

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 7, 2023

NEW ISSUE

RATING: NOT RATED

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 Notes (as hereinafter defined) is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations. In addition, interest on the Notes and any gain from the sale thereof are 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.

\$4,368,400
TOWNSHIP OF HARRISON
County of Gloucester, New Jersey
BOND ANTICIPATION NOTES OF 2023, SERIES A
Consisting of:
\$1,510,400 General Improvement Notes
\$2,858,000 Sewer Utility Notes
(BOOK-ENTRY ONLY) (BANK QUALIFIED) (NON-CALLABLE)
COUPON: ___% YIELD: ___% CUSIP*: _____

Dated: Date of Delivery

Due: November 27, 2024

The \$4,368,400 Bond Anticipation Notes of 2023, Series A ("Notes"), are general obligations of the Township of Harrison, County of Gloucester, New Jersey ("Township"), payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount, as more fully described herein.

The Notes will be issued as fully registered notes in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of beneficial ownership interests in the Notes may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes.

Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent at the date of maturity. The Notes will bear interest at the rate per annum indicated above, commencing from their date of delivery. Interest on the Notes will be payable at maturity. While DTC is acting as securities depository for the Notes, the principal of and interest on the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Notes. The Notes are not subject to redemption prior to their stated maturity date.

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 13-2020, 14-2020, 16-2021 and 21-2022, each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on November __, 2023.

The Notes are being issued by the Township to provide funds which will be used to: (i) currently refund the Township's Bond Anticipation Notes of 2022, Series B, dated November 30, 2022, and maturing on November 29, 2023; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

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 to obtain information essential to the making of an informed investment decision.

The Notes are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the 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, Esquire, Mullica Hill, New Jersey. Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as Municipal Advisor to the Township in connection with the Notes. The Notes are expected to be available for delivery in definitive form through DTC in New York, New York on or about November 28, 2023.

BID PROPOSALS FOR THE NOTES WILL BE RECEIVED BY THE TOWNSHIP ON NOVEMBER 14, 2023 UNTIL 11:00 AM BY EMAIL: MSCHIMENTI@ACACIAFIN.COM OR ELECTRONICALLY VIA THE PARITY ELECTRONIC BID SUBMISSION SYSTEM. FOR MORE DETAILS ON HOW TO BID PLEASE VIEW THE NOTICE OF SALE POSTED AT WWW.GOVDEBT.NET.

* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. The CUSIP numbers listed above are being provided solely for the convenience of noteholders only at the time of issuance of the Notes 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 is subject to being changed after the issuance of the Notes 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 the Notes.

This is a Preliminary Official Statement, complete with the exception for the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Township has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Notes described herein, the Township will deliver a final Official Statement within seven business days following such sale.

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

Elected Officials

| | |
|--------------------------|-------------------------|
| Lou Manzo | Mayor |
| Julie Delaurentis | Deputy Mayor |
| Michelle Powell | Committee Member |
| Jeffrey Jacques | Committee Member |
| Lawrence Moore | Committee Member |

**Deputy Township Administrator
Dennis Chambers**

**Chief Financial Officer
Shawn Glynn**

**Acting Municipal Clerk
Julie Undercuffler**

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

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

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

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

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

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the 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 Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriter.

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

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

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

TABLE OF CONTENTS

| | <u>Page</u> |
|---|--|
| INTRODUCTION | 1 |
| THE NOTES | 1 |
| AUTHORIZATION AND PURPOSE OF THE NOTES | 2 |
| BOOK-ENTRY ONLY SYSTEM..... | 3 |
| General..... | 3 |
| Discontinuation of Book-Entry Only System | 5 |
| SECURITY AND SOURCE OF PAYMENT | 5 |
| GENERAL INFORMATION REGARDING THE TOWNSHIP | 5 |
| General..... | 5 |
| Financial..... | 5 |
| CERTAIN PROVISIONS OF THE LAWS OF THE STATE OF NEW JERSEY AND THE UNITED STATES RELATING TO GENERAL OBLIGATION DEBT | 6 |
| Local Bond Law..... | 6 |
| Local Fiscal Affairs Law | 7 |
| The Local Budget Law..... | 7 |
| Miscellaneous Revenues..... | 9 |
| Real Estate Taxes..... | 9 |
| Deferral of Current Expenses..... | 10 |
| Budget Transfers | 10 |
| Capital Budget | 10 |
| Related Constitutional and Statutory Provisions | 10 |
| Rights and Remedies of Owners of Bonds | 11 |
| Limitation of Remedies Under Federal Bankruptcy Code..... | 11 |
| TAXATION..... | 12 |
| Procedure for Assessment and Collection of Taxes..... | 12 |
| Tax Appeals | 12 |
| LITIGATION..... | 13 |
| RATING | 13 |
| TAX MATTERS..... | 13 |
| Federal | 13 |
| New Jersey..... | 14 |
| Changes in Federal and State Tax Law..... | 14 |
| CONTINUING DISCLOSURE..... | 15 |
| NO DEFAULT..... | 15 |
| CERTAIN RISK FACTORS | 15 |
| Recent Healthcare Developments | 15 |
| Cyber Security | 16 |
| Climate..... | 16 |
| UNDERWRITING | 17 |
| MUNICIPAL ADVISOR..... | 17 |
| APPROVAL OF LEGAL PROCEEDINGS..... | 17 |
| LEGALITY FOR INVESTMENT..... | 18 |
| PREPARATION OF OFFICIAL STATEMENT | 18 |
| ADDITIONAL INFORMATION..... | 18 |
| | |
| APPENDIX A | CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION REGARDING THE TOWNSHIP OF HARRISON |
| APPENDIX B | FINANCIAL STATEMENTS OF THE TOWNSHIP OF HARRISON |
| APPENDIX C | FORM OF BOND COUNSEL OPINION |
| APPENDIX D | FORM OF INFORMATION REPORTING UNDERTAKING AGREEMENT |

OFFICIAL STATEMENT
Relating to

\$4,368,400
TOWNSHIP OF HARRISON
County of Gloucester, New Jersey
BOND ANTICIPATION NOTES OF 2023, SERIES A
Consisting of:
\$1,510,400 General Improvement Notes
\$2,858,000 Sewer Utility Notes
(BOOK-ENTRY ONLY) (BANK QUALIFIED) (NON-CALLABLE)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Harrison in the County of Gloucester, New Jersey ("Township"), in connection with the sale and the issuance of its \$4,368,400 Bond Anticipation Notes of 2023, Series A (the "Notes"). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the sale of the Notes.

THE NOTES

The Notes shall be dated and shall bear interest from their date of delivery and shall mature on the date and in the amount shown on the front cover page hereof. The Notes shall bear interest, payable at maturity, at the rate shown on the front cover page hereof. Interest on the Notes shall be calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to their stated maturity date.

The Notes will be issued as fully registered notes in book-entry only form, if applicable, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000, or any integral multiple of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Notes, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC, if applicable. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 13-2020, 14-2020, 16-2021 and 21-2022 (collectively, the "Bond Ordinances"), each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on November __, 2023.

The Notes are being issued by the Township to provide funds which will be used to: (i) currently refund the Township's Bond Anticipation Notes of 2022, Series B, dated November 30, 2022, and maturing on November 29, 2023; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Notes. The following table sets forth certain information with respect to the Bond Ordinances authorizing the Notes.

General Capital

| <u>Ordinance Number</u> | <u>Description</u> | Amount Authorized | Prior Notes Outstanding | Amount of Notes to be Issued |
|--------------------------------|---|--------------------------|--------------------------------|-------------------------------------|
| 13-2020 | Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements | \$321,195 | \$321,195 | \$321,195 |
| 16-2021 | Acquisition of Various Pieces of Equipment and Completion of Various Capital Improvements | 468,155 | 468,155 | 468,155 |
| 21-2022 | Acquisition of Various Pieces of Capital Equipment and Completion of Various Capital Improvements | 721,050 | 721,050 | 721,050 |
| | Total: | \$1,510,400 | \$1,510,400 | \$1,510,400 |

Sewer Utility

| <u>Ordinance Number</u> | <u>Description</u> | Amount Authorized | Prior Notes Outstanding | Amount of Notes to be Issued |
|--------------------------------|---|--------------------------|--------------------------------|-------------------------------------|
| 14-2020 | Completion of Various Capital Improvements and the Acquisition of Capital Equipment for the Sewer Utility | \$2,858,000 | \$2,858,000 | \$2,858,000 |
| | Total: | \$2,858,000 | \$2,858,000 | \$2,858,000 |

BOOK-ENTRY ONLY SYSTEM

General

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations concerning these matters.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by 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 Notes with DTC and their registration in the name of

Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes, unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes 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 agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, agent, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or agent, disbursement of such payments to Direct Participants is 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 Notes at any time by giving reasonable notice to the Township or the agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

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

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.

Discontinuation of Book-Entry Only System

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

In the event that the book-entry only system for the Notes is discontinued, the Township has provided that upon receipt of the Note certificates from DTC and the Participant information, the Township will authenticate (or cause to be authenticated) and deliver definitive Notes to the holders thereof, and the principal of and interest on the Notes will be payable and the Notes may thereafter be transferred or exchanged in the manner described in the Note certificates so provided.

SECURITY AND SOURCE OF PAYMENT

The Notes are valid and legally binding general obligations of the Township and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. Unless paid from other sources, the Notes are payable from *ad valorem* taxes to be levied upon all the taxable real property within the Township without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights or to the application of general principles of equity by a court of competent jurisdiction.

The Township may pledge only its own credit and taxing power in respect of the Notes, 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 Notes be deemed to be obligations of said State or any other political subdivision thereof, nor shall said State or any other political subdivision thereof be liable for the payment of principal of or interest on the Notes.

GENERAL INFORMATION REGARDING THE TOWNSHIP

General

The Township is located in the County of Gloucester, New Jersey ("County"). 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 compiled financial statements of the Township for the year ended December 31, 2022 and also contains audited financial statements of the Township for the years ended December 31, 2021, 2020, 2019, 2018 and 2017. The 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 reports of audit may be obtained upon request to the office of the Chief Financial Officer of the Township.

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

Local Bond Law

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

Debt Limits – The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) 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 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 Notes, 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 State 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 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, 2021 is on file with the Township Clerk and is available for review during business hours, and is available online at the Township's website: www.harrisontwp.us.

The Local Fiscal Affairs Law also requires that the chief financial officer of the 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 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 Notes. 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), the State Legislature enacted P.L. 2020, c. 74 (A3971), under which a local unit may adopt an emergency appropriation to fund certain deficits and expenditures resulting from Coronavirus with approval of the Director and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten (10) years. 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 deficits and 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. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source

during the next preceding fiscal year experienced reductions due to Coronavirus. The Township has made no appropriations for Coronavirus related deficits or expenses under this statutory provision.

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 Notes.

Miscellaneous Revenues

N.J.S.A. 40A:4-26 provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the 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:

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

Deferral of Current Expenses

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) 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 (3) 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 (5) 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 (2) 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 Notes are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

The State has authorized the political subdivisions thereof to file such petitions for relief under the Bankruptcy Code pursuant to and subject to Article 8 of the Act. The Act provides that such petitions may not be filed without the prior approval of the Commission and that no plan of readjustment of the 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 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 79.44%. 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, the School District and the County of Gloucester ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

Tax bills are due quarterly on February 1, May 1, August 1 and November 1. Installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. These interest penalties are the maximum permitted under State 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 State 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.

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 State 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.

LITIGATION

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

RATING

The Township will not obtain a credit rating related to the issuance of the Notes.

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 Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

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

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

In rendering its opinion, Bond Counsel has relied on the Township's covenants contained in the Certificate as to Non-Arbitrage and Other Tax Matters, that it will comply with the applicable requirements of the Code, relating to inter alia, the use and investment of proceeds of the Notes and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Township to comply with such covenants could result in the interest on the Notes being subject to federal income tax from the date of issue. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Notes that may affect the tax-exempt status of the interest on the Notes.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain holders of an interest in a financial asset securitization investment trust, controlled foreign corporations, property and casualty insurance companies, 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 Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by Banks, Thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. The Township **has** designated the Notes as "qualified tax-exempt obligations" for the purposes of Section 265(b)(1) of the Code.

Owners of the Notes should consult their own tax advisors 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 Notes and any gain from the sale thereof are not included in the gross income of the owners thereof under the New Jersey Gross Income Tax Act, as 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 Notes. It cannot be predicted whether or in what form any such proposals might be enacted or whether, if enacted, it would apply to bonds or notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Notes.

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

OPINION AS OF ANY DATE SUBSEQUENT THERETO OR WITH RESPECT TO ANY PENDING LEGISLATION, REGULATORY INITIATIVES OR LITIGATION.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the Township has undertaken to file notice of certain enumerated events, pursuant to Information Reporting Undertaking Agreement for the Notes, substantially in the form set forth in Appendix "D" hereto.

In connection with the issuance of the Township's previously issued bonds, the Township failed to timely file notices with respect to certain financial obligations issued on February 10, 2020, May 26, 2020 and February 8, 2021. The Township subsequently filed the notices of financial obligation and related late notices on the Electronic Municipal Market Access ("EMMA"). The Township has taken steps to ensure future timely filings.

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.

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus ("Coronavirus" or "COVID-19"). A national emergency was declared by the President of the United States ("President") (which has since been terminated), to provide federal intervention for the mitigation of the Coronavirus as a public health emergency and to unlock federal funds and assistance to help states and local governments manage the pandemic. On March 9, 2020, the Governor of the State of New Jersey ("Governor") issued Executive Order 103, pursuant to which the Governor declared a State of Emergency and a Public Health Emergency, thereby allowing State agencies and departments to utilize State resources to assist affected communities in response to the COVID-19 outbreak.

The federal Public Health Emergency was terminated on May 11, 2023, but the State of Emergency for the State remains in effect as of the date hereof. Other Executive Orders (some of which have since been modified or rescinded) limited various activities and undertook measures in an attempt to slow the spread of COVID-19 throughout the State. These measures, which impacted the behavior of businesses and individuals, have had any may continue to have impacts on regional, state, and local economies. See <https://covid19.nj.gov> for further detail regarding the impact of COVID-19 on the State and the Governor's various executive orders.

In an effort to provide relief to entities impacted by the COVID-19 pandemic, the American Rescue Plan Act of 2021, H.R. 1319 ("Plan") was signed into law by the President on March 12, 2021, and provided \$1.9 trillion in financial assistance to businesses, individuals and governmental entities. The Plan included different forms of financial relief, including a direct stimulus payment to certain

individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan also provided funding for state and local governments to recoup and offset costs related to COVID-19 and to encourage and re-establish economic development and certain infrastructure improvements.

Pursuant to the funding methodology under the Plan, the Township received \$1,372,833 in funding ("Plan Funds"). The deadline to obligate the funds is December 31, 2024 and to spend funds is December 31, 2026. Such funds were received in two (2) equal payments; one (1) received within 60 days of enactment of the Plan, and the balance was received no earlier than 12 months from the initial payment. Pursuant to the Plan (codified as Section 603(c) of the Social Security Act (42 U.S.C. 603(c)), Plan Funds may be utilized to: (i) respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; (ii) respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Township that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (iii) provide government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Township prior to the emergency; and (iv) make necessary investments in water, sewer or broadband infrastructure. Plan Funds may not, however, be utilized for debt service, legal settlements or judgments or financial reserves.

While the effects of COVID-19 have abated significantly, the Township cannot predict, and does not predict, whether or if the Coronavirus or any similar viral disease (including any variants or sub-variants thereof) may reemerge in the future and, if such reemergence occurs, what the effects thereof may have upon global, State-wide and local economies and operations, including that of the Township.

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 cyberattacks, 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 cyber security training. In addition, the Township maintains cyber liability insurance coverage to protect them in the event of cyber-attacks or other IT-related incidents.

