

PRELIMINARY OFFICIAL STATEMENT DATED JULY 2, 2020

In the opinion of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel, assuming continuing compliance by the Township (as hereinafter defined) with certain tax covenants described herein, under existing law, interest on the Refunding Bonds (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 does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals. In addition, interest on the Refunding Bonds may be subject to the branch profits tax imposed on certain foreign corporations and to the tax on "excess net passive income" imposed on S corporations. Interest on the Refunding Bonds and any gain from the sale thereof is not included in the gross income of owners thereof under the New Jersey Gross Income Tax Act, as presently executed and construed. See "TAX MATTERS" herein.

\$14,870,000*

**TOWNSHIP OF HARRISON
County of Gloucester, New Jersey
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020
(BOOK-ENTRY ONLY) (CALLABLE)**

Dated: Date of Delivery

Due: August 1, as shown below

The \$14,870,000* aggregate principal amount of General Obligation Refunding Bonds, Series 2020 ("Refunding Bonds"), of the Township of Harrison, County of Gloucester, New Jersey ("Township"), shall be issued in fully registered book-entry only form without coupons. The principal of the Refunding Bonds shall be paid on their respective maturity dates in the amounts and in the years set forth on this cover page upon presentation and surrender of the Refunding Bonds at the principal corporate trust office of U.S. Bank National Association, New York, New York as bond registrar and paying agent ("Paying Agent"). Interest on the Refunding Bonds is payable semiannually on February 1 and August 1, commencing February 1, 2021, in each year until maturity or earlier redemption. The Refunding Bonds are subject to redemption prior to their stated maturity dates on the terms and conditions set forth herein.

Upon initial issuance, the Refunding Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Refunding Bonds. So long as Cede & Co. is the registered owner of the Refunding Bonds, payments of the principal of and interest on the Refunding Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the Direct Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the Refunding Bonds. Purchasers will not receive certificates representing their ownership interest in the Refunding Bonds purchased. For so long as any purchaser is a Beneficial Owner of the Refunding Bonds, 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 Refunding Bonds.

The Refunding 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) a refunding bond ordinance, duly and finally adopted by the Township Committee on May 18, 2020, and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Township Committee on May 18, 2020.

The Refunding Bonds are being issued by the Township to provide funds which will be used to: (i) currently refund and redeem all of the Township's outstanding callable General Obligation Bonds, Series 2010, maturing on August 1 in the years 2021 through 2035, both dates inclusive; and (ii) pay the costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

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

**MATURITIES, PRINCIPAL AMOUNTS*,
INTEREST RATES AND YIELDS**

<u>Maturity Date</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Maturity Date</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2021	\$1,225,000	%	%		2029	\$835,000	%	%	
2022	1,300,000				2030	875,000			
2023	1,450,000				2031	900,000			
2024	1,555,000				2032	920,000			
2025	700,000				2033	930,000			
2026	735,000				2034	935,000			
2027	775,000				2035	945,000			
2028	790,000								

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

The Refunding Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Solicitor, Brian J. Duffield, Esq., Mullica Hill, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey, has acted as Municipal Advisor to the Township in connection with the issuance of the Refunding Bonds. It is anticipated that the Refunding Bonds in definitive form will be available for delivery through DTC in New York, New York, on or about August 4, 2020.



* Preliminary, subject to change

** A registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Holders of the Refunding Bonds only at the time of issuance of the Refunding Bonds and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity of the Refunding Bonds is subject to being changed after the issuance of the Refunding Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Refunding Bonds.

This Preliminary Official Statement and the information contained herein, is subject to change, completion or amendment in a final Official Statement. 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 offered hereby 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.

**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
Adam Wingate	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 dealer, broker, salesperson or other person has been authorized by the Township or the Underwriter (as hereinafter defined) to give any information or to make any representations with respect to the Refunding Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been derived from the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and it is not to be construed as a representation by the 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 the affairs of the Township since the date hereof.

References in this Official Statement to laws, rules, regulations, resolutions, 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 obtained from the Township during normal business hours.

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

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE REFUNDING BONDS 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.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT
Relating to

\$14,870,000*
TOWNSHIP OF HARRISON
County of Gloucester, New Jersey
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020
(BOOK-ENTRY ONLY) (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 \$14,870,000* aggregate principal amount of General Obligation Refunding Bonds, Series 2020 ("Refunding Bonds").

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

AUTHORIZATION FOR THE REFUNDING BONDS

The Refunding 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) a refunding bond ordinance, duly and finally adopted by the Township Committee ("Committee") on May 18, 2020, and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Committee on May 18, 2020 ("Resolution").

PURPOSE OF THE REFUNDING BONDS

The Refunding Bonds are being issued by the Township to provide funds which will be used to: (i) currently refund and redeem all of the Township's outstanding callable General Obligation Bonds, Series 2010, maturing on August 1 in the years 2021 through 2035, both dates inclusive (collectively, the "Refunded Bonds"); and (ii) pay the costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

Pursuant to an Escrow Deposit Agreement ("Escrow Agreement"), dated the date of issuance of the Refunding Bonds, between the Township and U.S. Bank National Association, New York, New York, as escrow agent ("Escrow Agent"), the Township will irrevocably deposit direct noncallable obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations"), with the Escrow Agent, which Government Obligations will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, sufficient

* Preliminary, subject to change.

moneys will be available to make full and timely payment of the redemption price of and interest on the Refunded Bonds.

The mathematical calculations and adequacy of the deposit provided for the payment of the Refunded Bonds will be verified by Bowman & Company LLP, Voorhees, New Jersey, certified public accountants ("Verification Agent"), at the time of the delivery of the Refunding Bonds. All moneys and Government Obligations deposited for the payment of the Refunded Bonds, including interest thereon, are pledged solely and irrevocably for the benefit of the holders of the Refunded Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Refunding Bonds.

Estimated Sources of Funds:

Principal Amount of Refunding Bonds	\$ _____
[Net] Original Issue [Premium/Discount]	_____
Total Estimated Sources	\$ _____

Estimated Uses of Funds:

Deposit to Escrow Fund	\$ _____
Costs of Issuance ¹	_____
Underwriter's Discount	_____
Total Estimated Uses	\$ _____

¹ Includes legal fees, financial advisory fees, accounting fees, Paying Agent fees and Escrow Agent fees, printing costs, Rating Agency's fees, Verification Agent fees, contingency and miscellaneous expenses incurred in connection with the issuance of the Refunding Bonds.

THE REFUNDING BONDS

Description

The Refunding Bonds will be issued in the aggregate principal amount of \$14,870,000*, will be dated their date of delivery, as shown on the cover page to this Official Statement, and will bear interest from that date at the rates set forth on the cover page hereof. Interest on the Refunding Bonds will be payable semiannually on February 1 and August 1 ("Interest Payment Dates"), commencing February 1, 2021, in each year until maturity or earlier redemption. The Refunding Bonds will mature on August 1 in the years and in the principal amounts, all as shown on the cover page of this Official Statement.

* Preliminary, subject to change.

The Refunding Bonds will be issued in fully registered book-entry-only form without coupons in the principal denominations of \$5,000 or any integral multiple thereof. The principal of the Refunding Bonds will be payable to the registered owners thereof at maturity upon presentation and surrender of the Refunding Bonds at the corporate trust office of U.S. Bank National Association, New York, New York, as bond registrar and paying agent ("Paying Agent"). Interest on each Refunding Bond shall be payable on each Interest Payment Date of such Refunding Bond to the registered owner of record thereof appearing on the registration books kept by the Township for such purpose at the principal office of the Paying Agent as of the close of business on the fifteenth (15th) day of the calendar month immediately preceding an Interest Payment Date ("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 Refunding Bonds, payments of the principal of and interest on the Refunding Bonds will be made directly to Cede & Co., as nominee of DTC. Disbursements of such payments to the participants of DTC is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as hereinafter defined) of the Refunding Bonds is the responsibility of the Direct Participants (as hereinafter defined) and not the Township or the Paying Agent.

Redemption Provisions

The Refunding Bonds maturing on and after August 1, 20__ 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 August 1, 20__, at a redemption price equal to one hundred percent (100%) of the principal amount of the Refunding 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 Refunding 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 Refunding 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 Refunding Bonds. Failure of an owner of the Refunding 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 Refunding Bonds shall not affect the validity of any proceedings for the redemption of Refunding Bonds. Such notice shall specify: (i) the series and maturity of the Refunding 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 Refunding Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Refunding Bonds to be redeemed; (iv) in the case of a Refunding 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 Refunding Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date interest on such Refunding Bonds or portion thereof to be redeemed shall cease to accrue and be payable.

Book-Entry-Only System¹

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Refunding Bonds, payment of principal and interest, and other payments on the Refunding Bonds to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Refunding Bonds 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.

DTC will act as securities depository for the Refunding Bonds. The Refunding Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Refunding Bond certificate will be issued in the aggregate principal amount of each maturity of the Refunding Bonds, 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 Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of the Refunding Bonds ("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

¹ Source: The Depository Trust Company.

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 Refunding Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

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

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

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

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

Redemption proceeds and distributions on the Refunding Bonds, 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 the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Township or the Paying Agent 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 Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Refunding Bonds at any time by giving reasonable notice to the Township or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Refunding Bond 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, Refunding Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

NEITHER THE TOWNSHIP NOR THE PAYING AGENT 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 BENEFICIAL OWNERS.

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

Discontinuance of Book-Entry-Only System

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

SECURITY AND SOURCES OF PAYMENT FOR THE REFUNDING BONDS

Taxing Power

The Refunding Bonds are legal, valid and binding general obligations of the Township and the full faith, credit and taxing power of the Township are irrevocably pledged for the payment of the principal of and interest on the Refunding Bonds.

The Refunding Bonds are payable as to principal and interest, if payment is not provided in any other manner, from *ad valorem* taxes to be levied upon all taxable real property located within the Township without limitation as to rate or amount, except to the extent that enforcement of such payment may be limited by bankruptcy, insolvency or other similar laws or equitable principles affecting the enforcement of creditors' rights generally ("Creditors' Rights Limitations").

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

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 (3.5%) 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 Refunding Bonds, will not exceed its three and one-half percent (3.5%) debt limit.

Exceptions to Debt Limits – Extensions of Credit - The Township may exceed its debt limit with the approval of the New Jersey Department of Community Affairs, Division of Local Government Services, Local Finance Board ("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.

Refunding Bonds – Refunding bonds may be issued pursuant to the Local Bond Law for the purpose of paying, funding or refunding 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 refunding 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 municipality 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 municipality'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, 2018 is on file with the Chief Financial Officer and is available for review during business hours.

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities. The Township's 2019 Annual Financial Statement and the audits for December 31, 2018 and December 31, 2017 are on file with the Township Clerk and are 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 his 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 municipality 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 Refunding Bonds. The Cap Law provides that a municipality 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, which, among other things, imposes a two percent (2%) 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%) 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 2.0%; (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 2.0% 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%) 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%) 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.

In response to the outbreak of the Coronavirus (as defined and described under the heading "CERTAIN RISK FACTORS – Recent Healthcare Developments" below), on March 24, 2020, the Local Finance Board released Local Finance Notice 2020-07 specifically permitting emergency appropriations for response to the Coronavirus subsequent to the adoption of a local unit's budget. In particular, such emergency appropriation must be approved by 2/3 vote of the governing body of the local unit and be accompanied by a certification of the Chief Financial Officer stating that the resolution covers expenses incurred during the emergency response to the Coronavirus. Moreover, to the extent that such Coronavirus-related emergency appropriations exceed the cost of providing similar services under non-emergency conditions, the deferred charge to be raised in the following year's budget is an eligible exception to both the levy cap and the appropriations cap.

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 Refunding Bonds.

