Balance January 1	<u>3,696,366</u>
	5,741,351
Decreased by Utilization as Anticipated Revenue	<u>2,721,800</u>
Balance--December 31	<u><u>\$3,019,551</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
TRUST FUNDS
STATEMENT OF ASSETS, LIABILITIES AND RESERVES--REGULATORY BASIS
AS OF DECEMBER 31, 2018

ASSETS

Cash and Cash Equivalents	\$5,404,969
Interfunds Receivable	<u>10,011</u>
Total Assets	<u><u>\$5,414,980</u></u>

LIABILITIES AND RESERVES

Other Liabilities and Reserves:	
Reserves:	
Animal Control Expenditures	\$26,060
Future Use	1,811,958
Payroll Account	40,869
Other Reserves	<u>3,519,821</u>
Total Other Liabilities and Reserves	5,398,709
Interfunds Payable	<u>16,271</u>
Total Liabilities and Reserves	<u><u>\$5,414,980</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
GENERAL CAPITAL FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS
AS OF DECEMBER 31, 2018

ASSETS

Cash	\$6,427,515
Grants-In-Aid Receivable	67,739
Deferred Charges to Future Taxation:	
Funded	26,328,000
Unfunded	<u>10,227,960</u>
Total Assets	<u><u>\$43,051,213</u></u>

**LIABILITIES, RESERVES AND
FUND BALANCE**

Bonds Payable	\$26,328,000
Bond Anticipation Notes Payable	10,227,840
Other Liabilities and Reserves:	
Encumbrances Payable	271,484
Interfund Payables	515,773
Reserve for Preliminary Costs	3,394
Capital Improvement Fund	2,090
Improvement Authorizations:	
Funded	1,841,346
Unfunded	3,378,788
Fund Balance	<u>482,498</u>
Total Liabilities, Reserves and Fund Balance	<u><u>\$43,051,213</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
SEWER UTILITY OPERATING FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS
AS OF DECEMBER 31, 2018

ASSETS	
Cash--Municipal Finance Officer	\$1,532,227
Cash--Change Fund	50
Interfund Receivables	<u>2,760</u>
	1,535,036
Receivables with Full Reserves:	
Consumer Accounts Receivable	<u>259,171</u>
Total Assets	<u><u>\$1,794,207</u></u>
LIABILITIES, RESERVES AND FUND BALANCE	
Appropriation Reserves	\$185,795
Other Liabilities and Reserves:	
Encumbrances Payable	538
Accrued Interest on Bonds and Notes	222,349
Prepaid Utility Charges	31,241
Interfund Payables	1,616
Reserve for Payment of Debt	54,511
Sewer Rent Overpayments	<u>2,360</u>
	498,411
Reserve for Receivables	259,171
Fund Balance	<u>1,036,625</u>
Total Liabilities, Reserves and Fund Balance	<u><u>\$1,794,207</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
UTILITY OPERATING--REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Revenue and Other Income Realized:	
Fund Balance Anticipated	\$673,680
Utility Rents	1,926,891
Miscellaneous Revenues	<u>160,764</u>
Total Budget Revenues	2,761,335
Other Credits to Income	<u>76,473</u>
Total Revenues	<u>2,837,808</u>
Expenditures:	
Utility Operating Fund	1,239,035
Capital Improvements	52,500
Utility Debt Service	1,073,184
Utility Deferred Charges and Statutory Exp.	<u>81,110</u>
Total Budget Expenditures	<u>2,445,829</u>
Statutory Excess to Fund Balance	391,979
Fund Balance--January 1	<u>1,318,326</u>
	1,710,305
Decreased by Utilization as Anticipated Revenue	<u>673,680</u>
Fund Balance--December 31	<u><u>\$1,036,625</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
SEWER UTILITY CAPITAL FUND
STATEMENT OF ASSETS, LIABILITIES AND RESERVES--REGULATORY BASIS
AS OF DECEMBER 31, 2018

ASSETS

Cash	\$1,887,172
Interfund Receivables	447,500
Fixed Capital	13,743,196
Fixed Capital Authorized and Uncompleted	<u>8,870,151</u>
Total Assets	<u><u>\$24,948,019</u></u>

LIABILITIES AND RESERVES

Encumbrances Payable	\$845,822
Sewer Loans Payable	1,749,594
Serial Bonds Payable	8,999,000
Bond Anticipation Notes Payable	2,998,500
Interfunds Payable	7,345
Other Liabilities and Reserves:	
Capital Improvement Fund	64,516
Reserve for Preliminary Expenditures	1,113
Reserve for Payment of Debt	155,793
Reserve for Developer Contribution	118,143
Improvement Authorizations:	
Funded	58,449
Unfunded	805,275
Reserve for Amortization	8,890,878
Fund Balance	<u>253,592</u>
Total Liabilities and Reserves	<u><u>\$24,948,019</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
Selected Information – Substantially All Disclosures Required
By the Regulatory Basis of Accounting Have Been Omitted
For the Year Ended December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Harrison was incorporated in 1844 and is located in southeastern corner of Gloucester County, New Jersey approximately twenty miles south of the City of Philadelphia. The present population according to the 2010 estimated census is 12,417.

The Township is governed under the Township Committee form of government, with a five-member Committee. The Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one or two seats coming up for election each year. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Legislative and executive power is vested in the Committee.

Component Units - The Township had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39 and No. 61.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Township contain all funds and account groups in accordance with the *Requirements of Audit* ("Requirements") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Sewer Utility Operating and Capital Funds - The sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned sewer operations.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

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

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its current, municipal open space and sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body 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 published and circulating in the municipality. 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 governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

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

Fund Balance - Fund balances included in the current fund and sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Gloucester, Township of Harrison School District, Clearview Regional High School District, and Township of Harrison Fire District No. 1. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the Township of Harrison School District and the Clearview Regional High School District. Operations is charged for the Township's share of the amount required to be raised by taxation to operate the school districts for the period from July 1 to June 30, increased by the amount deferred at December 31, 2017 and decreased by the amount deferred at December 31, 2018.

County Taxes - The municipality is responsible for levying, collecting and remitting county taxes for the County of Gloucester. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for Township of Harrison Fire District No. 1. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

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

Expenditures (Cont'd) - Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital and Utility Capital Funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Township adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of adopting Statement No. 75, the Township was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their postemployment benefits plan. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosures. There exists no impact on the financial statements of the Township.

FOR THE YEARS ENDED 2017, 2016, 2015, 2014 AND 2013

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Harrison
Mullica Hill, New Jersey 08062

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Harrison, in the County of Gloucester, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related notes to the financial statements, which collectively comprise the Township'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 the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township'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 Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in note 1 to the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the “*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township of Harrison, in the County of Gloucester, State of New Jersey, as of December 31, 2017, 2016, 2015 and 2016, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Harrison, in the County of Gloucester, State of New Jersey, as of December 31, 2017, 2016, 2015, 2014 and 2013, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in note 1.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Henry Hudson

Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
October 12, 2018

TOWNSHIP OF HARRISON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS

ASSETS	As of December 31				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash and Cash Equivalents:					
Cash--Municipal Finance Officer	\$6,761,720	\$6,597,781	\$5,407,945	\$4,800,053	\$3,742,575
Cash--Tax Collector	2,303,348	765,594	763,552	669,159	501,334
Change Funds	250	250	250	250	250
Total Cash and Cash Equivalents	9,065,318	7,363,625	6,171,747	5,469,461	4,244,159
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes	724,864	385,294	311,880	508,068	464,460
Tax Title Liens Receivable	31,980	227,782	199,908	181,546	219,390
Revenue Accounts Receivable	45,583	65,378	30,765	46,856	28,160
Property Acquired for Taxes - Assessed Valuation	563,500				
Interfunds Receivable:					
Federal and State Grant Fund		833			
Trust--Animal Control Fund	14,314	22,995	9,292	11,328	9,561
General Capital Fund		60,014		1,147	439
Total Receivables and Other Assets with Full Reserves	1,380,241	762,296	551,845	748,945	726,443
Due from State of New Jersey:					
Senior Citizens and Veterans Deductions	1,750	615	2,500		
Deferred Charges:					
Special Emergency Authorizations	250,000	50,000	100,000	150,000	200,000
Total Deferred Charges	250,000	50,000	100,000	150,000	200,000
Total Current Fund	10,697,309	8,176,537	6,826,092	6,368,406	5,170,602
Federal and State Grant Fund:					
Cash--Municipal Finance Officer	268,857	186,233	200,347	315,120	115,554
Interfunds Receivable	43,070		5,864	5,864	5,786
Federal/State Grants Receivable	115,112	354,120	300,099	300,099	334,541
Total Federal and State Grant Fund	427,039	540,353	506,310	621,083	455,881
Total Assets	\$11,124,348	\$8,716,890	\$7,332,402	\$6,989,489	\$5,626,483

