OFFICIAL STATEMENT DATED JANUARY 23, 2019

New Issue – Book-Entry-Only **Rating: See "RATING" herein**

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Township (as defined herein) with certain tax covenants described herein, under existing law, interest on the Tax-Exempt Notes (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Tax-Exempt Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the Notes (as defined herein) and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

TOWNSHIP OF EDISON, IN THE COUNTY OF MIDDLESEX, NEW JERSEY

$61,237,000 NOTES,
CONSISTING OF
$53,847,000 BOND ANTICIPATION NOTE
AND
$7,390,000 SEWER UTILITY BOND ANTICIPATION NOTE

Interest Rate: 4.00%
Re-Offering Yield: 1.75%
CUSIP No.: 281047 G53

$4,055,000 TAX APPEAL REFUNDING
BOND ANTICIPATION NOTE
(FEDERALLY TAXABLE)

Interest Rate: 3.00%
Re-Offering Yield: 2.75%
CUSIP No.: 281047 G46

Dated Date: February 7, 2019 **Maturity Date: February 7, 2020**

The (i) $61,237,000 Notes, consisting of a $53,847,0000 Bond Anticipation Note (the "Bond Anticipation Note") and a $7,390,000 Sewer Utility Bond Anticipation Note (the "Sewer Utility Bond Anticipation Note"; and together with the Bond Anticipation Note, the "Tax-Exempt Notes"), and (ii) $4,055,000 Tax Appeal Refunding Bond Anticipation Note (Federally Taxable) (the "Taxable Note"; and together with the Tax-Exempt Notes, the "Notes"), will be issued by the Township of Edison, in the County of Middlesex, New Jersey (the "Township"), in the form of one certificate for the aggregate principal amount of each series of the Notes and when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. Interest on the Notes will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. See "THE NOTES – Book-Entry-Only System" herein.

The proceeds from the sale and issuance of the Bond Anticipation Note will be used by the Township to (i) currently refund $48,355,000 of the Township's $49,665,000 Bond Anticipation Note, dated and issued February 8, 2018 and maturing February 8, 2019, together with $1,310,000 in principal reduction payments from the 2019 budget, (ii) provide $5,492,000 in new money for various capital improvements, and (iii) pay costs and expenses in connection with the authorization, sale and issuance of the Bond Anticipation Note.

The proceeds from the sale and issuance of the Sewer Utility Bond Anticipation Note will be used by the Township to (i) currently refund $7,390,000 of the Township's $7,495,000 Sewer Utility Bond Anticipation Note, dated and issued February 8, 2018 and maturing February 8, 2019, together with a $105,000 principal reduction payment from the 2019 budget, and (ii) pay costs and expenses in connection with the authorization, sale and issuance of the Sewer Utility Bond Anticipation Note.

The proceeds from the sale and issuance of the Taxable Note will be used to (i) currently refund $4,055,000 of the Township's $6,085,000 Tax Appeal Refunding Bond Anticipation Note (Federally Taxable), dated and issued February 8, 2018 and maturing February 8, 2019, together with a $2,030,000 principal reduction payment from the 2019 budget, and (ii) pay costs and expenses in connection with the authorization, sale and issuance of the Taxable Note.

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

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

The Notes are offered when, as and if issued and delivered to the Underwriters (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Government Strategy Group, Shrewsbury, New Jersey, has provided financial operations management in connection with the issuance of the Notes. It is expected that the Notes will be available for delivery through DTC in New York, New York, on or about February 7, 2019.

TOWNSHIP OF EDISON, IN THE
COUNTY OF MIDDLESEX, NEW JERSEY

MAYOR

Thomas Lankey

COUNCIL MEMBERS

Alvaro Gomez, Council President
Ajay Patil, Vice President
Leonard D. Sendelsky
Robert Diehl
Michael Lombardi
Joseph Coyle
Samip Joshi

ADMINISTRATOR

Maureen Ruane

CHIEF FINANCIAL OFFICER

Nicholas Fargo

COMPTROLLER

Agnes Yang

TOWNSHIP CLERK

Cheryl Russomanno

TOWNSHIP ATTORNEY

William W. Northgrave, Esq.
Roseland, New Jersey

TOWNSHIP AUDITOR

Hodulik & Morrison, P.A.
Highland Park, New Jersey

MUNICIPAL ADVISOR

NW Financial Group, LLC
Hoboken, New Jersey

FINANCIAL OPERATIONS MANAGEMENT

Government Strategy Group
Shrewsbury, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, 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 Underwriters 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 made hereunder shall under any circumstances create any implication that there has been no change in any of the information herein since the date hereof or 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.

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

"CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by Standard & Poor's Capital IQ. The CUSIP numbers listed on the cover page hereof 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 representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers for the Notes are subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Notes or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Notes.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENTS RELATING TO THE NOTES HAVE BEEN FILED WITH THE SEC OR ANY STATE SECURITIES AGENCY. THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE

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

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy or completeness thereof, and, accordingly, they express no opinion with respect thereto.

TABLE OF CONTENTS

Page

OFFICIAL STATEMENT
RELATING TO
TOWNSHIP OF EDISON, IN THE
COUNTY OF MIDDLESEX, NEW JERSEY

$61,237,000 NOTES,
CONSISTING OF
$53,847,000 BOND ANTICIPATION NOTE AND
$7,390,000 SEWER UTILITY BOND ANTICIPATION NOTE

$4,055,000 TAX APPEAL REFUNDING
BOND ANTICIPATION NOTE
(FEDERALLY TAXABLE)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Edison (the "Township"), in the County of Middlesex (the "County"), New Jersey (the "State"), in connection with the sale and issuance by the Township of the (i) $61,237,000 Notes, consisting of a $53,847,000 Bond Anticipation Note (the "Bond Anticipation Note") and a $7,390,000 Sewer Utility Bond Anticipation Note (the "Sewer Utility Bond Anticipation Note"; and together with the Bond Anticipation Note, the "Tax-Exempt Notes"), and (ii) $4,055,000 Tax Appeal Refunding Bond Anticipation Note (Federally Taxable) (the "Taxable Note"; and together with the Tax-Exempt Notes, the "Notes"). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

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

THE NOTES

General Description

The Notes are dated, will mature on the date and in the amounts and will bear interest payable at the interest rates as set forth on the cover page hereof. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes.

The principal of and interest due on the Notes will be paid to the registered owners by the Township, as paying agent (the "Paying Agent"). Principal of and interest due on the Notes will be credited to the registered owners as of the business day immediately preceding the maturity date of the Notes (the "Record Date" for the payment of principal and interest on the Notes).

The Notes are issuable as fully registered book-entry obligations in the form of one certificate in the aggregate principal amount of each series of the Notes. The Notes may be purchased in book-entry-only form in the amount of any integral multiple of $1,000 with a minimum purchase of $5,000 required through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC"), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township, acting as Paying Agent, directly to Cede & Co. (or any successor or assign), as nominee for DTC.

Redemption

The Notes are not subject to redemption prior to their stated maturities.

Book-Entry-Only System

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

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 Note certificate will be issued in the aggregate principal amount of each series of Notes, 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 the 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 the Notes ("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 Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and its 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 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 the Notes are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if any, and 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 Paying 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 or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Paying Agent. Under such circumstances, in the event that a successor securities 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-only transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered to DTC.

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

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM IT ACTS AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

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 a 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.

AUTHORIZATION AND PURPOSE OF NOTES

Bond Anticipation Note

The Bond Anticipation Note is authorized by and is being issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 *et seq*. (the "Local Bond Law"), and the various bond ordinances of the Township set forth below:

BOND ORDINANCE NUMBER	DESCRIPTION OF IMPROVEMENT AND DATE OF ADOPTION OF BOND ORDINANCE	AMOUNT TO BE ISSUED
1468-2005, as amended and supplemented by 1503-2006	Various capital improvements, finally adopted September 14, 2005, as amended and supplemented June 14, 2006.	$429,313
1817-2012	Various capital improvements, finally adopted December 26, 2012.	$1,234,000
1845-2013	Various capital improvements, finally adopted September 25, 2013.	$2,192,000
1872-2014	Various capital improvements, finally adopted July 23, 2014.	$10,407,361
1899-2015	Repaving and reconstruction of various roads, finally adopted April 22, 2015.	$2,981,326
1914-2015	Various capital improvements, finally adopted September 21, 2015.	$9,901,000
1959-2017	Various capital improvements, finally adopted February 8, 2017.	$12,500,000
1972-2017	Acquisition of warehouse building, finally adopted April 24, 2017.	$1,710,000
1988-2017	Various capital improvements, finally adopted September 13, 2017.	$12,492,000

Proceeds from the sale and issuance of the Bond Anticipation Note will be used by the Township to (i) currently refund $48,355,000 of the Township's $49,665,000 Bond Anticipation Note, dated and issued February 8, 2018 and maturing February 8, 2019, together with $1,310,000 in principal reduction payments from the 2019 budget, (ii) provide $5,492,000 in new money for the projects described above, and (iii) pay costs and expenses in connection with the authorization, sale and issuance of the Bond Anticipation Note.

Sewer Utility Bond Anticipation Note

The Sewer Utility Bond Anticipation Note is authorized by and is being issued pursuant to the Local Bond Law and the bond ordinance of the Township set forth below:

BOND ORDINANCE NUMBER	DESCRIPTION OF IMPROVEMENT AND DATE OF ADOPTION OF BOND ORDINANCE	AMOUNT TO BE ISSUED
1873-2014	Various sewer improvements, finally adopted July 23, 2014.	$7,390,000

Proceeds from the sale and issuance of the Sewer Utility Bond Anticipation Note will be used by the Township to (i) currently refund $7,390,000 of the Township's $7,495,000 Sewer Utility Bond Anticipation Note, dated and issued February 8, 2018 and maturing February 8, 2019, together with a $105,000 principal reduction payment from the 2019 budget, and (ii) pay costs and expenses in connection with the authorization, sale and issuance of the Sewer Utility Bond Anticipation Note.

Taxable Note

The Taxable Note is authorized by and is being issued pursuant to the Local Bond Law and the refunding bond ordinance of the Township set forth below. The issuance of the Taxable Note and the adoption of the refunding bond ordinance have received the approval of the Local Finance Board, Division of Local Government Services in the Department of Community Affairs, by resolution adopted December 10, 2014.

REFUNDING BOND ORDINANCE NUMBER	DESCRIPTION OF IMPROVEMENT AND DATE OF ADOPTION OF REFUNDING BOND ORDINANCE	AMOUNT TO BE ISSUED
1894-2015	Providing for the payment of amounts owing to others for taxes levied, finally adopted January 28, 2015.	$4,055,000

Proceeds from the sale and issuance of the Taxable Note will be used by the Township to (i) currently refund $4,055,000 of the Township's $6,085,000 Tax Appeal Refunding Bond Anticipation Note (Federally Taxable), dated and issued February 8, 2018 and maturing February 8, 2019, together with a $2,030,000 principal reduction payment from the 2019 budget, and (ii) pay costs and expenses in connection with the authorization, sale and issuance of the Taxable Note.

SECURITY AND SOURCE OF PAYMENT

Except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or the application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, 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 due on the Notes. The Township is required by law to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of and the interest due on the Notes without limitation as to rate or amount.

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 *et seq*.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Township, as annually determined by the State Director of Taxation, is $16,533,596,123.00.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Township has not exceeded its statutory debt limit, as approved in each case by the Local Finance Board. As of December 31, 2018 (unaudited), the statutory net debt as a percentage of average equalized valuation was 0.597%. As noted above, the statutory limit is 3½%.

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for self-liquidating purposes and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

Local Budget Law (N.J.S.A. 40A:4-1 *et seq*.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The Township is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may 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 determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation, drainage map preparation for flood control purposes and contractually required severance liabilities, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq*.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate". The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; 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. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

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.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

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 result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Township was last completed in 1983.

Upon the filing of certified adopted budgets by the Township's local school district and the 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, the 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 New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Township. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax 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 amount in excess of $1,500.00. These interest rates and penalties are the highest permitted under New Jersey statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey statues.

Tax Appeals

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease 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 County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 *et seq*.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2017 for the Township is on file with the Clerk and is available for review during business hours.

TAX MATTERS

Tax-Exempt Notes

Exclusion of Interest on the Tax-Exempt Notes From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Tax-Exempt Notes in order to assure that interest on the Tax-Exempt Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Tax-Exempt Notes to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Tax-Exempt Notes. The Township will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Tax-Exempt Notes, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Tax-Exempt Notes and has covenanted not to take any action or fail to take any action that would cause interest on the Tax-Exempt Notes to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Tax-Exempt Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Tax-Exempt Notes for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the Township ("Bond Counsel"), is of the opinion that, under existing law, interest on the Tax-Exempt Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Tax-Exempt Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Tax-Exempt Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Tax-Exempt Notes ends with the issuance of the Tax-Exempt Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Township or the owners of the Tax-Exempt Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Tax-Exempt Notes, under current IRS procedures, the IRS will treat the Township as the taxpayer and the beneficial owners of the Tax-Exempt Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Tax-Exempt Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Tax-Exempt Notes.

Payments of interest on tax-exempt obligations, including the Tax-Exempt Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Tax-Exempt Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Premium

The Tax-Exempt Notes may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Tax-Exempt Notes to a purchaser (other than a purchaser who holds such Tax-Exempt Notes as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Tax-Exempt Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Tax-Exempt Notes. Accordingly, an owner of the Tax-Exempt Notes may have taxable gain from the disposition of the Tax-Exempt Notes, even though the Tax-Exempt Notes are sold, or disposed of, for a price equal to the owner's original cost of acquiring the Tax-Exempt Notes. Note premium amortizes over the term of the Tax-Exempt Notes under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Tax-Exempt Notes should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Tax-Exempt Notes.

Bank-Qualification

The Tax-Exempt Notes will not be designated as qualified under Section 265 of the Code by the Township for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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

Additional Federal Income Tax Consequences of Holding the Tax-Exempt Notes

Prospective purchasers of the Tax-Exempt Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Tax-Exempt Notes, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Tax-Exempt Notes from gross income pursuant to Section 103 of the Code and interest on the Tax-Exempt Notes not constituting an item of tax preference under

Section 57 of the Code. Prospective purchasers of the Tax-Exempt Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Tax-Exempt Notes.

Changes in Federal Tax Law Regarding the Tax-Exempt Notes

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Tax-Exempt Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Tax-Exempt Notes will not have an adverse effect on the tax status of interest on the Tax-Exempt Notes or the market value or marketability of the Tax-Exempt Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Tax-Exempt Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Taxable Note

General

In the opinion of Bond Counsel, interest on the Taxable Note <u>is</u> includable in gross income for federal income tax purposes.

The following is a summary of certain United States federal income tax consequences of the ownership of the Taxable Note as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Code, as well as Treasury Regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Taxable Note generally and does not purport to furnish information in the level of detail or with the investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, this summary is addressed only to original purchasers of the Taxable Note that are "U.S. holders" (as defined below), deals only with the Taxable Note held as a capital asset within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in the Taxable Note.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of the Taxable Note. A "non-U.S. investor" is a holder (or beneficial owner) of the Taxable Note that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration, and (ii) one or more U.S. persons have the authority to control all of the trust's substantial decisions.

Sale or Redemption of the Taxable Note

A note owner's tax basis for the Taxable Note is the price such owner pays for the Taxable Note plus amounts of any original issue discount included in income, reduced on account of any payments received (other than "qualified periodic interest" payments) and any amortized premium. Gain or loss recognized on a sale, exchange or redemption of the Taxable Note, measured by the difference between the amount realized and the Taxable Note's basis as so adjusted, will generally give rise to capital gain or loss if the Taxable Note is held as a capital asset.