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 Director 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 municipality 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:

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

In response to the outbreak of the Coronavirus, on May 4, 2020, the Local Finance Board released Local Finance Notice 2020-11 specifically permitting alternative methodologies for calculating the reserve for uncollected taxes. In particular, instead of using the methodology described above for purpose of calculating the reserve for uncollected taxes, one of the following two alternatives may be used: (i) N.J.S.A. 40A:4-41(c) allows for use of the average of the prior three (3) years' tax collection rate to mitigate a short-term decrease in the tax collection rate; or (ii) N.J.S.A. 40A:4-41(d) allows for a municipality to reduce the prior year's certified tax levy by the amount of any tax levy adjustment resulting from a tax appeal judgement. Use of either alternative calculation requires submission to DLGS of a resolution of the governing body and subsequent approval therefrom.

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%) 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.

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.

Rights and Remedies of Owners of Bonds

The State Municipal Finance Commission Act, Chapter 27 of Title 52 of the State Statutes, as amended and supplemented ("Act"), provides that when it has been established, by court proceedings, that a municipality has defaulted for over sixty days in the payment of the principal of or interest on any of its outstanding bonds or notes, the Local Finance Board (which, pursuant to the Act, is constituted the Municipal Finance Commission and shall hereinafter be referred to as the "Commission") shall take control of the fiscal affairs of the defaulting municipality.

The Act provides that the Commission shall remain in control of the municipality until all bonds or notes of the municipality that have fallen due and all bonds or notes that will fall due within one year, and the interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

The Act empowers the Commission to direct the municipality to provide for the funding or refunding of notes or bonds of the municipality and the interest thereon, which the Commission shall have found to be outstanding and unpaid and to be due or become due. The Act further authorizes the Commission to bring and maintain an appropriate proceeding for the assessment, levy or collection of taxes by the municipality for the payment of principal of or interest on such indebtedness.

Under Article 6 of the Act, while the Commission functions in the municipality, no judgment, levy, or execution against the municipality or its property for the recovery of the amount due on any bonds, notes or other obligations of the municipality in the payment of which it has defaulted, shall be enforced unless otherwise directed by Court Order. However, Article 6 of the Act also provides that upon application of any creditor made upon notice to the

municipality and the Commission, a court may vacate, modify or restrict any such statutory stay contained therein.

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the Refunding Bonds 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 municipality'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 REFUNDING BONDS.

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 resulting in a decrease of the assessment ratio to its present level of 97.81%. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with rising values. 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 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% 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% 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 Solicitor for "in rem foreclosures" in order to acquire title to these properties.

In response to the outbreak of the Coronavirus, the Governor of the State of New Jersey signed Executive Order 130, authorizing municipalities in the State to adopt a resolution instituting a grace period concluding on June 1, 2020 for: (i) the payment of second quarter taxes for municipalities on a calendar year budget cycle; and (ii) the payment of fourth quarter taxes for municipalities on a fiscal year budget cycle. On May 4, 2020, Township Committee adopted Resolution No. 118-2020, instituting the above-described grace period for the payment of property taxes. See "CERTAIN RISK FACTORS – Recent Healthcare Developments" below for additional information on temporary changes made to property tax laws and regulations in response to the Coronavirus.

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.

In response to the outbreak of the Coronavirus, on May 28, 2020, the Governor of the State of New Jersey signed legislation (A4157) extending the deadline to file 2020 property tax assessment appeals to July 1, and extending deadlines for county boards of taxation to decide on such cases to September 30, with certain exceptions. The bill took effect on May 28, 2020 and applies retroactively to April 1, 2020.

INFORMATION REGARDING THE TOWNSHIP OF HARRISON

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, 2019 and (b) audited financial statements of the Township for the years ending December 31, 2018, 2017, 2016, 2015 and 2014. 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 2019 Annual Financial Statement (unaudited) and Reports of Audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

LITIGATION

Upon delivery of the Refunding Bonds, the Township shall furnish an opinion of its solicitor, Brian J. Duffield, Esq., Mullica Hill, New Jersey ("Solicitor"), dated the date of delivery of the Refunding Bonds, to the effect that there is no litigation of any nature, pending, to restrain or enjoin the issuance, sale, execution or delivery of the Refunding Bonds, or in any way contesting or affecting the validity of the Refunding Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Refunding Bonds. In addition, such opinion shall state that there is no litigation of any nature now pending by or against the Township wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Township or adversely affect the power to levy, collect and enforce the collection of taxes or other revenues for the payment of the Refunding Bonds, which has not been otherwise disclosed in this Official Statement.

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 Refunding 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 does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the

Refunding Bonds received or accrued by a foreign corporation subject to the branch profits tax will be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Refunding 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 Refunding 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 Refunding Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that affect the tax-exempt status of the interest on the Refunding Bonds.

Ownership of the Refunding 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 Refunding 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 Refunding 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 Refunding 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 Refunding Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Owners of the Refunding 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.

New Jersey

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

PROSPECTIVE PURCHASERS OF THE REFUNDING BONDS 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 REFUNDING BONDS AND BOND COUNSEL HAS EXPRESSED NO OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

CONTINUING DISCLOSURE

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

In connection with the issuance of the Township's previously issued bonds, the Township and its designated dissemination agents failed to timely file certain annual financial information for the years ended 2014 through 2016. The Township also failed to timely file the Township's adopted budgets for the years ended 2015 through 2016. The Township has subsequently filed the annual financial information, budgets and appropriate notices with the Electronic Municipal Market Access ("EMMA").

The Township has taken steps to ensure future timely filings of its annual financial information.

APPROVAL OF LEGAL PROCEEDINGS

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

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 stated herein) and will express no opinion relating thereto.

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

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 Refunding Bonds ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetic computations supporting: (i) the conclusion that the principal amounts of, and interest earned on, the Government Obligations to be acquired with a portion of the proceeds of the Refunding Bonds, are sufficient to pay the redemption price of and interest on the Refunded Bonds; and (ii) the yield on the Refunding Bonds, will be independently verified by the Verification Agent.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P"), is expected to assign a rating of "AA" to the Bonds based on the credit worthiness of the Township.

The rating 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 forwarded to S&P certain information and materials concerning the Refunding Bonds and the Township. There can be no assurance that the rating will be maintained for any given period of time or that the 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 Refunding Bonds.

CERTAIN RISK FACTORS

Recent Healthcare Developments

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus"), which was first detected in China and has spread to other countries, including the United States, has been declared a pandemic by the World Health Organization, a national emergency by the President of the United States ("President") and a state of emergency by the Governor of the State ("Governor"). The spread of the Coronavirus has affected global economics and financial markets, which has led to volatility and reduced liquidity. Virtually all sectors of the United States economy, with the exception of essential services, have been reduced or shutdown resulting in significant reductions in the GDP. Additionally, unemployment in the United States has reached historic levels.

In response, and as noted above, the President declared a national emergency on March 13, 2020, which made available federal resources to combat the spread of the virus. Subsequently, the federal government has adopted multiple bills authorizing various forms of aid including, but not limited to, Medicaid expansion, unemployment benefits and paid emergency leave, immediate cash relief for individuals and a broad lending program for businesses and governmental entities. The Federal Reserve has also lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending and liquidity programs to banks, money market mutual funds, businesses and certain governmental entities.

The State has also taken action to assist residents effected by the Coronavirus. In particular, on March 28, 2020, the Governor announced a ninety (90) day forbearance program for mortgage payments for borrowers economically impacted by the Coronavirus. Additionally, the income tax filing deadline and the corporation business tax filing deadline has been extended from April 15 to July 15 and the State fiscal year has been extended to September 30, 2020. Further, pursuant to Executive Order 130, the Governor authorized municipalities in the State to adopt a resolution instituting a grace period concluding on June 1, 2020 for: (i) the payment of second quarter taxes for municipalities on a calendar year budget cycle; and (ii) the payment of fourth quarter taxes for municipalities on a fiscal year budget cycle. As the Township is not the primary public body responsible for the collection of taxes, it cannot control the extent to which these grace periods will be granted by the constituent municipalities within the Township, if at all. If instituted, the impact of these changes could result in short and long-term reductions in available tax and other miscellaneous revenue for the Township. As part of a planned multi-stage approach to restart the State's economy, the Governor has signed a series of executive orders beginning on April 29, 2020 permitting the resumption of certain activities. On June 9, 2020, the Governor signed Executive Orders 151 and 152, explicitly rescinding Paragraph 2 of

Executive Order 107, thereby lifting the “stay-at-home” order and the limits on indoor and outdoor gatherings and providing for the opening of certain outdoor recreational businesses. Additional executive orders relating to the resumption of certain activities may be executed by the Governor in the future as part of the planned multi-stage approach to restart the State’s economy.

The Township cannot predict, and does not predict, the duration, severity or ultimate impact of the Coronavirus, or the intervening legislative and gubernatorial measures in response thereto, upon global, State-wide and local economies and operations, including that of the Township.

The Township has provided and intends to continue to provide essential services in and for the Township including, but limited to, emergency services, core health and human services, and public works, together with certain other vital services the Township deems necessary to remain operations and responsive to public needs. In addition, the Township is closely monitoring the spread and effects of the Coronavirus and interacts regularly with other appropriate governmental agencies in this regard, including taking such actions as it deems beneficial to prevent the spread of the Coronavirus.

Cyber Security

The Township relies on a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. Specifically, the Township has an extensive security system in place, including network firewalls and established administrative rights and restrictions, with varying level of approvals, implemented entity-wide, for access to network drives and applications that are reviewed regularly to ensure proper internal control and protections and provide relevant employees and staff with cyberattack training. In addition, the Township maintains insurance coverage for cyberattacks and related events.

INVESTMENT CONSIDERATIONS

There can be no guarantee that there will be a secondary market for the Refunding Bonds or, if a secondary market exists, that the Refunding Bonds can be sold for any particular price. Accordingly, purchasers of the Refunding Bonds should be prepared to have their funds committed until the Refunding Bonds mature. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price.

Given current market irregularities and volatility, at present, there is a limited secondary market for the Refunding Bonds. No assurance is given, and none can be given, by the Township or the Underwriter that a more robust secondary market for the Refunding Bonds will be re-established (in the near or longer term) or, if re-established, will not be disrupted by ongoing world events including, but not limited to, the current pandemic associated with the COVID-19 virus

(See “Recent Healthcare Developments” herein). As a result, no assurances are given as to the ability of investors to reoffer any Refunding Bonds purchased in the secondary market. Moreover, while the Underwriter expects to reoffer the Refunding Bonds in secondary market, the Underwriter is not specifically required to do so.

UNDERWRITING

The Refunding Bonds are being purchased from the Township by PNC Capital Markets, LLC, Philadelphia, Pennsylvania ("Underwriter"), pursuant to a bond purchase contract dated July __, 2020 ("Purchase Contract"), at a purchase price of \$_____ ("Purchase Price"). The Purchase Price of the Refunding Bonds reflects the par amount of the Refunding Bonds, less an Underwriter's discount of \$_____, [plus/less] [net] original issue [premium/discount] of \$_____. The Underwriter is obligated to purchase all of the Refunding Bonds if any of the Refunding Bonds are purchased. The obligation of the Underwriter to accept delivery of and pay for the Refunding Bonds is subject to various conditions contained in the Purchase Contract.

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

RELATED PARTIES

PNC Capital Markets LLC and PNC Bank, National Association are both wholly-owned subsidiaries of PNC Financial Services Group, Inc. PNC Capital Markets LLC, serving as Underwriter of the Refunding Bonds, is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association does not have banking and financial relationships with the Township. Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, from time to time, provides legal services to the Underwriter in various matters unrelated to the Refunding Bonds or the transaction described in this Official Statement.