TOWNSHIP OF HARRISON
CURRENT FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS

	As of December 31				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$842,053	\$872,510	\$801,042	\$914,909	\$886,694
Other Liabilities and Reserves:					
Reserve for Encumbrances	40,681	27,443	75,205	5,426	9,617
Accounts Payable				1,756	1,756
Local District School Taxes Payable	759,156	612,434	546,098	343,365	255,065
Regional High School Taxes Payable	1,139,499	889,867	593,381	399,693	253,462
County Taxes Payable	54,718	30,172	90,103	150,863	125,638
Special Emergency Notes Payable	250,000	50,000	100,000	150,000	200,000
Municipal Open Space Local Taxes Payable	6,955	2,397		25,014	11,548
Special District Taxes Payable	1	1			
Interfunds Payable	173,685	56,239	62,472	13,531	8,563
Prepaid Taxes	2,014,701	392,798	222,902	213,361	211,658
Tax Overpayments	112,344	2,321	3,296	18,995	3,955
Amount Due State of New Jersey:					
Senior Citizens and Veterans Deductions				23,427	22,964
Marriage License Fees	150	625	175	125	275
Prepaid Liquor License		1,301,000			300,000
Reserve for Payment of Debt			141,186		
Reserve for Master Plan Revision	226,759		98,105	127,859	181,673
Total Appropriation Reserves, Other Liabilities and Reserves	5,620,702	4,237,806	2,733,964	2,388,325	2,472,867
Reserve for Receivables and Other Assets	1,380,241	762,296	551,845	748,945	726,443
Fund Balance	3,696,366	3,176,434	3,540,283	3,231,137	1,971,291
Total Current Fund	10,697,309	8,176,537	6,826,092	6,368,406	5,170,602
Federal and State Grant Fund:					
Interfund Payable:					
Amount Due Current Fund		833		127,331	
Encumbrances Payable	657	27,550	89,644	27,408	26,893
Reserve for Grants:					
Appropriated	354,820	473,894	386,422	412,015	406,923
Unappropriated	71,562	38,075	30,245	54,329	22,065
Total Federal and State Grant Fund	427,039	540,353	506,310	621,083	455,881
Total Liabilities, Reserves and Fund Balance	\$11,124,348	\$8,716,890	\$7,332,402	\$6,989,489	\$5,626,483

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARRISON
CURRENT FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OPERATING FUND--REGULATORY BASIS

	For the Years Ended December 31,				
	2017	2016	2015	2014	2013
Revenue and Other Income Realized:					
Fund Balance Anticipated	\$1,318,600	\$2,277,000	\$2,054,400	\$530,000	\$2,595,917
Miscellaneous Revenues	3,643,084	2,093,499	1,945,118	3,521,805	1,699,304
Receipts from Delinquent Taxes	379,559	317,503	511,735	507,034	484,223
Receipts from Current Taxes	42,480,798	41,725,534	40,278,469	38,206,004	36,805,143
Total Budget Revenues	47,822,042	46,413,536	44,789,721	42,764,843	41,584,586
Other Credits to Income	1,060,540	631,387	609,776	587,879	424,174
Total Revenues	48,882,582	47,044,923	45,399,498	43,352,722	42,008,760
Expenditures:					
Current Fund Within "CAPS":					
General Government	3,152,120	2,770,371	2,835,684	2,788,647	2,727,460
Public Safety	1,920,761	1,893,008	1,721,493	1,700,110	1,728,244
Public Works	1,167,070	1,107,698	1,015,367	1,015,625	971,985
Health and Welfare	6,252	6,233	6,195	7,176	7,157
Recreation and Education	85,933	83,299	78,009	74,070	67,689
Deferred Charges and Regulatory Expenditures	804,088	729,968	694,818	693,909	672,359
Current Fund Excluded from "CAPS":					
General Government	561,756	556,756	565,145	537,756	569,234
State and Federal Grants	268,526	136,646	54,329	22,065	56,175
Capital Improvements	33,000	207,000	40,000	374,520	148,000
Municipal Debt Service	2,082,807	1,941,841	1,607,090	1,607,743	1,443,021
Deferred Charges and Statutory Expenditures	50,000	50,000	50,000	50,000	50,158
Total Budget Expenditures	10,132,313	9,482,820	8,668,130	8,871,620	8,441,482
Other Expenses and Charges to Income	37,161,737	35,648,952	34,367,822	32,691,257	32,019,224
Total Expenditures	47,294,050	45,131,772	43,035,952	41,562,877	40,460,706
Excess in Revenue--Statutory Excess to Fund Balance	1,588,532	1,913,151	2,363,546	1,789,845	1,548,054
Adjustments to Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year					
Increased by Deferred Charges to Budget of Succeeding Year	250,000				
Fund Balance--January 1	3,176,434	3,540,283	3,231,137	1,971,291	3,019,155
Increased by Revenues	5,014,966	5,453,434	5,594,683	3,761,137	4,567,208
Decreased by Utilization as Anticipated Revenue	1,318,600	2,277,000	2,054,400	530,000	2,595,917
Fund Balance--December 31	\$3,696,366	\$3,176,434	\$3,540,283	\$3,231,137	\$1,971,291

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARRISON
TRUST FUNDS
STATEMENTS OF ASSETS, LIABILITIES AND RESERVES--REGULATORY BASIS

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS					
Cash and Cash Equivalents	\$5,212,009	\$4,787,291	\$4,843,350	\$5,292,119	\$6,995,308
Due from State of New Jersey				70	70
Accounts Receivable	586	189			
Interfunds Receivable	11,960	7,482	6,206	31,302	11,937
	<hr/>				
Total Assets	\$5,224,555	\$4,794,961	\$4,849,556	\$5,323,490	\$7,007,315
	<hr/> <hr/>				
LIABILITIES AND RESERVES					
Other Liabilities and Reserves:					
Due State of New Jersey			\$6		
Reserves:					
Animal Control Expenditures	\$34,521	\$41,727	44,874	\$45,749	\$45,092
Unemployment Insurance Trust	586	189	42,377	27,673	14,930
Other Reserves	5,175,134	4,730,050	4,751,634	5,237,343	6,932,905
	<hr/>				
Total Other Liabilities and Reserves	5,210,241	4,771,966	4,838,891	5,310,764	6,992,927
	<hr/>				
Interfunds Payable	14,314	22,995	10,665	12,726	14,388
	<hr/>				
Total Liabilities and Reserves	\$5,224,555	\$4,794,961	\$4,849,556	\$5,323,490	\$7,007,315
	<hr/> <hr/>				

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARRISON
GENERAL CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS

ASSETS	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash	\$7,812,869	\$13,135,658	\$12,861,052	\$5,703,107	\$6,442,094
Grants-In-Aid Receivable	177,607	51,333	51,333	244,143	393,670
Interfunds Receivable	92,273	29,338		127,331	
Deferred Charges to Future Taxation:					
Funded	28,243,000	22,681,000	24,196,000	25,596,000	27,036,000
Unfunded	10,062,120	16,792,283	12,298,393	11,638,743	4,552,343
Total Assets	\$46,387,869	\$52,689,611	\$49,406,778	\$43,309,324	\$38,424,107
LIABILITIES, RESERVES AND FUND BALANCE					
Bonds Payable	\$28,243,000	\$22,681,000	\$24,196,000	\$25,596,000	\$27,036,000
Bond Anticipation Notes Payable	10,062,000	16,792,283	12,298,393	5,086,643	4,552,343
Reserve for Payment of Debt	113,602	109,610	61,919	61,919	24,310
Other Liabilities and Reserves:					
Encumbrances Payable	1,682,653	5,062,807	2,024,336	272,671	234,834
Interfund Payables		60,014		1,147	434
Reserve for Preliminary Costs	3,392	3,392	3,392	3,392	35,000
Capital Improvement Fund	9,750	10,630	50,740	49,990	52,970
Improvement Authorizations:					
Funded	2,228,138	2,058,417	2,108,005	2,343,421	2,704,248
Unfunded	3,693,447	5,559,571	8,312,106	9,564,625	3,368,350
Fund Balance	351,888	351,888	351,888	329,518	415,618
Total Liabilities, Reserves and Fund Balance	\$46,387,869	\$52,689,611	\$49,406,778	\$43,309,324	\$38,424,107

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARRISON
SEWER UTILITY OPERATING FUND
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE--REGULATORY BASIS