Climate

The State of New Jersey is naturally susceptible to the effects of extreme weather events and natural disasters including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Township as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of municipal services, and escalated recovery costs. No assurance can be given

as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____, _____ ("Underwriter") at a price of \$ _____ ("Purchase Price"). The Purchase Price reflects the par amount of the Notes plus a bid premium of \$ _____.

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

MUNICIPAL ADVISOR

Acacia Financial Group, Inc., Mount Laurel, New Jersey has served as municipal advisor to the Township ("Municipal Advisor") with respect to the issuance of the Notes. This Official Statement has been prepared with the assistance of the Municipal Advisor. Certain information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized. The Municipal Advisor is a municipal advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes 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 Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

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 Notes, and such Notes are authorized security for any and all public deposits.

PREPARATION OF OFFICIAL STATEMENT

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

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

Bowman & Company LLP compiled Appendix "A" from information obtained from various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness or fairness of the information contained herein and, accordingly, will express no opinion with respect thereto. Bowman & Company LLP, Woodbury and Voorhees, New Jersey, only takes responsibility for the financial statements, appearing in Appendix "B" hereto.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Shawn Glynn, Chief Financial Officer, Township of Harrison, at 856-478-4111, or to the Township's Municipal Advisor, Acacia Financial Group, Inc., at 856-234-2266.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth merely as opinions and not as representations of fact, and no representation is made that any such statements will be realized. Neither this Official Statement nor any statement, which may have been made verbally or in writing, is to be construed as a contract with, or a covenant for the benefit of, the holders of the Notes. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

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.

This Official Statement has been duly executed and delivered by the Chief Financial Officer of the Township for and on behalf of the Township.

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

By: _____
SHAWN GLYNN, Chief Financial Officer

Dated: November __, 2023

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 83.8% of the properties are residential, 6.1% are farmland, 7.2% are vacant land, while the remaining 2.9% 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 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 20 full-time officers, 3-part time officers, and 3 Command staff officers and 1 full-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. One of the full-time officers serve as resource officer that is stationed at Clearview Regional High School. The three part-time officers are SLEO III officers who are utilized at 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 shared service agreement with Logan Township. In addition, from April through November, there is monthly curbside service pick-up for yard waste and brush.

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 Medical Center and Jefferson Hospital, which are in Harrison and Washington Township, New Jersey, respectively. Inspira Medical Center contains 220 licensed beds and recently has undergone an expansion to better serve the health care needs of the County, including an expanded/renovated emergency room/center, plans to build a surgical center and the establishment of several additional family practice centers throughout the County. Inspira Medical Center has over 1,825 full and part time employees and a medical and dental staff of 400. 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 the 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 18 pump stations, gravity lines, force mains, manholes, and currently has approximately 2,209 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.

Water Supply

New Jersey American Water 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 |
|--|----------------------------|------------------------------|
| Forest Walk Cedar Road | 43 SFD | 2 Lots Left |
| Highlands Woodland Avenue | 12 Lots | 0 Lots Left |
| Manors at Saratoga Woodstown Road | 49 SFD | 1 Lot Left |
| Mullica Lake Estates Mullica Hill Road | 12 SFD | 12 Left to Build |
| Tesoro Court Heilig Road | 18 SFD | 1 Lot Left |
| Orchard View | Age Restricted 190 Units | Final 190 |
| Brookside Reserve | 37 SFD | Final - Just Getting Started |

Financial Institutions

Several financial institutions are available to the citizens of the Township. TD Bank, NA, TRUIST 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>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Permanent Employees | 49 | 47 | 53 | 51 | 53 |
| Part-time Employees | <u>22</u> | <u>24</u> | <u>25</u> | <u>25</u> | <u>30</u> |
| Total | <u>71</u> | <u>71</u> | <u>78</u> | <u>76</u> | <u>83</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 2022-2025.

Compensated Absences

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.

According to the police contract, PBA members are able to carry up to 120 hours of unused vacation and the Command Staff is allowed to carry up to 200 hours of unused vacation time.

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)

| | |
|---------------------|--------|
| 2020 Federal Census | 13,641 |
| 2010 Federal Census | 12,417 |
| 2000 Federal Census | 8,788 |
| 1990 Federal Census | 4,715 |
| 1980 Federal Census | 3,585 |

Selected Census 2021 Data for the Township (2)

| | |
|-------------------------|-----------|
| Median household income | \$159,848 |
| Per capita income | \$56,614 |

(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>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| Township | | | | | |
| Labor Force | 7,317 | 7,166 | 6,741 | 6,805 | 6,715 |
| Employment | 7,114 | 6,811 | 6,295 | 6,622 | 6,507 |
| Unemployment | 203 | 355 | 446 | 183 | 208 |
| Unemployment Rate | 2.8% | 5.0% | 6.6% | 2.7% | 3.1% |
| County | | | | | |
| Labor Force | 161,341 | 158,303 | 151,080 | 149,747 | 147,928 |
| Employment | 155,427 | 148,799 | 137,052 | 144,238 | 141,729 |
| Unemployment | 5,914 | 9,504 | 14,028 | 5,509 | 6,199 |
| Unemployment Rate | 3.7% | 6.0% | 9.3% | 3.7% | 4.2% |
| State | | | | | |
| Labor Force | 4,739,800 | 4,661,100 | 4,495,200 | 4,493,100 | 4,422,900 |
| Employment | 4,564,100 | 4,365,400 | 4,055,300 | 4,333,300 | 4,239,600 |
| Unemployment | 175,700 | 295,700 | 439,900 | 159,800 | 183,400 |
| Unemployment Rate | 3.7% | 6.3% | 9.8% | 3.6% | 4.1% |

Building Permits(2)

| <u>Year</u> | <u>Number of Permits Issued</u> |
|-------------|---------------------------------|
| 2023(3) | 698 |
| 2022 | 1,035 |
| 2021 | 926 |
| 2020 | 617 |
| 2019 | 779 |
| 2018 | 775 |

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 October 15, 2023
 (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>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|
| K | 187 | 162 | 163 | 175 | 167 |
| 1 | 166 | 172 | 170 | 179 | 176 |
| 2 | 176 | 177 | 182 | 185 | 176 |
| 3 | 190 | 194 | 184 | 181 | 177 |
| 4 | 194 | 190 | 175 | 189 | 207 |
| 5 | 194 | 173 | 178 | 215 | 224 |
| 6 | 179 | 185 | 216 | 231 | 200 |
| Spec. Ed. | <u>19</u> | <u>26</u> | <u>21</u> | <u>21</u> | <u>21</u> |
| Totals | <u>1,305</u> | <u>1,279</u> | <u>1,289</u> | <u>1,376</u> | <u>1,348</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, 2022</u> |
|---------------------------------|-------------------------|-----------------------------------|---------------|--|
| Harrison Township Elementary | 1950 | 1951, 1989, 1993, 2004 | Preschool-3 | 734 |
| Pleasant Valley | 2001 | 2004 | 4-6 | <u>567</u> |
| | | | | <u>1,301</u> (3) |

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

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--------|--------------|--------------|--------------|--------------|--------------|
| Totals | <u>2,185</u> | <u>2,240</u> | <u>2,292</u> | <u>2,262</u> | <u>2,285</u> |

HIGHER EDUCATION FACILITIES

Rowan College of South Jersey

Rowan College of South Jersey, formerly known as Rowan College at Gloucester County and Gloucester County College, is a public community college with two campuses, one in Sewell and one in Vineland. The College was established in 1966 as Gloucester County College. In 2014 the College changed its name to Rowan College of Gloucester County when Rowan University and Gloucester County College entered into a partnership. The College then expanded in 2019, combining Rowan College at Gloucester County and Cumberland County College to become Rowan College of South Jersey. The College now offers conditional dual enrollment with Rowan University depending on GPA. While GCC took the Rowan name, the College maintains its independence with its own Board of Trustees and administration.

(1) Source: Harrison Township School District Officials

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

(3) Excludes 4 out-of-district students

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

Total enrollment for the fall 2022⁽¹⁾ semester was 5,441 students. In addition, the College's Division of Career and Technical Education provides various educational, career training and personal enrichment courses, as well as outreach programs, to community residents.

The College offers more than 120 academic programs in a full spectrum of career fields. The College also maintains a well-rounded cultural, artistic and sports calendar of events.

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

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

The College constructed a 27,390 square-foot Health Science Center with classes beginning in the Fall 2023 semester.

Located on 250 acres in Deptford Township, New Jersey, the College's main campus also houses the Career and Technical Education Center that will provide wind turbine technician training for employers in the off-shore wind industry.

Recent projects completed in 2021 include a one-story economic development center to house the New Jersey Department of Labor and Workforce Development, the Gloucester County Chamber of Commerce and the Gloucester County Economic Development Department. In addition, a two story, 56,000 square-foot medical and academic building for Rowan School of Osteopathic Medicine.

Rowan University

Rowan University ("Rowan" or the "University") is a selective, medium-sized national public research university located primarily in Glassboro, New Jersey. It is recognized for its nationally-ranked academic and athletic programs, talented professors, and high-tech facilities. Rowan prides itself on being able to provide its approximately 19,700 students an outstanding education at an exceptional value.

The University's approved degree programs as of June 30, 2021 include 93 bachelor's degrees, 52 master's degrees, nine doctoral degrees (Ed.D. and Ph.D.) and two professional degrees, a Doctor of Medicine (M.D.) and a Doctor of Osteopathic Medicine (D.O.). Students may pursue degrees at the main Glassboro campus, the Camden campus, Cooper Medical School of Rowan University in Camden, the Rowan University School of Osteopathic Medicine in Stratford, online through Rowan Global, or at multiple community college locations.

Rowan is continually recognized for excellence by top organizations including U.S. News & World Report, Forbes, the Chronicle of Higher Education and the website College Factual.

(1) Represents the latest data available. (Unaudited)

- For 2022, U.S. News & World Report ranked Rowan #179 among national research universities and #88 among public research universities. Its engineering program was also ranked #19 in the nation among undergraduate engineering programs.
- The Chronicle of Higher Education recognized Rowan as the nation's 4th fastest-growing research university in the U.S. in the fall of 2021.
- In the fall of 2021 U.S. News & World Report rated Rowan among the best schools for veterans.

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

Rowan has acquired approximately 600 acres of open space in Glassboro and neighboring Harrison and Mantua Townships, some of which is home to the South Jersey Technology Park at Rowan University. A portion of the land on that parcel informally referred to as the "West Campus" was developed into athletic fields. In May of 2016, Rowan sold 100 acres of West Campus land in Harrison Township to Inspira Health Network of New Jersey ("Inspira"). Inspira built a new \$349 million, 467,000 square foot, 204-bed medical center which opened in December 2019 which provides Rowan with a wide range of educational opportunities. It will also act as an anchor that is expected to attract health-care providers, researchers, and businesses to the area.

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

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

On October 17, 2016, Rowan University alumni Jean and Ric Edelman made history when they announced a \$25 million gift to transform the Rowan University Fossil Park into a world-class destination for scientific discovery and "citizen science." The Fossil Park will be known as the Jean & Ric Edelman Fossil Park at Rowan University. The gift from the Edelman's is the largest ever from Rowan alumni and the second largest gift in the institution's history. Plans for the tract include a museum and visitor center, laboratory spaces, a nature trail, a paleontology-themed playground, and social spaces. Construction began in the 4th quarter of 2021 to establish a world-class museum and visitor center focusing on STEM, Education laboratory spaces for research a paleontology-themed playground and social spaces. The \$71 million-dollar Museum project will attract visitors worldwide and enhance Gloucester County as known tourism destination. Estimated completion date is Spring 2024.

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

In 2021, Rowan completed Discovery Hall, a 68,000 square-foot academic and research building. Anchoring the academic corridor from the east end of Rowan University's Glassboro campus, Discovery Hall expands facilities for the School of Earth & Environment and the College of Science & Mathematics.

The Rowan University School of Veterinary Medicine (SVM) building complex will be located on the north side of Rowan's West Campus. Designed as a multipurpose learning environment, the envisioned 135,000 square-foot complex is proposed to contain an approximately 60,000 square-foot academic building, a 25,000 square-foot hospital, and 50,000 square-foot of research space. The SVM will be serving approximately 400 students of all levels by its fifth year of operation who will have access to physical resources such as large auditoriums and break out study rooms, pre-clinical laboratories and surgical facilities, and state of the-art-technologies for learning and teaching.

In collaboration with the Gloucester County Improvement Authority, Rowan University intends to build a proposed Global Solutions Facility with a 100,000 square-foot mixed R&D and manufacturing facility.

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 October 13, 2023, there were approximately 1,639 full time students and 4 shared time students enrolled in the Institutes' 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 1,000 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 455 at-risk youth and their families in school-based youth services counseling; (v) the U.S. swim team of 200 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 April 13, 2022, was 535 special needs students.

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

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> | 2023 Assessed Valuation |
|--------------------------|---------------------------|--|
| Mulla Realty LLC | Shopping Center | \$ 18,500,000 |
| Inspira Medical Centers | Medical Center | 7,316,600 |
| Madison/Canuso Richmond | Builder | 7,189,500 |
| Istorage PO LLC | Self Storage Facility | 5,878,100 |
| Mantec Associates | Engineering | 5,655,000 |
| Woodland Four LLC | Real Estate | 4,523,000 |
| Mullica Hill Commons LLC | Retail Management Company | 3,341,600 |
| Meyer Mullica Hill LLC | Home Builder | 3,122,200 |
| CVS | Retailer | 2,545,000 |
| Wawa Inc. | Retailer | 2,442,900 |

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> |
| 2022 (3) | \$ 49,776,218 | \$ 49,032,542 | 98.50% | \$ 721,565 | 1.45% |
| 2021 | 48,618,719 | 47,995,038 | 98.72% | 312,589 | 0.64% |
| 2020 | 47,616,185 | 47,102,824 | 98.92% | 496,417 | 1.04% |
| 2019 | 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% |

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

DELINQUENT TAXES(1)

| <u>Year</u> | | <u>Outstanding</u> | | <u>Collected</u> | | <u>Transfer to Liens</u> | <u>Other Credits/ Adj.</u> | <u>Outstanding Dec. 31</u> |
|-------------|--------|--------------------|--------------|------------------|-------------------|--------------------------|----------------------------|----------------------------|
| | | <u>Jan. 1</u> | <u>Added</u> | <u>Amount</u> | <u>Percentage</u> | | | |
| 2022 | (3) \$ | 593,194 | \$ 2,000 | \$ 341,545 | 57.38% | \$ 125 | \$ 10,358 | \$ 243,165 |
| 2021 | | 502,162 | 1,147 | 352,114 | 69.96% | 12,159 | (141,570) | 280,605 |
| 2020 | | 508,858 | 1,000 | 509,449 | 99.92% | - | (5,336) | 5,745 |
| 2019 | | 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 |

TAX TITLE LIENS(1)

| <u>Year</u> | | <u>Balance Jan. 1</u> | <u>Added by</u> | | <u>Transfer to Foreclosed Property</u> | <u>Collections</u> | <u>Balance Dec. 31</u> |
|-------------|--------|-----------------------|------------------------|-----------------------------|--|--------------------|------------------------|
| | | | <u>Sales/Transfers</u> | <u>Adjustment, Canceled</u> | | | |
| 2022 | (3) \$ | 35,907 | \$ 5,995 | \$ 2,235 | \$ - | \$ 12,179 | \$ 27,488 |
| 2021 | | 18,638 | 30,232 | - | - | 12,963 | 35,907 |
| 2020 | | 47,895 | 6,170 | - | - | 35,427 | 18,638 |
| 2019 | | 21,105 | 26,790 | - | - | - | 47,895 |
| 2018 | | 31,980 | 14,778 | - | - | 25,653 | 21,105 |