LEGALITY FOR INVESTMENT

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

Township, including the Refunding Bonds, and such Refunding Bonds are authorized security for any and all public deposits.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm same to the purchasers of the Refunding Bonds, by certificates signed by various Township officials.

All other information has been obtained from sources that 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.

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

The Municipal Advisor 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 "MUNICIPAL ADVISOR") and, accordingly, will express no opinion with respect thereto.

Bowman & Company LLP, Woodbury and Voorhees, New Jersey, only takes responsibility for the financial statements, appearing in Appendix "B" hereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Acacia Financial Group, Inc., (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 Refunding Bonds.

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: July __, 2020

APPENDIX A

**CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION
REGARDING THE TOWNSHIP OF HARRISON**

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 built a new state of the art Regional Hospital in the Richwood section of our township that connects to Rowan's Western Campus and the Technology Park which opened in December 2019. This complex will also be a home state of the art cancer treatment center that is scheduled to open in early 2020. The hospital complex includes 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Township					
Labor Force	6,805	6,715	6,767	6,738	6,652
Employment	6,622	6,507	6,549	6,479	6,333
Unemployment	183	208	218	259	319
Unemployment Rate	2.7%	3.1%	3.2%	3.8%	4.8%
County					
Labor Force	149,747	147,928	151,568	150,050	149,669
Employment	144,238	141,729	144,412	142,467	140,803
Unemployment	5,509	6,199	7,156	7,583	8,866
Unemployment Rate	3.7%	4.2%	4.7%	5.1%	5.9%
State					
Labor Force	4,493,100	4,422,900	4,518,800	4,524,300	4,543,800
Employment	4,333,300	4,239,600	4,309,700	4,299,900	4,288,800
Unemployment	159,800	183,400	209,100	224,300	255,000
Unemployment Rate	3.6%	4.1%	4.6%	5.0%	5.6%

Building Permits(2)

<u>Year</u>	<u>Number of Permits Issued</u>
2020(3)	249
2019	779
2018	775
2017	864
2016	950
2015	711

EDUCATION(4)

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) As of May 31, 2020

(4) 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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
K	175	167	158	160	153
1	179	176	175	172	183
2	185	176	171	194	218
3	181	177	199	222	185
4	189	207	222	194	216
5	215	224	195	218	224
6	231	200	218	225	228
Spec. Ed.	<u>21</u>	<u>21</u>	<u>26</u>	<u>19</u>	<u>18</u>
Totals	<u>1,376</u>	<u>1,348</u>	<u>1,364</u>	<u>1,404</u>	<u>1,425</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, 2019</u>
Harrison Township Elementary	1950	1951,1989, 1993,2004,	Preschool-3	734
Pleasant Valley	2001	2004	4-6	<u>635</u>
				<u>1,369</u> (3)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Totals	<u>2,262</u>	<u>2,285</u>	<u>2,321</u>	<u>2,372</u>	<u>2,438</u>

HIGHER EDUCATION FACILITIES

Rowan College of South Jersey

Rowan College of South Jersey formed on July 1, 2019 as the result of a historic jointure of two community colleges – Cumberland County College and Rowan College at Gloucester. It is fully accredited by the Middle States Commission on Higher Education, and is an open door, comprehensive, two-year public institution, dedicated to meeting the needs of area residents and employers for educational advancement and career training. It is the first partnership of its kind in New Jersey, with more than 100 years of combined experience in delivering affordable, quality education to students throughout the region.

(1) Source: Harrison Township School District Officials

(2) As of October 15 in each respective year.

(3) Excludes 7 out-of-district students

(4) Source: Clearview Regional School District Officials. Harrison Township students only.

Rowan College of South Jersey provides students with more choices, including the option to pursue advanced degrees at Rowan University and other four-year universities, without ever leaving the Rowan College of South Jersey campuses. It serves more than 10,000 full- and part-time students with degree and workforce development programs on campuses in Cumberland and Gloucester Counties. Together these two campuses offer more than 120 unique degrees and certificates, combining 100 years of experience to provide a variety of degree selections, cost-saving initiatives, and scholarship and internship opportunities, at one of the lowest tuition rates in the State.

The merger of these two community colleges, in conjunction with an expanded 10-year premier partnership agreement with Rowan University, leads the way to a future filled with diverse and one-of-a-kind educational opportunities. Students seeking can take classes and save money with high school dual enrollment programs, including “Rowan High School Start” and the High School Option Program (HSOP); two successful collaborations between Rowan College of South Jersey and local high schools. Through exclusive programs like Rowan Choice and “3+1” degree offerings, the education cost savings are substantial and students can easily transition to Rowan University for a bachelor’s degree. Academic and workforce-training programs ensure the availability of skilled employees, answering both professional and community needs.

The exciting connection between education, business and labor also extends into the medical field. The 27 miles along Route 55 between Rowan College of South Jersey’s Gloucester and Cumberland campuses integrates education, medical services and commerce to establish South Jersey’s first EDs, MEDs & Commerce Corridor. The premier partnership with Rowan University — a research university with two medical schools — and future campus construction intended to house both public and private medical, labor and business entities, will continue to increase the academic advantages for students while benefitting economic development in the South Jersey region.

Rowan University (1)

Rowan University ("University") is a public national research university located in Glassboro, Camden and Stratford, 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 19,500 students an outstanding education at an exceptional value.

The University is comprised of seven academic colleges and five schools, including the William G. Rohrer College of Business; the Henry M. Rowan College of Engineering; the Colleges of Communication and Creative Arts, Education, Humanities and Social Sciences, Performing Arts, and Science and Mathematics; the Cooper Medical School of Rowan University; the Rowan University School of Osteopathic Medicine; the Graduate School of Biomedical Sciences; the School of Health Professions; and the School of Earth an Environment, along with an Honors College. Rowan's Division of Global Learning and Partnerships offers flexible undergraduate and graduate programs on campus and off site – including at two area community colleges – and online. Within these colleges and schools the University offers more than 75 bachelor's degrees, 44 master's degrees, six doctoral degrees (Ed.D. and Ph.D.) and two professional degrees.

Rowan is one of three universities in the nation to offer M.D. and D.O. medical degree programs. The institution is also home to the South Jersey Technology Park, which fosters the translation of applied research into commercial products and processes. U.S. News & World Report, in its "Best Colleges 2020" special edition, ranked Rowan University #79 among public universities and #166 among all National Universities. The Carnegie Classification of Institutions of Higher Education has designated Rowan as an R2 institution (high research activity), making it just one of 139 of more than 4,300 colleges and universities across the country with that distinction.

The State of New Jersey ("State") recognizes the University as a comprehensive research university and as a public institution of higher education. The New Jersey Legislature appropriates funds annually to support the University. However, the University operates autonomously from the State.

Gloucester County Institute of Technology

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, 2019, there are approximately 1,406 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. Junior Olympics 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 2019, was approximately 610 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 six (6).

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>	2020 <u>Assessed Valuation</u>
AEW SCT Mullica Hill, LLC	Shopping Center	\$18,500,000
Mantec Associates	Engineering	5,655,000
Inspira Medical Center	Medical Center	4,600,000
Mullica Hill Commons, LLC	Retail Management Company	3,341,600
Storage Quest NJ LP	Self Storage Facility	3,177,300
Verizon, New Jersey	Utility	3,052,312
Storage Quest NJ LP	Self Storage Facility	2,700,800
CVS	Retailer	2,700,000
WAWA Inc.	Retailer	2,442,900
Inspira Medical Center	Medical Center	<u>2,343,000</u>
Totals		<u>\$48,512,912</u>

CURRENT TAX COLLECTIONS(2)

<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>
2019 (3)	\$46,178,001	\$45,656,584	98.87%	\$498,383	1.08%
2018	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

(1) Source: Gloucester County Assessment Board
 (2) Source: Annual Reports of Audit, unless otherwise noted
 (3) Compiled Annual Financial Statement

DELINQUENT TAXES(1)

<u>Year</u>	<u>Outstanding Jan. 1</u>	<u>Added</u>	<u>Collected Amount</u>	<u>Percent</u>	<u>Transfer to Liens</u>	<u>Other Credits/ Adj.</u>	<u>Outstanding Dec. 31</u>
2019 (2)	\$515,784	\$1,000	\$497,702	96.31%	\$8,584	\$22	\$10,476
2018	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

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>
2019 (2)	\$21,105	\$26,790	---	---	---	\$47,895
2018	31,980	14,778	---	---	\$25,653	21,105
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

**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>
2019 (2)	\$563,500	---	---	\$563,500
2018	563,500	---	---	563,500
2017	---	\$212,529	\$350,970	563,500
2016	---	---	---	---
2015	---	---	---	---

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>
2019(2)	\$259,171	\$1,859,036	\$1,914,048	90.37%	\$204,159	9.64%
2018	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

(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.

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

Tax Rate (2)

<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>
2019	\$1,540,362,693	\$2.978	\$.707	\$.041	\$.060	\$.077	\$.883	\$.751	\$.459
2018(6)	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

RATIO OF ASSESSED VALUATION TO TRUE VALUE AND TRUE VALUE PER CAPITA(3)

<u>Year</u>	<u>Real Property Assessed Valuation</u>	<u>Percentage of True Value</u>	<u>True Value</u>	<u>True Value per Capita(4)</u>
2019	\$1,537,308,000	97.81%	\$1,571,728,862	\$126,579
2018(6)	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

REAL PROPERTY CLASSIFICATION(5)

<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>
2019	\$1,537,308,000	\$21,172,700	\$1,370,819,300	\$113,593,000	---	\$31,723,000
2018(6)	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

(1) Source: Township Tax Collector

(2) Per \$100 of assessed valuation

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

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

(5) Source: Gloucester County Assessment Board

(6) Reassessment

**TOWNSHIP OF HARRISON
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2019**

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 \$35,169,588 represents 2.259% 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	\$33,490,000	\$1,679,470	\$120	\$35,169,590			\$2	\$35,169,588
School - Regional	5,945,649			5,945,649	\$5,945,649			
School - Local	7,515,000		601,577	8,116,577	8,116,577			
Sewer Utility	12,185,782	1,320,500	21,190	13,527,472		\$13,527,472		
	<u>\$59,136,431</u>	<u>\$2,999,970</u>	<u>\$622,887</u>	<u>\$62,759,288</u>	<u>\$14,062,226</u>	<u>\$13,527,472</u>	<u>\$2</u>	<u>\$35,169,588</u>

Source: Township Auditor

DEBT RATIOS AND VALUATIONS(1)(2)

Average of Equalized Valuations of Real Property with Improvements and Second Class Railroad for 2017, 2018 and 2019	\$1,557,057,580
Statutory Net Debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2017, 2018 and 2019	2.26%
2019 Net Valuation Taxable	\$1,540,362,693
2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	\$1,574,783,555
Gross Debt (3):	
As a percentage of 2019 Net Valuation Taxable	4.07%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	3.99%
Net Debt (3):	
As a percentage of 2019 Net Valuation Taxable	2.28%
As a percentage of 2019 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications	2.23%
Gross Debt Per Capita (4)	\$5,054
Net Debt Per Capita (4)	\$2,832

TOWNSHIP BORROWING CAPACITY(1)(2)

3.5% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$1,557,057,580)	\$54,497,015
Net Debt	<u>35,169,588</u>
Remaining Borrowing Capacity	<u><u>\$19,327,427</u></u>

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

2.5% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$1,557,057,580)	\$38,926,440
Local School Debt	<u>8,116,577</u>
Remaining Borrowing Capacity	<u><u>\$30,809,863</u></u>

REGIONAL SCHOOL DISTRICT BORROWING CAPACITY(1)(2)

3.0% of Averaged (2017-19) Equalized Valuation of Real Property including Improvements (\$2,983,619,914)	\$89,508,597
Regional School Debt(5)	<u>11,393,000</u>
Remaining Borrowing Capacity	<u><u>\$78,115,597</u></u>

(1) As of December 31, 2019

(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 \$5,945,649

**TOWNSHIP OF HARRISON
OVERLAPPING DEBT
AS OF DECEMBER 31, 2019**

DEBT ISSUED

	<u>Debt Outstanding</u>	<u>Deduction</u>	<u>Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to the Issuer</u>	<u>Debt Auth. but not Issued</u>
County of Gloucester(1):					
General	\$ 238,747,000	\$ 13,868,446 (2)	\$ 224,878,554	\$ 13,110,420 (4)	
Bonds Issued by Other Public Bodies					
Guaranteed by the County	192,032,966	192,032,966 (3)	-		
	<u>\$ 430,779,966</u>	<u>\$ 205,901,412</u>	<u>\$ 224,878,554</u>	<u>\$ 13,110,420</u>	<u>\$ -</u>

(1) Source: County's Annual Debt Statement.