Possible Recognition of Taxable Gain or Loss Upon Defeasance of Taxable Note

Defeasance of any Taxable Note may result in a deemed exchange under Section 1001 of the Code, in which event the holder of such Taxable Note will recognize taxable gain or loss in an amount equal to the difference between the amount realized from the deemed exchange (less any accrued qualified stated interest that will be taxable as such) and the holder's adjusted basis in such Taxable Note.

Backup Withholding

A noteowner may, under certain circumstances, be subject to "backup withholding" (currently the rate of this withholding tax is 28%, but may change in the future) with respect to interest or original issue discount on the Taxable Note. This withholding generally applies if the owner of the Taxable Note (a) fails to furnish the Township or its paying agent with its taxpayer identification number; (b) furnishes the Township or its paying agent an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the Township or its paying agent with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to note owners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as defined below). Owners of the Taxable Note should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The amount of "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to payments on the Taxable Note will be reported to the note owners and to the IRS.

Foreign Taxable Note Owners

Under the Code, interest and original issue discount income with respect to the Taxable Note held by nonresident alien individuals, foreign corporations or other non-United States persons ("Nonresidents") generally will not be subject to the United States withholding tax (or backup withholding) if the Township or its paying agent (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of the Taxable Note is a Nonresident. The withholding tax may be reduced or eliminated by an applicable tax treaty, if any. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident owner of the Taxable Note, they will be subject to regular United States income tax, but will ordinarily be exempt from United States withholding tax.

ERISA

The Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA (an "ERISA Plan") and persons who, with respect to that plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries of ERISA Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Taxable Note.

In all events, all investors should consult their own tax advisors in determining the federal, state, local and other tax consequences to them of the purchase, ownership and disposition of the Taxable Note.

The Notes

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE NOTES ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE NOTES, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

LITIGATION

To the knowledge of the Township Attorney, William W. Northgrave, Esq., Roseland, New Jersey, there is no litigation of any nature now pending or threatened, 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 Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, and except as noted in Appendix B under the heading "CONTINGENT LIABILITIES – Litigation Pending or Threatened", would have a material adverse impact on the financial condition of the Township if adversely decided.

SECONDARY MARKET DISCLOSURE

The Township has covenanted for the benefit of the Noteholders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Specifically, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the Township will provide in a timely manner not in excess of ten business days after the occurrence of the event, to the Municipal Securities Rulemaking Board (the "MSRB"), notice of any of the following events with respect to the Notes:

(1) Principal and interest payment delinquencies;
(2) Non-payment related defaults, if material;
(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
(7) Modifications to rights of holders of the Notes, if material;
(8) Bond calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution or sale of property securing repayment of the Notes, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the Township;
(13) The consummation of a merger, consolidation or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, 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; and
(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

In the event that the Township fails to comply with the above-described undertaking and covenants, the Township shall not be liable for any monetary damages, remedy of the beneficial owners of the Notes being specifically limited in the undertaking to specific performance of the covenants.

The undertaking may be amended by the Township from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

In the past five years, the Township has failed to comply with its prior undertakings to provide secondary market disclosure in connection with obligations issued by the Township. The Township completed a series of filings and, as of the date hereof, is in compliance with its prior undertakings. The Township has recently engaged the services of a dissemination agent in connection with all of the Township's ongoing continuing disclosure obligations, including the Notes.

There can be no assurance that there will be a secondary market for the sale or purchase of the Notes. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the Township may affect the future liquidity of the Notes.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 *et seq*., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditors' rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit any political subdivision of the State, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under said chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with the Notes substantially in the forms set forth as Appendix "C" and Appendix "D" hereto. Certain legal matters will be passed upon for the Township by its Township Attorney, William W. Northgrave, Esq., Roseland, New Jersey.

UNDERWRITING

J.P. Morgan Securities LLC, New York, New York (the "Tax-Exempt Note Underwriter"), has agreed, subject to certain customary conditions precedent to closing, to purchase the Tax-Exempt Notes at a purchase price of $62,568,292.38. The purchase price reflects the principal amount of the Tax-Exempt Notes *plus* an original issue premium in the amount of $1,331,292.38. The Tax-Exempt Notes are being offered to the public at the yield set forth on the cover page of this Official Statement, which yield may be changed from time to time by the Tax-Exempt Note Underwriter without notice. The Tax-Exempt Notes may be offered and sold to dealers, including the Tax-Exempt Note Underwriter and dealers acquiring the Tax-Exempt Notes for their own account or any account managed by them, at prices lower than the public offering price.

Oppenheimer & Co., Philadelphia, Pennsylvania (the "Taxable Note Underwriter"; and together with the Tax-Exempt Note Underwriter, the "Underwriters"), has agreed, subject to certain customary conditions precedent to closing, to purchase the Taxable Note at a purchase price of $4,059,785.00. The purchase price reflects the principal amount of the Taxable Note *plus* an original issue premium in the amount of $4,785.00. The Taxable Note is being offered to the public at the yield set forth on the cover page of this Official Statement, which yield may be changed from time to time by the Taxable Note Underwriter without notice. The Taxable Note may be offered and sold to dealers, including the Taxable Note Underwriter and dealers acquiring the Taxable Note for their own account or any account managed by them, at prices lower than the public offering price.

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "MIG 1" to the Notes based upon the creditworthiness of the Township. An explanation of the significance of such credit rating may be obtained from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that such credit rating will continue for any period of time or that such rating will not be revised or withdrawn. Any such revision or withdrawal of such credit rating may have an adverse effect on the market price or marketability of the Notes. Neither the Township nor the Underwriters have undertaken or will undertake any responsibility to bring to the attention of the owners of the Notes any proposed change or withdrawal of such credit rating or to oppose any such proposed revision.

FINANCIAL OPERATIONS MANAGEMENT

Government Strategy Group, Shrewsbury, New Jersey, is under contract to provide financial operations management services to the Township. Government Strategy Group has not audited or participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion or other assurance with respect thereto.

MUNICIPAL ADVISOR

NW Financial Group, LLC, Hoboken, New Jersey, serves as municipal advisor to the Township (the "Municipal Advisor") with respect to the issuance of the Bonds. 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 that are deemed reliable, but no warranty, guaranty or other representation is made with respect to the accuracy and completeness of such information. The Municipal Advisor is a financial advisory firm and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm to the Underwriters, by certificates signed by the Mayor and the Chief Financial Officer, that, to their knowledge, such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Hodulik & Morrison, P.A. assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report.

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

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Agnes Yang, the Township's Comptroller, at 100 Municipal Boulevard, Edison, New Jersey 08817, telephone (732) 248-7325, or by e-mail at ayang@edisonnj.org.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Township, the Underwriters and the holders of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township (financial or otherwise) since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness. Financial information concerning the Township is available at http://www.edisonnj.org/town_hall/administrative_departments/finance_department/budget_documents.php or by contacting Agnes Yang, the Township's Comptroller, at (732) 248-7325 or ayang@edisonnj.org.

TOWNSHIP OF EDISON, IN THE COUNTY OF MIDDLESEX, NEW JERSEY

By: ***/s/ Nicholas Fargo***
Nicholas Fargo
Chief Financial Officer

Dated: January 23, 2019

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT TOWNSHIP OF EDISON, IN THE COUNTY OF MIDDLESEX, NEW JERSEY

THE TOWNSHIP OF EDISON

Location

The Township of Edison is located in northern Middlesex County on the navigable Raritan River, adjacent to the City of New Brunswick and the Boroughs of Highland Park and Sayreville on the South, the Township of Piscataway and Borough of South Plainfield on the West, the Townships of Scotch Plains and Clark on the North, and the Township of Woodbridge on the East. The Township's 31 square miles are, in fact, at the "Crossroads of New Jersey".

Government Structure

The Township is managed under the Mayor-Council form of government authorized under Plan E of the "Faulkner Act of 1950". This form of government, authorized by the voters in 1956 and implemented on January 1, 1958, provides for the direct election of the Mayor and seven Council Members to staggered terms of four years. Partisan elections are held bi-annually for the purpose of filling, four council seats or, alternatively, electing a mayor and three council members. The executive power of Township government is exercised by the Mayor, supported by a Business Administrator and various department heads. The legislative power of Township government, including the authorization of all non-emergent spending appropriations, vests with the Municipal Council.

Transportation

Edison Township's accessibility to major transportation arteries has made it a desirable destination for a residence and as a business location. Interchange #10 on the twelve lane New Jersey Turnpike is situated in Edison Township. From this interchange, Newark Airport and Port Newark are 18 miles to the North, New York City is 30 miles to the Northeast, and Philadelphia is 60 miles to the Southwest. The Township is also traversed by 5 miles of I-287, 6 miles of U.S. Route 1, and 6 miles of N.J. Route 27, with accompanying interchanges. Highway access to the New Jersey shore area's recreational centers is provided by the Garden State Parkway, which is accessible from each of the major roadways listed above and from local roads via an interchange located just over the Township's border in neighboring Woodbridge Township.

The main lines of the Northeast Corridor rail system pass through Edison Township. A commuter rail station is situated in Edison Township and rail service between New York and Philadelphia is provided by New Jersey Transit. An additional commuter rail station is located in nearby Metuchen, and AMTRAK service is available from the New Brunswick and Metropark rail stations. Freight service is available at all major industrial centers within the Township. Bus service is available to most of Central New Jersey through New Jersey Transit.

Municipal Services

The Township provides a variety of services including police and fire protection, maintenance of Township streets, recycling and leaf removal, sanitary sewer systems, health services, recreation services and maintenance of the Township's parks and open spaces. The Township operates a separate Division of Senior Citizen Services which provides cultural, recreational and transportation services, as well providing a modern facility for meeting purposes. The imposition of statutory restraints on the growth of municipal purpose tax levies has resulted in a streamlining of the Township's work force.

Police protection is provided by a full time police department that currently numbers 178 sworn officers, down from 189 sworn officers in 2017. Fire protection is provided by a paid, full-time department which includes 134 sworn officers, down from 144 in 2017. In addition to fire suppression, the Fire Department is responsible for investigations and fire prevention. The Department of Public Works consists of 129 employees, including administrative and support staff, and is responsible for streets and roads, sewer system operations, recycling, buildings and grounds maintenance and leaf collection. The Township's current workforce includes a total of 659 full-time employees and an additional 345 part-time employees. In 2017, the Township employed 679 and 252 full and part-time employees, respectively.

The Township's Free Public Library includes its main branch which is located on Plainfield Avenue, and two satellite branches, located on Grove Avenue in North Edison and on Hoover Avenue in the Clara Barton section of the Township. Computers and Internet connections are available at each of the three library buildings, and a Bookmobile is in operation to bring library services to those who have difficulty traveling to one of the branch buildings.

School Facilities

The Edison Township school system began operation in 1870. Today, the Edison School District is comprised of nineteen (19) schools, including thirteen (13) elementary schools, four (4) middle schools, and two (2) high schools. For the year ended June 30, 2018, the District employed 1,817 employees, including 1,327 instructional staff members holding teacher certifications.

Trends in Average Daily Enrollment (ADE) and Average Daily Attendance (ADA) for the last six school years is as follows:

School Year Ended June 30	ADE	ADA
2018	16,081	15,415
2017	15,532	14,941
2016	15,096	13,933
2015	14,697	13,617
2014	14,497	13,578
2013	14,367	13,627
2012	14,217	13,641

During the 2013-14 school year, a fire destroyed the James Monroe Elementary School. The District authorized $28.1 million to replace the school and the newly constructed school building opened on Januray 3, 2017. At June 30, 2018, the Edison School District had $3,480,000 of outstanding school bonds and $3,459,077 of outstanding lease purchase obligations whose proceeds are restricted to the improvement and/or replacement of the District's school facilities.

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

POPULATION TRENDS

Year	Edison	Middlesex County
2017	102,450	842,798
2016	102,360	839,986
2015	102,467	838,332
2014	102,378	835,335
2013	101,885	829,991
2012	101,518	824,753
2011	100,821	817,589
2010	100,305	811,217
2009	99,736	790,738
2008	99,220	785,324

Source: U.S. Bureau of the Census, Population Division

TREND OF EMPLOYMENT AND UNEMPLOYMENT

Year		Labor Force	Employment	Unemployment Rate
2017	Township	55,371	53,498	4.1 %
	County	442,313	424,201	3.4
	State	4,518,837	4,309,710	4.6
2016	Township	55,420	53,451	3.6 %
	County	442,447	422,948	4.4
	State	4,524,260	4,299,932	5.0
2015	Township	55,074	52,776	4.2 %
	County	440,343	418,408	5.0
	State	4,543,780	4,288,827	5.6
2014	Township	54,139	51,408	5.0 %
	County	432,112	406,174	6.0
	State	4,518,714	4,218,435	6.6
2013	Township	56,024	52,617	6.1 %
	County	443,825	410,919	7.4
	State	4,537,821	4,166,029	8.2
2012	Township	55,848	52,000	6.9
	County	442,912	406,106	8.3
	State	4,561,726	4,136,940	9.3
2011	Township	55,368	51,493	7.0
	County	436,170	399,472	8.4
	State	4,535,778	4,112,200	9.3

Source: New Jersey Department of Labor and Workforce Development, Labor Planning and Analysis

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

LARGEST TAXPAYERS

Taxpayer	2018 Assessed Value
Center Realty/Fed. Storage Whse.	$159,984,400
Isaac Heller	159,509,400
Shopping Center Assoc. (Menlo Pk.)	144,909,800
Garden State Bldgs./Raritan Plaza	82,746,300
Cooper Associates	59,362,200
Durham Woods Assoc.	55,000,000
Blueberry Village/Edison Village	43,896,000
Morris Associates	43,844,300
Prologis/Security Capital Trust	39,132,300
I/O New Jersey	35,353,600
Hartz Mountain	31,724,500
P S E & G	30,126,900
Wick Company	29,912,500
Rivendell	29,228,400
Millbrook Gardens	28,549,000
NJIND, LLC	27,919,400
Torsiello Assoc.	26,847,400
Margate Tenants Corp.	24,090,200
Seagis Edison	20,582,900
Oxford Arms	19,250,000

Source: Township of Edison, Office of Tax Assessor

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

EMPLOYMENT

Within Edison's boundaries are several areas zoned for industrial and commercial use which aggregate to approximately 4,500 acres. The largest area, the Raritan Center, is located on the former Raritan Arsenal site along the Raritan River. This site has been developed into a major distribution and manufacturing center, and, as the volume of economic activity within Raritan Center has grown, numerous service sector companies, including several hotels and the New Jersey Convention and Exposition Center, retail banking operations and various equipment sales and service companies have chosen to locate within Raritan Center.

The Raritan Center complex is the single largest center of employment in the Township. The Edison Chamber of Commerce estimates that in excess of 15,000 people are employed at the various company installations within this industrial/office park. Raritan Center contains approximately 13,000,000 square feet in over 100 separate buildings which house office, research, warehouse, distribution and industrial space. Many of the Fortune 500 companies are included in the roughly 3,000 tenants of Raritan Center, including Aramark; Automatic Data Processing; Avery Dennison; Bank of New York; Cardinal Health; Costco; Electronic Data Systems; Federated Department Stores; Federal Express; Ingersoll-Rand; Mariott International; Nabisco/Kraft Foods; Prudentiual; United Parcel Service; Public Service Electric & Gas; Verizon Communication; Whirlpool, and York International. The list of occupants of Raritan center also includes a broad range of foreign companies.