FORECLOSED PROPERTY ACQUIRED BY DEED AND FORECLOSURE(1)(2)

| <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> |
|-------------|--|-----------------------|-----------------------------|---|------------------------|
| | | | | | |
| 2021 | | 563,500 | - | - | 563,500 |
| 2020 | | 563,500 | - | - | 563,500 |
| 2019 | | 563,500 | - | - | 563,500 |
| 2018 | | 563,500 | - | - | 563,500 |

CURRENT SEWER COLLECTIONS(1)

| <u>Year</u> | | <u>Beginning Balance</u> | <u>Total Levy</u> | <u>Collected in Year of Levy</u> | | <u>Outstanding Dec. 31</u> | |
|-------------|--------|--------------------------|-------------------|----------------------------------|-------------------|----------------------------|-------------------|
| | | | | <u>Amount</u> | <u>Percentage</u> | <u>Amount</u> | <u>Percentage</u> |
| 2022 | (3) \$ | 177,406 | \$ 2,152,925 | \$ 1,965,965 | 84.36% | \$ 364,367 | 15.64% |
| 2021 | | 197,270 | 1,959,456 | 1,979,320 | 91.77% | 177,406 | 8.23% |
| 2020 | | 204,159 | 1,985,709 | 1,992,597 | 90.99% | 197,270 | 9.01% |
| 2019 | | 259,171 | 1,859,036 | 1,914,048 | 90.36% | 204,159 | 9.64% |
| 2018 | | 630,799 | 1,555,263 | 1,926,891 | 88.14% | 259,171 | 11.86% |

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

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

(3) Information from Annual Compiled Financial Statement

NET ASSESSED VALUATIONS AND ANNUAL TAX RATES (1)

| <u>Year</u> | <u>Net Valuation</u> | | <u>Tax Rate(2)</u> | | | | | | |
|-------------|----------------------|--------------|--------------------|--------------------------|-----------------------------|----------------------|---------------------|------------------------|------------------|
| | <u>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> |
| 2023 | \$ 1,552,968,900 | \$ 3,236 | \$ 0.713 | \$ 0.042 | \$ 0.059 | \$ 0.100 | \$ 0.972 | \$ 0.790 | \$ 0.560 |
| 2022 | 1,540,516,947 | 3,204 | 0.718 | 0.040 | 0.060 | 0.094 | 0.935 | 0.816 | 0.541 |
| 2021 | 1,549,432,832 | 3,130 | 0.728 | 0.042 | 0.060 | 0.081 | 0.918 | 0.780 | 0.521 |
| 2020 | 1,545,984,112 | 3,070 | 0.724 | 0.041 | 0.060 | 0.079 | 0.904 | 0.761 | 0.501 |
| 2019 | 1,540,362,693 | 2,978 | 0.707 | 0.041 | 0.060 | 0.077 | 0.883 | 0.751 | 0.459 |

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</u> |
|-------------|---|---------------------------------|-------------------|------------------------------|
| 2023 | \$ 1,552,968,900 | 79.44% | \$ 1,954,895,393 | \$ 143,310 (4) |
| 2022 | 1,537,765,100 | 89.74% | 1,713,578,226 | 125,620 (4) |
| 2021 | 1,546,279,800 | 95.02% | 1,627,320,354 | 119,296 (4) |
| 2020 | 1,542,931,800 | 97.14% | 1,588,358,863 | 116,440 (4) |
| 2019 | 1,537,308,000 | 97.81% | 1,571,728,862 | 126,579 (5) |

REAL PROPERTY CLASSIFICATION(6)

| <u>Year</u> | <u>Assessed Value of Land and Improvements</u> | <u>Vacant Land</u> | <u>Residential</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Farm</u> |
|-------------|--|--------------------|--------------------|-------------------|-------------------|---------------|
| 2023 | \$ 1,552,525,900 | \$ 26,354,700 | \$ 1,390,222,000 | \$ 105,538,400 | \$ 322,300 | \$ 30,088,500 |
| 2022 | 1,537,765,100 | 22,898,900 | 1,378,891,200 | 105,722,500 | 322,300 | 29,930,200 |
| 2021 | 1,546,279,800 | 22,723,500 | 1,386,115,700 | 106,406,200 | 322,300 | 30,712,100 |
| 2020 | 1,542,931,800 | 22,325,000 | 1,383,111,800 | 106,724,100 | 322,300 | 30,448,600 |
| 2019 | 1,537,308,000 | 21,172,700 | 1,370,819,300 | 113,593,000 | 322,300 | 31,400,700 |

(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 2020 of 13,641

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

(6) Source: Gloucester County Assessment Board

**TOWNSHIP OF HARRISON
STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2022**

The following table summarizes the direct debt of the Township as of December 31, 2022 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, as well as debt considered to be self liquidating. The resulting net debt of \$27,384,268 represents 1.555% 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 | | Debt Authorized But Not Issued | Gross Debt | Deductions | | | Net Debt |
|-------------------|----------------------|-------------------|--------------------------------------|----------------------|---------------------|--------------------------|--------------------------------|----------------------|
| | Bonds and Notes | Loans | | | School Debt | Self-Liquidating Debt | Reserve for Payment of Debt | |
| General | \$ 27,383,260 | \$ - | \$ 1,010 | \$ 27,384,270 | \$ - | \$ - | \$ 2 | \$ 27,384,268 |
| School - Regional | 1,872,485 | - | - | 1,872,485 | 1,872,485 | - | - | - |
| School - Local | 5,060,000 | - | 601,577 | 5,661,577 | 5,661,577 | - | - | - |
| Sewer Utility | 13,083,000 | 143,303 | 21,790 | 13,248,093 | - | 13,248,093 | - | - |
| | <u>\$ 47,398,745</u> | <u>\$ 143,303</u> | <u>\$ 624,377</u> | <u>\$ 48,166,425</u> | <u>\$ 7,534,062</u> | <u>\$ 13,248,093</u> | <u>\$ 2</u> | <u>\$ 27,384,268</u> |

Source: Township Auditor

DEBT RATIOS AND VALUATIONS (1)(2)

| | | |
|--|----|---------------|
| Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022 | \$ | 1,760,873,324 |
| Statutory Net debt as a Percentage of the Average of Equalized Valuations of Real Property with Improvements for 2020, 2021 and 2022 | | 1.555% |
| 2023 Net Valuation Taxable | \$ | 1,552,968,900 |
| 2023 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications | \$ | 1,954,895,393 |
| Gross Debt (3) | | |
| As a Percentage of 2023 Net Valuation Taxable | | 3.10% |
| As a Percentage of 2023 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications | | 2.46% |
| Net Debt (3) | | |
| As a Percentage of 2023 Net Valuation Taxable | | 1.76% |
| As a Percentage of 2023 Equalized Valuation of Real Property and Taxable Personal Property Used in Communications | | 1.40% |
| Gross Debt per Capita(4) | \$ | 3,531 |
| Net Debt per Capita(4) | \$ | 2,007 |

TOWNSHIP BORROWING CAPACITY (1)(2)

| | | |
|---|----|--------------------------|
| 3.5% of Average (2020-22) Equalized Valuation of Real Property including Improvements (\$1,760,873,324) Net Debt | \$ | 61,630,566 |
| | | <u>27,384,268</u> |
| Remaining Borrowing Capacity | \$ | <u><u>34,246,299</u></u> |

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

| | | |
|--|----|--------------------------|
| 2.5% of Average (2020-22) Equalized Valuation of Real Property Including Improvements (\$1,760,873,324) | \$ | 44,021,833 |
| Local School Debt | | <u>5,661,577</u> |
| Remaining Borrowing Capacity | \$ | <u><u>38,360,256</u></u> |

REGIONAL SCHOOL DISTRICT BORROWING CAPACITY (1)(2)

| | | |
|--|----|---------------------------|
| 3.5% of Average (2020-22) Equalized Valuation of Real Property Including Improvements (\$3,421,153,136) | \$ | 119,740,360 |
| Regional School Debt (5) | | <u>3,638,000</u> |
| Remaining Borrowing Capacity | \$ | <u><u>116,102,360</u></u> |

(1) As of December 31, 2022
(2) Source: Township Auditor
(3) Excluding overlapping debt
(4) Based on 2020 Federal Census of 13,641
(5) Debt portion allocated to the Township is \$1,872,485

**TOWNSHIP OF HARRISON
OVERLAPPING DEBT
AS OF DECEMBER 31, 2022**

| | DEBT ISSUED | | | | |
|---|-----------------------------|-----------------------|---|---|--|
| | <u>Debt Outstanding</u> | <u>Deductions</u> | <u>Statutory Net Debt Outstanding</u> | <u>Net Debt Outstanding Allocated to the Issuer</u> | <u>Debt Auth. but not Issued</u> |
| County of Gloucester(1): | | | | | |
| General | \$ 243,337,000 | \$ 17,277,880 | (2) \$ 226,059,120 | \$ 12,817,552 | (4) |
| Bonds Issued by Other Public Bodies Guaranteed by the County | 110,331,255 | 110,331,255 | (3) - | - | - |
| | <u>\$ 353,668,255</u> | <u>\$ 127,609,135</u> | <u>\$ 226,059,120</u> | <u>\$ 12,817,552</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 2022 Net Valuation on which County taxes are apportioned, which is 5.67%.

**TOWNSHIP OF HARRISON
SCHEDULE OF TOWNSHIP DEBT SERVICE
(BONDED DEBT ONLY) (1) (2)**

| <u>Year</u> | <u>General</u> | | | <u>Sewer</u> | | |
|-------------|---------------------|--------------------|---------------------|---------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2023 | \$ 2,895,000 | \$ 791,346 | \$ 3,686,346 | \$ 630,000 | \$ 309,135 | \$ 939,135 |
| 2024 | 2,955,000 | 697,888 | 3,652,888 | 705,000 | 292,144 | 997,144 |
| 2025 | 2,150,000 | 598,250 | 2,748,250 | 735,000 | 270,313 | 1,005,313 |
| 2026 | 1,640,000 | 528,988 | 2,168,988 | 650,000 | 246,269 | 896,269 |
| 2027 | 1,695,000 | 480,325 | 2,175,325 | 675,000 | 225,788 | 900,788 |
| 2028 | 1,735,000 | 424,963 | 2,159,963 | 695,000 | 202,263 | 897,263 |
| 2029 | 1,570,000 | 370,569 | 1,940,569 | 725,000 | 177,969 | 902,969 |
| 2030 | 1,635,000 | 314,613 | 1,949,613 | 750,000 | 152,275 | 902,275 |
| 2031 | 1,670,000 | 255,600 | 1,925,600 | 785,000 | 122,338 | 907,338 |
| 2032 | 1,695,000 | 207,363 | 1,902,363 | 805,000 | 103,488 | 908,488 |
| 2033 | 1,720,000 | 157,638 | 1,877,638 | 700,000 | 82,094 | 782,094 |
| 2034 | 1,745,000 | 106,350 | 1,851,350 | 720,000 | 61,138 | 781,138 |
| 2035 | 1,770,000 | 58,300 | 1,828,300 | 740,000 | 41,663 | 781,663 |
| 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 |
| | <u>\$25,795,000</u> | <u>\$5,020,940</u> | <u>\$30,815,940</u> | <u>\$10,225,000</u> | <u>\$ 2,346,048</u> | <u>\$ 12,571,048</u> |

(1) As of December 31, 2022

(2) Exclusive of \$143,303 Loans Payable.

Source: Township Auditor

**TOWNSHIP OF HARRISON
2023 MUNICIPAL BUDGET**

CURRENT FUND

| | |
|--|-----------------|
| Anticipated Revenues: | |
| Fund Balance | \$2,190,850.00 |
| Miscellaneous Revenues: | |
| Local Revenues | 316,400.00 |
| State Aid without Offsetting Appropriations | 574,643.00 |
| Dedicated Uniform Construction Code Fees | 405,000.00 |
| Special Items--Shared Service Agreements | 208,000.00 |
| Special Items--Public and Private Revenues | 72,716.68 |
| Other Special Items of Revenue | 1,256,556.88 |
| Receipts from Delinquent Taxes | 350,000.00 |
| Amount to be Raised by Taxation for Municipal Purposes | 8,711,673.44 |
| Total Appropriated Revenues | \$14,085,840.00 |
| Appropriations: | |
| Within CAPS: | |
| Operations | \$7,590,934.29 |
| Deferred Charges and Statutory Expenditures | 1,320,784.00 |
| Excluded from CAPS: | |
| Other Operations | 35,986.00 |
| Shared Service Agreements | 796,000.00 |
| Public and Private Programs | 72,716.68 |
| Capital Improvements | 25,000.00 |
| Debt Service | 3,094,160.00 |
| Reserve for Uncollected Taxes | 1,010,259.03 |
| Total Appropriations | \$14,085,840.00 |

SEWER UTILITY

| | |
|---|----------------|
| Anticipated Revenues: | |
| Fund Balance | \$13,700.00 |
| Rents | 1,950,000.00 |
| Penalties and Interest | 20,000.00 |
| Miscellaneous | 5,800.00 |
| Utility Capital Surplus | 50,000.00 |
| Reserve for Payment of Debt - Utility Capital | 524,500.00 |
| Additional Rents | 15,000.00 |
| Total Anticipated Revenues | \$2,579,000.00 |
| Appropriations: | |
| Operating | \$1,250,000.00 |
| Capital Improvement Fund | 2,500.00 |
| Debt Service | 1,234,844.00 |
| Deferred Charges and Statutory Expenditures | 91,656.00 |
| Total Appropriations | \$2,579,000.00 |

APPENDIX B

FINANCIAL STATEMENTS OF THE TOWNSHIP OF HARRISON

FOR THE YEAR ENDED 2022

COMPILED FINANCIAL STATEMENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of the Township of Harrison, New Jersey, which comprise the statement of assets, liabilities, reserves and fund balance--regulatory basis of the various funds as of December 31, 2022 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/ Evan J. Palmer
Certified Public Accountant
Registered Municipal Accountant

Voorhees, New Jersey
April 26, 2023

TOWNSHIP OF HARRISON
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2022

ASSETS

Regular Fund:

Cash and Cash Equivalents:

| | |
|--|-----------------|
| Cash | \$ 5,411,487.64 |
| Due from/to State - Veterans and Senior Citizens | 2,180.48 |

| | |
|---------------------------------|--------------|
| Total Cash and Cash Equivalents | 5,413,668.12 |
|---------------------------------|--------------|

Receivables and Other Assets with Full Reserves:

| | |
|--|------------|
| Delinquent Property Taxes | 964,730.66 |
| Tax Title Liens Receivable | 27,487.85 |
| Property Acquired for Taxes - Assessed Valuation | 563,500.00 |
| Interfunds Receivable: | |
| Trust - Animal Control Fund | 19,524.92 |
| Sewer Utility Operating Fund | 600.00 |

| | |
|---|--------------|
| Total Receivables and Other Assets with Full Reserves | 1,575,843.43 |
|---|--------------|

Deferred Charges:

| | |
|---|------------|
| Emergency Appropriation | 80,000.00 |
| Special Emergency Authorizations (40A:4-55) | 120,000.00 |
| | 200,000.00 |

| | |
|--------------------|--------------|
| Total Regular Fund | 7,189,511.55 |
|--------------------|--------------|

Federal and State Grant Fund:

| | |
|-------------------------------------|------------|
| Cash | 870,975.27 |
| Due from/to Current Fund | 3,558.74 |
| Federal and State Grants Receivable | 231,078.29 |

| | |
|------------------------------------|--------------|
| Total Federal and State Grant Fund | 1,105,612.30 |
|------------------------------------|--------------|

| | |
|--|-----------------|
| | \$ 8,295,123.85 |
|--|-----------------|

(Continued)

TOWNSHIP OF HARRISON
CURRENT FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2022

LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund:

| | | |
|--|-----------|----------------------------|
| Appropriation Reserves | \$ | 764,057.17 |
| Reserve for Encumbrances | | 8,250.46 |
| Local District School Taxes Payable | | 421,337.50 |
| Regional High School Taxes Payable | | 893,633.18 |
| Due County - Added and Omitted | | 101,613.42 |
| Special District Taxes Payable | | 6,154.17 |
| Municipal Open Space Local Taxes Payable | | 10,353.30 |
| Special Emergency Note Payable | | 120,000.00 |
| Tax Overpayments | | 27,609.24 |
| Prepaid Taxes | | 484,532.26 |
| Due Federal and State Grant Fund | | 3,558.74 |
| Due Trust - Other Funds | | 1,168.61 |
| Due General Capital Fund | | 100,328.27 |
| Due State of New Jersey: | | |
| Marriage License Fees | | 1,687.00 |
| Reserve for: | | |
| Payment of Debt | | 12,234.24 |
| FEMA (Storm IDA) | | 101,780.95 |
| Municipal Relief Fund Aid | | 28,303.72 |
| Preparation of Master Plan | | 210,431.94 |
| | | <u>3,297,034.17</u> |
| Total Other Liabilities and Reserves | | <u>3,297,034.17</u> |
| Reserve for Receivables and Other Assets | | <u>1,575,843.43</u> |
| Fund Balance | | <u>2,316,633.95</u> |
| Total Regular Fund | | <u>7,189,511.55</u> |
| Federal and State Grant Fund: | | |
| Reserve for Grants - Appropriated | | 471,263.30 |
| Reserve for Grants - Unappropriated | | 633,571.86 |
| Reserve for Encumbrances | | 777.14 |
| | | <u>1,105,612.30</u> |
| Total Federal and State Grant Fund | | <u>1,105,612.30</u> |
| | \$ | <u>8,295,123.85</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, 2022

| | |
|--|------------------------|
| REVENUE AND OTHER INCOME REALIZED: | |
| Fund Balance Utilized | \$ 2,170,000.00 |
| Miscellaneous Revenues Anticipated | 2,975,120.94 |
| Receipts from Delinquent Taxes and Tax Title Liens | 353,724.39 |
| Receipts from Current Taxes | 49,032,542.25 |
| Non-Budget Revenue | 146,356.52 |
| Other Credits to Income: | |
| Unexpended Balance of Appropriation Reserves | 443,470.76 |
| Animal Control Trust Fund Statutory Excess | 7,556.23 |
| | <u>55,128,771.09</u> |
| | |
| EXPENDITURES: | |
| Budget Appropriations: | |
| Within "CAPS": | |
| Operations: | |
| Salaries and Wages | 3,880,930.64 |
| Other Expenses | 3,439,508.82 |
| Deferred Charges and Statutory Expenditures | 1,294,421.88 |
| Excluded from "CAPS": | |
| Operations | 821,706.10 |
| Capital Improvements | 42,200.00 |
| Debt Service | 2,919,330.04 |
| Deferred Charges | 110,000.00 |
| County Taxes | 11,762,629.17 |
| Local District School Taxes | 14,399,841.00 |
| Regional High School Taxes | 12,578,352.00 |
| Special District Taxes | 1,441,226.45 |
| Municipal Open Space Taxes | 933,018.97 |
| Other Debits to Income: | |
| Prior Year Senior Citizens and Veterans' Deductions Disallowed | 2,000.00 |
| Interfund Loans Advanced | 7,619.35 |
| Refund of a Prior Year Revenue | 2,106.78 |
| | <u>53,634,891.20</u> |
| | |
| Total Expenditures | <u>53,634,891.20</u> |
| | |
| Excess Revenue and Other Income Realized Over Expenditures | 1,493,879.89 |
| | |
| Adjustments to Income Before Fund Balance: | |
| Expenditures Included Above Which are by Statute | |
| Deferred Charges to Budget of Succeeding Year | 80,000.00 |
| | <u>80,000.00</u> |
| | |
| Statutory Excess to Fund Balance | 1,573,879.89 |
| | |
| FUND BALANCE: | |
| Balance January 1 | <u>2,912,754.06</u> |
| | 4,486,633.95 |
| Decreased by: | |
| Utilized as Revenue | 2,170,000.00 |
| | <u>2,170,000.00</u> |
| | |
| Balance December 31 | <u>\$ 2,316,633.95</u> |

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
TRUST FUNDS
Statement of Assets, Liabilities and Reserves -- Regulatory Basis
As of December 31, 2022

ASSETS

| | | |
|----------------------------------|--|-----------------|
| Animal Control Fund: | | |
| Cash | | \$ 35,481.36 |
| | | 35,481.36 |
| Trust Other Funds: | | |
| Cash | | 3,895,413.81 |
| Due from Current Fund | | 1,168.61 |
| | | 3,896,582.42 |
| Municipal Open Space Trust Fund: | | |
| Cash | | 2,102,268.29 |
| Due from Current Fund | | 10,353.30 |
| | | 2,112,621.59 |
| Total Trust Funds | | \$ 6,044,685.37 |

LIABILITIES, RESERVES AND FUND BALANCE

| | | |
|---|--|--------------|
| Animal Control Fund: | | |
| Reserve for Animal Control Expenditures | | \$ 14,053.24 |
| Due State of New Jersey | | 1,903.20 |
| Due Current Fund | | 19,524.92 |
| | | 35,481.36 |

(Continued)

TOWNSHIP OF HARRISON
TRUST FUNDS
Statement of Assets, Liabilities and Reserves -- Regulatory Basis
As of December 31, 2022

LIABILITIES, RESERVES AND FUND BALANCE

Trust Other Funds:

Reserve for Trust Other Funds:

| | | |
|---|----|------------|
| Cash Bond | \$ | 830,510.25 |
| Compensatory Plantings | | 27,198.35 |
| Compensated Absences | | 15,579.08 |
| Developers Escrow | | 421,471.66 |
| Economic Development and Improvement | | 83,908.81 |
| Forfeited Funds | | 9,595.93 |
| Developers Fees - Housing Trust Fund (COAH) | | 76,006.97 |
| Housing Savings Trust | | 848,215.47 |
| Affordable Housing | | 6,889.37 |
| Mill Valley Escrow | | 17,144.59 |
| K9 | | 32,723.81 |
| Outside Police Employment | | 5,790.31 |
| Parade | | 11,455.78 |
| Payroll | | 47,283.58 |
| POAA Trust | | 50.88 |
| Tax Title Lien Premium | | 579,400.00 |
| Tax Title Lien Redemption | | 34,034.14 |
| Public Defender | | 72.13 |
| Recreation Commission | | 135,153.20 |
| Recreation | | 528,527.61 |
| Recreation - Adult Community | | 63,600.49 |
| Senior Recreation | | 1,873.76 |
| Storm Recovery | | 18,710.36 |
| Unemployment Compensation | | 97,149.42 |
| Walnut Glen Escrow | | 4,236.47 |

| | | |
|-------------------------|--|--------------|
| Total Trust Other Funds | | 3,896,582.42 |
|-------------------------|--|--------------|

Municipal Open Space Trust Fund:

| | | |
|------------------------|--|--------------|
| Reserve for Future Use | | 2,112,621.59 |
|------------------------|--|--------------|

| | | |
|--|--|--------------|
| | | 2,112,621.59 |
|--|--|--------------|

| | | |
|-------------------|----|--------------|
| Total Trust Funds | \$ | 6,044,685.37 |
|-------------------|----|--------------|

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, 2022

ASSETS

| | | |
|---------------------------------------|----|------------------|
| Cash | \$ | 4,716,354.38 |
| Due from Sewer Utility Operating Fund | | 1,078.35 |
| Due from Current Fund | | 100,328.27 |
| Federal and State Grants Receivable | | 560,819.50 |
| Deferred Charges to Future Taxation: | | |
| Funded | | 25,795,000.00 |
| Unfunded | | 1,589,270.00 |
| | | \$ 32,762,850.50 |
| | | \$ 32,762,850.50 |

LIABILITIES, RESERVES AND FUND BALANCE

| | | |
|---------------------------------|----|------------------|
| Bond Anticipation Notes Payable | \$ | 1,588,260.00 |
| Bonds Payable | | 25,795,000.00 |
| Improvement Authorizations: | | |
| Funded | | 3,872,164.63 |
| Unfunded | | 886,371.03 |
| Encumbrances Payable | | 543,075.22 |
| Reserve for Preliminary Costs | | 3,391.86 |
| Reserve for Payment of Debt | | 2.19 |
| Capital Improvement Fund | | 4,610.00 |
| Fund Balance | | 69,975.57 |
| | | \$ 32,762,850.50 |
| | | \$ 32,762,850.50 |

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
SEWER UTILILTY OPERATING FUND
Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
As of December 31, 2022

ASSETS

| | | |
|---------------------------------------|----|---------------|
| Cash and Cash Equivalents: | | |
| Cash | \$ | 514,514.86 |
| | | 514,514.86 |
| Total Cash and Cash Equivalents | | 514,514.86 |
| Due from Sewer Utility Operating Fund | | 72,103.27 |
| | | 586,618.13 |
| Receivables with Full Reserves: | | |
| Consumer Accounts Receivable | | 364,366.58 |
| | | 364,366.58 |
| | | \$ 950,984.71 |

LIABILITIES, RESERVES AND FUND BALANCE

| | | |
|-------------------------------------|----|---------------|
| Appropriation Reserves | \$ | 107,369.37 |
| Other Liabilities and Reserves: | | |
| Accrued Interest on Bonds and Notes | | 94,632.00 |
| Sewer Rent Prepays | | 50,745.01 |
| Sewer Rent Overpayments | | 4,741.32 |
| Due to General Capital Fund | | 1,078.35 |
| | | 258,566.05 |
| Reserve for Receivables | | 364,366.58 |
| Fund Balance | | 328,052.08 |
| | | \$ 950,984.71 |

See Independent Accountant's Compilation Report and selected notes.

TOWNSHIP OF HARRISON
SEWER UTILITY OPERATING FUND
Statement of Operations and Changes in Operating Fund Balance -- Regulatory Basis
For The Year Ended December 31, 2022

REVENUE AND OTHER INCOME REALIZED:

| | | |
|--|----|---------------------|
| Operating Surplus Anticipated | \$ | 339,498.00 |
| Sewer Rents | | 1,950,000.00 |
| Penalties and Interest | | 20,908.24 |
| Miscellaneous | | 5,819.23 |
| Additional Sewer Rents | | 15,964.60 |
| Capital Fund Balance | | 150,000.00 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Reserves | | 114,277.07 |
| | | <u>114,277.07</u> |
| Total Income | | <u>2,596,467.14</u> |

EXPENDITURES:

| | | |
|---|--|------------------|
| Budget Appropriations: | | |
| Operating | | 1,158,000.00 |
| Capital Improvements | | 2,500.00 |
| Debt Service | | 1,204,497.02 |
| Deferred Charges and Statutory Expenditures | | 97,509.00 |
| | | <u>97,509.00</u> |

| | | |
|--------------------|--|---------------------|
| Total Expenditures | | <u>2,462,506.02</u> |
|--------------------|--|---------------------|

| | | |
|-------------------|--|------------|
| Excess in Revenue | | 133,961.12 |
|-------------------|--|------------|

FUND BALANCE:

| | | |
|---------------------|--|----------------------|
| Balance January 1 | | <u>533,588.96</u> |
| | | 667,550.08 |
| Decreased by: | | |
| Utilized as Revenue | | <u>339,498.00</u> |
| Balance December 31 | | <u>\$ 328,052.08</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, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Harrison was incorporated as a township by an act of the New Jersey legislature on March 13, 1844 from portions of Greenwich Township and Woolwich Township. The Township, located in Gloucester County, New Jersey, has a total area of approximately nineteen square miles, and is located approximately twenty miles from the City of Philadelphia. The Township borders East Greenwich Township, Elk Township, Glassboro, Mantua Township, South Harrison Township and Woolwich Township. According to the 2020 census, the population is 13,641.

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.

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 Township is responsible for levying, collecting, and remitting school taxes for the Township of Harrison School District and the Clearview Regional High School District. For the local school district and regional high school district, operations is charged for the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2021 and decreased by the amount deferred at December 31, 2022.

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 immediately 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 2021, 2020, 2019, 2018 AND 2017

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 Audit of the Financial Statements

Opinions

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, 2021, 2020, 2019, 2018 and 2017, 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.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above 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, 2021, 2020, 2019, 2018 and 2017, 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.

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* section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the Township of Harrison, in the County of Gloucester, State of New Jersey, as of December 31, 2021, 2020, 2019, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on Regulatory Basis of Accounting

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, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in note 1 to the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management 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. Management is also responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

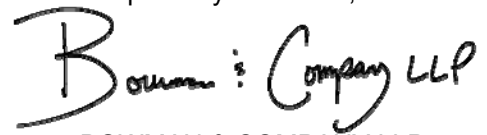
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

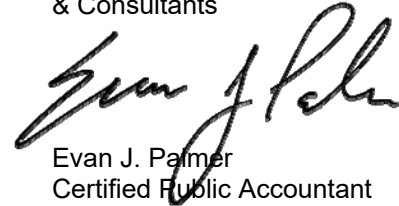
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink that reads "Evan J. Palmer". The signature is written in a cursive, flowing style.

Evan J. Palmer
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
October 20, 2022

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

| | As of December 31 | | | | |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| ASSETS | | | | | |
| Cash and Cash Equivalents: | | | | | |
| Cash--Treasurer | \$4,504,857 | \$5,166,058 | \$6,273,811 | \$5,707,062 | \$6,761,720 |
| Cash--Tax Collector | 895,043 | 934,677 | 867,650 | 768,517 | 2,303,348 |
| Change Funds | 250 | 250 | 250 | 250 | 250 |
| Total Cash and Cash Equivalents | 5,400,150 | 6,100,985 | 7,141,711 | 6,475,829 | 9,065,318 |
| Receivables and Other Assets with Full Reserves: | | | | | |
| Delinquent Property Taxes | 593,194 | 502,162 | 508,858 | 515,784 | 724,864 |
| Tax Title Liens Receivable | 35,907 | 18,638 | 47,895 | 21,105 | 31,980 |
| Revenue Accounts Receivable | 4,892 | 2,488 | 10,126 | 15,068 | 45,583 |
| Property Acquired for Taxes - Assessed Valuation | 563,500 | 563,500 | 563,500 | 563,500 | 563,500 |
| Interfunds Receivable | 12,506 | 2,145 | 2,297 | 91,658 | 14,314 |
| Total Receivables and Other Assets with Full Reserves | 1,209,999 | 1,088,933 | 1,132,675 | 1,207,115 | 1,380,241 |
| Due from State of New Jersey: | | | | | |
| Senior Citizens and Veterans Deductions | 1,622 | 2,055 | 1,305 | 1,500 | 1,750 |
| Deferred Charges: | | | | | |
| Special Emergency Authorizations | 230,000 | 340,000 | 450,000 | 200,000 | 250,000 |
| Total Deferred Charges | 230,000 | 340,000 | 450,000 | 200,000 | 250,000 |
| Total Current Fund | 6,841,770 | 7,531,974 | 8,725,692 | 7,884,443 | 10,697,309 |
| Federal and State Grant Fund: | | | | | |
| Cash--Municipal Financial Officer | 798,065 | 279,571 | 269,852 | 226,272 | 268,857 |
| Interfunds Receivable | 5,875 | | | | 43,070 |
| Federal and State Grants Receivable | 175,750 | 151,833 | 141,279 | 122,302 | 115,112 |
| Total Federal and State Grant Fund | 979,690 | 431,404 | 411,131 | 348,574 | 427,039 |
| Total Assets | \$7,821,461 | \$7,963,378 | \$9,136,823 | \$8,233,018 | \$11,124,348 |