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS					
Cash--Municipal Finance Officer	\$1,547,939	\$2,836,819	\$1,698,423	\$1,763,078	\$1,459,820
Cash--Sewer Clerk's Account	151,669	160,799	150,119	91,305	128,983
Cash--Change Fund	50	50	50	50	50
Interfund Receivables	33,337	34,655	35,275	2,777	2,866
	<u>1,732,994</u>	<u>3,032,323</u>	<u>1,883,867</u>	<u>1,857,211</u>	<u>1,591,719</u>
Receivables with Full Reserves:					
Consumer Accounts Receivable	630,799	616,335	624,095	680,403	646,405
	<u>630,799</u>	<u>616,335</u>	<u>624,095</u>	<u>680,403</u>	<u>646,405</u>
Total Assets	<u>\$2,363,794</u>	<u>\$3,648,658</u>	<u>\$2,507,963</u>	<u>\$2,537,614</u>	<u>\$2,238,124</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$146,926	\$191,609	\$122,126	\$150,596	\$206,921
Other Liabilities and Reserves:					
Encumbrances Payable	2,178	4,576	7,811	27,076	130
Accrued Interest on Bonds and Notes	206,952	142,792	130,825	144,339	134,995
Interfund Payables	13	1,325,867		5,348	
Reserve for Payment of Debt	54,511	54,511	54,511		
Sewer Rent Overpayments	4,088	3,258	1,194	1,852	1,555
	<u>414,669</u>	<u>1,722,613</u>	<u>316,467</u>	<u>329,210</u>	<u>343,602</u>
Reserve for Receivables	630,799	616,335	624,095	680,403	646,405
Fund Balance	1,318,326	1,309,709	1,567,400	1,528,001	1,248,117
Total Liabilities, Reserves and Fund Balance	<u>\$2,363,794</u>	<u>\$3,648,658</u>	<u>\$2,507,963</u>	<u>\$2,537,614</u>	<u>\$2,238,124</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARRISON
SEWER UTILITY OPERATING FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
UTILITY OPERATING--REGULATORY BASIS

	For the Years Ended December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenue and Other Income Realized:					
Fund Balance Anticipated	\$468,345	\$669,464	\$471,982	\$377,315	\$321,154
Utility Rents	1,814,109	1,924,111	1,890,455	1,949,093	1,776,585
Penalties and Interest	21,152	20,370	17,417	20,690	19,599
Miscellaneous Revenues	266,119	84,217	80,770	147,815	441,791
Total Budget Revenues	2,569,725	2,698,163	2,460,623	2,494,913	2,559,129
Other Credits to Income	164,725	71,404	97,640	159,416	82,025
Total Revenues	2,734,450	2,769,567	2,558,263	2,654,329	2,641,154
Expenditures:					
Utility Operating Fund	1,216,335	1,237,500	1,114,000	1,064,300	1,022,389
Capital Improvements	2,500	52,500	52,500	52,500	52,500
Utility Debt Service	979,843	1,012,630	825,900	821,916	790,110
Utility Deferred Charges and Statutory Exp.	58,810	55,164	54,482	58,414	53,340
Total Budget Expenditures	2,257,488	2,357,794	2,046,882	1,997,130	1,918,339
Other Expenses					1,154
Total Expenditures	2,257,488	2,357,794	2,046,882	1,997,130	1,919,493
Statutory Excess to Fund Balance	476,961	411,773	511,382	657,199	721,661
Fund Balance--January 1	1,309,709	1,567,400	1,528,001	1,248,117	847,610
Decreased by Utilization as Anticipated Revenue	1,786,671	1,979,173	2,039,382	1,905,316	1,569,271
	468,345	669,464	471,982	377,315	321,154
Fund Balance--December 31	\$1,318,326	\$1,309,709	\$1,567,400	\$1,528,001	\$1,248,117

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HARRISON
SEWER UTILITY CAPITAL FUND
STATEMENTS OF ASSETS, LIABILITIES AND RESERVES--REGULATORY BASIS

	As of December 31,				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
ASSETS					
Cash	\$2,214,210	\$837,566	\$2,897,919	\$2,576,715	\$921,577
Interfund Receivables	13	1,342,367	16,500	5,348	
Loan Receivable--NJ Environmental Trust					
Fixed Capital	13,743,196	13,233,213	13,199,281	13,199,281	13,058,103
Fixed Capital Authorized and Uncompleted	8,422,651	8,492,634	7,198,166	6,396,166	4,535,194
Total Assets	\$24,380,070	\$23,905,779	\$23,311,866	\$22,177,509	\$18,514,874
LIABILITIES AND RESERVES					
Encumbrances Payable	\$13,643	\$165,582	\$1,057,816	\$15,250	\$54,877
Sewer Loans Payable	2,118,306	2,506,527	2,879,889	3,250,852	3,599,081
Serial Bonds Payable	9,275,000	5,599,000	5,724,000	5,839,000	5,969,000
Bond Anticipation Notes Payable	2,570,000	5,941,410	4,748,338	3,810,532	1,934,028
Interfunds Payable		29,338			89
Other Liabilities and Reserves:					
Capital Improvement Fund	62,016	59,516	57,016	54,516	52,016
Reserve for Preliminary Expenditures	1,113	1,113	1,113	1,113	1,113
Reserve for Payment of Debt	155,793	126,777	91,637	91,637	67,936
Reserve for Developer Contribution	118,143	118,143	118,143	118,143	118,143
Improvement Authorizations:					
Funded	63,953	4,578	53,844	102,102	100,364
Unfunded	1,559,636	1,434,960	1,294,924	2,111,681	318,469
Deferred Reserve for Amortization					80,000
Reserve for Amortization	8,227,166	7,703,534	7,069,845	6,567,382	6,006,491
Fund Balance	215,301	215,301	215,301	215,301	213,265
Total Liabilities and Reserves	\$24,380,070	\$23,905,779	\$23,311,866	\$22,177,509	\$18,514,874

The accompanying Notes to Financial Statements are an integral part of this statement.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Harrison was incorporated in 1844 and is located in southeastern corner of Gloucester County, New Jersey approximately twenty miles south of the City of Philadelphia. The present population according to the 2010 estimated census is 12,417.

The Township is governed under the Township Committee form of government, with a five-member Committee. The Committee is elected directly by the voters in partisan elections to serve three-year terms of office on a staggered basis, with one or two seats coming up for election each year. At an annual reorganization meeting, the Committee selects one of its members to serve as Mayor and another as Deputy Mayor. Legislative and executive power is vested in the Committee.

Component Units - The Township had no component units as defined by Governmental Accounting Standards Board Statement No. 14, as amended by GASB Statements No. 39, No. 61 and No. 80.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements of the Township contain all funds and account groups in accordance with the *Requirements of Audit* ("Requirements") as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the *Requirements* are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these *Requirements*. In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this note.

In accordance with the *Requirements*, the Township accounts for its financial transactions through the use of separate funds and an account group which are described as follows:

Current Fund - The current fund accounts for resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - The various trust funds account for receipts, custodianship, and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The general capital fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the current fund.

Sewer Utility Operating and Capital Funds - The sewer utility operating and capital funds account for the operations and acquisition of capital facilities of the municipally owned sewer operations.

General Fixed Asset Group of Accounts - The general fixed asset group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other governmental funds.

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

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its current, municipal open space, and sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body 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 published and circulating in the municipality. 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 governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval, and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost; therefore, unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the current fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

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

General Fixed Assets - Accounting for governmental fixed assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and *Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Part 200, §200.12), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed asset group of accounts, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that include accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property and equipment, improvements, and contributed capital.

Foreclosed Property - Foreclosed property is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the general fixed asset group of accounts. If such property is converted to a municipal use, it will be recorded in the general fixed asset group of accounts.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund and sewer utility operating fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

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

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from federal and state grants is realized when anticipated as such in the Township's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Gloucester, the Township of Harrison School District, Clearview Regional High School District, and the Township of Harrison Fire District No. 1. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Municipality is responsible for levying, collecting, and remitting school taxes for the Township of Harrison School District and the Clearview Regional High School District. Operations is charged for the Township's share of the amount required to be raised by taxation to operate the school districts for the period from July 1 to June 30, increased by the amount deferred at December 31, 2016 and decreased by the amount deferred at December 31, 2017.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Gloucester. County taxes are determined on a calendar year by the County Board of Taxation based upon the ratables required to be certified to them on January 10 of each year. Operations is charged for the amount due to the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of added and omitted taxes certified to the County Board of Taxation by October 10 of the current year, and due to be paid to the County by February 15 of the following year.

Fire District Taxes - The municipality is responsible for levying, collecting, and remitting fire district taxes for the Township of Harrison Fire District No. 1. Operations is charged for the full amount required to be raised from taxation to operate the Fire District for the period from January 1 to December 31.