Major employers situated outside of the Raritan Center complex include the Menlo Park Mall; JFK Medical Center; Wakefern Food Corp.; Middlesex County College, New Brunswick Scientific, Target Stores, Costco; Walmart; ITC-International Technidyne Corp.; Metex Corp.; Ray Catena's Open Roads Companies; New Jersey Veterans Memorial Home , Clarion Hotel & Towers and Sheraton Hotels-Edison.

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

APPORTIONMENT OF TAX RATE
(Per $100 of Assessed Valuation)

	2018	2017	2016	2015	2014
Municipal	$1.230	$1.214	$1.196	$ 1.167	$ 1.139
Local School	3.045	2.978	2.932	2.820	2.733
County	0.851	0.823	0.789	0.748	0.728
County Open Space	0.070	0.067	0.066	0.061	0.060
Municipal Library	0.076	0.074	0.073	0.068	0.066
Tax Rate	$ 5.272	$ 5.156	$ 5.056	$ 4.864	$ 4.726

Source: The Township of Edison, Office of theTax Assessor
Abstract of Ratables, County of Middlesex, New Jersey

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARISON OF TAX LEVIES AND COLLECTIONS

	Current Year's Tax Levy Collected		
Year	Tax Levy	Collections	Percentage
2017	$378,012,203	$ 377,518,802	99.87%
2016	368,263,159	367,148,373	99.70
2015	354,112,576	352,506,039	99.55
2014	342,068,750	341,685,405	99.89
2013	329,692,202	329,207,708	99.85
2012	333,709,347	328,328,797	98.39
2011	328,724,109	328,004,819	98.78
2010	319,760,759	318,844,895	99.71

TAX TITLE LIENS AND DELINQUENT TAXES

Year End	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2017	$ 1,185,666	$ 46,885	$ 1,232,551	0.33%
2016	1,108,498	17,370	1,125,868	0.31
2015	840,174	36,411	876,585	0.25
2014	708,222	62,521	770,743	0.23
2013	597,443	5,014	602,457	0.18
2012	199,062	4,587,553	5,081,024	1.52
2011	459,733	32,311	492,044	0.15
2010	465,866	78,385	544,251	0.17

Source: The Township of Edison, Reports of Audit

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE SCHEDULE OF CURRENT FUND BALANCES

Fiscal Year	Ending Fund Balance	Utilized in Succeeding Year's Budget
2017	$ 11,971,509	$ 9,250,359
2016	10,844,461	7,987,461
2015	7,989,856	3,736,456
2014	11,731,737	10,000,000
2013	8,151,625	6,450,000
2012	7,916,902	7,124,500
2011	11,747,730	8,309,881
2010	13,250,969	9,889,277

Source: The Township of Edison, Reports of Audit

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

COMPARATIVE SCHEDULE OF SEWER UTILITY OPERATING FUND BALANCES

Fiscal Year	Ending Fund Balance	Utilized in Succeeding Year's Budget[1]
2017	6,282,410	0
2016	2,094,152	262,439
2015	784,961	0
2014	29,452	0
2013	13,446	0
2012	1,813,447	1,800,000
2011	4,436,941	3,684,752
2010	4,968,587	2,043,246

Source: The Township of Edison, Reports of Audit

[1] The 2018 Unaudited Annual Financial Statement and 2019 Municipal Budget have not been prepared at this time.

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

ASSESSED VALUATIONS OF PROPERTY BY CLASS

Property Classification	2018	2017	2016	2015	2014
Vacant Land	$ 112,244,700	$ 110,765,600	$ 118,113,900	$ 123,956,600	$ 127,961,100
Residential	4,555,263,900	4,537,471,500	4,514,156,800	4,505,085,800	4,495,846,500
Farm	14,600	21,500	21,500	21,500	21,500
Commercial	1,050,210,000	1,037,523,300	1,049,012,000	1,066,092,500	1,079,794,800
Industrial	999,221,900	983,174,600	957,561,600	938,746,200	934,318,300
Apartments	421,062,100	421,098,400	421,038,400	423,345,800	385,687,000
	$7,138,017,200	$7,090,054,900	$7,059,904,200	$7,057,248,400	$7,023,629,200

Source: Township of Edison, Office of the Tax Assessor, Forms SR-3A

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

PROPERTY VALUATIONS

	2018	2017	2016	2015	2014
Assessed Valuation:					
Land	$3,105,633,600	$3,104,276,300	$3,106,530,600	$3,109,949,200	$3,111,173,400
Improvements	4,034,915,200	3,988,381,300	3,955,976,300	3,949,901,900	3,912,455,800
Taxable Value of Land And Improvements	7,140,548,800	7,092,657,600	7,062,506,900	7,059,851,100	7,023,629,200
Partial Exemptions	(2,602,700)	(2,602,700)	(2,602,700)	(2,602,700)	(2,602,700)
Communications Equipment	6,286,427	6,341,083	6,439,352	6,934,622	6,974,696
Net Valuation Taxable	$7,144,232,527	$7,096,395,983	$7,066,343,552	$7,064,183,022	$7,028,001,196
County Equalized Valuation	$16,583,245,741	$15,961,613,143	$15,727,414,723	$14,707,968,404	$14,154,869,738
County Equalization Ratio	43.08%	44.46%	44.93%	48.03%	49.65%

Source: County of Middlesex Abstracts of Ratables.

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

SUMMARY OF CONSTRUCTION PERMITS ISSUED

	2018	2017	2016	2015	2014
Number of Permits Issued:					
New	4,877	5,721	5,436	5,629	5,116
Updates	565	626	637	653	722
Total permits Issued	5,442	6,347	6,073	6,282	5,838
Estimated Costs:					
New Construction	$66,950,673	$57,848,263	$89,036,828	$87,343,800	$68,984,805
Alterations	85,878,392	141,742,185	78,295,181	81,490,910	63,957,462
Demolition	1,183,155	678,275	734,434	2,080,469	1,033,355
Total Estimated Costs	$154,012,220	$200,268,723	$168,066,443	$170,915,179	$133,975,622

Source: Township of Edison, Office of Construction Code Official

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

STATUTORY DEBT
AS OF DECEMBER 31, 2018

	Gross Debt	Deductions	Net Debt
School Purposes:			
Bonds Issued	$2,500,000	$2,500,000	$0.00
Self Liquidating Purposes:			
Water Utility			
Bonds Issued	678,806	678,806	0.00
Sewer Utility			
Bonds Issued	4,587,014	4,587,014	0.00
Notes Issued	7,495,000	7,495,000	0.00
Authorized but not Issued	1,064,134	1,064,134	0.00
Municipal Purposes:			
Bonds Issued	32,363,180	0.00	32,363,180
Notes Issued	55,750,000	0.00	55,750,000
Green Trust Loans	211,894	0.00	211,894
Environmental Infrastructure Trust Financings	1,005,486	0.00	1,005,486
Authorized but not Issued	9,343,343	0.00	9,343,343
Total Gross Statutory Debt	$114,998,857		
Total Deductions from Gross Debt		$16,324,954	
Total Statutory Net Debt			$98,673,903

Net Debt $98,673,903 Divided by Average Equalized Valuation Basis $16,533,596,123, equals 0.597% Percentage of Net Debt to Equalized Valuation Basis.

Source: The Township of Edison, Annual Debt Statement As of December 31, 2018

TOWNSHIP F EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

EQUALIZED VALUATION BASIS
AS OF DECEMBER 31, 2018

2016 Equalized Valuation Basis of Real Property	$15,829,381,614
2017 Equalized Valuation Basis of Real Property	16,408,365,888
2018 Equalized Valuation Basis of Real Property	17,363,040,866
Average Equalized Valuation Basis	$16,533,596,123

MUNICIPAL BORROWING POWER
AS OF DECEMBER 31, 2018

3 1/2% of Average Equalized valuation Basis – Municipal	$578,675,864
Less: Statutory Net Debt	98,673,903
Remaining Borrowing Capacity at December 31, 2018	$480,001,961

Source: The Township of Edison, Annual Debt Statement
As of December 31, 2018

OVERLAPPING DEBT

County of Middlesex, New Jersey (As of December 31, 2017):

Amount of such debt allocated to Township of Edison based upon percentage of Township share of equalized valuations	Total Net Debt	$476,938,580
of the County, (15.591%)	Allocated Net Debt	$74,207,253

Middlesex County Utilities Authority – Waste Water Division:
Amount of December 31, 2017 bonded debt of $132,306,638 allocated to Township of Edison based upon Edison percentage of total wastewater inflows to treatment plant, (13.846%) $18,318,964

Sources: County of Middlesex 2017 Annual Debt Statement
Middlesex County Utilities Authority Wastewater Division Comprehensive Annual Financial Report for 2017

TOWNSHIP F EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

GROSS DEBT AS PERCENTAGE OF TRUE VALUE

	Municipal Gross Debt Only	Total Gross Debt Including Overlapping Debt
Gross Debt:		
Municipal (As of December 31, 2018)	$114,998,857	$98,673,903
County of Middlesex (As of December 31, 2017)		74,207,253
Middlesex County Utilities Authority (As of December 31, 2017)		18,318,964
Totals	$114,998,857	$191,200,120
2018 County Equalized Valuation	$16,583,245,741	$16,583,245,741
Gross Debt as a Percentage of Estimated True Value	0.69%	1.15%

Source: Township of Edison SFY 2018 Annual Debt Statement
County of Middlesex 2017 Annual Debt Statement
Middlesex County Utilities Authority Wastewater Division Comprehensive Annual Financial Report for 2017
County of Middlesex, Table of Aggregates

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF
TOWNSHIP OF EDISON, IN THE COUNTY OF MIDDLESEX, NEW JERSEY

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

PART I
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS – REGULATORY BASIS

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REGISTERED MUNICIPAL ACCOUNTANTS
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NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Municipal Council
Township of Edison
Middlesex County, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and governmental fixed assets of the Township of Edison, County of Middlesex, New Jersey, as of and for the years ended December 31, 2017 and 2016, and the statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds and the governmental fixed assets for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Township, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 error or fraud.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements of the differences between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Township of Edison, County of Middlesex, New Jersey, as of December 31, 2017, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Township of Edison, County of Middlesex, New Jersey as of December 31, 2017 and 2016 and the related statements of operations and changes in fund balance – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2017, on the basis of accounting described in Note 2.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain information, including the Notes thereto, (Required Supplementary Information – Part II), as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board and is prescribed by the Division of Local Government Services, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was made for the purpose of forming an opinion on the financial statements of the Township of Edison, County of Middlesex, New Jersey. The information included in Part III – Supplementary Schedules and Part IV – Supplementary Data, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Edison, County of Middlesex, New Jersey. The Part III – Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis taken as a whole. The schedules and information contained in Part IV - Supplementary Data have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Regulations

The financial statements referred to above include the assets and liabilities of the Township's Length of Service Award Program (LOSAP), which, by regulation, is subject to an accountant's review report. The Length of Service Award Program is included in the Trust Fund. The Independent Accountant's Review Report for the LOSAP is included in Part IV – Supplementary Data as listed in the table of contents.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2018 on our consideration of the Township of Edison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Edison's internal control over financial reporting and compliance.

Hodulik & Morrison

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants

Robert S. Morrison

Robert S. Morrison
Registered Municipal Accountant
No. 412

Highland Park, New Jersey
June 22, 2018

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
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MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Municipal Council
Township of Edison
Middlesex County, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. the financial statements – regulatory basis of the Township of Edison, County of Middlesex, New Jersey as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township of Edison's financial statements and have issued our report thereon dated June 22, 2018. Our report was modified due to the departures from accounting principles generally accepted in the United States of America that, as disclosed in Note 2, are embodied in the regulatory basis of accounting that is followed by the auditee.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Edison's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Edison's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Edison's internal control.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying General Comments section of the Report of Audit that we consider to be significant deficiency as finding items 2017-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Edison's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in the General Comments section of the Report of Audit as finding items 2017-02 – 2017-04.

We also noted other matters involving compliance and internal control over financial reporting that we have reported to management of the Township of Edison in the General Comments section of the Report of Audit.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance, Accordingly, this communication is not suitable for any other purpose.

Hodulik & Morrison

HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants

Highland Park, New Jersey
June 22, 2018

FINANCIAL STATEMENTS – REGULATORY BASIS

Exhibit - A

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

ASSETS	REF.	BALANCE DEC. 31, 2017	BALANCE DEC. 31, 2016
Cash and Investments - Treasurer	A-4	$ 68,791,799.12	$ 38,585,427.88
Cash - Change Fund	A-5	675.00	675.00
Due from State of N.J. per Ch. 129, P.L. 1976	A- 6	17,549.75	
		68,810,023.87	38,586,102.88
Receivables With Offsetting Reserves:			
Real Estate Taxes Receivable	A-7	46,885.30	17,370.18
Tax Title Liens	A-8	1,185,665.66	1,108,497.41
Property Acquired for Taxes (At Assessed Valuation)	A-9	3,991,567.99	3,984,080.24
Revenue Accounts Receivable	A-10	117,865.22	337,477.23
Interfunds Receivable	A-12	100,239.02	78,927.04
		5,442,223.19	5,526,352.10
Deferred Charges:			
Special Emergency Appropriation	A-22	2,703,600.00	2,857,000.00
		2,703,600.00	2,857,000.00
Total Regular Fund		76,955,847.06	46,969,454.98
State and Federal Grant Fund:			
Grants Receivable	A-24	857,060.52	952,398.97
Due from Current Fund	A-23	1,487,496.47	1,579,518.38
Due from Trust Other Fund	A-24	62,500.00	
Total State and Federal Grant Fund		2,407,056.99	2,531,917.35
		$ 79,362,904.05	$ 49,501,372.33

LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2017	BALANCE DEC. 31, 2016
Liabilities:			
Appropriation Reserves	A-3.A-15	$ 6,751,705.24	$ 5,368,622.38
Due to State of N.J. per Ch. 129, P.L. 1976	A- 6		5,759.86
Prepaid Taxes	A-11	27,660,708.72	2,423,671.24
Various Payables	A-14	634,683.87	529,833.26
Various Reserves	A-14	1,830,456.94	2,205,814.08
Tax Overpayments	A-16	358,816.28	281,679.62
Reserve for Tax Appeals	A-17	4,031,578.64	2,562,896.78
Reserve for Encumbrances	A-18	2,231,083.33	1,834,416.37
Reserve for Special Garbage District	A-19	4,933,329.93	4,002,374.57
Special Emergency Note	A-20	180,000.00	362,400.00
Local District School Taxes Payable	A-21	9,441,654.00	9,441,655.05
Interfunds Payable	A-13	1,488,097.99	1,579,518.38
		59,542,114.94	30,598,641.59
Reserve for Receivables	Reserve	5,442,223.19	5,526,352.10
Fund Balance	A-1	11,971,508.93	10,844,461.29
Total Regular Fund		76,955,847.06	46,969,454.98
State and Federal Grant Fund:			
Reserve for State and Federal Grants:			
Appropriated	A-25	2,108,221.61	2,445,016.74
Unappropriated	A-26	207,847.91	5,610.13
Reserve for Encumbrances	A-18	89,087.47	79,390.48
Unallocated Receipts	A-27	1,900.00	1,900.00
Total State and Federal Grant Fund		2,407,056.99	2,531,917.35
		$ 79,362,904.05	$ 49,501,372.33