(2) Includes Reserve for Payment of Debt and County College Bonds.

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

(4) Such debt is allocated as a proportion of the Issuer's share of the total 2019 Net Valuation on which County taxes are apportioned, which is 5.83%.

SCHEDULE OF TOWNSHIP DEBT SERVICE
(BONDED DEBT ONLY)

Year	Existing Debt (1)						2020 General Obligation Refunding Bonds			Grand Total
	General			Sewer (2)			General			
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2020	\$ 2,473,000	\$ 1,113,124	\$3,586,124	\$ 401,000	\$ 360,648	\$ 761,648	\$ 40,000			
2021	2,646,000	936,371	3,582,371	450,000	325,704	775,704	1,180,000			
2022	2,740,000	856,896	3,596,896	465,000	312,723	777,723	1,270,000			
2023	2,835,000	774,721	3,609,721	560,000	299,254	859,254	1,435,000			
2024	2,880,000	689,890	3,569,890	635,000	283,066	918,066	1,535,000			
2025	2,020,000	603,703	2,623,703	655,000	264,510	919,510	695,000			
2026	1,510,000	542,740	2,052,740	570,000	244,916	814,916	735,000			
2027	1,560,000	501,890	2,061,890	595,000	228,610	823,610	785,000			
2028	1,590,000	458,340	2,048,340	610,000	211,041	821,041	800,000			
2029	1,640,000	412,959	2,052,959	635,000	192,566	827,566	850,000			
2030	1,700,000	363,628	2,063,628	655,000	172,573	827,573	890,000			
2031	1,725,000	310,990	2,035,990	680,000	148,360	828,360	915,000			
2032	1,760,000	255,853	2,015,853	705,000	128,698	833,698	935,000			
2033	1,795,000	197,178	1,992,178	735,000	104,004	839,004	955,000			
2034	1,830,000	136,640	1,966,640	760,000	78,148	838,148	965,000			
2035	1,866,000	74,140	1,940,140	794,000	51,123	845,123	975,000			
2036	460,000	21,563	481,563	215,000	25,378	240,378				
2037	460,000	7,188	467,188	225,000	18,503	243,503				
2038				230,000	11,394	241,394				
2039				240,000	3,900	243,900				
	\$ 33,490,000	\$ 8,257,811	\$ 41,747,811	\$ 10,815,000	\$ 3,465,117	\$ 14,280,117	\$ 14,960,000	\$ -	\$ -	\$ -

(1) As of December 31, 2019

(2) Exclusive of \$1,370,782 Loans Payable and Bonds and interest to be refunded.

Source: Township Auditor

2020 MUNICIPAL BUDGET(1)

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$2,408,761.00
Miscellaneous Revenues:	
Local Revenues	392,000.00
State Aid without Offsetting Appropriations	542,592.00
Dedicated Uniform Construction Code Fees	323,299.00
Special Items--Shared Service Agreements	212,980.28
Special Items--Public and Private Revenues	68,990.88
Other Special Items of Revenue	504,868.09
Receipts from Delinquent Taxes	497,000.00
Amount to be Raised by Taxation for Municipal Purposes	<u>7,752,615.99</u>
Total Appropriated Revenues	<u><u>\$12,703,107.24</u></u>
Appropriations:	
Within CAPS:	
Operations	\$6,840,665.93
Deferred Charges and Statutory Expenditures	1,004,755.00
Excluded from CAPS:	
Other Operations	1,756.00
Shared Service Agreements	731,980.28
Public and Private Programs	68,990.88
Capital Improvements	14,675.00
Debt Service	2,906,448.50
Deferred Charges	110,000.00
Reserve for Uncollected Taxes	<u>1,023,835.65</u>
Total Appropriations	<u><u>\$12,703,107.24</u></u>

SEWER UTILITY

Anticipated Revenues:	
Fund Balance	\$405,950.00
Rents	1,900,000.00
Penalties and Interest	20,929.39
Miscellaneous	55,000.00
Reserve for Payment of Debt - Utility	<u>210,303.77</u>
Total Anticipated Revenues	<u><u>\$2,592,183.16</u></u>
Appropriations:	
Operating	\$1,289,240.23
Capital Improvement Fund	2,500.00
Debt Service	1,217,174.38
Deferred Charges and Statutory Expenditures	<u>83,268.55</u>
Total Appropriations	<u><u>\$2,592,183.16</u></u>

(1) As adopted

**CAPITAL PROGRAM(1)
PROJECTS SCHEDULED FOR THE YEAR 2020**

	<u>Estimated Total Cost</u>	<u>Capital Improvement Fund</u>	<u>Grants-in- Aid and Other Funds</u>	<u>Bonds and Notes</u>	
				<u>General</u>	<u>Self- liquidating</u>
<u>GENERAL:</u>					
Police Equipment and Vehicles	\$ 138,100	\$ 6,905		\$ 131,195	
Transport Bus	170,000	8,500		161,500	
Improvements to Old Town Hall	30,000	1,500		28,500	
Improvements to Wastewater System	2,713,000				\$ 2,713,000
Various Utility Equipment	145,000				145,000
	<hr/>				
Total General	\$ 3,196,100	\$ 16,905	\$ -	\$ 321,195	\$ 2,858,000
	<hr/>				

(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 2019
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, 2019 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

Woodbury, New Jersey
March 2, 2020

TOWNSHIP OF HARRISON
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2019

ASSETS

Regular Fund:

Cash and Cash Equivalents:

Cash - Treasurer	\$ 6,273,811.03
Cash - Tax Collector	867,649.94
Change Funds	<u>250.00</u>

Total Cash and Cash Equivalents	<u>7,141,710.97</u>
---------------------------------	---------------------

Receivables and Other Assets with Full Reserves:

Delinquent Property Taxes	508,858.14
Tax Title Liens Receivable	47,895.02
Property Acquired for Taxes - Assessed Valuation	563,500.00
Revenue Accounts Receivable	15,067.59
Interfunds Receivable:	
Trust - Animal Control Fund	1,384.00
Municipal Open Space Trust Fund	<u>912.61</u>

Total Receivables and Other Assets with Full Reserves	<u>1,137,617.36</u>
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Due from State of New Jersey:

Senior Citizens and Veterans Deductions	<u>1,305.48</u>
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Deferred Charges:

Special Emergency Authorizations (40A:4-53)	<u>450,000.00</u>
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450,000.00

Total Regular Fund	<u>8,730,633.81</u>
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Federal and State Grant Fund:

Cash - Municipal Financial Officer	269,852.29
Federal and State Grants Receivable	<u>141,279.00</u>

Total Federal and State Grant Fund	<u>411,131.29</u>
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\$ 9,141,765.10

(Continued)

TOWNSHIP OF HARRISON
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2019

LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:

Appropriation Reserves	\$	589,742.54
Reserve for Encumbrances		20,424.38
Local District School Taxes Payable		833,443.50
Regional High School Taxes Payable		1,279,608.18
County Taxes Payable		77,042.27
Special District Taxes Payable		0.99
Municipal Open Space Local Taxes Payable		222.47
Special Emergency Note Payable		450,000.00
Tax Overpayments		1,081.61
Prepaid Taxes		392,848.51
Due Trust - Other Funds		4,950.06
Due General Capital Fund		323,895.65
Due State of New Jersey:		
Marriage License Fees		300.00
Reserve for:		
Preparation of Master Plan		276,822.37
		<u>4,250,382.53</u>
Total Other Liabilities and Reserves		<u>4,250,382.53</u>
Reserve for Receivables and Other Assets		<u>1,137,617.36</u>
Fund Balance		<u>3,342,633.92</u>
Total Regular Fund		<u>8,730,633.81</u>
Federal and State Grant Fund:		
Reserve for Grants - Appropriated		364,364.97
Reserve for Grants - Unappropriated		43,607.21
Reserve for Encumbrances		3,159.11
		<u>411,131.29</u>
Total Federal and State Grant Fund		<u>411,131.29</u>
	\$	<u><u>9,141,765.10</u></u>

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
CURRENT FUND
Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For The Year Ended December 31, 2019

REVENUE AND OTHER INCOME REALIZED:

Fund Balance Utilized	\$ 1,975,000.00
Miscellaneous Revenues Anticipated	2,438,571.53
Receipts from Delinquent Taxes and Tax Title Liens	497,702.24
Receipts from Current Taxes	45,656,584.16
Non-Budget Revenue	261,757.36
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	458,566.23
Interfund Loans Returned	89,361.71
	89,361.71
Total Income	51,377,543.23

EXPENDITURES:

Budget Appropriations:	
Within "CAPS":	
Operations:	
Salaries and Wages	3,830,749.00
Other Expenses	3,247,624.86
Deferred Charges and Statutory Expenditures	924,886.00
Excluded from "CAPS":	
Operations	605,723.69
Capital Improvements	33,000.00
Debt Service	2,366,775.00
Deferred Charges	50,000.00
County Taxes	11,586,948.57
Local District School Taxes	13,299,587.00
Regional High School Taxes	11,324,076.00
Special District Taxes	1,178,038.00
Municipal Open Space Taxes	931,052.46
Other Debits to Income:	
Prior Year Senior Citizens and Veterans' Deductions Disallowed	1,000.00
	1,000.00
Total Expenditures	49,379,460.58

Excess Revenue and Other Income Realized Over Expenditures 1,998,082.65

Adjustments to Income Before Fund Balance:

Expenditures Included Above Which are by Statute	
Deferred Charges to Budget of Succeeding Year	300,000.00
	300,000.00

Statutory Excess to Fund Balance 2,298,082.65

FUND BALANCE:

Balance January 1 3,019,551.27

5,317,633.92

Decreased by:

Utilized as Revenue 1,975,000.00

Balance December 31 \$ 3,342,633.92

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, 2019

ASSETS

Animal Control Fund:		
Cash		\$ 30,459.53
Trust Other Funds:		
Cash		3,575,138.74
Due from Current Fund		4,950.06
		3,580,088.80
Municipal Open Space Trust Fund:		
Cash		1,913,485.54
		1,913,485.54
Total Trust Funds		\$ 5,524,033.87

LIABILITIES, RESERVES AND FUND BALANCE

Animal Control Fund:		
Reserve for Animal Control Expenditures		\$ 28,437.13
Due State of New Jersey		638.40
Due Current Fund		1,384.00
		1,384.00
		30,459.53

(Continued)

TOWNSHIP OF HARRISON
TRUST FUNDS
Statement of Assets, Liabilities and Reserves -- Regulatory Basis
As of December 31, 2019

LIABILITIES, RESERVES AND FUND BALANCE

Trust Other Funds:

Due Unemployment Trust from Payroll Trust

Reserve for Trust Other Funds:

Cash Bond	\$ 957,669.97
Compensatory Plantings	27,069.84
Compensated Absences	93,689.43
Developers Escrow	300,055.23
Economic Development and Improvement	83,488.70
Forfeited Funds	7,703.63
Developers Fees - Housing Trust Fund (COAH)	75,474.59
Housing Savings Trust	823,076.41
Affordable Housing	6,874.70
Mill Valley Escrow	17,857.10
Outside Police Employment	59,831.15
Parade	11,401.64
Payroll	23,715.62
POAA Trust	228.44
Tax Title Lien Premium	238,200.00
Tax Title Lien Redemption	11,487.53
Public Defender	5,066.72
Recreation Commission	102,721.16
Recreation	527,356.17
Recreation - Adult Community	63,281.99
Senior Recreation	18,083.78
Storm Recovery	49,154.10
Unemployment Compensation	72,385.16
Walnut Glen Escrow	4,215.74

Total Trust Other Funds	3,580,088.80
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Municipal Open Space Trust Fund:

Due from Current Fund	690.14
Reserve for Future Use	1,912,795.40

1,913,485.54

Total Trust Funds	\$ 5,524,033.87
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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, 2019

ASSETS

Cash - Treasurer	\$	5,427,689.18
Due from Current Fund		323,895.65
Grant-In-Aid Receivable		427,579.90
Deferred Charges to Future Taxation:		
Funded		33,490,000.00
Unfunded		1,679,590.00
		1,679,590.00
	\$	41,348,754.73

LIABILITIES, RESERVES AND FUND BALANCE

Bond Anticipation Notes Payable	\$	1,679,470.00
Bonds Payable		33,490,000.00
Improvement Authorizations:		
Funded		4,863,272.09
Unfunded		425,721.36
Encumbrances Payable		287,974.84
Reserve for Preliminary Costs		3,391.86
Reserve for Payment of Debt		2.19
Capital Improvement Fund		2,230.00
Due Sewer Capital Fund		447,500.00
Fund Balance		149,192.39
		149,192.39
	\$	41,348,754.73

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, 2019

ASSETS

Cash and Cash Equivalents:	
Municipal Financial Officer	\$ 1,081,679.28
Sewer Clerk	223,228.36
Change Fund	50.00
	1,304,957.64
Total Cash and Cash Equivalents	1,304,957.64
Due from Sewer Utility Capital Fund	12,126.65
	1,317,084.29
Receivables with Full Reserves:	
Consumer Accounts Receivable	204,158.79
	204,158.79
	\$ 1,521,243.08

LIABILITIES, RESERVES AND FUND BALANCE

Appropriation Reserves	\$ 260,418.02
Other Liabilities and Reserves:	
Accrued Interest on Bonds and Notes	234,111.00
Sewer Rent Prepays	84,280.87
Sewer Rent Overpayments	2,080.89
Reserve for Payment of Debt	54,510.92
	635,401.70
Reserve for Receivables	204,158.79
Fund Balance	681,682.59
	\$ 1,521,243.08

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
SEWER UTILITY OPERATING FUND
 Statements of Operations and Changes in Operating Fund Balance -- Regulatory Basis
 For the Year Ended December 31, 2019

REVENUE AND OTHER INCOME REALIZED:

Operating Surplus Anticipated	\$ 748,753.00
Sewer Rents	1,914,047.81
Penalties and Interest	21,349.79
Miscellaneous	58,070.75
Other Credits to Income:	
Unexpended Balance of Appropriation Reserves	166,898.38
Total Income	2,909,119.73

EXPENDITURES:

Budget Appropriations:	
Operating	1,289,496.00
Capital Improvements	52,500.00
Debt Service	1,093,132.58
Deferred Charges and Statutory Expenditures	80,181.00
Total Expenditures	2,515,309.58
Excess in Revenue	393,810.15

FUND BALANCE:

Balance January 1	1,036,625.44
Decreased by:	1,430,435.59
Utilized as Revenue	748,753.00
Balance December 31	\$ 681,682.59

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
SEWER UTILITY CAPITAL FUND
Statement of Assets, Liabilities, Reserves and Fund Balance--Regulatory Basis
As of December 31, 2019

ASSETS

Cash and Cash Equivalents	\$ 1,313,592.75
Due from General Capital Fund	447,500.00
Fixed Capital	13,743,196.23
Fixed Capital Authorized and Uncompleted	<u>9,303,150.50</u>
	<u>\$ 24,807,439.48</u>

LIABILITIES AND RESERVES

Due Sewer Utility Operating Fund	\$ 12,126.65
Serial Bonds Payable	10,815,000.00
Sewer Loans Payable	1,370,781.51
Bond Anticipation Notes Payable	1,320,500.00
Improvement Authorizations:	
Funded	9,768.08
Unfunded	1,030,347.28
Encumbrances Payable	75,442.97
Reserve for:	
Developer Contribution	118,143.00
Preliminary Expenditures	1,113.25
Payment of Debt	155,792.85
Capital Improvement Fund	67,016.00
Reserve for Amortization	9,564,689.92
Fund Balance	<u>266,717.97</u>
	<u>\$ 24,807,439.48</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, 2019

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* (the "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, 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 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.

**FOR THE YEARS ENDED 2018, 2017, 2016, 2015 AND
2014 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, 2018, 2017, 2016, 2015 and 2014, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2018, 2017, 2016, 2015 and 2014, 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, 2018, 2017, 2016, 2015 and 2014, 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.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 1 to the financial statements, during the year ended December 31, 2018, the Township adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The adoption of this new accounting principle resulted in a material note disclosure (see note 9). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this Statement only required financial statement disclosures. Our opinions are not modified with respect to this matter.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
October 29, 2019

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

	As of December 31				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ASSETS					
Cash and Cash Equivalents:					
Cash--Municipal Finance Officer	\$5,707,062	\$6,761,720	\$6,597,781	\$5,407,945	\$4,800,053
Cash--Tax Collector	768,517	2,303,348	765,594	763,552	669,159
Change Funds	250	250	250	250	250
Total Cash and Cash Equivalents	6,475,829	9,065,318	7,363,625	6,171,747	5,469,461
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes	515,784	724,864	385,294	311,880	508,068
Tax Title Liens Receivable	21,105	31,980	227,782	199,908	181,546
Revenue Accounts Receivable	15,068	45,583	65,378	30,765	46,856
Property Acquired for Taxes - Assessed Valuation	563,500	563,500			
Interfunds Receivable	91,658	14,314	83,842	9,292	12,475
Total Receivables and Other Assets with Full Reserves	1,207,115	1,380,241	762,296	551,845	748,945
Due from State of New Jersey:					
Senior Citizens and Veterans Deductions	1,500	1,750	615	2,500	
Deferred Charges:					
Special Emergency Authorizations	200,000	250,000	50,000	100,000	150,000
Total Deferred Charges	200,000	250,000	50,000	100,000	150,000
Total Current Fund	7,884,443	10,697,309	8,176,536	6,826,092	6,368,407
Federal and State Grant Fund:					
Cash--Municipal Finance Officer	226,272	268,857	186,233	200,347	315,120
Interfunds Receivable		43,070		5,864	5,864
Federal/State Grants Receivable	122,302	115,112	354,120	300,099	300,099
Total Federal and State Grant Fund	348,574	427,039	540,353	506,310	621,083
Total Assets	\$8,233,018	\$11,124,348	\$8,716,889	\$7,332,402	\$6,989,490

(Continued)

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

	As of December 31				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$653,699	\$842,053	\$872,510	\$801,042	\$914,909
Other Liabilities and Reserves:					
Reserve for Encumbrances	9,471	40,681	27,443	75,205	5,426
Accounts Payable					1,756
Local District School Taxes Payable	880,606	759,156	612,434	546,098	343,365
Regional High School Taxes Payable	1,392,536	1,139,499	889,867	593,381	399,693
County Taxes Payable	69,673	54,718	30,172	90,103	150,863
Special Emergency Notes Payable	200,000	250,000	50,000	100,000	150,000
Municipal Open Space Local Taxes Payable	5,946	6,955	2,397		25,014
Special District Taxes Payable	1	1	1		
Interfunds Payable	4,978	173,685	56,239	62,472	13,531
Prepaid Taxes	369,824	2,014,701	392,798	222,902	213,361
Tax Overpayments	12,885	112,344	2,321	3,296	18,995
Amount Due State of New Jersey:					
Senior Citizens and Veterans Deductions					23,427
Marriage License Fees	475	150	625	175	125
Prepaid Liquor License			1,301,000		
Reserve for Payment of Debt				141,186	
Reserve for Master Plan Revision	57,684	226,759		98,105	127,859
Total Appropriation Reserves, Other Liabilities and Reserves	3,657,777	5,620,702	4,237,806	2,733,964	2,388,325
Reserve for Receivables and Other Assets	1,207,115	1,380,241	762,296	551,845	748,945
Fund Balance	3,019,551	3,696,366	3,176,434	3,540,283	3,231,137
Total Current Fund	7,884,443	10,697,309	8,176,537	6,826,092	6,368,406
Federal and State Grant Fund:					
Interfund Payable:					
Amount Due Current Fund			833		127,331
Encumbrances Payable	657	657	27,550	89,644	27,408
Reserve for Grants:					
Appropriated	320,407	354,820	473,894	386,422	412,015
Unappropriated	27,511	71,562	38,075	30,245	54,329
Total Federal and State Grant Fund	348,574	427,039	540,353	506,310	621,083
Total Liabilities, Reserves and Fund Balance	\$8,233,018	\$11,124,348	\$8,716,890	\$7,332,402	\$6,989,489

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,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:					
Fund Balance Anticipated	\$2,721,800	\$1,318,600	\$2,277,000	\$2,054,400	\$530,000
Miscellaneous Revenues	2,225,185	3,643,084	2,093,499	1,945,118	3,521,805
Receipts from Delinquent Taxes	726,216	379,559	317,503	511,735	507,034
Receipts from Current Taxes	44,006,140	42,480,798	41,725,534	40,278,469	38,206,004
Total Budget Revenues	49,679,341	47,822,042	46,413,536	44,789,721	42,764,843
Other Credits to Income	623,862	1,060,540	631,387	609,776	587,879
Total Revenues	50,303,203	48,882,582	47,044,923	45,399,498	43,352,722
Expenditures:					
Current Fund Within "CAPS":					
General Government	2,957,792	3,152,120	2,770,371	2,835,684	2,788,647
Public Safety	2,031,872	1,920,761	1,893,008	1,721,493	1,700,110
Public Works	1,270,210	1,167,070	1,107,698	1,015,367	1,015,625
Health and Welfare	5,772	6,252	6,233	6,195	7,176
Recreation and Education	95,047	85,933	83,299	78,009	74,070
Deferred Charges and Regulatory Expenditures	868,257	804,088	729,968	694,818	693,909
Current Fund Excluded from "CAPS":					
General Government	568,256	561,756	556,756	565,145	537,756
State and Federal Grants	79,742	268,526	136,646	54,329	22,065
Capital Improvements	44,000	33,000	207,000	40,000	374,520
Municipal Debt Service	2,495,476	2,082,807	1,941,841	1,607,090	1,607,743
Deferred Charges and Statutory Expenditures	50,000	50,000	50,000	50,000	50,000
Total Budget Expenditures	10,466,424	10,132,313	9,482,820	8,668,130	8,871,620
Other Expenses and Charges to Income	37,791,794	37,161,737	35,648,952	34,367,822	32,691,257
Total Expenditures	48,258,217	47,294,050	45,131,772	43,035,952	41,562,877
Excess in Revenue--Statutory Excess to Fund Balance	2,044,985	1,588,532	1,913,151	2,363,546	1,789,845
Adjustments to Income Before Fund Balance:					
Expenditures included above which are by Statute Deferred Charges to Budget of Budget of Succeeding Year					
Increased by Deferred Charges to Budget of Succeeding Year		250,000			
Fund Balance--January 1	3,696,366	3,176,434	3,540,283	3,231,137	1,971,291
Decreased by Utilization as Anticipated Revenue	5,741,351	5,014,966	5,453,434	5,594,683	3,761,137
	2,721,800	1,318,600	2,277,000	2,054,400	530,000
Fund Balance--December 31	\$3,019,551	\$3,696,366	\$3,176,434	\$3,540,283	\$3,231,137