Reserve for Uncollected Taxes - The inclusion of the "reserve for uncollected taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

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

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

Long-Term Debt - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. Where an improvement is a "local Improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the trust fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

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

Note 2: CASH AND CASH EQUIVALENTS

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

As of December 31, 2017, the Township's bank balances of \$25,778,792.01 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 24,331,100.96
Uninsured and Uncollateralized	<u>1,447,691.05</u>
Total	<u>\$ 25,778,792.01</u>

Note 3: PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years:

Tax Rates

	<u>Year Ended</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax Rate	\$ 2.825	\$ 2.990	\$ 2.905	\$ 2.787	\$ 2.728
Apportionment of Tax Rate:					
Municipal	\$ 0.425	\$ 0.463	\$ 0.444	\$ 0.411	\$ 0.365
County	0.629	0.664	0.638	0.588	0.574
County Library	0.048	0.052	0.049	0.047	0.045
County Open Space	0.040	0.043	0.043	0.041	0.042
Local School	0.841	0.893	0.893	0.878	0.877
Regional High School	0.706	0.732	0.696	0.679	0.668
Fire District	0.076	0.083	0.082	0.083	0.097
Municipal Open Space	0.060	0.060	0.060	0.060	0.060

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2017	\$ 1,528,708,197.00
2016	1,405,992,089.00
2015	1,392,670,506.00
2014	1,369,955,043.00
2013	1,349,931,288.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2017	\$ 43,401,678.70	\$ 42,480,798.30	97.88%
2016	42,157,552.82	41,725,533.79	98.98%
2015	40,816,188.26	40,278,468.98	98.68%
2014	38,802,008.42	38,206,004.30	98.46%
2013	37,345,536.01	36,805,142.91	98.55%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	\$ 31,979.58	\$ 724,864.37	\$ 756,843.95	1.74%
2016	227,782.35	385,293.71	613,076.06	1.45%
2015	199,907.99	311,879.73	511,787.72	1.25%
2014	181,546.38	508,067.52	689,613.90	1.78%
2013	219,390.09	464,459.89	683,849.98	1.83%

Note 3: PROPERTY TAXES (CONT'D)

The following comparison is made of the number of tax title liens receivable on December 31 for the current and previous four calendar years:

<u>Year</u>	<u>Number</u>
2017	5
2016	15
2015	16
2014	15
2013	41

Note 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous four years was as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 563,500.00
2016	None
2015	None
2014	None
2013	None

Note 5: SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years:

<u>Year</u>	<u>Balances Beginning of Year</u>		<u>Levy</u>	<u>Total</u>	<u>Collections</u>	<u>Percentage of Collections</u>
	<u>Receivable</u>	<u>Liens</u>				
2017	\$ 616,335.16	None	\$ 1,828,573.35	\$ 2,444,908.51	\$ 1,814,109.20	74.20%
2016	624,095.47	None	1,916,350.82	2,540,446.29	1,924,111.13	75.74%
2015	680,402.61	None	1,834,147.56	2,514,550.17	1,890,454.70	75.18%
2014	646,404.84	None	1,983,090.86	2,629,495.70	1,949,093.09	74.12%
2013	541,397.52	None	1,881,592.17	2,422,989.69	1,776,584.85	73.32%

Note 6: FUND BALANCES APPROPRIATED

The following schedules detail the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

Current Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 3,696,365.97	\$ 2,721,800.00	73.63%
2016	3,176,433.88	1,318,600.00	41.51%
2015	3,540,282.81	2,277,000.00	64.32%
2014	3,231,136.75	2,054,400.00	63.58%
2013	1,971,291.47	531,000.00	26.94%

Sewer Utility Operating Fund

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2017	\$ 1,318,325.73	\$ 673,680.00	51.10%
2016	1,309,709.47	468,345.00	35.76%
2015	1,567,400.37	669,464.00	42.71%
2014	1,528,000.75	471,982.00	30.89%
2013	1,248,117.11	377,315.00	30.23%

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balance as of December 31, 2017:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 14,314.23	\$ 180,639.61
Federal and State Grant Fund	43,069.64	
Trust - Animal Control Fund		14,314.23
Trust - Municipal Open Space Fund	6,954.72	
Trust - Other Fund	5,005.57	
General Capital Fund	92,273.00	
Sewer Utility Operating Fund	33,336.68	13.24
Sewer Utility Capital Fund	13.24	
	<u>\$ 194,967.08</u>	<u>\$ 194,967.08</u>

The interfund receivables and payables above predominately resulted from collections and payments made by certain funds on behalf of other funds. During the year 2018, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 8: PENSION PLANS

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

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

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

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

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

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

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

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more 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.

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

The following represents the membership tiers for PFRS:

Tier Definition

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

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

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

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

Contributions

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

The Township's contractually required contribution rate for the year ended December 31, 2017 was 13.78% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$228,549.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PERS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$191,011.00, which was paid on April 1, 2017. Employee contributions to the plan during the year ended December 31, 2017 were \$122,186.39.

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

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

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

The Township's contractually required contribution rate for the year ended December 31, 2017 was 27.02% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 is \$390,508.00, and is payable by April 1, 2018. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. Based on the PFRS measurement date of June 30, 2016, the Township's contractually required contribution to the pension plan for the year ended December 31, 2016 was \$332,166.00, which was paid on April 1, 2017. Employee contributions to the plan during the year ended December 31, 2017 were \$145,639.30.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2017 was 2.64% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2017 is \$38,153.00, and is payable by April 1, 2018. Based on the PFRS measurement date of June 30, 2016, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2016 was \$25,041.00, which was paid on April 1, 2017.

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

For the year ended December 31, 2017, employee contributions totaled \$3,389.06, and the Township's contributions were \$1,196.15. There were no forfeitures during the year.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$5,742,978.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was 0.0246708417%, which was an increase of 0.0031699332% from its proportion measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2017 measurement date is \$571,810.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PERS was \$191,011.00, and was paid on April 1, 2017.

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

Township's Proportionate Share of Net Pension Liability	\$ 6,811,935.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	762,994.00
	<u>\$ 7,574,929.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. For the June 30, 2017 measurement date, the Township's proportion was 0.0441242775%, which was an increase of 0.0033847384% from its proportion measured as of June 30, 2016. Likewise, at June 30, 2017, the State of New Jersey's proportion, on-behalf of the Township, was 0.0441242775%, which was an increase of 0.0033847384% from its proportion, on-behalf of the Township, measured as of June 30, 2016.

At December 31, 2017, the Township's proportionate share of the PFRS pension expense, calculated by the plan as of the June 30, 2017 measurement date is \$704,147.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1; however, as previously mentioned, for the year ended December 31, 2017, the Township's contribution to PFRS was \$332,166.00, and was paid on April 1, 2017.

At December 31, 2017, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the plan as of the June 30, 2017 measurement date is \$93,331.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	PERS	PFRS	Total	PERS	PFRS	Total
Differences between Expected and Actual Experience	\$ 135,227.00	\$ 44,192.00	\$ 179,419.00	\$ -	\$ 39,980.00	\$ 39,980.00
Changes of Assumptions	1,157,012.00	839,988.00	1,997,000.00	1,152,770.00	1,115,596.00	2,268,366.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	39,106.00	129,988.00	169,094.00	-	-	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	787,806.00	562,468.00	1,350,274.00	109,751.00	103,867.00	213,618.00
Township Contributions Subsequent to the Measurement Date	114,275.00	195,254.00	309,529.00	-	-	-
	<u>\$ 2,233,426.00</u>	<u>\$ 1,771,890.00</u>	<u>\$ 4,005,316.00</u>	<u>\$ 1,262,521.00</u>	<u>\$ 1,259,443.00</u>	<u>\$ 2,521,964.00</u>

\$114,275.00 and \$195,254.00 for PERS and PFRS, respectively, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2018. These amounts were based on an estimated April 1, 2019 contractually required contribution, prorated from the pension plans measurement date of June 30, 2017 to the Township's year end of December 31, 2017.