Note: See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

REVENUE AND OTHER INCOME	REF.	2017	2016
Fund Balance Utilized	A-2	$ 7,987,461.29	$ 3,736,455.54
Miscellaneous Revenue Anticipated	A-2	35,372,594.79	36,038,653.48
Receipts from Delinquent Taxes	A-2	122,774.20	15,897.27
Receipts from Current Taxes	A-2	377,518,802.08	367,148,373.36
Non-Budget Revenue	A-2	242,696.66	547,070.98
FEMA Reimbursement for January Snow Storm	A-10	224,212.01	
Other Credits to Income:			
Grants Canceled (Net)	A-13	55,523.18	
Unexpend. Balance of Approp. Reserves	A-15	3,385,337.00	3,443,097.99
Accounts Payable Canceled	A-14	11,286.50	
Interfund Loans Returned (Net)	A-12	32,820.61	7,140.35
Total Revenues		424,953,508.32	410,936,688.97
EXPENDITURES			
Budget and Emergency Appropiations:			
Operations:			
Salaries and Wages	A-3	$ 60,079,173.94	$ 56,636,795.79
Other Expenses	A-3	46,921,694.05	44,312,988.95
Capital Improvements	A-3	750,000.00	750,000.00
Municipal Debt Service	A-3	7,719,046.17	7,047,276.15
Def. Charges and Regulatory Expend.	A-3	17,041,819.01	18,875,740.82
Special District Taxes	A-19	9,885,449.68	9,775,632.21
Local District School Tax	A-21	211,296,003.00	207,185,019.00
County Tax	A-21	63,130,781.33	60,343,065.29
Cty. Share of Added and Omitted Taxes	A-21	384,940.03	204,936.27
Refund of Prior Year Revenues	A-4	8,092.18	41,173.20
Senior Citizen and Veteran Deduction Disallowed	A-6	2,000.00	3,000.00
Total Expenditures		417,218,999.39	405,175,627.68
Excess in Revenues		7,734,508.93	5,761,061.29

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	REF.	2017	2016
Excess in Revenues (brought forward)		$ 7,734,508.93	$ 5,761,061.29
Add: Expenditures Included Above Which are by Statute Deferred Charges to Succeeding Years	A- 3	1,380,000.00	830,000.00
Excess to Fund Balance		9,114,508.93	6,591,061.29
FUND BALANCE			
Balance - December 31	A	10,844,461.29	7,989,855.54
		19,958,970.22	14,580,916.83
Decreased by:			
Utilized as Anticipated Revenue	A- 2	7,987,461.29	3,736,455.54
Balance - December 31	A	$ 11,971,508.93	$ 10,844,461.29

Note: See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

		ANTICIPATED			
		2017 BUDGET	N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated	A-1	$ 7,987,461.29	$	$ 7,987,461.29	$
Total Surplus Anticipated		7,987,461.29		7,987,461.29	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	120,600.00		119,850.00	(750.00)
Other	A-10	484,594.10		432,864.00	(51,730.10)
Fees and Permits:					
Other	A-10	1,178,898.85		1,346,819.74	167,920.89
Fines and Costs:					
Municipal Court	A-10	768,930.41		816,859.40	47,928.99
Interest and Costs on Taxes	A-10	392,515.72		417,342.12	24,826.40
Interest on Investments and Deposits	A- 2	424,962.20		691,753.38	266,791.18
Latchkey Program Fees	A-10	1,921,345.88		2,025,609.28	104,263.40
Cable TV Franchise Fee	A-10	344,698.00		321,413.00	(23,285.00)
Trailer Court Fees	A-10	11,094.00		4,904.00	(6,190.00)
False Alarm Fees	A-10	83,855.00		81,660.20	(2,194.80)
Host Community Benefits	A-10	472,878.97		472,878.97	-
Railroad Station Rent	A-10	119,919.40		135,274.02	15,354.62
JFK Reimbursement for Dispatch Services	A-10	232,000.00		232,000.00	-
JFK Building Lease Payment	A-10	63,200.00		79,000.00	15,800.00
Energy Receipts Tax	A-10	16,042,726.00		16,042,726.00	-
Garden State Trust Fund	A-10	15,371.00		15,371.00	-
Construction Code Fees	A-10	6,283,341.63		6,347,762.80	64,421.17
Uniform Fire Safety Act -Life Hazard Use Fees	A-10	417,642.81		409,858.53	(7,784.28)
Municipal Hotel Tax	A-10	1,083,906.37		1,087,101.89	3,195.52
Alcohol Education Rehabilitation	A-24	1,450.35		1,450.35	-
Alcohol Education Rehabilitation-DWI	A-24	579.06		579.06	-
Allstate Foundation Helping Hands	A-24	1,000.00		1,000.00	-
Body Armor Fund	A-24		15,283.50	15,283.50	
Byrne Grant (JAG) 2016	A-24		12,190.00	12,190.00	
CJ Joint Insurance Fund - Safety Incentive	A-24		10,000.00	10,000.00	
Clean Communities Program	A-24	173,899.96		173,899.96	
Distracted Driving Crackdown	A-24	5,500.00		5,500.00	
Drive Sober or Get Pulled Over/Labor Day	A-24		5,500.00	5,500.00	
Drive Sober or Get Pulled Over/Year End	A-24	5,000.00		5,000.00	
Drunk Driving Enforcement	A-24		24,830.74	24,830.74	
H Mart Grant	A-24	10,000.00		10,000.00	
Highway Safety Fund 2016	A-24		58,201.41	58,201.41	
Highway Safety Fund 2017	A-24		19,550.00	19,550.00	
Hazardous Discharge Rehabilitation	A-24	80,773.00		80,773.00	
Municipal Alliance on Alcohol and Drug Abuse	A-24	85,447.00		85,447.00	
Middlesex County Improvement Authority Recycling Grant	A-24	46,035.00		46,035.00	
Recycling Tonnage Grant	A-24	142,127.16		142,127.16	
Middlesex County Art Grant	A-24	5,750.00		5,750.00	
Middlesex County Gateway to Theater Row	A-24	1,200.00		1,200.00	
Middlesex County Nutritional Program	A-24	6,000.00		6,000.00	
Pedestrian Safety & Education	A-24	15,000.00		15,000.00	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

		ANTICIPATED 2017 BUDGET	ANTICIPATED N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Miscellaneous Revenues: (Cont'd.)					
Walmart Grant	A-24	$ 1,000.00	$	$ 1,000.00	$ -
Target Strengthening Families	A-24		2,000.00	2,000.00	
Payment in lieu of Taxes - Tax Exempt Property	A-10	295,444.46		577,936.46	282,492.00
Edison Water Company - Contractual	A-10	566,998.50		576,750.00	9,751.50
Cell Tower Rents - Verizon	A-10	82,170.66		84,635.82	2,465.16
Sale of Liquor License	A-10	412,000.00		415,000.00	3,000.00
Sale of Property	A-10	121,500.00		-	(121,500.00)
Community Contribution	A-10	500,000.00		500,000.00	-
Reserve for Payment of Debt Service	A-10	97,954.00		97,954.00	-
General Capital Fund Balance/Note Sale Premium	A-10	210,953.00		210,953.00	-
Cancellation of Tax Map Emergency Reserve	A-2	600,000.00		600,000.00	-
Police Off-Duty Administration Fees - Due from Trust	A-10	500,000.00		500,000.00	-
Total Miscellaneous Revenues	A-1	34,430,262.49	147,555.65	35,372,594.79	794,776.65
Receipts from Delinquent Taxes	A-1, A-2			122,774.20	122,774.20
Subtotal General Revenues		42,417,723.78	147,555.65	43,482,830.28	917,550.85
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Mun. Purposes	A-7	86,146,209.34		89,194,671.61	3,048,462.27
Minimum Library Tax	A-7	5,278,602.00		5,278,602.00	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	91,424,811.34	-	94,473,273.61	3,048,462.27
Total Budget Revenues		133,842,535.12	147,555.65	137,956,103.89	3,966,013.12
Non-Budget Revenues	A-1, A-10				-
GRAND TOTALS		$ 133,842,535.12	$ 147,555.65	$ 137,956,103.89	$ 3,966,013.12
	Ref.	A-3	A-3	A-1	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

ANALYSIS OF REALIZED REVENUES	REF.		
Receipts from Delinquent Taxes:			
Delinquent Tax Collections	A-7	$	25,175.46
Tax Title Lien Collections	A-8		97,598.74
	A-2	$	122,774.20
Allocation of Current Tax Collections:			
2017 Cash Collections	A-7	$	373,497,120.49
Prepaid Taxes Applied	A-7		2,423,671.24
Overpayments Applied	A-7		1,124,370.64
State Share for Sr. Citizen and Veteran Deductions	A-7		473,639.71
	A-1		377,518,802.08
Allocated to: School, County, and Special District Taxes	A-19,A-21		284,697,174.04
			92,821,628.04
Add: Res. for Uncollected Taxes	A- 3		1,651,645.57
	A- 2	$	94,473,273.61
Interest on Investments and Deposits:			
Revenue Accounts Receivable-Treasurer	A-10	$	533,909.99
Due from Trust Other	A-12		25,263.18
Due from Water Operating Fund	A-12		960.17
Due from General Capital Fund	A-12		131,620.04
	A-2	$	691,753.38
Cancellation of Tax Map Emergency Reserve			
Reserve for Tax Maps	A-14	$	1,500,000.00
Deferred Charges - Special Emergency - Tax Maps - 2015	A-22		(900,000.00)
	A-2	$	600,000.00

Note: See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
Operations Within "CAPS"						
GENERAL GOVERNMENT						
Office of the Mayor						
Salaries and Wages	$ 39,984.00	$ 39,984.00	$ 39,984.00	$ -	$ -	$
Other Expenses	2,400.00	2,400.00	1,537.22	28.80	833.98	
Municipal Council						
Salaries and Wages	77,180.00	77,180.00	77,180.00	-	-	
Other Expenses	7,380.00	7,380.00	(5,489.50)	52.00	12,817.50	
Office of the Township Clerk						
Salaries and Wages	140,476.00	140,476.00	140,476.00	-	-	
Other Expenses	128,100.00	128,100.00	57,863.81	1,097.96	19,138.23	50,000.00
DEPARTMENT OF ADMINISTRATION						
Office of the Business Administrator						
Salaries and Wages						
Administration	500,659.37	500,659.37	500,659.37	-	-	
Communications	110,194.33	110,194.33	110,194.22	-	0.11	
Other Expenses						
Administration	100,038.00	100,038.00	28,195.96	5,212.63	21,629.41	45,000.00
Communications	55,400.00	55,400.00	43,500.71	839.99	11,059.30	
Division of Central Purchases						
Salaries and Wages	188,798.37	188,798.37	188,798.37	-	-	
Other Expenses:						
Postage	92,193.00	92,193.00	82,325.84	3,062.82	6,804.34	
Centralized Stores	62,344.00	62,344.00	28,335.74	10,441.50	23,566.76	
Division of Personnel						
Salaries and Wages	134,388.31	134,388.31	134,388.31	-	-	
Other Expenses	9,650.00	9,650.00	4,997.74	-	4,652.26	
DEPARTMENT OF LAW						
Office of the Director						
Salaries and Wages	103,021.00	103,021.00	68,481.98	-	34,539.02	
Other Expenses	740,000.00	740,000.00	634,293.98	4,168.25	101,537.77	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
Operations Within "CAPS"						
DEPARTMENT OF FINANCE						
Office of the Director						
Salaries and Wages	$ 7,800.00	$ 7,800.00	$ 7,800.00	$ -	$ -	$
Other Expenses	125,250.00	125,250.00	54,742.49	39.39	20,468.12	50,000.00
Other Expenses -Audit Services	72,088.00	72,088.00	-	-	72,088.00	
Division of Accounts and Controls						
Salaries and Wages	44,888.00	44,888.00	44,888.00	-	-	
Other Expenses	2,172.00	2,172.00	(45,010.00)	-	47,182.00	
Other Expenses - Data Processing	47,500.00	47,500.00	22,139.80	-	25,360.20	
Division of Custody and Disbursements						
Salaries and Wages	162,754.61	162,754.61	162,547.23	-	207.38	
Other Expenses	4,804.00	4,804.00	(412.85)	-	5,216.85	
Division of Tax Collections						
Salaries and Wages	210,381.97	210,381.97	207,679.80	-	2,702.17	
Other Expenses	30,170.00	30,170.00	12,059.15	6,422.28	11,688.57	
Division of Assessment						
Salaries and Wages	259,014.00	259,014.00	230,016.19	-	13,997.81	15,000.00
Other Expenses	167,000.00	167,000.00	70,608.28	16,425.55	79,966.17	
DEPARTMENT OF RECREATION & PARKS						
Division of Recreation						
Salaries and Wages	1,474,982.22	1,474,982.22	1,369,248.87	-	55,733.35	50,000.00
Other Expenses	582,326.00	582,326.00	332,213.69	183,283.49	41,828.82	25,000.00
Division of Public Buildings						
Other Expenses:						
Telephones	250,000.00	250,000.00	136,104.44	-	113,895.56	
Heat, Light and Power	945,869.00	945,869.00	480,501.30	108,781.00	356,586.70	
Division of Parks						
Salaries and Wages	927,311.18	927,311.18	926,130.74	-	1,180.44	
Other Expenses	80,300.00	80,300.00	56,345.42	19,160.64	4,793.94	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
Operations Within "CAPS"						
DEPARTMENT OF HEALTH AND HUMAN RESOURCES						
Division of Health						
Salaries and Wages	$ 1,604,347.83	$ 1,604,347.83	$ 1,490,183.12	$ -	$ 64,164.71	$ 50,000.00
Other Expenses	126,900.00	126,900.00	89,692.82	13,400.87	23,806.31	
Division of Senior Citizen Services						
Salaries and Wages	351,472.72	351,472.72	330,944.73	-	20,527.99	
Other Expenses	39,750.00	39,750.00	13,771.84	6,433.23	19,544.93	
Division of Police						
Salaries and Wages:						
Police	26,131,106.39	26,131,106.39	25,101,809.48	-	529,296.91	500,000.00
Emergency Dispatch - 911	2,010,215.04	2,010,215.04	1,767,471.09	-	142,743.95	100,000.00
Police Vehicle Maintenance	210,686.00	210,686.00	209,882.45	-	803.55	
Other Expenses:						
Police	932,550.00	932,550.00	323,168.04	492,866.38	116,515.58	
Emergency Dispatch - 911	490,556.00	490,556.00	116,979.42	188,752.51	84,824.07	100,000.00
Police Vehicle Maintenance	230,850.00	230,850.00	136,163.72	50,638.92	44,047.36	
Uniform Fire Safety Act						
Salaries and Expenses	324,379.31	324,379.31	318,289.29	-	6,090.02	
Other Expenses	121,500.00	121,500.00	62,279.81	45,425.85	13,794.34	
Division of Fire						
Salaries and Wages						
Fire	18,078,071.87	18,078,071.87	18,076,279.87	-	1,792.00	
Other Expenses:						
Fire	978,115.00	978,115.00	533,947.53	307,234.04	136,933.43	
Fire Hydrant Service	1,547,440.00	1,547,440.00	1,237,464.32	-	309,975.68	
Aid to Volunteer Fire Companies	110,000.00	110,000.00	109,988.17	-	11.83	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
Operations Within "CAPS"						
DEPARTMENT OF PUBLIC WORKS						
Office of the Director						
Salaries and Wages:						
Municipal Garage	$ 795,440.92	$ 795,440.92	$ 646,012.50	$ -	$ 149,428.42	$
Other Expenses:						
Municipal Garage	95,900.00	95,900.00	12,799.32	20,254.20	62,846.48	
Fuels & Lubricants for Municipally	815,845.00	815,845.00	233,796.35	130,694.92	451,353.73	
Street Lighting	1,100,000.00	1,100,000.00	932,167.93	3.76	167,828.31	
Division of Streets						
Salaries and Wages	1,324,884.92	1,324,884.92	1,036,629.50	-	288,255.42	
Other Expenses	324,800.00	324,800.00	204,703.20	106,962.66	13,134.14	
Division of Public Buildings						
Salaries and Wages	1,305,083.12	1,305,083.12	1,269,661.07	-	35,422.05	
Other Expenses	232,000.00	232,000.00	129,218.18	81,625.77	21,156.05	
Division of Sanitation						
Salaries and Wages:						
Street Cleaning and Refuse and Garbage Collection	953,158.77	953,158.77	824,929.71	-	128,229.06	
Other Expenses:						
Street Cleaning and Refuse and Garbage Collection	61,850.00	61,850.00	12,459.33	5,348.51	44,042.16	
Public Defender (P.L. 1997,c.256)						
Salaries and Wages	35,000.00	35,000.00	-	-	35,000.00	
Other Expenses	2,000.00	2,000.00	-	-	2,000.00	
DEPARTMENT OF COMMUNITY DEVELOPMENT						
Salaries and Wages:						
Division of Planning and Zoning	381,376.72	381,376.72	205,867.00	-	75,509.72	100,000.00
Rent Control Board	15,000.00	15,000.00	15,000.00	-	-	
Division of Engineering	451,770.62	451,770.62	381,723.57	-	50,047.05	20,000.00
Other Expenses:						
Division of Planning and Zoning	102,000.00	102,000.00	41,851.11	-	60,148.89	
Planning Board	23,200.00	23,200.00	6,253.07	-	16,946.93	
Zoning Board Adjustment	26,200.00	26,200.00	14,834.81	108.21	11,256.98	
Rent Control Board	1,400.00	1,400.00	-	-	1,400.00	
Environmental Commission	1,300.00	1,300.00	-	-	1,300.00	
Division of Engineering	286,681.00	286,681.00	122,905.20	30,609.02	133,166.78	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
Operations Within "CAPS"						
UNCLASSIFIED						
Insurance:						
Group Insurance Plan for Employees	$ 22,235,596.97	$ 22,235,596.97	$ 21,715,597.07	$ -	$ 519,999.90	$
Other insurance and Surety bonds	3,332,516.90	3,332,516.90	3,303,794.35	2,039.00	26,683.55	
First Aid Organizations-Aid and Maintenance						
Other Expenses	105,000.00	105,000.00	105,000.00	-	-	
Emergency Management Services						
Other Expenses	15,000.00	15,000.00	3,157.50	-	11,842.50	
Ethics Commission	3,650.00	3,650.00	566.56	52.50	3,030.94	
Reserve for Tax Appeals	2,000,000.00	2,000,000.00	2,000,000.00	-	-	
Condominium Services	160,000.00	160,000.00	-	-	160,000.00	
Employees Unemployment Insurance	200,000.00	200,000.00	200,000.00	-	-	
Celebration of Public Events	61,000.00	61,000.00	42,828.87	3,032.48	15,138.65	
Accumulated Leave Compensation (Special Emergency - $1,380,000)		1,380,000.00	1,380,000.00	-	-	
Municipal Court						
Salaries and Wages	620,046.62	620,046.62	582,734.47	-	37,312.15	
Other Expenses	53,070.00	53,070.00	28,360.78	4,602.33	20,106.89	
Uniform Construction Code						
Edison Constr. Enforcing Agency:						
Salaries and Wages	1,414,195.21	1,414,195.21	1,039,266.24	-	274,928.97	100,000.00
Other Expenses	333,300.00	333,300.00	74,838.04	217,578.28	40,883.68	
Employee Health Benefit Waivers						
Salaries and Wages	626,104.52	626,104.52	30,902.05	-	595,202.47	
Total Operations Within "CAPS"	100,669,128.81	102,049,128.81	92,719,499.78	2,066,679.74	6,057,949.29	1,205,000.00
Contingent	50,000.00	50,000.00	18,532.63	6,225.00	25,242.37	
Total Operations Including Contingent Within "CAPS"	100,719,128.81	102,099,128.81	92,738,032.41	2,072,904.74	6,083,191.66	1,205,000.00
DETAIL:						
Salaries and Wages	61,014,173.94	61,014,173.94	57,536,059.22	-	2,543,114.72	935,000.00
Other Expenses	39,704,954.87	41,084,954.87	35,201,973.19	2,072,904.74	3,540,076.94	270,000.00