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ASSETS					
Cash and Cash Equivalents	\$5,404,969	\$5,212,009	\$4,787,291	\$4,843,350	\$5,292,119
Due from State of New Jersey					70
Accounts Receivable		586	189		
Interfunds Receivable	10,011	11,960	7,482	6,206	31,302
Total Assets	\$5,414,980	\$5,224,555	\$4,794,961	\$4,849,556	\$5,323,490
LIABILITIES AND RESERVES					
Other Liabilities and Reserves:					
Due State of New Jersey				\$6	
Reserves:					
Animal Control Expenditures	\$26,060	\$34,521	\$41,727	44,874	\$45,749
Unemployment Insurance Trust		586	189	42,377	27,673
Other Reserves	5,372,649	5,175,134	4,730,050	4,751,634	5,237,343
Total Other Liabilities and Reserves	5,398,709	5,210,241	4,771,966	4,838,891	5,310,764
Interfunds Payable	16,271	14,314	22,995	10,665	12,726
Total Liabilities and Reserves	\$5,414,980	\$5,224,555	\$4,794,961	\$4,849,556	\$5,323,490

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

	As of December 31,				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ASSETS					
Cash	\$6,427,515	\$7,812,869	\$13,135,658	\$12,861,052	\$5,703,107
Grants-In-Aid Receivable	67,739	177,607	51,333	51,333	244,143
Interfunds Receivable		92,273	29,338		127,331
Deferred Charges to Future Taxation:					
Funded	26,328,000	28,243,000	22,681,000	24,196,000	25,596,000
Unfunded	10,227,960	10,062,120	16,792,283	12,298,393	11,638,743
Total Assets	\$43,051,213	\$46,387,869	\$52,689,611	\$49,406,778	\$43,309,324
LIABILITIES, RESERVES AND FUND BALANCE					
Bonds Payable	\$26,328,000	\$28,243,000	\$22,681,000	\$24,196,000	\$25,596,000
Bond Anticipation Notes Payable	10,227,840	10,062,000	16,792,283	12,298,393	5,086,643
Reserve for Payment of Debt	2	113,602	109,610	61,919	61,919
Other Liabilities and Reserves:					
Encumbrances Payable	271,484	1,682,653	5,062,807	2,024,336	272,671
Interfund Payables	515,773		60,014		1,147
Reserve for Preliminary Costs	3,392	3,392	3,392	3,392	3,392
Capital Improvement Fund	2,090	9,750	10,630	50,740	49,990
Improvement Authorizations:					
Funded	1,841,346	2,228,138	2,058,417	2,108,005	2,343,421
Unfunded	3,378,788	3,693,447	5,559,571	8,312,106	9,564,625
Fund Balance	482,498	351,888	351,888	351,888	329,518
Total Liabilities, Reserves and Fund Balance	\$43,051,213	\$46,387,869	\$52,689,611	\$49,406,778	\$43,309,324

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ASSETS					
Cash--Municipal Finance Officer	\$1,324,846	\$1,547,939	\$2,836,819	\$1,698,423	\$1,763,078
Cash--Sewer Clerk's Account	207,381	151,669	160,799	150,119	91,305
Cash--Change Fund	50	50	50	50	50
Interfund Receivables	2,760	33,337	34,655	35,275	2,777
	<u>1,535,036</u>	<u>1,732,994</u>	<u>3,032,323</u>	<u>1,883,867</u>	<u>1,857,211</u>
Receivables with Full Reserves:					
Consumer Accounts Receivable	259,171	630,799	616,335	624,095	680,403
	<u>259,171</u>	<u>630,799</u>	<u>616,335</u>	<u>624,095</u>	<u>680,403</u>
Total Assets	<u>\$1,794,207</u>	<u>\$2,363,794</u>	<u>\$3,648,658</u>	<u>\$2,507,963</u>	<u>\$2,537,614</u>
LIABILITIES, RESERVES AND FUND BALANCE					
Appropriation Reserves	\$185,795	\$146,926	\$191,609	\$122,126	\$150,596
Other Liabilities and Reserves:					
Encumbrances Payable	538	2,178	4,576	7,811	27,076
Accrued Interest on Bonds and Notes	222,349	206,952	142,792	130,825	144,339
Sewer Rent Prepays	31,241				
Interfund Payables	1,616	13	1,325,867		5,348
Reserve for Payment of Debt	54,511	54,511	54,511	54,511	
Sewer Rent Overpayments	2,360	4,088	3,258	1,194	1,852
	<u>498,411</u>	<u>414,669</u>	<u>1,722,613</u>	<u>316,467</u>	<u>329,210</u>
Reserve for Receivables	259,171	630,799	616,335	624,095	680,403
Fund Balance	<u>1,036,625</u>	<u>1,318,326</u>	<u>1,309,709</u>	<u>1,567,400</u>	<u>1,528,001</u>
Total Liabilities, Reserves and Fund Balance	<u>\$1,794,207</u>	<u>\$2,363,794</u>	<u>\$3,648,658</u>	<u>\$2,507,963</u>	<u>\$2,537,614</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenue and Other Income Realized:					
Fund Balance Anticipated	\$673,680	\$468,345	\$669,464	\$471,982	\$377,315
Utility Rents	1,926,891	1,814,109	1,924,111	1,890,455	1,949,093
Penalties and Interest	33,723	21,152	20,370	17,417	20,690
Miscellaneous Revenues	127,042	266,119	84,217	80,770	147,815
Total Budget Revenues	2,761,336	2,569,725	2,698,163	2,460,623	2,494,913
Other Credits to Income	76,473	164,725	71,404	97,640	159,416
Total Revenues	2,837,809	2,734,450	2,769,567	2,558,263	2,654,329
Expenditures:					
Utility Operating Fund	1,239,035	1,216,335	1,237,500	1,114,000	1,064,300
Capital Improvements	52,500	2,500	52,500	52,500	52,500
Utility Debt Service	1,073,184	979,843	1,012,630	825,900	821,916
Utility Deferred Charges and Statutory Exp.	81,110	58,810	55,164	54,482	58,414
Total Budget Expenditures	2,445,829	2,257,488	2,357,794	2,046,882	1,997,130
Total Expenditures	2,445,829	2,257,488	2,357,794	2,046,882	1,997,130
Statutory Excess to Fund Balance	391,980	476,961	411,773	511,382	657,199
Fund Balance--January 1	1,318,326	1,309,709	1,567,400	1,528,001	1,248,117
Decreased by Utilization as Anticipated Revenue	1,710,305	1,786,671	1,979,173	2,039,382	1,905,316
Fund Balance--December 31	673,680	468,345	669,464	471,982	377,315
Fund Balance--December 31	\$1,036,625	\$1,318,326	\$1,309,709	\$1,567,400	\$1,528,001

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ASSETS					
Cash	\$1,887,172	\$2,214,210	\$837,566	\$2,897,919	\$2,576,715
Interfund Receivables	447,500	13	1,342,367	16,500	5,348
Fixed Capital	13,743,196	13,743,196	13,233,213	13,199,281	13,199,281
Fixed Capital Authorized and Uncompleted	8,870,151	8,422,651	8,492,634	7,198,166	6,396,166
	<hr/>				
Total Assets	\$24,948,019	\$24,380,070	\$23,905,779	\$23,311,866	\$22,177,509
	<hr/>				
LIABILITIES AND RESERVES					
Encumbrances Payable	\$845,822	\$13,643	\$165,582	\$1,057,816	\$15,250
Sewer Loans Payable	1,749,594	2,118,306	2,506,527	2,879,889	3,250,852
Serial Bonds Payable	8,999,000	9,275,000	5,599,000	5,724,000	5,839,000
Bond Anticipation Notes Payable	2,998,500	2,570,000	5,941,410	4,748,338	3,810,532
Interfunds Payable	7,345		29,338		
Other Liabilities and Reserves:					
Capital Improvement Fund	64,516	62,016	59,516	57,016	54,516
Reserve for Preliminary Expenditures	1,113	1,113	1,113	1,113	1,113
Reserve for Payment of Debt	155,793	155,793	126,777	91,637	91,637
Reserve for Developer Contribution	118,143	118,143	118,143	118,143	118,143
Improvement Authorizations:					
Funded	37,259	42,763	4,578	53,844	102,102
Unfunded	826,465	1,580,826	1,434,960	1,294,924	2,111,681
Reserve for Amortization	8,890,878	8,227,166	7,703,534	7,069,845	6,567,382
Fund Balance	253,592	215,301	215,301	215,301	215,301
	<hr/>				
Total Liabilities and Reserves	\$24,948,019	\$24,380,070	\$23,905,779	\$23,311,866	\$22,177,509
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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, 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, 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* (the "*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, 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 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.

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.

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, 2018, the Township's bank balances of \$22,178,328.73 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 20,620,340.17
Uninsured and Uncollateralized	<u>1,557,988.56</u>
Total	<u><u>\$ 22,178,328.73</u></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:

Comparative Schedule of Tax Rates

	<u>Year Ended</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	\$ 2.896	\$ 2.825	\$ 2.990	\$ 2.905	\$ 2.787
Apportionment of Tax Rate:					
Municipal	\$ 0.435	\$ 0.425	\$ 0.463	\$ 0.444	\$ 0.411
County	0.642	0.629	0.664	0.638	0.588
County Library	0.048	0.048	0.052	0.049	0.047
County Open Space	0.040	0.040	0.043	0.043	0.041
Local School	0.856	0.841	0.893	0.893	0.878
Regional High School	0.738	0.706	0.732	0.696	0.679
Fire District	0.077	0.076	0.083	0.082	0.083
Municipal Open Space	0.060	0.060	0.060	0.060	0.060

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 1,530,035,240.00
2017	1,528,708,197.00
2016	1,405,992,089.00
2015	1,392,670,506.00
2014	1,369,955,043.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2018	\$ 44,578,489.56	\$ 44,006,139.60	98.72%
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%

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>
2018	\$ 21,104.61	\$ 515,784.08	\$ 536,888.69	1.20%
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%

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>
2018	5
2017	5
2016	15
2015	16
2014	15

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>
2018	\$563,500.00
2017	563,500.00
2016	None
2015	None
2014	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>Receivable</u>	<u>Liens</u>			
2018	\$ 630,799.31	None	\$ 1,555,262.70	\$ 2,186,062.01	\$ 1,926,891.08
2017	616,335.16	None	1,828,573.35	2,444,908.51	1,814,109.20
2016	624,095.47	None	1,916,350.82	2,540,446.29	1,924,111.13
2015	680,402.61	None	1,834,147.56	2,514,550.17	1,890,454.70
2014	646,404.84	None	1,983,090.86	2,629,495.70	1,949,093.09

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>
2018	\$ 3,019,551.27	\$ 1,975,000.00	65.41%
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%

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>
2018	\$ 1,036,625.44	\$ 748,753.00	72.23%
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%

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, 2018:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$ 91,658.32	\$ 10,923.58
Trust - Animal Control Fund		16,271.42
Trust - Municipal Open Space Fund	5,033.14	
Trust - Other Fund	4,977.83	
General Capital Fund		515,773.00
Sewer Utility Operating Fund	2,759.74	1,616.24
Sewer Utility Capital Fund	447,500.00	7,344.79
	<u>\$ 551,929.03</u>	<u>\$ 551,929.03</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 2019, 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, required supplementary information and detailed information about the PERS and PFRS plan's fiduciary net position which can be obtained by writing to or at the following website:

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

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

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the 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' Board of Trustees is primarily responsible for the administration of the PERS.