(Continued)

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

| | As of December 31 | | | | |
|---|-------------------|-------------|-------------|-------------|--------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | | | |
| Appropriation Reserves | \$593,983 | \$732,107 | \$589,743 | \$653,699 | \$842,053 |
| Other Liabilities and Reserves: | | | | | |
| Reserve for Encumbrances | 14,703 | 34,256 | 20,424 | 9,471 | 40,681 |
| Local District School Taxes Payable | 334,800 | 727,647 | 833,444 | 880,606 | 759,156 |
| Regional High School Taxes Payable | 648,010 | 1,015,779 | 1,279,608 | 1,392,536 | 1,139,499 |
| County Taxes Payable | 30,019 | 38,718 | 77,042 | 69,673 | 54,718 |
| Special Emergency Notes Payable | 230,000 | 340,000 | 450,000 | 200,000 | 250,000 |
| Municipal Open Space Local Taxes Payable | 2,344 | 3,275 | 222 | 5,946 | 6,955 |
| Special District Taxes Payable | 6,154 | 3,325 | 1 | 1 | 1 |
| Interfunds Payable | 113,003 | 3,590 | 328,846 | 4,978 | 173,685 |
| Prepaid Taxes | 556,037 | 493,947 | 392,849 | 369,824 | 2,014,701 |
| Tax Overpayments | 101,014 | 49,637 | 1,082 | 12,885 | 112,344 |
| Amount Due State of New Jersey: | | | | | |
| Marriage License Fees | 1,762 | 2,262 | 300 | 475 | 150 |
| Reserve for Payment of Debt | | 39,140 | | | |
| Reserve for Master Plan Revision | 87,190 | 210,475 | 276,822 | 57,684 | 226,759 |
| Total Appropriation Reserves, Other Liabilities and Reserves | 2,719,018 | 3,694,159 | 4,250,383 | 3,657,777 | 5,620,702 |
| Reserve for Receivables and Other Assets | 1,209,999 | 1,088,933 | 1,132,675 | 1,207,115 | 1,380,241 |
| Fund Balance | 2,912,754 | 2,748,882 | 3,342,634 | 3,019,551 | 3,696,366 |
| Total Current Fund | 6,841,770 | 7,531,974 | 8,725,692 | 7,884,443 | 10,697,309 |
| Federal and State Grant Fund: | | | | | |
| Encumbrances Payable | 3,084 | 6,426 | 3,159 | 657 | 657 |
| Reserve for Grants: | | | | | |
| Appropriated | 475,047 | 398,345 | 364,365 | 320,407 | 354,820 |
| Unappropriated | 501,559 | 26,633 | 43,607 | 27,511 | 71,562 |
| Total Federal and State Grant Fund | 979,690 | 431,404 | 411,131 | 348,574 | 427,039 |
| Total Liabilities, Reserves and Fund Balance | \$7,821,461 | \$7,963,378 | \$9,136,823 | \$8,233,018 | \$11,124,348 |

The accompanying Notes to Financial Statements are an integral part of these statements.

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>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Revenue and Other Income Realized: | | | | | |
| Fund Balance Anticipated | \$2,006,000 | \$2,408,761 | \$1,975,000 | \$2,721,800 | \$1,318,600 |
| Miscellaneous Revenues | 2,455,938 | 2,200,582 | 2,700,329 | 2,225,185 | 3,643,084 |
| Receipts from Delinquent Taxes | 365,077 | 544,876 | 497,702 | 726,216 | 379,559 |
| Receipts from Current Taxes | 47,995,038 | 47,102,824 | 45,656,584 | 44,006,140 | 42,480,798 |
| Total Budget Revenues | 52,822,053 | 52,257,043 | 50,829,615 | 49,679,341 | 47,822,042 |
| Other Credits to Income | 740,824 | 347,431 | 547,928 | 623,862 | 1,060,540 |
| Total Revenues | 53,562,877 | 52,604,474 | 51,377,543 | 50,303,203 | 48,882,582 |
| Expenditures: | | | | | |
| Current Fund Within "CAPS": | | | | | |
| General Government | 3,028,877 | 3,053,484 | 3,285,577 | 2,957,792 | 3,152,120 |
| Public Safety | 2,328,428 | 2,276,853 | 2,297,328 | 2,031,872 | 1,920,761 |
| Public Works | 1,316,844 | 1,407,519 | 1,392,933 | 1,270,210 | 1,167,070 |
| Health and Welfare | 5,835 | 5,813 | 4,793 | 5,772 | 6,252 |
| Recreation and Education | 98,856 | 96,997 | 97,743 | 95,047 | 85,933 |
| Deferred Charges and Regulatory Expenditures | 1,175,841 | 1,004,755 | 924,886 | 868,257 | 804,088 |
| Current Fund Excluded from "CAPS": | | | | | |
| General Government | 787,748 | 733,736 | 511,756 | 568,256 | 561,756 |
| State and Federal Grants | 286,412 | 68,991 | 93,968 | 79,742 | 268,526 |
| Capital Improvements | 25,000 | 14,675 | 33,000 | 44,000 | 33,000 |
| Municipal Debt Service | 2,805,571 | 2,902,141 | 2,366,775 | 2,495,476 | 2,082,807 |
| Deferred Charges and Statutory Expenditures | 110,000 | 110,000 | 50,000 | 50,000 | 50,000 |
| Total Budget Expenditures | 11,969,412 | 11,674,964 | 11,058,759 | 10,466,424 | 10,132,313 |
| Other Expenses and Charges to Income | 39,423,592 | 39,114,501 | 38,320,702 | 37,791,794 | 37,161,737 |
| Total Expenditures | 51,393,004 | 50,789,465 | 49,379,461 | 48,258,217 | 47,294,050 |
| Excess in Revenue--Statutory Excess to Fund Balance | 2,169,873 | 1,815,009 | 1,998,083 | 2,044,985 | 1,588,532 |
| Adjustments to Income Before Fund Balance: | | | | | |
| Increased by Deferred Charges to Budget of Succeeding Year | | | 300,000 | | 250,000 |
| Fund Balance--January 1 | 2,748,882 | 3,342,634 | 3,019,551 | 3,696,366 | 3,176,434 |
| Decreased by Utilization as Anticipated Revenue | 4,918,754 | 5,157,643 | 5,317,634 | 5,741,351 | 5,014,966 |
| | 2,006,000 | 2,408,761 | 1,975,000 | 2,721,800 | 1,318,600 |
| Fund Balance--December 31 | \$2,912,754 | \$2,748,882 | \$3,342,634 | \$3,019,551 | \$3,696,366 |

The accompanying Notes to Financial Statements are an integral part of these statements.

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

| | As of December 31, | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$5,822,662 | \$5,542,931 | \$5,519,084 | \$5,404,969 | \$5,212,009 |
| Accounts Receivable | | | | | 586 |
| Interfunds Receivable | 5,239 | 6,865 | 4,950 | 10,011 | 11,960 |
| Total Assets | \$5,827,901 | \$5,549,796 | \$5,524,034 | \$5,414,980 | \$5,224,555 |
| LIABILITIES AND RESERVES | | | | | |
| Other Liabilities and Reserves: | | | | | |
| Due State of New Jersey | \$1,507 | \$1,072 | \$638 | | |
| Reserves: | | | | | |
| Animal Control Expenditures | 20,423 | 29,640 | 28,437 | \$26,060 | \$34,521 |
| Unemployment Insurance Trust | | | | | 586 |
| Other Reserves | 5,794,066 | 5,518,378 | 5,492,884 | 5,372,649 | 5,175,134 |
| Total Other Liabilities and Reserves | 5,815,996 | 5,549,091 | 5,521,960 | 5,398,709 | 5,210,241 |
| Interfunds Payable | 11,906 | 706 | 2,074 | 16,271 | 14,314 |
| Total Liabilities and Reserves | \$5,827,901 | \$5,549,796 | \$5,524,034 | \$5,414,980 | \$5,224,555 |

The accompanying Notes to Financial Statements are an integral part of these statements.

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

| | As of December 31, | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| ASSETS | | | | | |
| Cash | \$4,318,755 | \$4,929,611 | \$5,427,689 | \$6,427,515 | \$7,812,869 |
| Grants-In-Aid Receivable | 984,066 | 657,168 | 427,580 | 67,739 | 177,607 |
| Interfunds Receivable | 105,311 | | 323,896 | | 92,273 |
| Deferred Charges to Future Taxation: | | | | | |
| Funded | 28,519,000 | 29,586,000 | 33,490,000 | 26,328,000 | 28,243,000 |
| Unfunded | 907,360 | 1,951,485 | 1,679,590 | 10,227,960 | 10,062,120 |
| Total Assets | \$34,834,492 | \$37,124,263 | \$41,348,755 | \$43,051,213 | \$46,387,869 |
| LIABILITIES, RESERVES AND FUND BALANCE | | | | | |
| Bonds Payable | \$28,519,000 | \$29,586,000 | \$33,490,000 | \$26,328,000 | \$28,243,000 |
| Bond Anticipation Notes Payable | 117,000 | 1,630,170 | 1,679,470 | 10,227,840 | 10,062,000 |
| Reserve for Payment of Debt | 2 | 2 | 2 | 2 | 113,602 |
| Other Liabilities and Reserves: | | | | | |
| Encumbrances Payable | 489,466 | 546,811 | 287,975 | 271,484 | 1,682,653 |
| Interfund Payables | | 1,439 | 447,500 | 515,773 | |
| Reserve for Preliminary Costs | 3,392 | 3,392 | 3,392 | 3,392 | 3,392 |
| Capital Improvement Fund | 360 | | 2,230 | 2,090 | 9,750 |
| Improvement Authorizations: | | | | | |
| Funded | 5,257,665 | 4,707,765 | 4,863,272 | 1,841,346 | 2,228,138 |
| Unfunded | 377,631 | 648,492 | 425,721 | 3,378,788 | 3,693,447 |
| Fund Balance | 69,976 | 192 | 149,192 | 482,498 | 351,888 |
| Total Liabilities, Reserves and Fund Balance | \$34,834,492 | \$37,124,263 | \$41,348,755 | \$43,051,213 | \$46,387,869 |

The accompanying Notes to Financial Statements are an integral part of these statements.

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

| | As of December 31, | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| ASSETS | | | | | |
| Cash--Municipal Finance Officer | \$832,891 | \$680,676 | \$1,081,679 | \$1,324,846 | \$1,547,939 |
| Cash--Sewer Clerk's Account | 77,394 | 167,756 | 223,228 | 207,381 | 151,669 |
| Cash--Change Fund | 50 | 50 | 50 | 50 | 50 |
| Interfund Receivables | | 155,245 | 12,127 | 2,760 | 33,337 |
| | <u>910,334</u> | <u>1,003,727</u> | <u>1,317,084</u> | <u>1,535,036</u> | <u>1,732,994</u> |
| Receivables with Full Reserves: | | | | | |
| Consumer Accounts Receivable | 177,406 | 197,270 | 204,159 | 259,171 | 630,799 |
| | <u>177,406</u> | <u>197,270</u> | <u>204,159</u> | <u>259,171</u> | <u>630,799</u> |
| Total Assets | <u>\$1,087,741</u> | <u>\$1,200,998</u> | <u>\$1,521,243</u> | <u>\$1,794,207</u> | <u>\$2,363,794</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | | | |
| Appropriation Reserves | \$170,604 | \$189,078 | \$260,418 | \$185,795 | \$146,926 |
| Other Liabilities and Reserves: | | | | | |
| Encumbrances Payable | | 2,286 | | 538 | 2,178 |
| Accrued Interest on Bonds and Notes | 101,033 | 174,440 | 234,111 | 222,349 | 206,952 |
| Sewer Rent Prepays | 42,938 | 57,918 | 84,281 | 31,241 | |
| Interfund Payables | 58,346 | | | 1,616 | 13 |
| Reserve for Payment of Debt | | | 54,511 | 54,511 | 54,511 |
| Sewer Rent Overpayments | 3,824 | 3,147 | 2,081 | 2,360 | 4,088 |
| | <u>376,745</u> | <u>426,868</u> | <u>635,402</u> | <u>498,411</u> | <u>414,669</u> |
| Reserve for Receivables | 177,406 | 197,270 | 204,159 | 259,171 | 630,799 |
| Fund Balance | 533,589 | 576,860 | 681,683 | 1,036,625 | 1,318,326 |
| Total Liabilities, Reserves and Fund Balance | <u>\$1,087,741</u> | <u>\$1,200,998</u> | <u>\$1,521,243</u> | <u>\$1,794,207</u> | <u>\$2,363,794</u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

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

| | As of December 31, | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| ASSETS | | | | | |
| Cash | \$1,167,432 | \$1,628,740 | \$1,313,593 | \$1,887,172 | \$2,214,210 |
| Interfund Receivables | 57,267 | | 447,500 | 447,500 | 13 |
| Fixed Capital | 13,743,196 | 13,743,196 | 13,743,196 | 13,743,196 | 13,743,196 |
| Fixed Capital Authorized and Uncompleted | 12,161,151 | 12,161,151 | 9,303,151 | 8,870,151 | 8,422,651 |
| Total Assets | \$27,129,047 | \$27,533,087 | \$24,807,439 | \$24,948,019 | \$24,380,070 |
| LIABILITIES AND RESERVES | | | | | |
| Encumbrances Payable | \$38,425 | \$57,628 | \$75,443 | \$845,822 | \$13,643 |
| Sewer Loans Payable | 529,558 | 974,644 | 1,370,782 | 1,749,594 | 2,118,306 |
| Serial Bonds Payable | 10,731,000 | 9,840,000 | 10,815,000 | 8,999,000 | 9,275,000 |
| Bond Anticipation Notes Payable | | 1,301,600 | 1,320,500 | 2,998,500 | 2,570,000 |
| Interfunds Payable | 600 | 155,245 | 12,127 | 7,345 | |
| Other Liabilities and Reserves: | | | | | |
| Capital Improvement Fund | 72,016 | 69,516 | 67,016 | 64,516 | 62,016 |
| Reserve for Preliminary Expenditures | 1,113 | 1,113 | 1,113 | 1,113 | 1,113 |
| Reserve for Payment of Debt | | | 155,793 | 155,793 | 155,793 |
| Reserve for Developer Contribution | 118,143 | 118,143 | 118,143 | 118,143 | 118,143 |
| Improvement Authorizations: | | | | | |
| Funded | 875,293 | 17,510 | 9,768 | 37,259 | 42,763 |
| Unfunded | 2,775,630 | 3,776,242 | 1,030,347 | 826,465 | 1,580,826 |
| Reserve for Amortization | 11,809,813 | 10,954,727 | 9,564,690 | 8,890,878 | 8,227,166 |
| Fund Balance | 177,455 | 266,718 | 266,718 | 253,592 | 215,301 |
| Total Liabilities and Reserves | \$27,129,047 | \$27,533,087 | \$24,807,439 | \$24,948,019 | \$24,380,070 |

The accompanying Notes to Financial Statements are an integral part of these statements.