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL WITHIN "CAPS"						
Deferred Charges						
Projected Deficit - Water Utility Budget	$ 89,590.00	$ 89,590.00	$ 89,589.66	$	$	$ 0.34
Statutory Expenditures:						
Contribution to:						
Public Employment Retirement System	1,569,037.07	1,569,037.07	1,555,321.44	480.40	13,235.23	
Social Security System (O.A.S.I.)	1,666,912.91	1,666,912.91	1,612,036.63	-	54,876.28	
Police and Firemen's Retirement System of N.J.	8,936,846.37	8,936,846.37	8,936,846.37	-	-	
DCRP Employer Contributions	34,000.00	34,000.00	23,107.34	-	10,892.66	
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	12,296,386.35	12,296,386.35	12,216,901.44	480.40	79,004.17	0.34
Total General Appropriations for Municipal Purposes Within "CAPS"	113,015,515.16	114,395,515.16	104,954,933.85	2,073,385.14	6,162,195.83	1,205,000.34
Operations Excluded from "CAPS"						
OTHER OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library	5,278,602.00	5,278,602.00	4,631,394.40	157,698.19	489,509.41	
Length of Service Award Program (LOSAP) Other Expenses	100,000.00	100,000.00	-	-	100,000.00	
Total Other Operations Excluded from "CAPS"	5,378,602.00	5,378,602.00	4,631,394.40	157,698.19	589,509.41	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
Operations Excluded from "CAPS"						
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES						
Alcohol Education Rehabilitation Fund	$ 1,450.35	$ 1,450.35	$ 1,450.35	$ -	$ -	$
Alcohol Education Rehabilitation Fund - DWI 2017	579.06	579.06	579.06	-	-	
Allstate Foundation Helping Hands	1,000.00	1,000.00	1,000.00	-	-	
Clean Communities Act	173,899.96	173,899.96	173,899.96	-	-	
Body Armor Fund		15,283.50	15,283.50	-	-	
Byrne Grant (JAG) 2016		12,190.00	12,190.00	-	-	
CJ Joint Insurance Fund - Safety Incentive	-	10,000.00	10,000.00	-	-	
Distracted Drive Crackdown	5,500.00	5,500.00	5,500.00	-	-	
Drive Sober or Get Pulled Over/Year End	5,000.00	5,000.00	5,000.00	-	-	
Drive Sober or Get Pulled Over/Labor Day		5,500.00	5,500.00	-	-	
Drunk Driving Enforcement		24,830.74	24,830.74	-	-	
H Mart Grant	10,000.00	10,000.00	10,000.00	-	-	
Hazardous Discharge Site Remediation	80,773.00	80,773.00	80,773.00	-	-	
Highway Safety Fund Grant 2016		58,201.41	58,201.41	-	-	
Highway Safety Fund Grant FY2017		19,550.00	19,550.00	-	-	
Middlesex County Arts Grant	5,570.00	5,570.00	5,570.00	-	-	
Middlesex County Gateway to Theater Row	1,200.00	1,200.00	1,200.00	-	-	
Middlesex County Nutritional Program	6,000.00	6,000.00	6,000.00	-	-	
Municipal Alliance on Alcoholism and Drug Abuse	85,447.00	85,447.00	85,447.00	-	-	
Pedestrian Safety Enforcement and Education Grant	15,000.00	15,000.00	15,000.00	-	-	
Recycling Tonnage Grant	142,127.16	142,127.16	142,127.16	-	-	
MCIA Recycling Grant	46,035.00	46,035.00	46,035.00	-	-	
Target Strengthening Families		2,000.00	2,000.00			
Walmart Grant	1,000.00	1,000.00	1,000.00	-	-	
Total Public and Private Revenues Offset by Revenues	580,581.53	728,137.18	728,137.18	-	-	-
Total Operations Excluded from "CAPS"	5,959,183.53	6,106,739.18	5,359,531.58	157,698.19	589,509.41	
DETAIL:						
Salaries and Wages	-	-	-	-	-	
Other Expenses	5,959,183.53	6,106,739.18	5,359,531.58	157,698.19	589,509.41	

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	$ 750,000.00	$ 750,000.00	$ 750,000.00	$	$	$
Total Capital Improv. - Excl. from "CAPS"	750,000.00	750,000.00	750,000.00			
Operations Excluded from "CAPS"						
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	4,901,160.29	4,901,160.29	4,901,160.29			-
Payment of Bond Anticipation Notes and Capital Notes	139,729.00	139,729.00	139,729.00			
Interest on Bonds	1,670,148.68	1,670,148.68	1,670,148.68			-
Interest on Notes	793,320.27	793,320.27	793,320.24			0.03
NJEIT Loan - Principal & Interest	216,399.62	216,399.62	214,687.96			1,711.66
Total Mun. Debt Service - Excl. from "CAPS"	7,720,757.86	7,720,757.86	7,719,046.17			1,711.69
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"						
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	814,600.00	814,600.00	814,600.00			
Deferred Charges to Future Taxation - Unfunded	3,930,833.00	3,930,833.00	3,930,833.00			
Total Deferred Charges - Municipal Excluded from "CAPS"	4,745,433.00	4,745,433.00	4,745,433.00			
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	19,175,374.39	19,322,930.04	$ 18,574,010.75	157,698.19	589,509.41	1,711.69
Total General Appropriations excluded from "CAPS"	19,175,374.39	19,322,930.04	18,574,010.75	157,698.19	589,509.41	1,711.69
Subtotal General Appropriations	132,190,889.55	133,718,445.20	123,528,944.60	2,231,083.33	6,751,705.24	1,206,712.03
Reserve for Uncollected Taxes	1,651,645.57	1,651,645.57	1,651,645.57			-
Total General Appropriations	$ 133,842,535.12	$ 135,370,090.77	$ 125,180,590.17	$ 2,231,083.33	$ 6,751,705.24	$ 1,206,712.03

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Ref.	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
Total General Appropriations (brought forward)		$ 133,842,535.12	$ 135,370,090.77	$ 125,180,590.17	$ 2,231,083.33	$ 6,751,705.24	$ 1,206,712.03
	Ref.			A-1	A-1, A-18	A, A-1	
Adopted Budget	A- 2		$ 133,842,535.12				
Approp. by N.J.S.A. 40A:4-87	A- 2		147,555.65				
Emergency Appropriation	A-22		1,380,000.00				
			$ 135,370,090.77				
Reserve for Uncollected Taxes	A-2			$ 1,651,645.57			
Disbursed	A-4			120,167,407.42			
Reserve for State and Federal Grants Appropriated	A-13			728,137.18			
Reserve for Tax Appeals	A-17			2,000,000.00			
Deferred Charges	A-22			633,400.00			
				$ 125,180,590.17			

Note: See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

ASSETS	REF.	BALANCE DEC 31,2017	BALANCE DEC 31,2016
Assessment Fund:			
Assessment Liens	B-6	$ 97.00	$ 97.00
Assessment Lien Interest and Costs	B-5	74.00	74.00
Due from Trust Other	B-17	20,063.00	20,063.00
Total Assessment Fund		20,234.00	20,234.00
Animal Control Fund:			
Cash and Investments - Treasurer	B-2	162,235.48	176,757.94
Total Animal Control Fund		162,235.48	176,757.94
Trust-Other Fund:			
Cash and Investments - Treasurer	B-2	22,277,471.78	22,094,659.21
Total Trust-Other Fund		22,277,471.78	22,094,659.21
Housing and Community Development Act of 1974:			
Cash and Investments - Treasurer	B-2	128,482.28	118,068.81
Accts. Receivable - U.S. Dept. of Housing and Urban Develop.	B-8	986,645.71	1,069,699.06
Accts. Receivable - HOPWA	B-8	183,288.65	183,288.65
Total Housing and Community Development Act of 1974		1,298,416.64	1,371,056.52

LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC 31,2017	BALANCE DEC 31,2016
Assessment Fund:			
Due to Current Fund	B-18	$ 18,760.00	$ 18,760.00
Res. for Assessments, Liens and Interest and Costs	B-10	171.00	171.00
Fund Balance	B-1	1,303.00	1,303.00
Total Assessment Fund		20,234.00	20,234.00
Animal Control Fund:			
Due to State of New Jersey	B-11	16.80	6.60
Due to Current Fund	B-18	8,464.46	2,343.33
Reserves For Encumbrances	B-12	85,250.26	102,458.26
Reserve for Animal Control	B-13	68,503.96	71,949.75
Total Animal Control Fund		162,235.48	176,757.94
Trust-Other Fund:			
Due to Assessment Trust	B-18	20,063.00	20,063.00
Due to Current Fund	B-18	4,487.55	7,983.55
Due to Grant Fund		62,500.00	
Other Escrow Funds	B-14	887,070.37	884,142.47
Tax Sale Redemption Funds	B-16	4,630,776.19	5,252,258.50
Reserve for:			
Open Space	B-9	2,590,839.18	3,338,583.13
Off Duty Public Safety	B-16	524,044.40	198,198.69
Other Reserves	B-15	13,557,691.09	12,393,429.87
Total Trust-Other Fund		22,277,471.78	22,094,659.21
Housing and Community Development Act of 1974:			
Reserve for Expenditures - HUD	B-16	817,386.21	1,069,463.17
Reserve for Expenditures - HOPWA	B-16	183,288.65	183,288.65
Reserve for Encumbrances	B-16	245,661.94	68,466.34
Due to Current Fund	B-18	52,079.84	49,838.36
Total Housing and Community Development Act of 1974		1,298,416.64	1,371,056.52