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

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (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. 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. 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 7.34% in State fiscal year 2018. 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 (P.L. 2001, C. 366) was 10% in State fiscal year 2018. 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, 2018 was 12.92% 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, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$230,169.00, and was payable by April 1, 2019. 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, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$228,549.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$135,304.05.

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 P.L. 2011, C. 78, the active member contribution rate was 10% in State fiscal year 2018. 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, 2018 was 25.62% 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, 2018, the Township's contractually required contribution to the pension plan for the year ended December 31, 2018 is \$425,061.00, and was payable by April 1, 2019. 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, 2017, the Township's contractually required contribution to the pension plan for the year ended December 31, 2017 was \$390,508.00, which was paid on April 1, 2018. Employee contributions to the Plan during the year ended December 31, 2018 were \$169,245.40.

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, 2018 was 2.85% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2018, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2018 is \$47,329.00, and was payable by April 1, 2019. Based on the 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 was \$38,153.00, which was paid on April 1, 2018.

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, 2018, employee contributions totaled \$1,262.50, and the Township's contributions were \$757.50. 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, 2018, the Township's proportionate share of the PERS net pension liability was \$4,556,166.00. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. 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, 2018 measurement date, the Township's proportion was 0.0231400765%, which was a decrease of (0.0015307652)% from its proportion measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PERS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$346,461.00. 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, 2018, the Township's contribution to PERS was \$228,549.00, and was paid on April 1, 2018.

Police and Firemen's Retirement System - At December 31, 2018, 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	\$ 5,883,283.00
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township	<u>799,147.00</u>
	<u>\$ 6,682,430.00</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. 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, 2018 measurement date, the Township's proportion was 0.0434779481%, which was a decrease of (0.0006463294)% from its proportion measured as of June 30, 2017. Likewise, at June 30, 2018, the State of New Jersey's proportion, on-behalf of the Township, was 0.0434779481%, which was a decrease of (0.0006463294)% from its proportion, on-behalf of the Township, measured as of June 30, 2017.

At December 31, 2018, the Township's proportionate share of the PFRS pension expense, calculated by the Plan as of the June 30, 2018 measurement date is \$524,885.00. 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, 2018, the Township's contribution to PFRS was \$390,508.00, and was paid on April 1, 2018.

At December 31, 2018, the State's proportionate share of the PFRS pension expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$94,658.00. 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, 2018, 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	\$ 86,887.00	\$ 59,855.00	\$ 146,742.00	\$ 23,493.00	\$ 24,346.00	\$ 47,839.00
Changes of Assumptions	750,781.00	505,001.00	1,255,782.00	1,456,820.00	1,507,784.00	2,964,604.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-	42,737.00	32,187.00	74,924.00
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	590,743.00	428,254.00	1,018,997.00	348,705.00	140,083.00	488,788.00
Township Contributions Subsequent to the Measurement Date	115,085.00	212,531.00	327,616.00	-	-	-
	<u>\$ 1,543,496.00</u>	<u>\$ 1,205,641.00</u>	<u>\$ 2,749,137.00</u>	<u>\$ 1,871,755.00</u>	<u>\$ 1,704,400.00</u>	<u>\$ 3,576,155.00</u>

\$115,085.00 and \$212,531.00 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, 2019. These amounts were based on an estimated April 1, 2020 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2018 to the Township's year end of December 31, 2018.

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:

	PERS		PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014	-	-	-	-
June 30, 2015	5.72	-	-	5.53
June 30, 2016	5.57	-	-	5.58
June 30, 2017	5.48	-	5.59	-
June 30, 2018	-	5.63	5.73	-
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
June 30, 2018	-	5.63	-	5.73
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
June 30, 2018	-	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
June 30, 2018	5.63	5.63	5.73	5.73

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

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

Year Ending Dec 31,	<u>PERS</u>	<u>PFRS</u>	<u>Total</u>
2019	\$ 122,380.00	\$ 119,173.00	\$ 241,553.00
2020	62,129.00	(67,287.00)	(5,158.00)
2021	(229,154.00)	(384,542.00)	(613,696.00)
2022	(272,924.00)	(269,626.00)	(542,550.00)
2023	(125,775.00)	(109,008.00)	(234,783.00)
	<u>\$ (443,344.00)</u>	<u>\$ (711,290.00)</u>	<u>\$ (1,154,634.00)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. 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%
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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. 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 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvements assumed. Post-retirement mortality rates for male service retirements are based the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvements assumed.

For PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2018) 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' and PFRS' target asset allocation as of June 30, 2018 are summarized in the table on the following page.

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>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	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, 2018 was 5.66% for PERS and 6.51% 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 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 50% 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 2046 for PERS and through 2062 for PFRS; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046 for PERS and through 2062 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, 2018, the Plan's measurement date, calculated using a discount rate of 5.66%, 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 (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Township's Proportionate Share of the Net Pension Liability	\$ 5,728,853.00	\$ 4,556,166.00	\$ 3,572,356.00

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, 2018, the Plan's measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 6.51%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	PFRS		
	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
Township's Proportionate Share of the Net Pension Liability	\$ 7,874,044.00	\$ 5,883,283.00	\$ 4,241,268.00
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township	1,069,559.09	799,147.00	576,106.28
	<u>\$ 8,943,603.09</u>	<u>\$ 6,682,430.00</u>	<u>\$ 4,817,374.28</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 <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information**

In accordance with GASBS 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 Six Years)

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0231400765%	0.0246708417%	0.0215009085%
Township's Proportionate Share of the Net Pension Liability	\$ 4,556,166.00	\$ 5,742,978.00	\$ 6,367,952.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,670,668.00	\$ 1,681,200.00	\$ 1,472,836.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	272.72%	341.60%	432.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0205167471%	0.0194513350%	0.0209669917%
Township's Proportionate Share of the Net Pension Liability	\$ 4,605,599.00	\$ 3,641,822.00	\$ 4,007,209.00
Township's Covered Payroll (Plan Measurement Period)	\$ 1,462,396.00	\$ 1,324,916.00	\$ 1,402,524.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	314.94%	274.87%	285.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	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 Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 230,169.00	\$ 228,549.00	\$ 191,011.00
Township's Contribution in Relation to the Contractually Required Contribution	(230,169.00)	(228,549.00)	(191,011.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,780,956.00	\$ 1,659,005.00	\$ 1,622,578.00
Township's Contributions as a Percentage of Covered Payroll	12.92%	13.78%	11.77%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 176,389.00	\$ 160,354.00	\$ 157,982.00
Township's Contribution in Relation to the Contractually Required Contribution	(176,389.00)	(160,354.00)	(157,982.00)
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,507,685.00	\$ 1,442,234.00	\$ 1,358,573.00
Township's Contributions as a Percentage of Covered Payroll	11.70%	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 Six Years)***

	<u>Measurement Date Ended June 30,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Proportion of the Net Pension Liability	0.0434779481%	0.0441242775%	0.0407395391%
Township's Proportionate Share of the Net Pension Liability	\$ 5,883,283.00	\$ 6,811,935.00	\$ 7,782,294.00
State's Proportionate Share of the Net Pension Liability associated with the Township	799,147.00	762,994.00	653,520.00
Total	<u>\$ 6,682,430.00</u>	<u>\$ 7,574,929.00</u>	<u>\$ 8,435,814.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 1,442,404.00	\$ 1,428,292.00	\$ 1,284,956.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	407.88%	476.93%	605.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.48%	58.60%	52.01%
	<u>Measurement Date Ended June 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Proportion of the Net Pension Liability	0.0394971602%	0.0390546909%	0.0412762042%
Township's Proportionate Share of the Net Pension Liability	\$ 6,578,850.00	\$ 4,912,718.00	\$ 5,487,299.00
State's Proportionate Share of the Net Pension Liability associated with the Township	576,943.00	529,017.00	511,483.00
Total	<u>\$ 7,155,793.00</u>	<u>\$ 5,441,735.00</u>	<u>\$ 5,998,782.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 1,250,804.00	\$ 1,205,092.00	\$ 1,295,384.00
Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	525.97%	407.66%	423.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.31%	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 Six Years)***

	<u>Year Ended December 31,</u>		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Township's Contractually Required Contribution	\$ 425,061.00	\$ 390,508.00	\$ 332,166.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(425,061.00)</u>	<u>(390,508.00)</u>	<u>(332,166.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,658,874.70	\$ 1,445,146.00	\$ 1,384,742.00
Township's Contributions as a Percentage of Covered Payroll	25.62%	27.02%	23.99%
	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Township's Contractually Required Contribution	\$ 321,053.00	\$ 299,967.00	\$ 301,142.00
Township's Contribution in Relation to the Contractually Required Contribution	<u>(321,053.00)</u>	<u>(299,967.00)</u>	<u>(301,142.00)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 1,265,643.00	\$ 1,224,332.00	\$ 1,230,324.00
Township's Contributions as a Percentage of Covered Payroll	25.37%	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

The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, 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 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.

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

The Discount Rate changed at June 30th over the following years, 6.32% 2014, 5.79% 2015, 5.55% 2016, 6.14% 2017 and 6.51% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018.

For 2016, 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, demographic assumptions were revised in accordance with the results of the July 1, 2010 - June 30, 2013 experience study.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the OPEB Plan**

Plan Description and Benefits Provided - The Township contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**General Information about the OPEB Plan (Cont'd)**

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Township was billed monthly by the Plan and paid \$189,483.60 for the year ended December 31, 2018, representing 5.51% of the Township's covered payroll. During the year ended December 31, 2018, retirees were required to contribute \$3,271.68.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997, as disclosed below. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis. Partially funded benefits are also available to local police officers and firefighters who retire with 25 years of service or on disability from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Upon retirement, these individuals must enroll in the OPEB plan.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80% of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 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, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

The amount of actual contributions to the OPEB Plan made by the State, on-behalf of the Township, is not known, however, under the Special Funding Situation, the State's OPEB expense, on-behalf of the Township, is \$132,391.00 for the year ended December 31, 2018 representing 3.85% of the Township's covered payroll.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

OPEB Liability - At December 31, 2018 the Township's and State's proportionate share of the net OPEB liability were as follows:

Township's Proportionate Share of Net OPEB Liability	\$ 6,656,119.00
State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township	<u>4,373,490.00</u>
	<u>\$ 11,029,609.00</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The Township's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Township's proportion was 0.042486% which was an increase of 0.042486% from its proportion measured as of the June 30, 2017 measurement date.

The State's proportion of the net OPEB liability, on-behalf of the Township was based on the ratio of the plan members of an individual employer to the total members of the Plan's special funding situation during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the State's proportion on-behalf of the Township was 0.070383% which was an increase of 0.012901% from its proportion measured as of the June 30, 2017 measurement date.

OPEB Expense - At December 31, 2018, the Township's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$1,442,725.00. 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, 2018, the Township made contributions to the Plan totaling \$189,483.60.