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>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Revenue and Other Income Realized: | | | | | |
| Fund Balance Anticipated | \$344,315 | \$405,950 | \$748,753 | \$673,680 | \$468,345 |
| Utility Rents | 1,979,320 | 1,992,597 | 1,914,048 | 1,926,891 | 1,814,109 |
| Penalties and Interest | 16,212 | 20,084 | 21,350 | 33,723 | 21,152 |
| Miscellaneous Revenues | 7,169 | 15,178 | 58,071 | 127,042 | 266,119 |
| Reserve for Payment of Debt - Utility Capital | | 155,793 | | | |
| Reserve for Payment of Debt - Utility Operating | | 54,511 | | | |
| Utility Capital Surplus | 150,517 | | | | |
| Total Budget Revenues | 2,497,532 | 2,644,113 | 2,742,221 | 2,761,336 | 2,569,725 |
| Other Credits to Income | 143,779 | 184,201 | 166,898 | 76,473 | 164,725 |
| Total Revenues | 2,641,311 | 2,828,315 | 2,909,120 | 2,837,809 | 2,734,450 |
| Expenditures: | | | | | |
| Utility Operating Fund | 1,205,784 | 1,287,740 | 1,289,496 | 1,239,035 | 1,216,335 |
| Capital Improvements | 2,500 | 2,500 | 52,500 | 52,500 | 2,500 |
| Utility Debt Service | 1,055,113 | 1,152,179 | 1,093,133 | 1,073,184 | 979,843 |
| Utility Deferred Charges and Statutory Exp. | 76,871 | 84,769 | 80,181 | 81,110 | 58,810 |
| Total Budget Expenditures | 2,340,267 | 2,527,188 | 2,515,310 | 2,445,829 | 2,257,488 |
| Statutory Excess to Fund Balance | 301,044 | 301,127 | 393,810 | 391,980 | 476,961 |
| Fund Balance--January 1 | 576,860 | 681,683 | 1,036,625 | 1,318,326 | 1,309,709 |
| | 877,903 | 982,810 | 1,430,436 | 1,710,305 | 1,786,671 |
| Decreased by Utilization as Anticipated Revenue | 344,315 | 405,950 | 748,753 | 673,680 | 468,345 |
| Fund Balance--December 31 | \$533,589 | \$576,860 | \$681,683 | \$1,036,625 | \$1,318,326 |

The accompanying Notes to Financial Statements are an integral part of these statements.

TOWNSHIP OF HARRISON
Notes to Financial Statements
For the Year Ended December 31, 2021

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Harrison was incorporated as a township by an act of the New Jersey legislature on March 13, 1844 from portions of Greenwich Township and Woolwich Township. The Township, located in Gloucester County, New Jersey, has a total area of approximately nineteen square miles, and is located approximately twenty miles from the City of Philadelphia. The Township borders East Greenwich Township, Elk Township, Glassboro, Mantua Township, South Harrison Township and Woolwich Township. According to the 2020 census, the population is 13,641.

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.

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 Township is responsible for levying, collecting, and remitting school taxes for the Township of Harrison School District and the Clearview Regional High School District. For the local school district and regional high school district, operations is charged for the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2020 and decreased by the amount deferred at December 31, 2021.

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 immediately 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.

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, 2021, the Township's bank balances of \$18,537,617.61 were exposed to custodial credit risk as follows:

| | |
|--------------------------------|-------------------------|
| Insured by FDIC and GUDPA | \$ 17,096,383.57 |
| Uninsured and Uncollateralized | <u>1,441,234.04</u> |
| Total | <u>\$ 18,537,617.61</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>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Tax Rate | \$ 3.130 | \$ 3.070 | \$ 2.978 | \$ 2.896 | \$ 2.825 |
| Apportionment of Tax Rate: | | | | | |
| Municipal | \$ 0.521 | \$ 0.501 | \$ 0.459 | \$ 0.435 | \$ 0.425 |
| County Library | 0.047 | 0.047 | 0.047 | 0.048 | 0.048 |
| County | 0.681 | 0.677 | 0.660 | 0.642 | 0.629 |
| County Open Space | 0.042 | 0.041 | 0.041 | 0.040 | 0.040 |
| Local School | 0.918 | 0.904 | 0.883 | 0.856 | 0.841 |
| Regional High School | 0.780 | 0.761 | 0.751 | 0.738 | 0.706 |
| Fire District | 0.081 | 0.079 | 0.077 | 0.077 | 0.076 |
| Municipal Open Space | 0.060 | 0.060 | 0.060 | 0.060 | 0.060 |

Assessed Valuation

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2021 | \$ 1,549,432,832.00 |
| 2020 | 1,545,984,112.00 |
| 2019 | 1,540,362,693.00 |
| 2018 | 1,530,035,240.00 |
| 2017 | 1,528,708,197.00 |

Comparison of Tax Levies and Collections

| <u>Year</u> | <u>Tax Levy</u> | <u>Collections</u> | <u>Percentage of Collections</u> |
|-------------|------------------|--------------------|----------------------------------|
| 2021 | \$ 48,618,718.76 | \$ 47,995,037.50 | 98.72% |
| 2020 | 47,616,184.61 | 47,102,824.35 | 98.92% |
| 2019 | 46,178,001.35 | 45,656,584.16 | 98.87% |
| 2018 | 44,578,489.56 | 44,006,139.60 | 98.72% |
| 2017 | 43,401,678.70 | 42,480,798.30 | 97.88% |

Note 3: PROPERTY TAXES (CONT'D)

Five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four calendar years (cont'd):

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> |
|-------------|------------------------|-------------------------|-------------------------|-------------------------------|
| 2021 | \$ 35,906.67 | \$ 593,194.02 | \$ 629,100.69 | 1.29% |
| 2020 | 18,637.78 | 502,161.85 | 520,799.63 | 1.09% |
| 2019 | 47,895.02 | 508,858.14 | 556,753.16 | 1.21% |
| 2018 | 21,104.61 | 515,784.08 | 536,888.69 | 1.20% |
| 2017 | 31,979.58 | 724,864.37 | 756,843.95 | 1.74% |

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> |
|-------------|---------------|
| 2021 | 4 |
| 2020 | 3 |
| 2019 | 3 |
| 2018 | 5 |
| 2017 | 5 |

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> |
|-------------|---------------|
| 2021 | \$ 563,500.00 |
| 2020 | 563,500.00 |
| 2019 | 563,500.00 |
| 2018 | 563,500.00 |
| 2017 | 563,500.00 |

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>Balance Beginning of Year</u> | | <u>Levy</u> | <u>Total</u> | <u>Cash Collections</u> |
|-------------|----------------------------------|--------------|-----------------|-----------------|-------------------------|
| | <u>Receivable</u> | <u>Liens</u> | | | |
| 2021 | \$ 197,270.17 | None | \$ 1,959,455.78 | \$ 2,156,725.95 | \$ 1,979,319.79 |
| 2020 | 204,158.79 | None | 1,985,708.56 | 2,189,867.35 | 1,992,597.18 |
| 2019 | 259,170.93 | None | 1,859,035.67 | 2,118,206.60 | 1,914,047.81 |
| 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 |

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> |
|-------------|-----------------------------|--|--|
| 2021 | \$ 2,912,754.06 | \$ 2,170,000.00 | 74.50% |
| 2020 | 2,748,881.60 | 2,006,000.00 | 72.98% |
| 2019 | 3,342,633.92 | 2,408,761.00 | 72.06% |
| 2018 | 3,019,551.27 | 1,975,000.00 | 65.41% |
| 2017 | 3,696,365.97 | 2,721,800.00 | 73.63% |

Sewer Utility Fund

| <u>Year</u> | <u>Balance December 31,</u> | <u>Utilized in Budget of Succeeding Year</u> | <u>Percentage of Fund Balance Used</u> |
|-------------|-----------------------------|--|--|
| 2021 | \$ 533,588.96 | \$ 339,498.00 | 63.63% |
| 2020 | 576,859.57 | 344,314.50 | 59.69% |
| 2019 | 681,682.59 | 405,950.00 | 59.55% |
| 2018 | 1,036,625.44 | 748,753.00 | 72.23% |
| 2017 | 1,318,325.73 | 673,680.00 | 51.10% |

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, 2021:

| <u>Fund</u> | <u>Interfunds Receivable</u> | <u>Interfunds Payable</u> |
|------------------------------|----------------------------------|-------------------------------|
| Current | \$ 12,505.57 | \$ 115,347.23 |
| Federal and State Grant | 5,875.00 | |
| Trust - Municipal Open Space | 2,343.86 | |
| Trust - Animal Control | | 11,905.57 |
| Trust - Other | 2,895.56 | |
| General Capital | 105,311.16 | |
| Sewer Utility - Operating | | 58,345.80 |
| Sewer Utility - Capital | 57,267.45 | 600.00 |
| Totals | <u>\$ 186,198.60</u> | <u>\$ 186,198.60</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 2022, 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 plans' 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.state.nj.us/treasury/pensions/financial-reports.shtml>

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

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

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

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.

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

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

Public Employees' Retirement System (Cont'd) - 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.

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 P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. 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)**

Public Employees' Retirement System (Cont'd) - The Township's contractually required contribution rate for the year ended December 31, 2021 was 16.89% 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, 2021, the Township's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$313,648.00, and is payable by April 1, 2022. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2020, the Township's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$278,286.00, which was paid on April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 were \$139,265.02.

Police and Firemen's Retirement System - The contribution policy for PFRS 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 member contribution rate is currently 10.0% of base salary. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability.

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, 2021 was 33.93% 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.

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) - Based on the most recent PFRS measurement date of June 30, 2021, the Township's contractually required contribution to the pension plan for the year ended December 31, 2021 is \$697,843.00, and is payable by April 1, 2022. Due to the basis of accounting described in note 1, no liability has been recorded in the financial statements for this amount. For the prior year measurement date of June 30, 2020, the Township's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$618,499.00, which was paid on April 1, 2021.

Employee contributions to the Plan for the year ended December 31, 2021 were \$207,343.30.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2021 was 5.20% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2021 the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2021 was \$106,926.00, and is payable by April 1, 2022. For the prior year measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2020 was \$85,430.00, which was paid on April 1, 2021.

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, 2021, employee contributions totaled \$358.95, and the Township's contributions were \$195.79. There were no forfeitures during the year.

Pension Liabilities, Pension (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**Public Employees' Retirement System**

Pension Liability - As of December 31, 2021, the Township's proportionate share of the PERS net pension liability was \$3,172,726.00. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021. 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, 2021 measurement date, the Township's proportion was 0.0267819703%, which was an increase of 0.0013433203% from its proportion measured as of June 30, 2020.

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

Pension (Benefit) Expense - For the year ended December 31, 2021, the Township's proportionate share of the PERS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was (\$187,885.00). This (benefit) 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, 2021, the Township's contribution to PERS was \$278,286.00, and was paid on April 1, 2021.

Police and Firemen's Retirement System

Pension Liability - As of December 31, 2021, 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 | \$ 4,376,488.00 |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township | <u>1,230,886.00</u> |
| | <u>\$ 5,607,374.00</u> |

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021. 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, 2021 measurement date, the Township's proportion was 0.0598768226%, which was an increase of 0.0045138494% from its proportion measured as of June 30, 2020. Likewise, at June 30, 2021, the State of New Jersey's proportion, on-behalf of the Township, was 0.0598766918%, which was an increase of .0045137186% from its proportion, on-behalf of the Township, measured as of June 30, 2020.

Pension (Benefit) Expense - For the year ended December 31, 2021, the Township's proportionate share of the PFRS pension (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date was (\$60,079.00). This (benefit) 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, 2021, the Township's contribution to PFRS was \$618,499.00, and was paid on April 1, 2021.

For the year ended December 31, 2021, the State's proportionate share of the PFRS pension (benefit) expense, associated with the Township, calculated by the Plan as of the June 30, 2021 measurement date, was \$137,085.00. This on-behalf (benefit) 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 (Benefit) 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 - As of December 31, 2021, 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 | | |
|---|--------------------------------|------------------------|------------------------|-------------------------------|------------------------|------------------------|
| | <u>PERS</u> | <u>PFRS</u> | <u>Total</u> | <u>PERS</u> | <u>PFRS</u> | <u>Total</u> |
| Differences between Expected and Actual Experience | \$ 50,038.00 | \$ 49,930.00 | \$ 99,968.00 | \$ 22,713.00 | \$ 524,258.00 | \$ 546,971.00 |
| Changes of Assumptions | 16,524.00 | 23,288.00 | 39,812.00 | 1,129,511.00 | 1,311,613.00 | 2,441,124.00 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | - | - | 835,779.00 | 1,864,964.00 | 2,700,743.00 |
| Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions | 560,151.00 | 1,758,458.00 | 2,318,609.00 | 99,958.00 | 30,753.00 | 130,711.00 |
| Township Contributions Subsequent to the Measurement Date | 156,824.00 | 348,922.00 | 505,746.00 | - | - | - |
| | <u>\$ 783,537.00</u> | <u>\$ 2,180,598.00</u> | <u>\$ 2,964,135.00</u> | <u>\$ 2,087,961.00</u> | <u>\$ 3,731,588.00</u> | <u>\$ 5,819,549.00</u> |

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) 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) - Deferred outflows of resources in the amounts of \$156,824.00 and \$348,922.00 for PERS and PFRS, respectively, will be included as a reduction of the net pension liability during the year ending December 31, 2022. These amounts were based on an estimated April 1, 2023 contractually required contribution, prorated from the pension plans' measurement date of June 30, 2021 to the Township's year end of December 31, 2021.

The Township will amortize the other deferred outflows 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, 2016 | 5.57 | - | - | 5.58 |
| June 30, 2017 | 5.48 | - | 5.59 | - |
| June 30, 2018 | - | 5.63 | 5.73 | - |
| June 30, 2019 | 5.21 | - | - | 5.92 |
| June 30, 2020 | 5.16 | - | 5.90 | - |
| June 30, 2021 | - | 5.13 | - | 6.17 |
| Changes of Assumptions | | | | |
| Year of Pension Plan Deferral: | | | | |
| June 30, 2016 | 5.57 | - | 5.58 | - |
| June 30, 2017 | - | 5.48 | - | 5.59 |
| June 30, 2018 | - | 5.63 | - | 5.73 |
| June 30, 2019 | - | 5.21 | - | 5.92 |
| June 30, 2020 | - | 5.16 | - | 5.90 |
| June 30, 2021 | 5.13 | - | 6.17 | - |
| Difference between Projected and Actual Earnings on Pension Plan Investments | | | | |
| Year of Pension Plan Deferral: | | | | |
| June 30, 2017 | - | 5.00 | - | 5.00 |
| June 30, 2018 | - | 5.00 | - | 5.00 |
| June 30, 2019 | - | 5.00 | - | 5.00 |
| June 30, 2020 | - | 5.00 | - | 5.00 |
| June 30, 2021 | - | 5.00 | - | 5.00 |
| Changes in Proportion | | | | |
| Year of Pension Plan Deferral: | | | | |
| 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 |
| June 30, 2019 | 5.21 | 5.21 | 5.92 | 5.92 |
| June 30, 2020 | 5.16 | 5.16 | 5.90 | 5.90 |
| June 30, 2021 | 5.13 | 5.13 | 6.17 | 6.17 |

Note 8: PENSION PLANS (CONT'D)**Pension Liabilities, Pension (Benefit) 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> |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| 2022 | \$ (592,210.00) | \$ (691,750.00) | \$ (1,283,960.00) |
| 2023 | (415,947.00) | (451,821.00) | (867,768.00) |
| 2024 | (250,942.00) | (325,604.00) | (576,546.00) |
| 2025 | (209,680.00) | (454,646.00) | (664,326.00) |
| 2026 | 7,531.00 | 20,434.00 | 27,965.00 |
| Thereafter | - | 3,475.00 | 3,475.00 |
| | <u>\$ (1,461,248.00)</u> | <u>\$ (1,899,912.00)</u> | <u>\$ (3,361,160.00)</u> |

Actuarial Assumptions

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

| | <u>PERS</u> | <u>PFRS</u> |
|--|------------------------------|------------------------------|
| Inflation Rate: | | |
| Price | 2.75% | 2.75% |
| Wage | 3.25% | 3.25% |
| Salary Increases: ⁽¹⁾ | | |
| Through 2026 | 2.00% - 6.00% | |
| Thereafter | 3.00% - 7.00% | |
| Through All Future Years | | 3.25% - 15.25% |
| Investment Rate of Return | 7.00% | 7.00% |
| Period of Actuarial Experience Study upon which Actuarial Assumptions were Based | July 1, 2014 - June 30, 2018 | July 1, 2013 - June 30, 2018 |

⁽¹⁾ based on years of service

Note 8: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)****Public Employees' Retirement System**

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Police and Firemen's Retirement System

Pre-retirement mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

For both PERS and PFRS, in accordance with State statute, the long-term expected rate of return on Plan investments (7.00% at June 30, 2021) 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, 2021 are summarized in the table that follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|------------------------------|---|
| U.S. Equity | 27.00% | 8.09% |
| Non-US Developed Markets Equity | 13.50% | 8.71% |
| Emerging Market Equity | 5.50% | 10.96% |
| Private Equity | 13.00% | 11.30% |
| Real Estate | 8.00% | 9.15% |
| Real Assets | 3.00% | 7.40% |
| High Yield | 2.00% | 3.75% |
| Private Credit | 8.00% | 7.60% |
| Investment Grade Credit | 8.00% | 1.68% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 0.95% |
| Risk Mitigation Strategies | 3.00% | 3.35% |
| | <u>100.00%</u> | |

Note 8: PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate -

Public Employees' Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.16% as of the June 30, 2021 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers would be based on 100% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. 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. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Police and Firemen's Retirement System - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.16% as of June 30, 2021 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of 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 as of the June 30, 2021 measurement date, calculated using a discount rate of 7.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

| | 1% Decrease <u>(6.00%)</u> | Current Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|--|---|---|---|
| Township's Proportionate Share of the Net Pension Liability | <u>\$ 4,320,609.00</u> | <u>\$ 3,172,726.00</u> | <u>\$ 2,198,584.00</u> |

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

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 the June 30, 2021 measurement date, for the Township and the State of New Jersey, calculated using a discount rate of 7.00%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used, is as follows:

| | 1% Decrease <u>(6.00%)</u> | Current Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|---|---|---|---|
| Township's Proportionate Share of the Net Pension Liability | \$ 6,645,560.00 | \$ 4,376,488.00 | \$ 2,487,730.00 |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township | <u>1,869,062.00</u> | <u>1,230,886.00</u> | <u>699,674.00</u> |
| | <u>\$ 8,514,622.00</u> | <u>\$ 5,607,374.00</u> | <u>\$ 3,187,404.00</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 (benefit) 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.