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

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

Note 8: PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

<u>Year Ending Dec 31,</u>	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2018	\$ 287,278.00	\$ 169,240.00	\$ 456,518.00
2019	356,096.00	310,841.00	666,937.00
2020	290,856.00	121,094.00	411,950.00
2021	(18,299.00)	(200,720.00)	(219,019.00)
2022	(59,301.00)	(83,262.00)	(142,563.00)
	<u>\$ 856,630.00</u>	<u>\$ 317,193.00</u>	<u>\$ 1,173,823.00</u>

Actuarial Assumptions

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

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

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

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

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

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

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

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

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

Note 8: **PENSION PLANS (CONT'D)**

Sensitivity of Township's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

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

	PERS		
	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 7,124,553.00	\$ 5,742,978.00	\$ 4,591,954.00

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

	PFRS		
	1% Decrease <u>(5.14%)</u>	Current Discount Rate <u>(6.14%)</u>	1% Increase <u>(7.14%)</u>
Township's Proportionate Share of the Net Pension Liability	\$ 8,975,285.00	\$ 6,811,935.00	\$ 5,034,497.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	1,005,307.43	762,994.00	563,905.96
	<u>\$ 9,980,592.43</u>	<u>\$ 7,574,929.00</u>	<u>\$ 5,598,402.96</u>

Pension Plan Fiduciary Net Position

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

Note 8: PENSION PLANS (CONT'D)

Supplementary Pension Information

In accordance with GASB 68, the following information is also presented for the PERS and PFRS Pension Plans. These schedules are presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

Schedule of the Township's Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Five Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.0246708417%	0.0215009085%	0.0205167471%
Township's Proportionate Share of the Net Pension Liability	\$ 5,742,978.00	\$ 6,367,952.00	\$ 4,605,599.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,681,200.00	\$ 1,472,836.00	\$ 1,462,396.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	341.60%	432.36%	314.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0194513350%	0.0209669917%	
Township's Proportionate Share of the Net Pension Liability	\$ 3,641,822.00	\$ 4,007,209.00	
Township's Covered Payroll (Plan Measurement Period)	\$ 1,324,916.00	\$ 1,402,524.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	274.87%	285.71%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%	

Note 8: PENSION PLANS (CONT'D)

Supplementary Pension Information (Cont'd)

Schedule of the Township's Contributions - Public Employees' Retirement System (PERS) (Last Five Years)

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 228,549.00	\$ 191,011.00	\$ 176,389.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(228,549.00)</u>	<u>(191,011.00)</u>	<u>(176,389.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,659,005.00	\$ 1,622,578.00	\$ 1,507,685.00
Township's Contributions as a Percentage of Covered Payroll	13.78%	11.77%	11.70%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 160,354.00	\$ 157,982.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(160,354.00)</u>	<u>(157,982.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 1,442,234.00	\$ 1,358,573.00	
Township's Contributions as a Percentage of Covered Payroll	11.12%	11.63%	

Note 8: **PENSION PLANS (CONT'D)**

Supplementary Pension Information (Cont'd)

Schedule of the Township's Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Five Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Proportion of the Net Pension Liability	0.0441242775%	0.0407395391%	0.0394971602%
Township's Proportionate Share of the Net Pension Liability	\$ 6,811,935.00	\$ 7,782,294.00	\$ 6,578,850.00
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>762,994.00</u>	<u>653,520.00</u>	<u>576,943.00</u>
Total	<u>\$ 7,574,929.00</u>	<u>\$ 8,435,814.00</u>	<u>\$ 7,155,793.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 1,428,292.00	\$ 1,284,956.00	\$ 1,250,804.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	476.93%	605.65%	525.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.60%	52.01%	56.31%
	<u>Measurement Date Ended June 30,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Proportion of the Net Pension Liability	0.0390546909%	0.0412762042%	
Township's Proportionate Share of the Net Pension Liability	\$ 4,912,718.00	\$ 5,487,299.00	
State's Proportionate Share of the Net Pension Liability associated with the Township	<u>529,017.00</u>	<u>511,483.00</u>	
Total	<u>\$ 5,441,735.00</u>	<u>\$ 5,998,782.00</u>	
Township's Covered Payroll (Plan Measurement Period)	\$ 1,205,092.00	\$ 1,295,384.00	
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	407.66%	423.60%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.41%	58.70%	

Note 8: **PENSION PLANS (CONT'D)**

Supplementary Pension Information (Cont'd)

***Schedule of the Township's Contributions - Police and Firemen's Retirement System (PFRS)
(Last Five Years)***

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township's Contractually Required Contribution	\$ 390,508.00	\$ 332,166.00	\$ 321,053.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(390,508.00)</u>	<u>(332,166.00)</u>	<u>(321,053.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,445,146.00	\$ 1,384,742.00	\$ 1,265,643.00
Township's Contributions as a Percentage of Covered Payroll	27.02%	23.99%	25.37%
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	
Township's Contractually Required Contribution	\$ 299,967.00	\$ 301,142.00	
Township's Contribution in Relation to the Contractually Required Contribution	<u>(299,967.00)</u>	<u>(301,142.00)</u>	
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	
Township's Covered Payroll (Calendar Year)	\$ 1,224,332.00	\$ 1,230,324.00	
Township's Contributions as a Percentage of Covered Payroll	24.50%	24.48%	

Note 8: PENSION PLANS (CONT'D)**Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***

Changes in Benefit Terms - None

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

Police and Firemen's Retirement System (PFRS)

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

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

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description – The Township provides postretirement health care benefits, at its cost, to certain police officers and their spouses or surviving spouses through a sole employer post-employment healthcare plan. This entitlement requires that police officers retire from service with the Township, be covered by any collective bargaining agreement between the Township and the Fraternal Order of Police, Local 178, have at least twenty years of service with the Township and have served at least twenty-five years as a police officer in any capacity and in any jurisdiction in which that service is eligible for credit in the Police and Firemen's Pension System (PFRS). The health care benefits will be in a form consistent with that provided to all active members of the Township Police whose service is covered by any collective bargaining agreement between the Township and the Fraternal Order of Police, Local 178. Once Medicare age is attained by either the retired employee or the spouse, Medicare is primary and the Township provides supplementary medical insurance. Currently there are seven (7) retirees with an average age of fifty-two (52). Four (4) retirees are receiving employee/spouse coverage. There are seventeen (17) active employees with an average age of thirty-five (35) and average accrued service of nine (9) years.

Funding Policy - The contribution requirements of plan members and the Township are established and may be amended by the Township's governing body and collective bargaining agreement between the Township and the Fraternal Order of Police, Local 178. Plan members receive benefits at no cost to the retiree.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Funding Policy (Cont'd)

Retirees - The Township presently funds its current retiree postemployment benefit costs on a “pay-as-you-go” basis. The Township’s contributions to the plan for the years ended December 31, 2017, 2016, and 2015 were \$183,952.50, \$169,027.16 and \$177,409.75, respectively.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Township is required to disclose the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$454,239.00 at an unfunded discount rate of 5.0%. As previously stated, the Township has funded the cost of existing retirees in the amount of \$183,952.50, and has incurred the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Annual OPEB Cost - For year ended December 31, 2017, the Township’s annual OPEB cost (expense) of \$483,033.00 for the plan was equal to the ARC plus certain adjustments because the Township’s actual contributions in prior years differed from the ARC. The Township’s annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for years 2017, 2016 and 2015 are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Required Contribution (ARC)	\$ 454,239	\$ 454,239	\$ 454,239
Interest on the Net OPEB Obligation	27,387	13,841	-
Adjustment to the ARC	<u>(28,142)</u>	<u>(28,142)</u>	<u>-</u>
Annual OPEB Cost	453,484	439,938	454,239
Pay-as-You Go Cost (Existing Retirees)	<u>(183,953)</u>	<u>(169,027)</u>	<u>(177,410)</u>
Increase in the Net OPEB Obligation	269,532	270,911	276,829
Net OPEB Obligation - Beginning of year	<u>547,740</u>	<u>276,829</u>	<u>-</u>
Net OPEB Obligation - End of year	<u>\$ 817,272</u>	<u>\$ 547,740</u>	<u>\$ 276,829</u>
Percentage of Annual OPEB Cost Contributed	40.6%	38.4%	39.1%

Funded Status and Funding Progress - The funded status of the plan as of the actuarial valuation dates is as follows:

Actuarial Accrued Liability (AAL)	\$ <u>4,641,341</u>
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 4,641,341</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%
Covered Payroll (Active Plan Members)	\$ 3,136,000
UAAL as a Percentage of Covered Payroll	148.0%

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Funded Status and Funding Progress (Cont'd) - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as shown on the previous page, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2015 actuarial valuation, the unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality.* 1994 sex distinct Group Annuity Mortality Table.
- *Discount Rate.* 5.00%
- *Turnover.* U.S Office of Personnel Management employee group covered by the Federal Employees Retirement System
- *Disability.* No terminations of employment due to disability.
- *Age at Retirement.* No earlier than age 55.
- *Final Average Salary.* Over \$112,000 for retirees at age 55.
- *Spousal Coverage.* Married employees will remain married.
- *Health Care Cost Inflation.* Increase 7.0% annually for Pre-Medicare benefits and 5.0% for Post-Medicare benefits.
- *Administrative Expenses.* Approximately 2% is included in health care costs to administer retiree claims.

Note 10: COMPENSATED ABSENCES

According to the policy effective February 17, 2004 and revised April 21, 2008, full-time employees and part-time employees working at least twenty hours a week receive sick, vacation, and personal days. Vacation time granted is based on the number of years of completed service. Vacation time must be used in the calendar year. Carryover of vacation time must be approved by the Township Administrator and cannot exceed two work weeks. Part-time employees receive vacation time on a prorated basis. Upon termination or retirement, employees with at least one year of service are paid for all accumulated vacation time. Full-time employees receive three personnel days per year and part-time employees receive personal days on a prorated basis. Personal days may not be carried over into the next year and are not paid upon termination or retirement. Full-time employees receive ten sick days per year and part-time employees receive sick days on a prorated basis. Sick days may be accumulated up to fifty days.