At December 31, 2018, the State's proportionate share of the OPEB expense, associated with the Township, calculated by the Plan as of the June 30, 2018 measurement date is \$132,391.00. This on-behalf expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)**

Deferred Outflows of Resources and Deferred Inflows of Resources - At December 31, 2018, the Township had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 1,351,430.00
Changes of Assumptions	-	1,688,412.00
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	3,518.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	8,451,417.00	-
Township Contributions Subsequent to the Measurement Date	-	-
	<u>\$ 8,454,935.00</u>	<u>\$ 3,039,842.00</u>

The Township will amortize the above other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions		
Year of OPEB Plan Deferral:		
June 30, 2017	-	8.04
June 30, 2018	-	8.14
Net Difference between Projected and Actual Earnings on OPEB Plan Investments		
Year of OPEB Plan Deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions		
Year of OPEB Plan Deferral:		
June 30, 2017	8.04	8.04
June 30, 2018	8.14	8.14

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (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 the OPEB liability will be recognized in future periods as follows:

Year Ending Dec. 31,		
2019	\$	737,828.00
2020		737,828.00
2021		737,828.00
2022		737,457.00
2023		736,856.00
Thereafter		1,727,296.00
	\$	5,415,093.00

Actuarial Assumptions

The actuarial assumptions vary for each plan member depending on the pension plan in which the member is enrolled. The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases *	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

* Salary Increases are Based on the Defined Benefit Plan that the Member is Enrolled in and his or her Age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Actuarial Assumptions (Cont'd)**

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pay interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

As previously mentioned, the OPEB Plan has a special funding situation where the State of New Jersey pays a portion of the Township's contributions for certain eligible employees. As such, the proportionate share of the net OPEB liability as of June 30, 2018, the Plans measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Township's Proportionate Share of the Net OPEB Liability	\$ 7,809,387.00	\$ 6,656,119.00	\$ 5,734,919.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>5,131,260.00</u>	<u>4,373,490.00</u>	<u>3,768,203.00</u>
	<u>\$ 12,940,647.00</u>	<u>\$ 11,029,609.00</u>	<u>\$ 9,503,122.00</u>

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The Township's and State's proportionate share of the net OPEB Liability as of June 30, 2018, the Plans measurement date, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Township's Proportionate Share of the Net OPEB Liability	\$ 5,552,270.00	\$ 6,656,119.00	\$ 8,084,663.00
State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township	3,648,192.00	4,373,490.00	5,312,134.00
	<u>\$ 9,200,462.00</u>	<u>\$ 11,029,609.00</u>	<u>\$ 13,396,797.00</u>

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (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 the Plan, please refer to the Plan's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Supplementary OPEB Information

In accordance with GASBS No. 75, the following information is also presented for the State Health Benefits Local Government Retired Employees Plan. 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 OPEB Liability (Last 2 Years)

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Township's Proportion of the Net OPEB Liability	0.042486%	0.000000%
Township's Proportionate Share of the Net OPEB Liability	\$ 6,656,119.00	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Township	<u>4,373,490.00</u>	<u>4,998,297.00</u>
Total	<u>\$ 11,029,609.00</u>	<u>\$ 4,998,297.00</u>
Township's Covered Payroll (Plan Measurement Period)	\$ 3,211,611.70	\$ 3,077,518.00
Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	207.25%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.03%

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)***Schedule of the Township's Contributions (Last 2 Years)***

	<u>Year Ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Township's Required Contributions	\$ 189,483.60	\$ 183,952.50
Township's Contributions in Relation to the Required Contribution	<u>(189,483.60)</u>	<u>(183,952.50)</u>
Township's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Township's Covered Payroll (Calendar Year)	\$ 3,439,830.70	\$ 3,101,151.00
Township's Contributions as a Percentage of Covered Payroll	5.51%	5.93%

Other Notes to Supplementary OPEB Information**Changes in Benefit Terms**

None

Changes in Assumptions

In 2017, the discount rate changed to 3.58% from 2.85%. In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

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 2018-2020 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, 2018, accrued benefits for compensated absences are valued at \$402,767.95.

Note 11: LEASE OBLIGATIONS

At December 31, 2018, the Township had lease agreements in effect for the following:

Operating:
Six (6) Copiers

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

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

Rental payments under operating leases for the year 2018 were \$11,588.64.

Note 12: CAPITAL DEBT**General Improvement Bonds**

General Improvement Bonds, Series 2010 - On August 18, 2010, 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.

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.

Note 12: CAPITAL DEBT (CONT'D)**General Improvement Bonds (Cont'd)**

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>
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	2,320,000.00	591,858.75	2,911,858.75
2024-2028	6,815,000.00	2,042,550.00	8,857,550.00
2029-2033	5,460,000.00	1,116,000.00	6,576,000.00
2034-2037	3,216,000.00	197,230.00	3,413,230.00
	<u>\$ 26,328,000.00</u>	<u>\$ 7,009,053.75</u>	<u>\$ 33,337,053.75</u>

Sewer Utility Improvement Bonds

General Improvement Bonds, Series 2010 - On August 18, 2010, 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>
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	440,000.00	257,253.75	697,253.75
2024-2028	2,440,000.00	1,058,793.76	3,498,793.76
2029-2033	2,685,000.00	651,000.00	3,336,000.00
2034-2038	1,899,000.00	174,720.01	2,073,720.01
2039	240,000.00	3,900.00	243,900.00
	<u>\$ 8,999,000.00</u>	<u>\$ 3,279,720.02</u>	<u>\$ 12,278,720.02</u>

Sewer Utility Debt - New Jersey Environmental Infrastructure Loans

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.

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>
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	155,493.52	4,512.50	160,006.02
	<u>\$ 1,749,593.71</u>	<u>\$ 140,912.50</u>	<u>\$ 1,890,506.21</u>

Note 12: CAPITAL DEBT (CONT'D)

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Issued:</u>			
General:			
Bond and Notes	\$ 36,555,840.00	\$ 38,305,000.00	\$ 39,473,283.00
Sewer:			
Bond, Loan and Notes	13,747,093.71	13,963,305.81	14,046,937.47
Total Issued	<u>50,302,933.71</u>	<u>52,268,305.81</u>	<u>53,520,220.47</u>
<u>Authorized but Not Issued</u>			
General:			
Bond and Notes	120.00	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>21,310.00</u>	<u>21,190.00</u>
Total Issue and Authorized but Not Issued	<u>50,324,243.71</u>	<u>52,289,615.81</u>	<u>53,541,410.47</u>
<u>Deductions</u>			
Reserve for Payment of Debt	2.19	113,602.19	109,610.04
Self-Liquidating Debt	13,768,283.71	13,984,495.81	14,068,127.47
Total Deductions	<u>13,768,285.90</u>	<u>14,098,098.00</u>	<u>14,177,737.51</u>
Net Debt	<u>\$ 36,555,957.81</u>	<u>\$ 38,191,517.81</u>	<u>\$ 39,363,672.96</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 2.391%.

Summary of Statutory Debt Condition - Annual Debt Statement

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District	\$ 7,152,005.84	\$ 7,152,005.84	
Local School District	8,876,577.00	8,876,577.00	
Sewer Utility	13,768,283.71	13,768,283.71	
General	36,555,960.00	2.19	\$ 36,555,957.81
	<u>\$ 66,352,826.55</u>	<u>\$ 29,796,868.74</u>	<u>\$ 36,555,957.81</u>

Net Debt \$36,555,971.81 divided by the Equalized Valuation Basis per N.J.S.A.40A:2-2 as amended, \$1,529,163,980.00 equals 2.391%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$53,520,739.30
Less: Net Debt	<u>36,555,957.81</u>
Remaining Borrowing Power	<u>\$16,964,781.49</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	\$ 2,761,335.50
Deductions:	
Operating and Maintenance Cost	\$ 1,320,145.00
Debt Service	<u>1,073,184.02</u>
Total Deductions	<u>2,393,329.02</u>
Excess in Revenue	<u>\$ 368,006.48</u>

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>2018</u>	<u>2017</u>
Local School Tax:		
Balance of Tax	\$ 6,550,112.50	\$ 6,428,662.50
Deferred	<u>5,669,506.50</u>	<u>5,669,506.50</u>
Local School Tax Payable	<u>\$ 880,606.00</u>	<u>\$ 759,156.00</u>
Regional School Tax:		
Balance of Tax	\$ 5,649,936.02	\$ 5,396,899.00
Deferred	<u>4,257,399.86</u>	<u>4,257,399.86</u>
Regional School Tax Payable	<u>\$ 1,392,536.16</u>	<u>\$ 1,139,499.14</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>
2018	\$ 5,200.00	\$ 6,470.15	\$ 84.21	\$ 859.23	\$ 62,501.85
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

It is estimated that there are no unreimbursed payments on behalf of the Township at December 31, 2018.

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.

For more information regarding claims, coverages and deductibles, the Fund publishes its own financial report 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, 2018, 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</u> <u>December 31, 2018</u>	<u>2019 Budget</u> <u>Appropriation</u>
Current Fund:		
Special Emergency Authorization	\$ 200,000.00	\$ 50,000.00

The appropriations in the 2019 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	5/6/2019	\$624,330.00
Sewer Utility Improvements		
Various Pieces of Equipment and Various Capital Improvements	5/6/2019	433,000.00

APPENDIX C

FORM OF BOND COUNSEL OPINION



August __, 2020

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

**RE: \$_____ TOWNSHIP OF HARRISON, COUNTY OF GLOUCESTER,
NEW JERSEY, GENERAL OBLIGATION REFUNDING BONDS, SERIES
2020**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Refunding Bonds") by the Township of Harrison, County of Gloucester, New Jersey ("Township").

The Refunding 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) a refunding bond ordinance ("Refunding Bond Ordinance"), duly and finally adopted by the Township Committee on May 18, 2020 and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Township Committee on May 18, 2020 ("Resolution").

The Refunding Bonds are being issued to provide funds which will be used to: (i) current refund and redeem all of the Township's outstanding callable General Obligation Bonds, Series 2010, maturing on August 1 in the years 2021 through 2035, both dates inclusive; and (ii) pay the costs and expenses related to the issuance, sale and delivery of the Refunding Bonds.

The Refunding Bonds are dated their date of issuance, mature on August 1 in each of the years and in the respective principal amounts set opposite each such year in the table below and bear interest at the rates per annum below, payable semi-annually on February 1 and August 1, commencing February 1, 2021, in each year until maturity or earlier redemption.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$	%	2029	\$	%
2022			2030		
2023			2031		
2024			2032		
2025			2033		
2026			2034		
2027			2035		
2028					

COUNSEL WHEN IT MATTERS.SM



The Refunding Bonds are issued in fully registered book-entry-only form without coupons, and are subject to redemption prior to their stated maturity dates as set forth therein.

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 Refunding Bond Ordinance, the Resolution, a certification of officials of the Township having the responsibility for issuing the Refunding Bonds given pursuant to the Code ("Nonarbitrage Certificate") and the other certifications, instruments, documents and opinions listed in the closing agenda prepared in connection with the settlement of the Refunding Bonds.

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

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

1. The Refunding 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 Refunding 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 Refunding 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 does not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

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

In addition, passive investment income, including interest on the Refunding 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 Refunding 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 Refunding Bonds being



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

Ownership of the Refunding 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 Refunding 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 Refunding 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 Refunding 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 Refunding Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

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

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

In providing the opinion expressed in paragraph 3 above, we have relied upon the written report provided by Bowman & Company, LLP, certified public accountants, regarding the computation of the yield on the Refunding Bonds and certain investments made with the proceeds thereof.



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,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT ("Disclosure Agreement") is made on this ____ day of August, 2020 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 Refunding Bonds, Series 2020, in the principal amount of \$_____ ("Refunding 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 Refunding 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 Refunding 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 Refunding Bonds, including the Refunding 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 July ____, 2020 relating to the Refunding 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, 2020). 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 Refunding Bonds, or other material events affecting the tax status of the Refunding 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 Refunding 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 eight (8) 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 two (2) 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 Refunding Bonds or when the Township is no longer an Obligated Person (as defined in the Rule) with respect to the Refunding 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 Refunding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), or any beneficial owner of the Refunding 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 Refunding 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 Refunding Bonds, Series 2020

Date of Issuance of the Affected
Bond Issue: August __, 2020

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 August __, 2020, 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