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 Proportionate Share of the Net Pension Liability - Public Employees' Retirement System (PERS) (Last Nine Plan Years)

| | <u>Measurement Date Ended June 30,</u> | | | | |
|--|--|-----------------|-----------------|-----------------|-----------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Township's Proportion of the Net Pension Liability | 0.0267819703% | 0.0254386500% | 0.0244123237% | 0.0231400765% | 0.0246708417% |
| Township's Proportionate Share of the Net Pension Liability | \$ 3,172,726.00 | \$ 4,148,379.00 | \$ 4,398,730.00 | \$ 4,556,166.00 | \$ 5,742,978.00 |
| Township's Covered Payroll (Plan Measurement Period) | \$ 1,974,080.00 | \$ 1,843,264.00 | \$ 1,706,004.00 | \$ 1,670,668.00 | \$ 1,681,200.00 |
| Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 160.72% | 225.06% | 257.84% | 272.72% | 341.60% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 70.33% | 58.32% | 56.27% | 53.60% | 48.10% |
| | <u>Measurement Date Ended June 30,</u> | | | | |
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | |
| Township's Proportion of the Net Pension Liability | 0.0215009085% | 0.0205167471% | 0.0194513350% | 0.0209669917% | |
| Township's Proportionate Share of the Net Pension Liability | \$ 6,367,952.00 | \$ 4,605,599.00 | \$ 3,641,822.00 | \$ 4,007,209.00 | |
| Township's Covered Payroll (Plan Measurement Period) | \$ 1,472,836.00 | \$ 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 | 432.36% | 314.94% | 274.87% | 285.71% | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 40.14% | 47.93% | 52.08% | 48.72% | |

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Public Employees' Retirement System (PERS) (Last Nine Years)***

| | <u>Year Ended December 31,</u> | | | | |
|--|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Township's Contractually Required Contribution | \$ 313,648.00 | \$ 278,286.00 | \$ 237,460.00 | \$ 230,169.00 | \$ 228,549.00 |
| Township's Contribution in Relation to the Contractually Required Contribution | (313,648.00) | (278,286.00) | (237,460.00) | (230,169.00) | (228,549.00) |
| Township's Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Township's Covered Payroll (Calendar Year) | \$ 1,857,503.00 | \$ 1,954,584.00 | \$ 1,837,263.00 | \$ 1,780,956.00 | \$ 1,659,005.00 |
| Township's Contributions as a Percentage of Covered Payroll | 16.89% | 14.24% | 12.92% | 12.92% | 13.78% |
| | <u>Year Ended December 31,</u> | | | | |
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | |
| Township's Contractually Required Contribution | \$ 191,011.00 | \$ 176,389.00 | \$ 160,354.00 | \$ 157,982.00 | |
| Township's Contribution in Relation to the Contractually Required Contribution | (191,011.00) | (176,389.00) | (160,354.00) | (157,982.00) | |
| Township's Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Township's Covered Payroll (Calendar Year) | \$ 1,622,578.00 | \$ 1,507,685.00 | \$ 1,442,234.00 | \$ 1,358,573.00 | |
| Township's Contributions as a Percentage of Covered Payroll | 11.77% | 11.70% | 11.12% | 11.63% | |

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Proportionate Share of the Net Pension Liability - Police and Firemen's Retirement System (PFRS) (Last Nine Plan Years)***

| | <u>Measurement Date Ended June 30,</u> | | | | |
|--|--|------------------------|------------------------|------------------------|------------------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Township's Proportion of the Net Pension Liability | 0.0598768226% | 0.0553629732% | 0.0483798509% | 0.0434779481% | 0.0441242775% |
| Township's Proportionate Share of the Net Pension Liability | \$ 4,376,488.00 | \$ 7,153,626.00 | \$ 5,920,638.00 | \$ 5,883,283.00 | \$ 6,811,935.00 |
| State's Proportionate Share of the Net Pension Liability associated with the Township | 1,230,886.00 | 1,110,210.00 | 934,880.00 | 799,147.00 | 762,994.00 |
| Total | \$ 5,607,374.00 | \$ 8,263,836.00 | \$ 6,855,518.00 | \$ 6,682,430.00 | \$ 7,574,929.00 |
| Township's Covered Payroll (Plan Measurement Period) | \$ 2,098,988.00 | \$ 1,910,292.00 | \$ 1,641,492.00 | \$ 1,442,404.00 | \$ 1,428,292.00 |
| Township's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 208.50% | 374.48% | 360.69% | 407.88% | 476.93% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 77.26% | 63.52% | 65.00% | 62.48% | 58.60% |
| | <u>Measurement Date Ended June 30,</u> | | | | |
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | |
| Township's Proportion of the Net Pension Liability | 0.0407395391% | 0.0394971602% | 0.0390546909% | 0.0412762042% | |
| Township's Proportionate Share of the Net Pension Liability | \$ 7,782,294.00 | \$ 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 | 653,520.00 | 576,943.00 | 529,017.00 | 511,483.00 | |
| Total | \$ 8,435,814.00 | \$ 7,155,793.00 | \$ 5,441,735.00 | \$ 5,998,782.00 | |
| Township's Covered Payroll (Plan Measurement Period) | \$ 1,284,956.00 | \$ 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 | 605.65% | 525.97% | 407.66% | 423.60% | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 52.01% | 56.31% | 62.41% | 58.70% | |

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)*****Schedule of Contributions - Police and Firemen's Retirement System (PFRS) (Last Nine Years)***

| | <u>Year Ended December 31,</u> | | | | |
|--|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Township's Contractually Required Contribution | \$ 697,843.00 | \$ 618,499.00 | \$ 488,690.00 | \$ 425,061.00 | \$ 390,508.00 |
| Township's Contribution in Relation to the Contractually Required Contribution | (697,843.00) | (618,499.00) | (488,690.00) | (425,061.00) | (390,508.00) |
| Township's Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Township's Covered Payroll (Calendar Year) | \$ 2,056,885.00 | \$ 2,133,513.00 | \$ 1,929,265.00 | \$ 1,658,874.70 | \$ 1,445,146.00 |
| Township's Contributions as a Percentage of Covered Payroll | 33.93% | 28.99% | 25.33% | 25.62% | 27.02% |
| | <u>Year Ended December 31,</u> | | | | |
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | |
| Township's Contractually Required Contribution | \$ 332,166.00 | \$ 321,053.00 | \$ 299,967.00 | \$ 301,142.00 | |
| Township's Contribution in Relation to the Contractually Required Contribution | (332,166.00) | (321,053.00) | (299,967.00) | (301,142.00) | |
| Township's Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | |
| Township's Covered Payroll (Calendar Year) | \$ 1,384,742.00 | \$ 1,265,643.00 | \$ 1,224,332.00 | \$ 1,230,324.00 | |
| Township's Contributions as a Percentage of Covered Payroll | 23.99% | 25.37% | 24.50% | 24.48% | |

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information*****Public Employees' Retirement System (PERS)***Changes in Benefit Terms

The June 30, 2021 measurement date included one change to the plan provisions. Chapter 140, P.L. 2021 reopened the Worker's Compensation Judges (WCJ) Part of PERS and transferred WCJs from the defined contribution retirement program (DCRP) and regular part of PERS into the WCJ Part of PERS.

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2021 | 7.00% | 2017 | 5.00% |
| 2020 | 7.00% | 2016 | 3.98% |
| 2019 | 6.28% | 2015 | 4.90% |
| 2018 | 5.66% | 2014 | 5.39% |

The long-term expected rate of return used as of June 30 measurement date is as follows:

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2021 | 7.00% | 2017 | 7.00% |
| 2020 | 7.00% | 2016 | 7.65% |
| 2019 | 7.00% | 2015 | 7.90% |
| 2018 | 7.00% | 2014 | 7.90% |

The mortality assumption was updated upon direction from the Division of Pensions and Benefits.

Police and Firemen's Retirement System (PFRS)Changes in Benefit Terms

None

Changes in Assumptions

The discount rate used as of June 30 measurement date is as follows:

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2021 | 7.00% | 2017 | 6.14% |
| 2020 | 7.00% | 2016 | 5.55% |
| 2019 | 6.85% | 2015 | 5.79% |
| 2018 | 6.51% | 2014 | 6.32% |

Note 8: PENSION PLANS (CONT'D)**Supplementary Pension Information (Cont'd)****Other Notes to Supplementary Pension Information (Cont'd)*****Police and Firemen's Retirement System (PFRS) (Cont'd)*****Changes in Assumptions (Cont'd)**

The long-term expected rate of return used as of June 30 measurement date is as follows:

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2021 | 7.00% | 2017 | 7.00% |
| 2020 | 7.00% | 2016 | 7.65% |
| 2019 | 7.00% | 2015 | 7.90% |
| 2018 | 7.00% | 2014 | 7.90% |

The mortality assumption was updated upon direction from the Division of Pensions and Benefits.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**General Information about the State Health Benefit Local Government Retired Employees Plan**

In June of 2022, the New Jersey Division of Local Government Services issued Local Finance Notice 2022-12 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2021 was not available; therefore, the information from the measurement period June 30, 2020 is disclosed below.

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") annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating 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 State Health Benefit Local Government Retired Employees 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 \$122,822.76, for the year ended December 31, 2020, representing 3.00% of the Township's covered payroll. During the year ended December 31, 2020, retirees were not required to contribute to the Plan.

Special Funding Situation Component - The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1997. 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 participating employer is required to disclose in their respective notes to the financial statements, an expense and corresponding revenue, and their proportionate share of the OPEB expense allocated to the State under the special funding situation.

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 (\$268,625.00) for the year ended December 31, 2020, representing (6.57%) of the Township's covered payroll.

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

OPEB Liability - At December 31, 2020, the Township's and State's proportionate share of the net OPEB liability were as follows:

| | |
|--|-------------------------|
| Township's Proportionate Share of Net OPEB Liability | \$ 8,267,107.00 |
| State of New Jersey's Proportionate Share of Net OPEB Liability Associated with the Township | <u>5,396,209.00</u> |
| | <u>\$ 13,663,316.00</u> |

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

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, 2019 through June 30, 2020. For the June 30, 2020 measurement date, the Township's proportion was .046065%, which was an increase of .006720% from its proportion measured as of the June 30, 2019 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, 2019 through June 30, 2020. For the June 30, 2020 measurement date, the State's proportion on-behalf of the Township was .098790%, which was an increase of .018286% from its proportion measured as of the June 30, 2019 measurement date.

OPEB (Benefit) Expense - At December 31, 2020, the Township's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date, is \$1,350,451.00. This (benefit) 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, 2020, the Township made contributions to the Plan totaling \$122,822.76.

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) 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, 2020, the Township had deferred outflows of resources and deferred inflows of resources from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Differences between Expected and Actual Experience | \$ 217,749.00 | \$ 1,539,490.00 |
| Changes of Assumptions | 1,236,499.00 | 1,838,477.00 |
| Net Difference between Projected and Actual Earnings on OPEB Plan Investments | 5,250.00 | - |
| Changes in Proportion | 7,392,028.00 | 538,537.00 |
| Township Contributions Subsequent to the Measurement Date | 61,411.38 | - |
| | <u>\$ 8,912,937.38</u> | <u>\$ 3,916,504.00</u> |

Deferred outflows of resources in the amount of \$61,411.38 will be included as a reduction of the Township's net OPEB liability during the year ending December 31, 2021. The Township will amortize the above other deferred outflows 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> |
|--|--|---|
| Differences between Expected and Actual Experience | | |
| June 30, 2018 | - | 8.14 |
| June 30, 2019 | - | 8.05 |
| June 30, 2020 | 7.87 | - |
| Changes of Assumptions | | |
| Year of OPEB Plan Deferral: | | |
| June 30, 2017 | - | 8.04 |
| June 30, 2018 | - | 8.14 |
| June 30, 2019 | - | 8.05 |
| June 30, 2020 | 7.87 | - |
| Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments | | |
| Year of OPEB Plan Deferral: | | |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| June 30, 2019 | 5.00 | - |
| June 30, 2020 | 5.00 | - |
| Changes in Proportion | | |
| Year of OPEB Plan Deferral: | | |
| June 30, 2017 | 8.04 | 8.04 |
| June 30, 2018 | 8.14 | 8.14 |
| June 30, 2019 | 8.05 | 8.05 |
| June 30, 2020 | 7.87 | 7.87 |

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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, | | |
|---------------------------------|----|-----------------|
| 2021 | \$ | 840,646.00 |
| 2022 | | 840,243.00 |
| 2023 | | 839,592.00 |
| 2024 | | 838,996.00 |
| 2025 | | 980,896.00 |
| Thereafter | | 594,649.00 |
| | | \$ 4,935,022.00 |

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, 2019 used the following actuarial assumptions, applied to all periods in the measurement:

| | |
|------------------------------|-----------------|
| Inflation Rate | 2.50% |
| Salary Increases * | |
| PERS: | |
| Initial Fiscal Year Applied: | |
| Rate through 2026 | 2.00% to 6.00% |
| Rate Thereafter | 3.00% to 7.00% |
| PFRS: | |
| Rate for all Future Years | 3.25% to 15.25% |

* salary increases are based on years of service within the respective Plan

PERS mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020.