Note 10: COMPENSATED ABSENCES (CONT'D)

Upon retirement, employees with at least fifteen years of service may be paid for accumulated sick time up to fifty days not to exceed \$2,500.00. Employees with at least twenty years of service may be paid for accumulated sick time up to fifty days not to exceed \$3,000.00. Employees with at least twenty-five years of service may be paid for accumulated sick time up to fifty days not to exceed \$3,500.00.

According to the 2014-2017 police contract, officers receive sick, vacation, and personal days. Vacation time granted is based on the number of years of service. Upon termination or retirement, accumulated vacation time is not paid. Officers receive three personnel days per year which may not be carried over into the next year. Upon termination or retirement, accumulated vacation time is not paid. Officers receive one-hundred and twelve hours of sick time per year of employment, which can be accrued, however, not to exceed 2,250 hours. Upon retirement, officers may be paid for sick hours at a rate of two for every five hours earned.

The Township does not record accrued expenses related to compensated absences. However, it is estimated that at December 31, 2017, accrued benefits for compensated absences are valued at \$374,073.99.

Note 11: LEASE OBLIGATIONS

At December 31, 2017, the Township had lease agreements in effect for the following:

Operating:
Six (6) Copiers

The following is an analysis of operating leases.

Future minimum lease payments under operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 11,588.64
2019	11,588.64
2020	10,622.92

Rental payments under operating leases for the year 2017 were \$13,693.23.

Note 12: CAPITAL DEBT

General Improvement Bonds

General Improvement Refunding Bonds, Series 2009 - On November 3, 2009, the Township issued \$3,165,000.00 in general improvement refunding bonds, with interest rates ranging from 3.0% to 5.0%, to advance refund \$3,238,000.00 outstanding 1998 and 2001 general improvement bonds with an interest rate of 4.875 and 4.70%. The final maturity of the bonds is December 1, 2018.

General Improvement Bonds, Series 2010 - On August 18, 2018, the Township issued \$20,111,000.00 of general improvement bonds, with interest rates ranging from 2.0% to 4.0%. The bonds were issued for the purpose of funding various capital projects in the Township. The final maturity of the bonds is August 1, 2035.

Note 12: CAPITAL DEBT (CONT'D)

General Improvement Bonds (Cont'd)

General Improvement Refunding Bonds, Series 2014 - On August 5, 2014, the Township issued \$4,810,000.00 in general improvement refunding bonds, with interest rates ranging from 3.0% to 4.0%, to advance refund \$4,940,000.00 outstanding 2006 general improvement bonds with an interest rate of 4.25%. The final maturity of the bonds is August 1, 2025.

General Improvement Bonds, Series 2017 - On May 18, 2017, the Township issued \$7,172,000.00 in general improvement bonds, with interest rates ranging from 2.5% to 3.125. The bonds were issued to permanently finance the costs of various capital improvements and the acquisition of various capital equipment. The final maturity of the bonds is June 1, 2037.

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>General</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,915,000.00	\$ 928,545.00	\$ 2,843,545.00
2019	2,010,000.00	862,382.50	2,872,382.50
2020	2,118,000.00	801,860.00	2,919,860.00
2021	2,154,000.00	733,338.75	2,887,338.75
2022	2,235,000.00	663,833.75	2,898,833.75
2023-2027	8,125,000.00	2,304,681.25	10,429,681.25
2028-2032	5,345,000.00	1,299,762.50	6,644,762.50
2033-2037	4,341,000.00	343,195.00	4,684,195.00
	<u>\$ 28,243,000.00</u>	<u>\$ 7,937,598.75</u>	<u>\$ 36,180,598.75</u>

Sewer Utility Improvement Bonds

General Improvement Bonds, Series 2010 - On August 18, 2018, the Township issued \$5,014,000.00 of general improvement bonds, with interest rates ranging from 2.0% to 4.0%. The bonds were issued for the purpose of funding various sewer capital projects in the Township. The final maturity of the bonds is August 1, 2035.

General Improvement Refunding Bonds, Series 2014 - On August 5, 2014, the Township issued \$810,000.00 in general improvement refunding bonds, with interest rates ranging from 3.0% to 4.0%, to advance refund \$830,000.00 outstanding 2006 general improvement bonds with an interest rate of 4.25%. The final maturity of the bonds is August 1, 2025.

General Improvement Bonds, Series 2017 - On May 18, 2017, the Township issued \$3,811,000.00 in general improvement bonds, with interest rates ranging from 2.5% to 3.25. The bonds were issued for the purpose of funding various sewer capital projects in the Township. The final maturity of the bonds is June 1, 2039.

Note 12: CAPITAL DEBT (CONT'D)

Sewer Utility Improvement Bonds (Cont'd)

The following schedule represents the remaining debt service, through maturity, for the general improvement bonds:

<u>Sewer</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 276,000.00	\$ 305,922.50	\$ 581,922.50
2019	295,000.00	297,610.00	592,610.00
2020	315,000.00	289,016.25	604,016.25
2021	335,000.00	279,053.75	614,053.75
2022	350,000.00	268,372.50	618,372.50
2023-2027	2,400,000.00	1,134,606.25	3,534,606.25
2028-2032	2,585,000.00	740,318.76	3,325,318.76
2033-2037	2,249,000.00	255,448.76	2,504,448.76
2038-2039	470,000.00	15,293.75	485,293.75
	<u>\$ 9,275,000.00</u>	<u>\$ 3,585,642.52</u>	<u>\$ 12,860,642.52</u>

Sewer Utility Debt - New Jersey Environmental Infrastructure Loans

On August 1, 1997, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$217,417.00, at no interest, from the fund loan, and \$230,000.00 at interest rates ranging from 4.0% to 5.0% from the trust loan. The proceeds were used to fund improvements to the sanitary sewer system. Semiannual debt payments are due February 1st and August 1st through 2017.

On October 15, 2002, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,860,390.00, at no interest, from the fund loan, and \$2,080,000.00 at interest rates ranging from 3.0% to 5.25% from the trust loan. The proceeds were used to fund the construction of a wastewater treatment plant. Semiannual debt payments are due February 1st and August 1st through 2022.

On November 1, 2003, the Township entered into a loan agreement with the New Jersey Environmental Infrastructure Trust to provide \$1,148,023.00, at no interest, from the fund loan, and \$1,260,000.00 at interest rates ranging from 3.0% to 5.0% from the trust loan. The proceeds were used to fund upgrades and rehabilitation of three pump stations. Semiannual debt payments are due February 1st and August 1st through 2023.

Note 12: CAPITAL DEBT (CONT'D)

Sewer Utility Debt - New Jersey Environmental Infrastructure Loans (Cont'd)

The following schedule represents the remaining debt service, through maturity, for the New Jersey Environmental Infrastructure loans:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 368,712.10	\$ 61,112.50	\$ 429,824.60
2019	378,812.20	51,175.00	429,987.20
2020	396,137.35	40,175.00	436,312.35
2021	405,162.24	28,425.00	433,587.24
2022	413,988.40	16,625.00	430,613.40
2023-2027	155,493.52	4,512.50	160,006.02
	<u>\$ 2,118,305.81</u>	<u>\$ 202,025.00</u>	<u>\$ 2,320,330.81</u>

The following schedule represents the Township's summary of debt for the current and two previous years:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Issued:</u>			
General:			
Bond and Notes	\$ 38,305,000.00	\$ 39,473,283.00	\$ 36,494,393.00
Sewer:			
Bond, Loan and Notes	13,963,305.81	14,046,937.47	13,352,226.63
Total Issued	<u>52,268,305.81</u>	<u>53,520,220.47</u>	<u>49,846,619.63</u>
<u>Authorized but Not Issued</u>			
General:			
Bond and Notes	120.00	-	-
Sewer:			
Bond and Notes	21,190.00	21,190.00	21,190.00
Total Authorized but Not Issued	<u>21,310.00</u>	<u>21,190.00</u>	<u>21,190.00</u>
Total Issue and Authorized but Not Issued	<u>52,289,615.81</u>	<u>53,541,410.47</u>	<u>49,867,809.63</u>
<u>Deductions</u>			
Reserve for Payment of Debt	113,602.19	109,610.04	203,104.09
Self-Liquidating Debt	13,984,495.81	14,068,127.47	13,373,416.63
Total Deductions	<u>14,098,098.00</u>	<u>14,177,737.51</u>	<u>13,576,520.72</u>
Net Debt	<u>\$ 38,191,517.81</u>	<u>\$ 39,363,672.96</u>	<u>\$ 36,291,288.91</u>

Note 12: CAPITAL DEBT (CONT'D)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of 2.554%.