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

ASSETS	REF.	BALANCE DEC 31,2017	BALANCE DEC 31,2016	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC 31,2017	BALANCE DEC 31,2016
D.E.P. Landfill Closure Escrow Fund:				D.E.P. Landfill Closure Escrow Fund:			
Cash and Investments - Treasurer	B-2	$ 4,521,787.56	$ 4,486,809.99	Reserve for Landfill Closure Costs	B-16	$ 4,521,787.56	$ 4,486,809.99
Total D.E.P. Landfill Closure Escrow Fund		4,521,787.56	4,486,809.99	Total D.E.P. Landfill Closure Escrow Fund		4,521,787.56	4,486,809.99
Edison Landfill Closure Trust - Local				Edison Landfill Closure Trust - Local			
Cash and Investments - Treasurer	B-2	1,995,113.82	1,804,682.42	Reserve for Landfill Closure Costs	B-16	1,995,113.82	1,804,682.42
Total Edison Landfill Closure Trust - Local Trust - Local		1,995,113.82	1,804,682.42	Total Edison Landfill Closure Trust - Local Trust - Local		1,995,113.82	1,804,682.42
B.P.U. Landfill Closure Escrow Fund:				B.P.U. Landfill Closure Escrow Fund:			
Cash and Investments - Treasurer	B-2	12,469,904.48	12,352,095.54	Reserve for Landfill Closure Costs	B-16	12,469,904.48	12,352,095.54
Total B.P.U. Landfill Closure Escrow Fund		12,469,904.48	12,352,095.54	Total B.P.U. Landfill Closure Escrow Fund		12,469,904.48	12,352,095.54
Self Insurance Trust Fund:				Self Insurance Trust Fund:			
Cash and Investments - Treasurer	B-2	364,604.06	516,198.73	Reserve for Payment of Insur. Claims	B-16	364,604.06	516,198.73
Total Self Insurance Trust Fund		364,604.06	516,198.73	Total Self Insurance Trust Fund		364,604.06	516,198.73
Developer's Escrow Trust Fund:				Developer's Escrow Trust Fund:			
Cash and Investments - Treasurer	B-2	1,949,963.21	2,014,880.11	Developer's Escrow Funds	B-16	1,949,963.21	2,014,880.11
Total Developer's Escrow Trust Fund		1,949,963.21	2,014,880.11	Total Developer's Escrow Trust Fund		1,949,963.21	2,014,880.11
LOSAP Fund:				LOSAP Fund:			
Cash and Investments - Trustee	B	548,846.45	518,817.60	Res. for LOSAP Funds Held by Trustee	B	548,846.45	518,817.60
Total LOSAP Fund		548,846.45	518,817.60	Total LOSAP Fund		548,846.45	518,817.60
		$ 45,608,577.48	$ 45,356,192.06			$ 45,608,577.48	$ 45,356,192.06

Note: See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DEC 31, 2017

	REF.		
Balance - December 31, 2016	B	$	1,303.00
Balance - December 31, 2017	B	$	1,303.00

Note: See Notes to Financial Statements

Exhibit - C

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

ASSETS	REF.	BALANCE DEC. 31,2017	BALANCE DEC. 31,2016
Cash and Investments - Treasurer	C- 2	$ 16,987,951.13	$ 14,254,355.33
Accounts Receivable:			
Edison Free Public Library	C- 4	64,178.00	64,178.00
Grants Receivable	C-15	228,687.48	228,687.48
Insurance Proceeds Receivable	C-16	66,850.00	66,850.00
Deferred Charges to Future Taxation:			
Funded	C- 6	39,473,851.21	45,202,450.80
Unfunded	C -7	68,613,342.61	44,413,804.61
		$ 125,434,860.43	$ 104,230,326.22

LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31,2017	BALANCE DEC. 31,2016
General Serial Bonds	C-12	$ 37,885,911.21	$ 43,192,007.57
Green Trust Loans Payable	C-13	397,256.83	639,891.69
NJ Environmental Infrastructure Loan Payable	C-11	1,190,683.17	1,370,551.54
Bond Anticipation Notes	C- 9	47,880,000.00	41,950,562.00
Due to Current Fund	C- 5	16,421.37	
Improvement Authorizations:			
Funded	C- 8	68,125.68	21,936.76
Unfunded	C- 8	31,082,113.55	11,951,285.00
Reserve for Encumbrances	C- 8	5,923,241.33	3,750,000.18
Reserve for:			
Capital Improv. Fund	C-10	14,510.51	812,010.51
Grants Receivable	C-14	51,173.53	51,173.53
Acquistion of Property for and Construction of Parking Facilities	C-17	182,000.00	182,000.00
Payment of Future Debt Service Costs	C-17	100,158.00	97,954.00
Woodland Estates	C-17	337,343.21	
Fund Balance	C- 1	305,922.04	210,953.44
		$ 125,434,860.43	$ 104,230,326.22
Bonds And Notes Authorized but not Issued	C-18	$ 20,733,342.61	$ 2,463,242.61

Note: See Notes to Financial Statements

Exhibit - C-1

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	REF.	
Balance - December 31, 2016	C	$ 210,953.44
Increased by:		
Cash Receipts - Premium on BAN Sale	C-2	305,921.60
		516,875.04
Decreased by:		
Appropriated to 2017 Budget Revenue Note Sale Premium	C-2	210,953.00
Balance - December 31, 2017	C	$ 305,922.04

Note: See Notes to Financial Statements

Exhibit - D

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY FUND
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

ASSETS	REF.	BALANCE DEC. 31, 2017	BALANCE DEC. 31, 2016
Operating Fund:			
Cash and Investments - Treasurer	D- 5	$ 26,990.21	$ 27,696.73
		26,990.21	27,696.73
Total Operating Fund		26,990.21	27,696.73
Capital Fund:			
Fixed Capital	D-11	6,978,627.29	6,978,627.29
Due from Water Utility Operating Fund	D- 8	14,411.32	14,411.32
Total Capital Fund		6,993,038.61	6,993,038.61
		$ 7,020,028.82	$ 7,020,735.34

LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2017	BALANCE DEC. 31, 2016
Operating Fund:			
Due to Current Fund	D- 9	$ 25.80	$ 1.80
Due to Water Utility Capital Fund	D-10	14,411.32	14,411.32
Accrued Interest Payable	D-13	12,552.77	13,283.29
		26,989.89	27,696.41
Fund Balance	D- 1	0.32	0.32
Total Operating Fund		26,990.21	27,696.73
Capital Fund:			
Serial Bonds Payable	D-14	738,744.78	797,185.04
Reserve for:			
Amortization	D- 7	6,223,714.56	6,165,274.30
Deferred Res. for Amortization	D-12	16,167.95	16,167.95
Fund Balance	D- 2	14,411.32	14,411.32
Total Capital Fund		6,993,038.61	6,993,038.61
		$ 7,020,028.82	$ 7,020,735.34

There were no Water Utility Bonds and Notes Authorized but not Issued at December 31, 2017 or 2016.

Note: See Notes to Financial Statements

Exhibit - D-1

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

REVENUE AND OTHER INCOME	REF.	2017	2016
Deficit (General Budget)	D-3	$ 89,589.66	$ 89,818.18
Total Revenue		89,589.66	89,818.18
EXPENDITURES			
Debt Service	D-4	89,589.66	89,818.18
Total Expenditures		89,589.66	89,818.18
Excess/Deficit in Revenues		-	-
FUND BALANCE			
Balance - Beginning of Year	D	0.32	0.32
Fund Balance - End of Year	D	$ 0.32	$ 0.32

Exhibit - D-2

WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	REF.	
Balance - December 31, 2016	D	$ 14,411.32
Balance - December 31, 2017	D	$ 14,411.32

Note: See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	REF.	2017 BUDGET	REALIZED IN 2017	EXCESS OR (DEFICIT)
Deficit (General Budget)	D-1,D-5	$ 89,589.66	$ 89,589.66	$ -
		$ 89,589.66	$ 89,589.66	$ -
	REF.	D-4	D-1,D-5	

Note: See Notes to Financial Statements

Exhibit - D-4

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Ref.	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
Debt Service:							
Payment of Bond Principal		$ 58,440.26	$ 58,440.26	$ 58,440.26	$	$	$ -
Interest on Bonds		31,149.40	31,149.40	31,149.40			-
		$ 89,589.66	$ 89,589.66	$ 89,589.66	$	$	$ -
	Ref.	D-3	D-3	D-1			D-1
Disbursed	D- 5			$ 58,440.26			
Accrued Interest on Bonds	D-13			31,149.40			
				89,589.66			

Note: See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY FUND
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

ASSETS	REF.	BALANCE DEC. 31,2017	BALANCE DEC. 31,2016
Operating Fund:			
Cash and Investments - Treasurer	E- 5	$ 15,912,351.93	$ 10,739,167.90
Due from Current Fund	E- 9	601.52	
		15,912,953.45	10,739,167.90
Receivables with Offsetting Reserves:			
Sewer Rents Receivable	E-7	17,828.69	9,200.27
Sewer Rent Liens Receivable	E-8	48,397.05	37,792.16
Sewer SIU Sampling Charge Receivable	E-15		1,850.00
		66,225.74	48,842.43
Total Operating Fund		15,979,179.19	10,788,010.33
Capital Fund:			
Cash and Investments - Treasurer	E- 5	1,001,550.35	993,305.73
Fixed Capital	E-11	12,286,911.18	11,936,092.41
Fixed Capital Authorized & Uncompleted	E-13	4,814,048.82	5,164,867.59
Due from Sewer Utility Operating Fund	E-12	5,622,204.72	4,246,001.33
Total Capital Fund		23,724,715.07	22,340,267.06
		$ 39,703,894.26	$ 33,128,277.39

LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31,2017	BALANCE DEC. 31,2016
Operating Fund:			
Liabilities:			
Appropriation Reserves	E-4,E-19	$ 3,541,250.56	$ 3,902,304.01
Reserve for Encumbrances	E-4,E-19	132,162.01	180,132.55
Due to Sewer Capital Fund	E- 9	5,622,204.72	4,246,001.33
Sewer Rent Overpayments	E-16	95,141.12	92,946.11
Accounts Payable	E-18	48,203.75	30,366.00
Accrued Interest Payable	E-20	186,561.00	188,245.62
		9,625,523.16	8,639,995.62
Reserve for Receivables	Reserve	66,225.74	48,842.43
Reserve for Sewer Lien Foreclosure	E-17	5,020.64	5,020.64
Fund Balance	E-1	6,282,409.65	2,094,151.64
Total Operating Fund		15,979,179.19	10,788,010.33
Capital Fund:			
Serial Bonds	E-10	4,844,344.01	5,099,807.39
Bond Anticipation Notes	E-14	7,600,000.00	7,600,000.00
Encumbrances Payable	E-21	298,681.03	67,693.33
Improvement Authorizations			
Funded	E-21	98,932.92	100,589.47
Unfunded	E-21	4,416,434.87	4,996,584.79
Capital Improvement Fund	E-22	509,500.00	509,500.00
Reserve for Downpayment on Improvements	E-25	400,000.00	400,000.00
Reserve for Capital Improvement Projects	E-26	1,655,354.16	
Reserve for Amortization	E-23	3,159,731.83	2,904,268.45
Deferred Reserve for Amortization	E-24	432,750.00	432,750.00
Fund Balance	E-2	308,986.25	229,073.63
Total Capital Fund		23,724,715.07	22,340,267.06
		$ 39,703,894.26	$ 33,128,277.39

There were Bonds and Notes Authorized but not Issued on December 31, 2017 and 2016 in the amount of $1,064,134.16 and $1,064,134.16, respectively (See Exhibit - E-27).

Exhibit - E-1

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

REVENUE AND OTHER INCOME	REF.	2017	2016
Fund Balance Anticipated	E-3	$ 262,439.00	$
Sewer Rents	E-3	19,895,993.35	18,868,561.65
Miscellaneous Revenues	E-3	250,763.56	228,700.80
Sewer SIU Sampling Charge	E-15	1,850.00	
Unexpended Balance of Approp. Reserves	E-19	2,177,993.10	1,210,125.40
Total Revenue		22,589,039.01	20,307,387.85
EXPENDITURES			
Operating:			
Salaries and Wages	E-4	1,847,747.00	1,847,747.00
Other Expenses	E-4	13,845,300.10	14,420,300.00
Capital Improvements	E-4	1,420,653.16	1,710,354.16
Debt Service	E-4	591,297.74	590,966.09
Deferred Charges and Statutory Expenditures	E-4	426,002.00	426,002.00
Refunds of Prior Year Revenues	E-5	7,342.00	2,827.52
Total Expenditures		18,138,342.00	18,998,196.77
Excess in Revenues		4,450,697.01	1,309,191.08
FUND BALANCE			
Balance - Beginning of Year	E	2,094,151.64	784,960.56
		6,544,848.65	2,094,151.64
Decreased by:			
Fund Balance Utilized	E-1	262,439.00	-
Fund Balance - End of Year	E	$ 6,282,409.65	$ 2,094,151.64

Note: See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
STATEMENT OF CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	REF.		
Balance - December 31, 2016	E		$ 229,073.63
Increased by:			
Interest Earned	E-5	8,244.62	
Premium on Sale of BAN's	E-12	71,668.00	
			79,912.62
Balance - December 31, 2017	E		$ 308,986.25

Note: See Notes to Financial Statements

Exhibit - E-3

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	REF.	2017 BUDGET	REALIZED IN 2017	EXCESS OR (DEFICIT)
Fund Balance Anticipated	E-1	$ 262,439.00	$ 262,439.00	$
Sewer Rents	E-1	18,868,561.00	19,895,993.35	1,027,432.35
Miscellaneous	E-1,E-5		250,763.56	250,763.56
		$ 19,131,000.00	$ 20,409,195.91	$ 1,278,195.91
	REF.	E-4		

ANALYSIS OF REALIZED REVENUES	Ref.		
Sewer Rents:			
Sewer Rents Receivable:			
2017 Cash Collections:			
Collector	E-7	19,895,993.35	
	E-3		$ 19,895,993.35
Miscellaneous Revenues:			
Interest & Costs on Rents	E-5	67,947.90	
Sewer Connection Fees	E-5	84,931.14	
Misc. Revenues	E-5	97,884.52	
	E-3		$ 250,763.56

Note: See Notes to Financial Statements

Exhibit - E-4

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Ref.	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED PAID OR CHARGED	EXPENDED ENCUMBERED	EXPENDED RESERVED	UNEXPENDED BALANCE CANCELLED
Operating:							
Salaries and Wages		$ 1,847,747.00	$ 1,847,747.00	$ 1,687,865.74	$	$ 159,881.26	$
Other Expenses		4,345,300.10	4,345,300.10	3,640,162.46	132,162.01	572,975.63	
Middlesex County Utilities Authority Charges		10,500,000.00	10,500,000.00	8,118,682.47		1,381,317.53	1,000,000.00
Capital Improvements:							
Capital Improvement Projects		1,420,653.16	1,420,653.16	-		1,420,653.16	
Debt Service:							
Payment of Bond Principal		255,463.38	255,463.38	255,463.38			-
Interest on Bonds		184,256.58	184,256.58	184,256.58			-
Interest on Notes		151,577.78	151,577.78	151,577.78			
Deferred Charges and Statutory Expenditures:							
Statutory Expenditures:							
Contribution to:							
Public Employees Retirement System		251,002.00	251,002.00	251,002.00		-	
Social Security System (O.A.S.I.)		150,000.00	150,000.00	143,577.02		6,422.98	
Unemployment Compensation Insurance		25,000.00	25,000.00	25,000.00		-	
		$ 19,131,000.00	$ 19,131,000.00	$ 14,457,587.43	$ 132,162.01	$ 3,541,250.56	$ 1,000,000.00
	Ref.	E-3	E-3	E-1	E, E-1	E, E-1	
Disbursed	E-5			$ 14,121,753.07			
Accrued Interest on Bonds	E-20			335,834.36			
				$ 14,457,587.43			

Note: See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2017 AND DECEMBER 31, 2016

ASSETS	REF.	BALANCE DEC. 31, 2017	BALANCE DEC. 31, 2016
Cash and Invest. - Treasurer	F-1	$ 43,834.92	$ 43,474.10
		$ 43,834.92	$ 43,474.10
LIABILITIES AND RESERVES			
Reserve for Public Assistance	F-4	$ 43,834.92	$ 43,474.10
		$ 43,834.92	$ 43,474.10

Note: See Notes to Financial Statements

Exhibit - G

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

STATEMENT OF GOVERNMENTAL FIXED ASSETS
REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

	BALANCE DECEMBER 31, 2017	BALANCE DECEMBER 31, 2016
Governmental Fixed Assets:		
Land	$ 116,480,200.00	$ 116,480,200.00
Buildings and Improvements	20,811,200.00	20,811,200.00
Vehicles, Machinery and Equipment	39,860,420.00	38,023,427.00
Total Governmental Fixed Assets	$ 177,151,820.00	$ 175,314,827.00
Investment in Governmental Fixed Assets	$ 177,151,820.00	$ 175,314,827.00

Nots: See Notes to Financial Statements

TOWNSHIP OF EDISON
MIDDLESEX COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

Note 1: FORM OF GOVERNMENT

The Township is managed under the Mayor - Council form of government authorized under Plan E of the "Faulkner Act of 1950". This form of government, adopted in 1957 by Township voters, provides for the direct election of the Mayor and seven council members for staggered four-year terms. This form of government provides for the administrative function of government under the Mayor, supported by a Business Administrator and various department heads, and for the legislative function under the Municipal Council.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the basic financial statements of the Township of Edison include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Edison, as required by N.J.S.A. 40A:5-5. Accordingly, the basic financial statements the Township of Edison do not include the operations of the municipal library, first aid organizations or volunteer fire companies.