PFRS mortality rates were based on Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, 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 (the "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, 2020 was 2.21%. 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 medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

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

The net OPEB liability, calculated using a discount rate of 2.21%, as well as using a discount rate that is 1% lower or 1% higher than the current rate used, is as follows:

| | 1% Decrease (1.21%) | Current Discount Rate (2.21%) | 1% Increase (3.21%) |
|--|------------------------------------|--|------------------------------------|
| Township's Proportionate Share of the Net OPEB Liability | \$ 9,773,467.00 | \$ 8,267,107.00 | \$ 7,074,686.00 |
| State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township | 6,379,459.00 | 5,396,209.00 | 4,617,877.00 |
| | <u>\$ 16,152,926.00</u> | <u>\$ 13,663,316.00</u> | <u>\$ 11,692,563.00</u> |

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

The net OPEB liability, using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate used, is as follows:

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rate</u> | <u>1% Increase</u> |
|--|-------------------------|---------------------------------------|-------------------------|
| Township's Proportionate Share of the Net OPEB Liability | \$ 6,841,040.00 | \$ 8,267,107.00 | \$ 10,134,562.00 |
| State of New Jersey's Proportionate Share of the Net OPEB Liability Associated with the Township | <u>4,465,369.00</u> | <u>5,396,209.00</u> | <u>6,615,157.00</u> |
| | <u>\$ 11,306,409.00</u> | <u>\$ 13,663,316.00</u> | <u>\$ 16,749,719.00</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 (benefit) 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.

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 Four Plan Years)

| | <u>Measurement Date Ended June 30,</u> | | | |
|---|--|------------------------|-------------------------|------------------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Township's Proportion of the Net OPEB Liability | 0.046065% | 0.039345% | 0.042486% | 0.000000% |
| Township's Proportionate Share of the Net OPEB Liability | \$ 8,267,107.00 | \$ 5,329,702.00 | \$ 6,656,119.00 | \$ - |
| State's Proportionate Share of the Net OPEB Liability Associated with the Township | <u>5,396,209.00</u> | <u>4,448,425.00</u> | <u>4,373,490.00</u> | <u>4,998,297.00</u> |
| Total | <u>\$ 13,663,316.00</u> | <u>\$ 9,778,127.00</u> | <u>\$ 11,029,609.00</u> | <u>\$ 4,998,297.00</u> |
| Township's Covered Payroll (Plan Measurement Period) | \$ 3,959,907.00 | \$ 3,628,935.00 | \$ 3,211,611.70 | \$ 3,077,518.00 |
| Township's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | 208.77% | 146.87% | 207.25% | 0.00% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 0.91% | 1.98% | 1.97% | 1.03% |

Note 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**Supplementary OPEB Information (Cont'd)****Schedule of the Township's Contributions (Last Four Years)**

| | <u>Year Ended December 31,</u> | | | |
|---|--------------------------------|-----------------|-----------------|-----------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Township's Required Contributions | \$ 122,822.76 | \$ 113,160.33 | \$ 189,483.60 | \$ 183,952.50 |
| Township's Contributions in Relation to the Required Contribution | (122,822.76) | (113,160.33) | (189,483.60) | (183,952.50) |
| Township's Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Township's Covered Payroll (Calendar Year) | \$ 4,088,097.00 | \$ 3,766,528.00 | \$ 3,439,830.70 | \$ 3,101,151.00 |
| Township's Contributions as a Percentage of Covered Payroll | 3.00% | 3.00% | 5.51% | 5.93% |

Other Notes to Supplementary OPEB Information

Changes in Benefit Terms - The actuarial valuation as of June 30, 2019 included updates to the provisions of Chapter 48, along with newly adopted changes in different levels of subsidy for employers.

Changes in Assumptions - The discount rate used as of the June 30 measurement date is as follows:

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2020 | 2.21% | 2018 | 3.87% |
| 2019 | 3.50% | 2017 | 3.58% |

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend, repealment of the excise tax, and updated mortality improvement assumptions.

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. Medical and prescription drug trend rates are determined by utilizing experience data, industry experience which includes surveys and Aon trend guidance. These rates are adjusted further to be appropriate with respect to the plan provisions. For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for Plan Years 2019 through 2022 are reflected. For Plan Year 2023 the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.50% for all future years. For prescription drug benefits, the initial trend rate is 7.00% decreasing to a 4.50% long-term trend rate after seven years.

On October 21, 2020, the Society of Actuaries (SOA) released an updated set of life expectancy mortality improvement assumptions, Scale MP-2020. The MP-2020 scale reflects more recent mortality data for the U.S. population.

Note 10: COMPENSATED ABSENCES

Under the existing policy of the Township, 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.

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 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 2,500 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, 2021, accrued benefits for compensated absences are valued at \$353,939.51.

Note 11: CAPITAL DEBT**General Improvement Bonds**

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

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

General Improvement Bonds, Series 2019 - On May 28, 2019, the Township issued \$9,172,000.00 in general improvement bonds, with interest rates ranging from 2.0% to 3.0%. 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 May 15, 2035.

General Improvement Refunding Bonds, Series 2020 - On August 4, 2020, the Township issued \$11,565,000.00 in general improvement refunding bonds, with interest rates ranging from 3.0% to 5.0%, to refund \$12,996,000.00 outstanding 2010 general improvement bonds with interest rates ranging from 2.0% to 4.0%. The final maturity of the bonds is August 1, 2035.

Note 11: CAPITAL DEBT (CONT'D)**General Improvement Bonds (Cont'd)**

General Improvement Bonds, Series 2021 - On May 24, 2021, the Township issued \$1,434,000.00 in general improvement bonds, with interest rates ranging from 0.50% to 3.00%. 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 February 1, 2028.

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

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|-------------------------|------------------------|-------------------------|
| 2022 | \$ 2,724,000.00 | \$ 887,039.17 | \$ 3,611,039.17 |
| 2023 | 2,895,000.00 | 791,346.25 | 3,686,346.25 |
| 2024 | 2,955,000.00 | 697,887.50 | 3,652,887.50 |
| 2025 | 2,150,000.00 | 598,250.00 | 2,748,250.00 |
| 2026 | 1,640,000.00 | 528,987.50 | 2,168,987.50 |
| 2027-2031 | 8,305,000.00 | 1,846,068.75 | 10,151,068.75 |
| 2032-2036 | 7,390,000.00 | 551,212.50 | 7,941,212.50 |
| 2037 | 460,000.00 | 7,187.50 | 467,187.50 |
| Totals | <u>\$ 28,519,000.00</u> | <u>\$ 5,907,979.17</u> | <u>\$ 34,426,979.17</u> |

Sewer Utility Improvement Bonds

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.

General Improvement Bonds, Series 2019 - On May 28, 2019, the Township issued \$2,111,000.00 in general improvement bonds, with interest rates ranging from 2.0% to 3.0%. The bonds were issued for the purpose of funding various sewer capital projects in the Township. The final maturity of the bonds is May 15, 2035.

General Improvement Refunding Bonds, Series 2020 - On August 4, 2020, the Township issued \$3,915,000.00 in general improvement refunding bonds, with interest rates ranging from 3.0% to 5.0%, to refund \$4,489,000.00 outstanding 2006 general improvement bonds with interest rates ranging from 2.0% to 4.0%. The final maturity of the bonds is August 1, 2035.

General Improvement Bonds, Series 2021 - On May 24, 2021, the Township issued \$1,301,000.00 in general improvement bonds, with interest rates ranging from 0.50% to 3.00%. The bonds were issued for the purpose of funding various sewer capital projects in the Township. The final maturity of the bonds is February 1, 2032.

Note 11: 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>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|-------------------------|------------------------|-------------------------|
| 2022 | \$ 506,000.00 | \$ 326,840.02 | \$ 832,840.02 |
| 2023 | 630,000.00 | 309,135.00 | 939,135.00 |
| 2024 | 705,000.00 | 292,143.75 | 997,143.75 |
| 2025 | 735,000.00 | 270,312.50 | 1,005,312.50 |
| 2026 | 650,000.00 | 246,268.75 | 896,268.75 |
| 2027-2031 | 3,630,000.00 | 880,631.25 | 4,510,631.25 |
| 2032-2036 | 3,180,000.00 | 313,759.38 | 3,493,759.38 |
| 2037-2039 | 695,000.00 | 33,796.88 | 728,796.88 |
| Totals | <u>\$ 10,731,000.00</u> | <u>\$ 2,672,887.53</u> | <u>\$ 13,403,887.53</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> |
|-------------|----------------------|---------------------|----------------------|
| 2022 | \$ 386,255.26 | \$ 12,032.18 | \$ 398,287.44 |
| 2023 | 143,303.02 | 2,350.47 | 145,653.49 |
| Totals | <u>\$ 529,558.28</u> | <u>\$ 14,382.65</u> | <u>\$ 543,940.93</u> |

Note 11: CAPITAL DEBT (CONT'D)

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

Summary of Debt

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|-------------------------|-------------------------|-------------------------|
| <u>Issued</u> | | | |
| General: | | | |
| Bonds, Loans and Notes | \$ 28,636,000.00 | \$ 31,216,170.00 | \$ 35,169,470.00 |
| Sewer Utility: | | | |
| Notes | 11,260,558.28 | 12,116,244.16 | 13,506,281.51 |
| Total Issued | <u>39,896,558.28</u> | <u>43,332,414.16</u> | <u>48,675,751.51</u> |
| <u>Authorized but not Issued</u> | | | |
| General: | | | |
| Bonds, Loans and Notes | 790,360.00 | 321,195.00 | 120.00 |
| Sewer Utility: | | | |
| Notes | 2,879,790.00 | 2,879,190.00 | 21,190.00 |
| Total Authorized but not Issued | <u>3,670,150.00</u> | <u>3,200,385.00</u> | <u>21,310.00</u> |
| Total Issued and Authorized but not Issued | <u>43,566,708.28</u> | <u>46,532,799.16</u> | <u>48,697,061.51</u> |
| <u>Deductions</u> | | | |
| General: | | | |
| Reserve for Payment of Bonds | 2.19 | 39,142.19 | 2.19 |
| Sewer Utility: | | | |
| Self-Liquidating Debt | 14,140,348.28 | 14,995,434.16 | 13,527,471.51 |
| Total Deductions | <u>14,140,350.47</u> | <u>15,034,576.35</u> | <u>13,527,473.70</u> |
| Net Debt | <u>\$ 29,426,357.81</u> | <u>\$ 31,498,222.81</u> | <u>\$ 35,169,587.81</u> |

Note 11: 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 1.791%.

Summary of Statutory Debt Condition - Annual Debt Statement

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|--------------------------|-------------------------|-------------------------|-------------------------|
| Local School District | \$ 6,711,577.00 | \$ 6,711,577.00 | |
| Regional School District | 3,316,245.11 | 3,316,245.11 | |
| Sewer Utility | 14,140,348.28 | 14,140,348.28 | |
| General | 29,426,360.00 | 2.19 | \$ 29,426,357.81 |
| | <u>\$ 53,594,530.39</u> | <u>\$ 24,168,172.58</u> | <u>\$ 29,426,357.81</u> |

Net debt \$29,426,357.81 divided by the equalized valuation basis per N.J.S.A.40A:2-2 as amended, \$1,643,144,262.00 equals 1.791%.

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

| | |
|---|-------------------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | \$ 57,510,049.17 |
| Less: Net Debt | <u>29,426,357.81</u> |
| Remaining Borrowing Power | <u>\$ 28,083,691.36</u> |

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

| | |
|--|----------------------|
| Cash Receipts from Fees, Rents, Fund Balance Anticipated, Interest and Other Investment Income, and Other Charges for the Year | \$ 2,497,532.17 |
| Deductions: | |
| Operating and Maintenance Costs | \$ 1,285,154.50 |
| Debt Service | <u>1,055,112.52</u> |
| Total Deductions | <u>2,340,267.02</u> |
| Excess in Revenue | <u>\$ 157,265.15</u> |

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

Note 12: 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:

| | <u>Balance December 31,</u> | |
|-----------------------------|-----------------------------|------------------------|
| | <u>2021</u> | <u>2020</u> |
| Local School Tax: | | |
| Balance of Tax | \$ 7,085,913.00 | \$ 6,953,760.00 |
| Deferred | <u>6,751,113.50</u> | <u>6,226,113.50</u> |
| Local School Tax Payable | <u>\$ 334,799.50</u> | <u>\$ 727,646.50</u> |
| Regional School Tax: | | |
| Balance of Tax | \$ 6,043,552.54 | \$ 5,886,322.04 |
| Deferred | <u>5,395,542.86</u> | <u>4,870,542.86</u> |
| Regional School Tax Payable | <u>\$ 648,009.68</u> | <u>\$ 1,015,779.18</u> |

Note 13: 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> |
|-------------|-------------------------------|-------------------------------|--------------------------|--------------------------|-----------------------|
| 2021 | \$ 5,000.00 | \$ 7,535.63 | \$ 82.21 | \$ 970.09 | \$ 95,630.19 |
| 2020 | 5,000.00 | 7,067.98 | 153.47 | 624.17 | 83,982.44 |
| 2019 | 5,000.00 | 5,682.23 | 98.01 | 896.93 | 72,385.16 |

It is estimated that there are no unreimbursed payments on behalf of the Township at December 31, 2021.

Joint Insurance Pool - The Township of Harrison is a member of the Gloucester, Salem and Cumberland 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 13: 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 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2021, 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, 2021</u> | <u>2022 Budget</u> <u>Appropriation</u> |
|---------------------------------|--|--|
| Current Fund: | | |
| Special Emergency Authorization | \$ 230,000.00 | \$ 110,000.00 |

The appropriations in the 2022 Budget as adopted are not less than that required by the statutes.

Note 15: 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 16: 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 17: 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 18: DEFERRED COMPENSATION SALARY ACCOUNT

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

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

Note 19: SUBSEQUENT EVENTS

COVID-19 - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Township's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Township is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for calendar year 2022.

APPENDIX C

FORM OF BOND COUNSEL OPINION



November ____, 2023

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

**RE: \$4,368,400 TOWNSHIP OF HARRISON, COUNTY OF GLOUCESTER,
NEW JERSEY, BOND ANTICIPATION NOTES OF 2023, SERIES A**

Mayor and Township Committee Members:

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

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 13-2020, 14-2020, 16-2021 and 21-2022 (the "Bond Ordinances"), each duly and finally adopted by the Township Committee and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer on November 14, 2023 ("Award Certificate").

The Notes are issued to temporarily finance the costs of certain improvements described in the Bond Ordinances. The Notes are issued in registered book-entry form without coupons and are not subject to redemption prior to maturity. The Notes are dated November 28, 2023 and mature on November 27, 2024.

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

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

COUNSEL WHEN IT MATTERS.SM



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

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

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

3. Interest on the Notes is not included for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on such corporations.

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

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

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

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



the taxpayer exceeds certain amounts. Interest on the Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Notes.

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

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

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

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF INFORMATION REPORTING UNDERTAKING AGREEMENT

INFORMATION REPORTING UNDERTAKING AGREEMENT

ISSUER: Township of Harrison, County of Gloucester, New Jersey ("Issuer")

ISSUE: \$4,368,400 Bond Anticipation Notes of 2023, Series A
(Non-Callable) ("Notes")

DATED: November 28, 2023

CUSIP:

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

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

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

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

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

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

Section 2. The Issuer reserves the right to terminate its obligation to provide notices of Listed Events, if material, as set forth above, if and when the Issuer no longer remains an Obligated Person with respect to the Notes within the meaning of the Rule. The Issuer will provide notice of such termination to the MSRB via the internet facilities of EMMA and the State Repository, if any.

Section 3. The Issuer agrees that its undertaking pursuant to the Rule set forth in Section 1 of this Agreement is intended to be for the benefit of the holders of the Notes and shall be enforceable by such Noteholders; provided that, the Noteholder's right to enforce the

provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Obligated Person's obligations hereunder.

Section 4. This Agreement shall be governed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, the Issuer has executed and delivered this Agreement as of this 28th day of November, 2023.

ISSUER:

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

By: _____
SHAWN GLYNN,
Chief Financial Officer