Summary of Statutory Debt Condition - Annual Debt Statement

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$ 4,302,581.77	\$ 4,302,581.77	-
Local School District	9,831,577.00	9,831,577.00	-
Sewer Utility	13,984,495.81	13,984,495.81	-
General	38,305,120.00	113,602.19	\$ 38,191,517.81
	<u>\$ 66,423,774.58</u>	<u>\$ 28,232,256.77</u>	<u>\$ 38,191,517.81</u>

Net Debt \$38,191,517.81 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$1,495,430,990.00 equals 2.554%.

Borrowing Power Under N.J.S.A. 40A:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$52,340,084.65
Less: Net Debt	<u>38,191,517.81</u>
Remaining Borrowing Power	<u>\$14,148,566.84</u>

Calculation of "Self Liquidating Purpose"
Sewer Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Credits for the Year	\$ 2,734,449.67
Deductions:	
Operating and Maintenance Cost	\$ 1,275,145.00
Debt Service	<u>979,843.41</u>
Total Deductions	<u>2,254,988.41</u>
Excess in Revenue	<u>\$ 479,461.26</u>

A revised Annual Debt Statement should be filed by the Chief Financial Officer.

Note 13: SCHOOL TAXES

The Township of Harrison school district and the Clearview Regional High School tax has been raised and the liability deferred by statutes, resulting in the school tax payable set forth in the current fund liabilities as follows:

	Balance Dec. 31	
	<u>2017</u>	<u>2016</u>
Local School Tax:		
Balance of Tax	\$ 6,428,662.50	\$ 6,281,940.00
Deferred	<u>5,669,506.50</u>	<u>5,669,506.50</u>
Local School Tax Payable	<u>\$ 759,156.00</u>	<u>\$ 612,433.50</u>
Regional School Tax:		
Balance of Tax	\$ 5,396,899.00	\$ 5,147,267.00
Deferred	<u>4,257,399.86</u>	<u>4,257,399.86</u>
Regional School Tax Payable	<u>\$ 1,139,499.14</u>	<u>\$ 889,867.14</u>

Note 14: RISK MANAGEMENT

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

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 5,200.00	\$ 5,828.81	\$ 70.62	\$ 9,348.69	\$ 51,606.72
2016	5,200.00	5,419.70	69.58	3,210.07	49,855.98
2015	10,000.00	4,954.08	45.51	695.48	42,376.77

It is estimated that there are no unreimbursed payments on behalf of the Township at December 31, 2017.

Joint Insurance Pool - The Township of Harrison is a member of the Gloucester County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

- Workers' Compensation and Employer's Liability
- Liability other than Motor Vehicles
- Property Damage other than Motor Vehicles
- General Liability
- Automobile Liability
- Public Employees Blanket Bond
- Property Including Boiler and Machinery

Note 14: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool (Cont'd)

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund publishes its own financial report for the year ended December 31, 2017, which can be obtained from:

Gloucester, Salem and Cumberland County
Municipal Joint Insurance Fund
P.O. Box 442
Hammonton, New Jersey 08037

Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balance of the following fund:

<u>Description</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Budget Appropriation</u>
Current Fund:		
Special Emergency Authorization	\$ 250,000.00	\$ 50,000.00

The appropriations in the 2018 Budget as adopted are not less than that required by the statutes.

Note 16: OPEN SPACE, RECREATION AND FARMLAND PRESERVATION TRUST

On November 4, 1997, November 5, 2002 and November 8, 2005 pursuant to P.L. 1997, c. 24 (N.J.S.A. 40:12-15.1 et seq.), the voters of the Township of Harrison authorized the establishment of the Township of Harrison Open Space, Recreation and Farmland Preservation Trust Fund effective January 1, 1998, for the purpose of raising revenue for the acquisition of lands and interests in lands for the conservation of farmland and open space. Overall, as a result of the three referendums, the Township levies a tax not to exceed six cents per one hundred dollars of equalized valuation. Amounts raised by taxation are assessed, levied and collected in the same manner and at the same time as other taxes. Future increases in the tax rate or to extend the authorization must be authorized by referendum. All revenue received is accounted for in a Trust Fund dedicated by rider (N.J.S.A. 40A:4-39) for the purposed stated. Interest earned on the investment of these funds is credited to the Township of Harrison Open Space, Recreation and Farmland Preservation Trust Funds.

Note 17: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Township expects such amount, if any, to be immaterial.

Litigation - The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 18: CONCENTRATIONS

The Township depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the Township is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 19: SUBSEQUENT EVENTS

Authorization of Debt - Subsequent to December 31, the Township authorized additional bonds and notes as follows:

<u>Purpose</u>	<u>Adoption</u>	<u>Authorization</u>
General Improvements		
Various Pieces of Equipment and Various Capital Improvements	April 16, 2018	\$ 463,200.00
Sewer Utility Improvements		
Various Pieces of Equipment and Various Capital Improvements	April 16, 2018	\$ 447,500.00

APPENDIX C

FORM OF BOND COUNSEL'S OPINION



May __, 2019

Mayor and Township Committee
of the Township of Harrison
114 Bridgeton Pike
Mullica Hill, New Jersey

**RE: \$11,283,000 TOWNSHIP OF HARRISON, COUNTY OF GLOUCESTER,
NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2019**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery by the Township of Harrison, County of Gloucester, New Jersey ("Township") of \$11,283,000 aggregate principal amount of its General Obligation Bonds, Series 2019 ("Bonds"). The Bonds consist of: (i) \$9,172,000 General Improvement Bonds; and (ii) \$2,111,000 Sewer Utility Bonds.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 40-2011, 26-2013, 9-2015, 10-2015, 10-2016 and 11-2016, each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law (collectively, the "Bond Ordinances"); (iii) a resolution adopted by the Township Committee on May 6, 2019 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May __, 2019 ("Award Certificate").

The Bonds are dated May 28, 2019, mature on May 15 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the interest rates per annum below, payable semi-annually on May 15 and November 15 in each year until maturity or earlier redemption, commencing on May 15, 2020.

<u>Year</u>	<u>General Improvement</u>	<u>Sewer Utility</u>	<u>Combined</u>	<u>Interest Rate</u>	<u>Year</u>	<u>General Improvement</u>	<u>Sewer Utility</u>	<u>Combined</u>	<u>Interest Rate</u>
2020	\$355,000	\$86,000	\$441,000	%	2028	\$580,000	\$130,000	\$710,000	%
2021	492,000	115,000	607,000		2029	595,000	135,000	730,000	
2022	505,000	115,000	620,000		2030	615,000	140,000	755,000	
2023	515,000	120,000	635,000		2031	630,000	145,000	775,000	
2024	525,000	120,000	645,000		2032	650,000	150,000	800,000	
2025	535,000	120,000	655,000		2033	670,000	155,000	825,000	
2026	545,000	125,000	670,000		2034	690,000	160,000	850,000	
2027	560,000	130,000	690,000		2035	710,000	165,000	875,000	



The Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to their stated maturity dates on the terms and conditions described therein.

The Bonds are being issued to provide funds which will be used to: (i) permanently finance the costs of various capital improvements by the repayment at maturity of a portion of the principal of certain bond anticipation notes heretofore issued by the Township; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

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

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

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

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

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

3. Interest on the Bonds is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and is not a specific item of tax preference item under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).



Interest on tax-exempt obligations, including the Bonds, is not excludable in calculating certain corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Bonds received or accrued by a corporation that owns the Bonds is included in computing such corporation's alternative minimum taxable income for such year.

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

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

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

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

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section



265(b)(3) of the Code. The Township has not designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

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

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

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

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

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

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

Very truly yours,



May __, 2019

Mayor and Township Committee
of the Township of Harrison
114 Bridgeton Pike
Mullica Hill, New Jersey

**RE: \$2,999,970 TOWNSHIP OF HARRISON, COUNTY OF GLOUCESTER,
NEW JERSEY, BOND ANTICIPATION NOTES OF 2019, SERIES A**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Notes") by the Township of Harrison, County of Gloucester, New Jersey ("Township"). The Notes consist of: (i) \$1,679,470 General Improvement Notes; and (ii) \$1,320,500 Sewer Utility Notes.

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 15-2017, 10-2018, 13-2019, 16-2017, 11-2018 and 14-2019 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer on May __, 2019 ("Award Certificate").

The Notes are issued to temporarily finance the costs of certain improvements described in the Bond Ordinances. The Notes are issued in [registered book-entry] [bearer] form without coupons and are not subject to redemption prior to maturity. The Notes are dated May 28, 2019 and mature on May 27, 2020.