B. Description of Funds

The accounting policies of the Township of Edison conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices 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. Under this method of accounting, the Township of Edison accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the Housing and Community Development Act of 1974 funds are reported within the Trust Fund. In addition, the financial transactions of the following funds and accounts are also reported within the Trust Fund:

- Animal Control Trust Fund
- Landfill Closure Escrow Funds
- Unemployment Compensation Trust Fund
- Dedicated Law Enforcement Trust Fund
- Self-Insurance Trust Fund
- Developer Escrow Trust Funds
- Dedicated Open Space Fund

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. Description of Funds (Cont'd.)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes. Debt obligations authorized in conjunction with the Township's conversion to the state's fiscal year are also accounted for in the General Capital Fund.

Water Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Water Utility. See Note 12 for information relating to the privatization of water delivery services for periods commencing after June 30, 1997.

Sewer Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Sewer Utility.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards recognizes three fund categories as appropriate for the accounting and reporting of the financial position and results of operations in accordance with generally accepted accounting principles (GAAP) to provide detailed information about the governmental unit. This structure of funds differs from the organization of funds prescribed under the regulatory basis of accounting utilized by the Township. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to present the general purpose financial statements required by GAAP.

The regulatory basis of accounting utilized by the Township for financial reporting is inconsistent with the provisions and standards established by Statement 34 of the GASB. Accordingly, the Township has not implemented the provisions of GASB Statement 34.

C. Basis of Accounting

Basis of Accounting and Measurement Focus - The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recorded as received in cash except for regulatory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes, water utility consumer charges and sewer utility consumer charges are recorded with offsetting reserves within the Current Fund, Water Utility Fund and Sewer Utility Fund, respectively. Other amounts that are due to the Township, which are susceptible to accrual are recorded as receivables with offsetting reserves.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Accounting (Cont'd.)

These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of utility consumer charges, which should be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Township's "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled 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 and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. Expenditures for compensated absences, i.e. accumulations of earned but unused vacations and sick leave, are recorded in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Water Utility and Sewer Utility) fund on a full accrual basis.

For the purposes of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based upon the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or the revaluation of assessable real property, would represent the designation of fund balance.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.) requires that certain operating transfers between funds, such as transfers from the Current Fund and Utility Operating Funds to a Self-Insurance Trust Fund, transfers of anticipated operating surpluses among the Current Fund, Water Utility Fund and Sewer Utility Fund, transfers from utility operating funds to capital funds (to finance capital projects) and transfers from the Current Fund to the Trust Funds or General Capital Fund are required to be included in the Township's annual budgets as budget appropriations. Expenditures are recorded upon the adoption of the budget for any legally required transfers, and upon the determination of availability of funds for any discretionary transfers. Under GAAP, operating transfers are not recognized as expenditures.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Accounting (Cont'd.)

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in governmental fixed assets at the lower of cost or fair market value.

Self Insurance Reserves - Charges to self insurance reserves are recorded when payments of claims and related expenses are made. Increases to self insurance reserves are recorded from budgetary appropriations in the accounting period in which budgetary expenditures are recorded. Earnings on investments and miscellaneous reimbursements are credited to reserves when received in cash. GAAP requires that liabilities for incurred claims be recorded as determined actuarially, and that operating transfers to self insurance funds not exceed the amount determined.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the accounting period the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. Although the expenditure method of accounting for purchases of supplies is in accordance with GAAP, the cost of inventory on hand at the close of the year should be reported on the balance sheet with an offsetting reserve for conformity with GAAP.

Sale of Municipal Assets - Cash proceeds from the sale of Township owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. Any year-end balances of reserved proceeds are reported as a cash liability in the Current Fund. At December 31, 2017, the Township had no reserved proceeds. GAAP requires that revenue be recognized in the accounting period that the terms of the sales contracts become legally enforceable.

Defeasance of Utility Debt - The funding by a third party of an irrevocable trust fund established for the purpose of debt defeasance pursuant to an agreement under the provisions of the New Jersey Water Supply Public-Private Contracting Act (NJSA 58:26-19 et seq.) is recorded as an increase to the Reserve for Amortization account. GAAP requires recognition of this funding arrangement as a deferred item, which would be amortized following the maturity schedule of the bonds.

Governmental Fixed Assets - Property and equipment acquired by the Current, Community Development Block Grant and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Property and equipment acquired by the Water Utility Fund and Sewer Utility Fund are recorded in their respective capital accounts at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Water Utility Capital Fund and Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements plus any costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

Grants Received – Federal and state grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's Budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Accounting (Cont'd.)

Disclosures About Pension Liabilities - The Township has included information relating to its allocated shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 9 and the accompanying required supplementary information. As the Township does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements.

Recent Accounting Standards

GASB issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No.14" in January 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

GASB issued Statement No. 81, "Irrevocable Split-Interest Agreements" in March 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB issued Statement No. 82, "Pension Issues-an amendment of GASB Statements No. 67, No. 68 and No. 73" in March 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

GASB issued Statement No. 83, "Certain Asset Retirement Obligations" in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB issued Statement No. 84, "Fiduciary Activities" in January 2017. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

C. Basis of Accounting (Cont'd.)

Recent Accounting Standards (cont'd.)

GASB issued Statement No. 85, "Omnibus 2017" in March 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB issued Statement No. 86, "Certain Debt Extinguishment Issues" in May 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB issued Statement No. 87, "Leases" in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The Township does not prepare its financial statements in accordance with generally accepted accounting principles. Unless these new standards are incorporated into the other comprehensive basis of accounting that is utilized by the Township through legislation or rulemaking they will not become part of the standards followed by the Township for financial reporting. For the purpose of providing disclosures relating to Pension, The Borough has adopted certain provisions of GASB statements No. 73 and 77, which amend and clarify the provisions of GASB statement No. 68. The Division of Local Government Services has adopted rules which require full disclosure in the Notes to Financial Statements of OPEB related matters, as set forth in GASB Statement No. 45, based upon the GASB implementation schedule. See Note 17 for a description of matters relating to GASB 45.

Note 3: DEFERRED COMPENSATION PLAN

The Edison Township Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978,C. 39; and P.L. 1980, C. 78 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Township has engaged a private contractor to administer the plan.

The Township passed a resolution on October 8, 1997 amending its plan in accordance with the amendments to Section 457 of the Code included in the Small Business Job Protection Act of 1996. This legislation eliminated provisions of the law that required compensation, which was deferred under the plan to remain the assets of the employer. The Plan amendment specifies that Plan assets are to be held "for the exclusive benefit of Plan participants and their beneficiaries". Accordingly, the financial statements of the Plan are not included in the Township's financial statements for the year ending December 31, 2017.

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2017:

	Amount Issued	Amount Outstanding	Interest Rates	Final Maturity
General Improvement Debt				
Pension Refunding Bonds - 2003	$10,000,000.00	$7,610,000.00	5.360%	2023
Genl. Oligation Bonds - 2007	29,675,500.00	5,055,000.00	4.125%	2019
Genl. Oligation Refunding Bonds - 2011	16,540,000.00	8,000,000.00	Various	2022
Tax-Exempt General Oligation Bonds - 2013	10,564,000.00	8,554,718.20	Various	2028
Taxable General Oligation Bonds - 2013	1,051,485.00	806,193.01	Various	2028
Genl. Improvement Refunding Bonds - 2016	7,860,000.00	7,860,000.00	4.000%	2022
Green Trust Program Loans	3,026,250.00	397,256.83	2.00%	2022
NJ Environmental Infrastructure	1,211,111.00	425,000.00	Various	2022
NJ Environmental Infrastructure	1,211,111.00	300,546.75	None	2022
NJ Environmental Infrastructure	450,000.00	260,000.00	Various	2027
NJ Environmental Infrastructure	441,780.10	205,136.42	None	2027
Bond Anticipation Notes	29,765,000.00	29,765,000.00	2.00%	2018
Bond Anticipation Notes	8,115,000.00	8,115,000.00	1.75%	2018
Water Utility Debt				
Taxable Water Utility Bonds - 2013	963,515.00	738,744.78	Various	2028
Sewer Utility Debt				
Sewer Utility Bonds - 2007	2,266,500.00	125,000.00	Various	2019
Tax-Exempt Sewer Oligation Bonds - 2013	2,580,000.00	2,089,281.80	Various	2028
Taxable Sewer Oligation Bonds - 2013	1,200,000.00	920,062.21	Various	2028
Sewer Utility Refunding Bonds - 2016	1,710,000.00	1,710,000.00	Various	2037
Bond Anticipation Notes	7,600,000.00	7,600,000.00	2.00%	2018
Total Debt for Capital Project Outstanding December 31, 2017		$90,536,940.00		

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statements - CY 2017

The summarized statement of debt condition which follows is reported in accordance with the required method for preparation of the Annual Debt Statement and indicates a statutory net debt of:

	Gross Debt	Deductions	Net Debt
Local School District Debt	$3,480,000.00	$3,480,000.00	$
Water Utility Debt	738,744.78	738,744.78	
Sewer Utility Debt	13,508,478.17	13,508,478.17	
General Debt	108,087,193.82	100,158.00	107,987,035.82
	$125,814,416.77	$17,827,380.95	$107,987,035.82

Net Debt $107,987,035.82 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended $15,965,388,062.33 = 0.676 %.

EQUALIZED VALUATION BASIS

2015 Equalized Valuation Basis of Real Property	$15,658,416,685.00
2016 Equalized Valuation Basis of Real Property	15,829,381,614.00
2017 Equalized Valuation Basis of Real Property	16,408,365,888.00
Average Equalized Valuation	$15,965,388,062.33

BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

3 1/2% of Equalized Valuation Basis Municipal	$558,788,582.18
Net Debt	107,987,035.82
Remaining Borrowing Power	$450,801,546.36

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Regulatory Debt Condition - Annual Debt Statements (Cont'd.)

Deduction of Self-Liquidating Utility Debt for Statutory Net Debt (N.J.S.A. 40:2-45)

The calculation of "Self-Liquidating Purpose" for the Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

2017

Cash Receipts from Fees, Rents or Other Charges for Year		$20,409,195.91
Deductions:		
Operating and Maintenance Costs	17,539,702.26	
Debt Service	591,297.74	
Miscellaneous	5,492.00	
		18,136,492.00
Excess in Revenues		$ 2,272,703.91

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Sewer Utility Fund is as follows:

Excess in Revenues - Cash Basis (E-1)	$ 4,450,697.01
Deduct: Reserves Cancelled	2,177,993.10
Excess in Revenues per Debt Statement	$ 2,272,703.91

2016

Cash Receipts from Fees, Rents or Other Charges for Year		$19,097,262.45
Deductions:		
Operating and Maintenance Costs	18,404,403.16	
Debt Service	590,966.09	
Miscellaneous	2,827.52	
		18,998,196.77
Excess in Revenues		$ 99,065.68

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Sewer Utility Fund is as follows:

Excess in Revenues - Cash Basis (E-1)	$1,309,191.08
Deduct: Reserves Cancelled	1,210,125.40
Excess in Revenues per Debt Statement	$ 99,065.68

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Statutory Debt Condition - Annual Debt Statements

Green Trust Program Loans (Cont'd.)

	Woodland Ave Park II	Woodland Grove
Date of Loan Agreement	July 11, 2003	August 10, 2003
Loan Amount	$712,500.00	$281,250.00
Interest Rate	2.00%	2.00%
Semi-Annual Payment (Prin. & Int.) to Amortize Loan Principal	$44,305.52	$20,096.75
Due Dates	July 11 & Jan. 11	Aug. 10 & Feb. 10
Number of Payments	39	33
Final Payment	July 11, 2022	February 10, 2019

	Woodland Ave Park I	Mill Road Park
Date of Loan Agreement	October 26, 2007	October 26, 2007
Loan Amount	$1,230,000.00	$802,500.00
Interest Rate	2.00%	2.00%
Semi-Annual Payment (Prin. & Int.) to Amortize Loan Principal	$124,297.10	$65,526.27
Due Dates	Oct 26 & Apr 26	Oct 26 & Apr 26
Number of Payments	22	24
Final Payment	April 26, 2018	April 26, 2019

Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the combined outstanding principal of these loans, in the amount of $397,256.83 has been included in the calculation of the Township's statutory debt condition.

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

B. Summary of Regulatory Debt Condition - Annual Debt Statements (Cont'd.)

The calculation of "Self-Liquidating Purpose" for the Water Utility, per N.J.S.A. 40A:2-45 is as follows:

2017

Cash Receipts from Fees, Rents or Other Charges for Year	$89,589.66
Deductions: Debt Service	89,589.66
Excess in Revenues	$ 0.00

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Water Utility Fund is as follows:

Excess in Revenues - Cash Basis (D-1)	$ 0.00
Excess in Revenues per Debt Statement	$ 0.00

2016

Cash Receipts from Fees, Rents or Other Charges for Year	$89,818.18
Deductions: Debt Service	89,818.18
Excess in Revenues	$ 0.00

The difference between the deficit in revenues for debt statement purposes and the deficit in revenues on a cash basis for the Water Utility Fund is as follows:

Excess in Revenues - Cash Basis (D-1)	$ 0.00
Excess in Revenues per Debt Statement	$ 0.00

C. Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding at December 31, 2017

	General (1)		
Year	Principal	Interest	Total
2018	$5,522,732	$1,545,289	$7,068,021
2019	5,743,385	1,294,080	7,037,465
2020	5,925,021	1,030,515	6,955,536
2021	6,166,656	758,670	6,925,326
2022	6,438,291	476,544	6,914,835
Subtotal	29,796,085	5,105,098	34,901,183

C. Schedule of Annual Debt Service for Principal and Interest
for Bonded Debt Issued and Outstanding at December 31, 2017 (cont'd.)