As the basis for the opinion set forth below, we have examined such matters of law as we have deemed necessary including, *inter alia*, the Constitution of the State of New Jersey, the Internal Revenue Code of 1986, as amended ("Code"), and the Local Bond Law. We have also examined such documents, certifications and instruments as we have deemed necessary including, without limitation, the Bond Ordinances, the Award Certificate, the representations and covenants of the Township given pursuant to the Code as set forth in the Certificate as to Nonarbitrage and other Tax Matters ("Nonarbitrage Certificate"), and the other certifications, opinions and instruments listed in the closing agenda prepared in connection with the settlement for the Notes.

COUNSEL WHEN IT MATTERS.SM



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

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

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

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

3. Interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and is not a specific item of tax preference item under Section 57 of the Code for purposes of calculating the alternative minimum tax imposed on individuals and corporations pursuant to Section 55 of the Code.

The adjustment for "adjusted current earnings" set forth in Section 56(g) of the Code is required in determining a corporation's alternative minimum taxable income. Alternative minimum taxable income is increased by seventy-five percent (75%) of the excess, if any, of the "adjusted current earnings" of a corporation over the alternative minimum taxable income (determined without regard to this adjustment or the alternative tax net operating loss deduction).

Interest on tax-exempt obligations, including the Notes, is not excludable in calculating certain corporation's "adjusted current earnings." Accordingly, a portion of the interest on the Notes received or accrued by a corporation that owns the Notes is included in computing such corporation's alternative minimum taxable income for such year.

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

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

In rendering this opinion, we have assumed continuing compliance by the Township that it will comply with the applicable requirements of the Code, including requirements relating to, inter alia, the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to



comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, controlled foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and, for tax years ending after December 31, 2013, to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township has not designated the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

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

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

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

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



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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ____ day of May, 2019 between the Township of Harrison, County of Gloucester, New Jersey ("Township") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its General Obligation Bonds, Series 2019, in the principal amount of \$11,283,000 ("Bonds"). The Bonds consist of: (i) \$9,172,000 General Improvement Bonds; and (ii) \$2,111,000 Sewer Utility Bonds.

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

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

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

"Commission" shall have the meaning set forth in Section 1 of this Disclosure Agreement

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

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

"Dissemination Agent" shall mean Acacia Financial Group, Inc., Mount Laurel, New Jersey, or any successor Dissemination Agent designated in writing by the Township and which has filed with the Township a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062 of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

"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 Commission as a repository for purposes of the Rule.

"Official Statement" shall mean the Official Statement of the Township dated May ____, 2019 relating to the Bonds.

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

"Rule" shall have the meaning set forth in Section 1 of this Disclosure Agreement.

SECTION 3. Provision of Annual Report.

(a) The Township shall not later than two hundred seventy (270) days after the end of its fiscal year (currently December 31) for each fiscal year until termination of the Township's reporting obligations under this Disclosure Agreement pursuant to the provisions of Section 6 hereof provide to the Dissemination Agent the Annual Report prepared for the preceding fiscal year of the Township (commencing for the fiscal year ending December 31, 2019). Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission.

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

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

SECTION 4. Contents of Annual Report. Annual Report shall mean: (i) the Township's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, audited by an independent certified public accountant, provided that the annual audited financial statements of the Township may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Township are included in the Annual Report; and (ii) the general financial information and operating data of the Township consistent with the information set forth in Appendix A to the Official Statement. Each annual audited financial statements will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the Division of Local Government Services in the New Jersey Department of

Community Affairs as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

SECTION 5. Reporting of Significant Events.

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation¹ of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, 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 obligated person, any of which reflect financial difficulties.

(b) The Township shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8),

¹ The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

(10), (13), (14) or (15) of subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel.

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

SECTION 6. Termination of Reporting Obligations. The reporting obligations of the Township under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Township is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Township may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No amendment to this Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto. The Township shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

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

SECTION 9. Default and Remedies. In the event of a failure of the Township to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), 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 Township to comply with its obligations under this Disclosure Agreement. A failure of the Township to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds. The sole remedy under this Disclosure Agreement in the event of any failure of the Township to comply with this Disclosure Agreement shall be an action to compel performance.

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

- (i) If to the Township:
Township of Harrison
114 Bridgeton Pike
Mullica Hill, New Jersey 08062
Attention: Chief Financial Officer

- (ii) If to the Dissemination Agent:
Acacia Financial Group, Inc.
6000 Midlantic Drive, Suite 410 North
Mount Laurel, New Jersey 08054

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 11 for the giving of notice.

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

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

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

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

TOWNSHIP OF HARRISON, NEW JERSEY

By: _____
YVONNE BULLOCK, Chief Financial Officer

**ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent**

By: _____
JENNIFER G. EDWARDS, Managing Director

EXHIBIT A

NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Township of Harrison, County of Gloucester, New Jersey

Name of Bond Issues Affected: General Obligation Bonds, Series 2019

Date of Issuance of the Affected
Bond Issue: May 28, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated May 28, 2019, between the Township and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by _____.]

Dated: _____

ACACIA FINANCIAL GROUP, INC.,
as Dissemination Agent

cc: Township of Harrison, New Jersey

FORM OF INFORMATION REPORTING
UNDERTAKING AGREEMENT

ISSUER: The Township of Harrison, County of Gloucester, New Jersey

ISSUE: \$2,999,970 Bond Anticipation Notes of 2019, Series A ("Notes")

DATED: May 28, 2019

CUSIP:

This Information Reporting Undertaking Agreement ("Agreement") is executed and delivered by the Issuer as of the date set forth below for the purpose of providing continuing disclosure with respect to the Issuer in order to comply with the provisions of Rule 15c2-12 ("Rule"), promulgated by the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as it may be amended and supplemented from time to time.

Section 1. (a) The Issuer, as an obligated person for purposes of and as defined in the Rule ("Obligated Person"), hereby agrees, in accordance with the provisions of the Rule, so long as any of the Notes are outstanding to provide or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB"), through the internet facilities of the Electronic Municipal Market Access System ("EMMA")¹, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule (each a "National Repository") and any public or private repository or entity designated by the State of New Jersey as a state information repository for purpose of the Rule ("State Repository" and together with each National Repository, the "Repository" or "Repositories"), as applicable, notice of the occurrence of any of the following listed events (each a "Listed Event" or "Listed Events") with respect to the Notes:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. 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 Notes, or other material events affecting the tax status of the Notes;

¹ An internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062, of the Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt bonds and notes, including the Notes, and other filers on behalf of such issuers shall upload certain information and notices to assist underwriters in complying with the Rule and to provide the general public with access thereto.

- vii. Modifications to the rights of Noteholders, if material;
- viii. Note calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- ix. Defeasances;
- x. Release, substitution, or sale of property securing repayment of the Notes, if material;
- xi. Rating changes;
- xii. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the Issuer, 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;
- xiv. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. incurrence of a financial obligation² of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- xvi. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall, within ten (10) business days of the occurrence of any of the Listed Events, report the event to the MSRB, through the internet facilities of EMMA, or any other Repositories, as applicable, pursuant to the provisions of Section 1(a) hereof. In determining the materiality of a Listed Event specified in subsections (a)(ii), (vii), (viii), (x), (xiii), (xiv) and (xv) of this Section 1, the Issuer may, but shall not be required to, rely conclusively on a written opinion of counsel expert in federal securities law acceptable to the Issuer.

Section 2. The Issuer reserves the right to terminate its obligation to provide notices of Listed Events, if material, as set forth above, if and when the Issuer no longer remains an Obligated Person with respect to the Notes within the meaning of the Rule. The Issuer will

² The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

provide notice of such termination to the MSRB via the internet facilities of EMMA and the State Repository, if any.

Section 3. The Obligated Person agrees that its undertaking pursuant to the Rule set forth in Section 1 of this Agreement is intended to be for the benefit of the holders of the Notes and shall be enforceable by such Noteholders; provided that, the Noteholder's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Obligated Person's obligations hereunder.

Section 4. Except as disclosed in the Official Statement, dated May 8, 2019, under the caption "CONTINUING DISCLOSURE" prepared by the Issuer in connection with the offering of the Notes, the Issuer covenants that it has never failed to comply in any material respect with any previous undertakings to provide secondary market disclosure pursuant to the Rule.

Section 5. _____ ("Underwriter") is relying on this Agreement in its purchase of the Issue and in reselling the Notes to the public. The Underwriter is executing this Agreement on its own behalf and on behalf of the prospective holders of the Notes to bind it and such Noteholders and the Issuer to the terms of this Agreement.

Section 6. This Agreement may be executed in counterparts and all such counterparts combined shall constitute an original of this Agreement.

Section 7. This Agreement shall be governed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, the Issuer and the Underwriter have executed and delivered this Agreement as of this 28th day of May, 2019.

ISSUER:

UNDERWRITER:

TOWNSHIP OF HARRISON, COUNTY OF
GLOUCESTER, NEW JERSEY

By: _____
YVONNE BULLOCK,
Chief Financial Officer

By: _____
[NAME],
[Title]