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

Year	Principal	Interest	Total
2023	2,678,229	281,152	2,959,381
2024	1,079,864	205,190	1,285,054
2025	1,081,499	169,530	1,251,029
2026	1,083,134	131,197	1,214,331
2027	1,083,134	87,577	1,170,711
Subtotal	7,005,860	874,646	7,860,506
2028	1,083,966	43,860	1,127,826
Subtotal	1,083,966	43,860	1,127,826
Total	$37,885,911	$6,023,604	$43,909,515

C. Schedule of Annual Debt Service for Principal and Interest
for Bonded Debt Issued and Outstanding for the Sewer Utility at December 31, 2017

Year	Principal	Interest	Total
2018	$257,330	$178,567	$435,897
2019	265,177	170,069	435,246
2020	272,044	160,558	432,602
2021	278,910	150,813	429,723
2022	280,776	140,893	421,669
Subtotal	1,354,237	800,900	2,155,137
2023	404,340	131,274	535,614
2024	406,207	118,304	524,511
2025	413,073	104,571	517,644
2026	419,939	89,890	509,829
2027	424,939	73,081	498,020
Subtotal	2,068,498	517,120	2,585,618
2028	426,609	55,636	482,245
2029	95,000	37,900	132,900
2030	100,000	34,000	134,000
2031	100,000	30,000	130,000
2032	105,000	25,900	130,900
Subtotal	826,609	183,436	1,010,045

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest
for Bonded Debt Issued and Outstanding for the Sewer Utility at December 31, 2017 (cont'd.)

Year	Principal	Interest	Total
2033	110,000	21,600	131,600
2034	115,000	17,100	132,100
2035	120,000	12,400	132,400
2036	125,000	7,500	132,500
2037	125,000	2,500	127,500
Subtotal	595,000	61,100	656,100
Total	$4,844,344	$1,562,556	$6,406,900

C. Schedule of Annual Debt Service for Principal and Interest
for Bonded Debt Issued and Outstanding for the Water Utility at December 31, 2017

Year	Principal	Interest	Total
2018	$59,939	$30,127	$90,066
2019	61,437	28,328	89,765
2020	62,936	25,871	88,807
2021	64,434	23,354	87,788
2022	65,933	20,776	86,709
Subtotal	314,679	128,456	443,135
2023	67,431	18,139	85,570
2024	68,930	15,441	84,371
2025	70,428	12,685	83,113
2026	71,926	9,779	81,705
2027	71,926	6,633	78,559
Subtotal	350,641	62,677	413,318
2028	73,425	3,396	76,821
Subtotal	73,425	3,396	76,821
Total	$738,745	$194,529	$933,274

Note 4: DEBT, DEBT SERVICE AND REGULATORY DEBT CONDITION (CONT'D.)

C. Schedule of Annual Debt Service for Principal and Interest for the New Jersey Environmental Infrastructure Trust Loan at December 31, 2017

Year	State Principal	Trust Principal	Trust Interest	Total
2018	$85,196.70	$100,000.00	$32,031.25	$217,227.95
2019	85,363.48	105,000.00	27,281.25	217,644.73
2020	85,368.59	110,000.00	22,281.25	217,649.84
2021	85,212.05	115,000.00	17,031.25	217,243.30
2022	71,717.61	125,000.00	11,500.00	208,217.61
Subtotal	412,858.43	555,000.00	110,125.00	1,077,983.43
2023	22,935.48	30,000.00	5,750.00	58,685.48
2024	22,117.50	30,000.00	4,475.00	56,592.50
2025	24,362.93	35,000.00	2,975.00	62,337.93
2026	23,408.83	35,000.00	1,487.50	59,896.33
Subtotal	92,824.74	130,000.00	14,687.50	237,512.24
Total	$505,683.17	$685,000.00	$124,812.50	$1,315,495.67

C. Schedule of Annual Debt Service for Principal and Interest for the Green Acre Trust Loans at December 31, 2017

Year	Principal	Interest	Total
2018	$185,363	$6,714	$192,077
2019	83,508	3,609	87,117
2020	41,946	2,359	44,305
2021	42,790	1,516	44,306
2021	43,650	656	44,306
Total	$397,257	$14,854	$412,111

(1) Prior to the establishment of a separate Sewer Utility, the Township financed sewer infrastructure improvements through the issuance of General Debt. All such debt is included above. However, annual debt service on all sewer improvements is raised in the Annual Budget of the Dedicated Sewer Utility.

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

D. General Obligation Refunding Bonds, Series 2016

The Township issued $9,570,000 in General Obligation Refunding Bonds, Series 2016, dated August 31, 2016. Included in the $9,570,000 aggregate principal amount is $7,860,000 General Improvement Refunding Bonds, and $1,710,000 Sewer Utility Refunding Bonds. The plan of refunding and restructuring was to provide level debt service in future years as opposed to the existing payment schedules.

The total amount of the Refunded Bonds equals $9,797,000 with maturities from 2020 through 2037. The interest rates range from 4.125% for the General Improvement Bonds and from 4.125% for the Sewer Utility Bonds to 4.250%.

As a result, the Township will realize a total of $409,695 in debt service savings through 2037. The debt service savings provided for net present value costs of 4.281031% of the refunded principal. The interest rates range from 4.000% for the General Obligation Refunding Bonds, Series 2016 from 2020 to maturity on June 1, 2022, and from 4.000% for the Sewer Utility Refunding Bonds, Series 2016 from 2020 to maturity on June 1, 2037.

The outstanding debt service with respect to the Township's 2016 General Improvement Refunding Bonds is as follows:

Year	Principal	Interest	Total
2017		$ 314,400	$ 314,400
2018		314,400	314,400
2019		314,400	314,400
2020	$ 2,380,000	266,800	2,646,800
2021	2,525,000	168,700	2,693,700
2022	2,955,000	59,100	3,014,100
	$ 7,860,000	$ 1,437,800	$ 9,297,800

4) DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONT'D.)

D. General Obligation Refunding Bonds, Series 2016 (cont'd.)

The outstanding debt service with respect to the Township's 2016 Sewer Utility Refunding Bonds is as follows:

Year	Principal	Interest	Total
2017		$ 65,250	$ 65,250
2018		65,250	65,250
2019		65,250	65,250
2020	$ 70,000	63,850	133,850
2021	75,000	60,950	135,950
2022	75,000	57,950	132,950
2023	75,000	55,325	130,325
2024	75,000	53,075	128,075
2025	80,000	50,750	130,750
2026	85,000	48,275	133,275
2027	90,000	45,200	135,200
2028	90,000	41,600	131,600
2029	95,000	37,900	132,900
2030	100,000	34,000	134,000
2031	100,000	30,000	130,000
2032	105,000	25,900	130,900
2033	110,000	21,600	131,600
2034	115,000	17,100	132,100
2035	120,000	12,400	132,400
2036	125,000	7,500	132,500
2037	125,000	2,500	127,500
	$ 1,710,000	$ 861,625	$ 2,571,625

Note 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017 and 2016 were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2017 and 2016 as follows:

	Fund Balance December 31,2017	Utilized in Succeeding budget	Utilized in Current Fund Budget
Current Fund	$11,972,110.45	$9,250,359.18	N/A
Sewer Utility Fund	6,282,409.65	0.00	None
Water Utility Fund	0.32	0.00	None

Fund balances at December 31, 2016 and 2015 were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016 and 2015 as follows:

	Fund Balance December 31,2016	Utilized in Succeeding budget	Utilized in Current Fund Budget
Current Fund	$10,844,461.29	$7,987,461.29	N/A
Sewer Utility Fund	2,094,151.64	262,439.00	None
Water Utility Fund	0.32	0.00	None

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2017	Amount Raised in 2018	Balance to Succeeding Years
Current Fund:			
Special Emergency Authorization	$2,703,600.00	$700,400.00	$2,003,200.00
	$2,703,600.00	$700,400.00	$2,003,200.00

Note 7: DEPOSITS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

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 Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. The Government Unit Deposit Protection Act ("GUDPA") was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the new law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All unisured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units. All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities, which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one tenth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

At December 31, 2017 and 2016, the cash and cash equivalents and investments of the Township consisted of the following:

	2017	2016
Cash (Demand Accts.)	$129,509,885.67	$91,237,625.62
Change Funds (On-Hand)	675.00	675.00
State of N.J. Cash Mgmt. Fund	132,162.57	131,049.27
US Treasury/Agency Obligations	16,991,692.04	16,838,905.53
Total	$146,634,415.28	$108,208,255.42

During the period ended December 31, 2017 and 2016, the Township held investments in Certificates of Deposit and the State of New Jersey Cash Management Fund. Under criteria established in Governmental Accounting Standards Board Statement No. 9, the year-end balances in Certificates of Deposit, New Jersey Cash Management Fund and the New Jersey Proceeds Management Fund are considered to be cash equivalents under GAAP.

Note 7: DEPOSITS AND INVESTMENTS

The Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) an accordingly the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Risk of its cash and investments.

(a) Custodial Credit Risk – The Township's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Township's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty's trust department or agent but not in the Township's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of the investment or collateral securities that are in possession of an outside party.

(b) Concentration of Credit Risk – This is the risk associated with the amount of investments that the Township has with any one issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

(c) Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township's investment policy.

(d) Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

(e) As of December 31, 2017, and 2016, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Township's bank balances was considered exposed to custodial credit risk

Investments

New Jersey Statutes establish the following securities as eligible for the investment of Township funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;

2. Government money market mutual funds;

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;

4. Bonds or other obligations of the Township or bonds or other obligations of school districts of which the Township is a part and within which the school district is located.

Note 7: DEPOSITS AND INVESTMENTS (CONT'D.)

5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or

8. Agreements for the repurchase of fully collateralized securities, if:
   a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
   b. the custody of collateral is transferred to a third party;
   c. the maturity of the agreement is not more than 30 days; and
   d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

Investment Type	Moody's Rating	S&P Rating
Federal National Mortgage Assoc.	AAA	AA+
Federal Home Loan Mortgage	AAA	AA+
Federal Home Loan Bank	AAA	AA+
U.S. Treasury Notes	AAA	AA+

The Township's investments at year-end 2017 were as follow:

		Investment Maturities (in Years)		
Investment Type	Total Fair Value	Less than 1	1-5	6-10
U.S. Treasury Bills	$10,486,582.14	$1,685,994.16	$ 4,740,689.53	$4,059,898.45
FFCB	439,898.40	159,566.40	280,332.00	0.00
FNMA	1,976,110.23	602,164.34	1,045,981.33	327,964.56
FHLB	2,435,484.16	445,970.85	1,482,614.94	506,898.37
FHLM	1,547,053.26	522,753.79	905,333.32	118,966.15
Financing Corp	87,303.45	87,303.45	0.00	0.00

The Township of Edison had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

Depository Account	Bank Balance
Insured--FDIC	$ 500,000.00
Insured—NJGUDPA (N.J.S.A. 17:941)	119,285,893.06
Uninsured	16,991,692.04
Total	$ 136,777,585.10

Note 7: DEPOSITS AND INVESTMENTS (CONT'D.)

Investments (Cont'd.)

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2017, the Township had $132,162.57 on deposit with the New Jersey Cash Management Fund.

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Township Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Local School District, County and Special Districts, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector on or before May 13th.

Tax bills are prepared and mailed by the Collector of Taxes of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The New Jersey Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent, and if a delinquency (including interest) is in excess of $10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

Note 9: PENSION PLANS

Description of Plans - The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). According to the State of New Jersey Administrative Code, all obligations of the Systems will be assumed by the State of New Jersey should the plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period.

The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

A. Public Employees' Retirement System (PERS) - The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	170,124
Inactive plan members entitled to but not yet receiving benefits	650
Active plan members	254,685
Total	425,459

Contributing Employers – 1,705.

Significant Legislation – Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Payrolls and Covered Wages:
For the year ended December 31, 2017 the Township's total payroll for all employees was $69,372,352. Total PERS covered payroll was $17,750,722. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PERS.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% for State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Township's cash basis contributions to the Plan for the years ended December 31, 2016 and 2017 were $2,162,717 and $2,175,220, respectively. Township Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Township payments to PERS for the years ending December 31, 2016 and 2017 consisted of the following:

	2016	2017
Normal Cost	$ 366,139	$ 338,873
Amortization of Accrued Liability	1,686,669	1,724,560
Total Pension	2,052,808	2,063,433
NCGI Premiums	109,909	102,983
Total Pension & NCGI	2,162,717	2,166,416
LTD Expense		8,804
Total PERS Payment	$ 2,162,717	$ 2,175,220

The Township recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

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

The following represents the membership tiers for PERS:

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 on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (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 or more years of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2017, the PERS reported a net pension liability of $23,278,401,588 for its Local (Non-State) Employer Member Group. The Township's proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Township was $58,424,568 or 0.250982%. At June 30, 2016, the PERS reported a net pension liability of $29,617,131,759 for its Local Employer Member Group. The Township's proportionate share of the net pension liability for the Local Employer Member Group that was attributable to the Township was $72,224,291 or 0.243860%.

Actuarial Assumptions- The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary Increases: Through 2026	1.65-4.15% Based on age
Thereafter	2.65-5.15% Based on age
Investment rate of return	7.00%

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS participating employers as of June 30, 2017, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease (4.00%)	At current discount rate (5.00%)	At 1% increase (6.00%)
State	$29,818,581,732	$25,645,622,797	$22,179,578,513
Local	28,878,437,027	23,278,401,588	18,612,878,069
PERS Plan Total	$58,697,018,759	$48,924,024,385	$40,792,456,582
Township's proportionate share of the net pension liability	$72,479,642	$58,424,568	$46,714,950

Components of Net Pension Liability – The components of the net pension liability for PERS, including the State of New Jersey, at June 30, 2017 is as follows:

	State	Local	Total
Total Pension Liability	$32,535,896,852	$44,852,367,051	$77,388,263,903
Plan Fiduciary Net Position	6,890,274,055	21,573,965,463	28,464,239,518
Net Pension Liability	$25,645,622,797	$23,278,401,588	$48,924,024,385

Collective Deferred Outflows of Resources and Deferred Inflows of Resources – Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year ending	Amount
2018	$815,398
2019	1,549,382
2020	890,165
2022	(1,510,927)
2022	(1,043,103)
Total	$700,915

Changes in Proportion - The previous amounts include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts are recognized (amortized) in the allocation above over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police or firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017:

Inactive plan members or beneficiaries currently receiving benefits	43,011
Inactive plan members entitled to but not yet receiving benefits	47
Active plan members	40,789
Total	83,847

Contributing Employers – 586.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

For the year ended December 31, 2017 the Township's total payroll for all employees was $69,372,352. Total PFRS covered payroll was $36,349,911. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PFRS.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate was 10.0% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Township's cash basis contributions to the Plan for the years ended December 31, 2016 and 2017 were $8,803,587 and $8,708,377, respectively. Township Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Township payments to PFRS for the years ending December 31, 2016 and 2017 consisted of the following:

	2016	2017
Normal Cost	$ 2,951,488	$ 2,964,116
Amortization of Accrued Liability	5,459,647	5,365,684
Total Pension	8,411,135	8,329,800
NCGI Premiums	392,452	378,577
Total PFRS Payment	$ 8,803,587	$ 8,708,377

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

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, as defined, 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.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Township's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Township does not recognize pension liabilities for any current or prior period until fiscal period in which such payments will become due and payable.

At June 30, 2017, the PFRS reported a net pension liability of $15,438,066,691 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State, Non-Special Funding Situation Employer Member Group was $165,570,230 or 1.072480%. At June 30, 2016, the PFRS reported a net pension liability of $19,102,557,969 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was $204,027,959 or 1.068066%.

Actuarial Assumptions- The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary Increases: Through 2026	2.10-8.98% Based on age
Thereafter	3.10-9.98% Based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and three years using the plan actuary's modified 2014 projection scales and further projected on a generational basis using the plan actuary's modified 2014 projection scales.

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

Post- retirement mortality rates for female service retirements and beneficiaries were based the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then three years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

The long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount Rate – The discount rate used to measure the total pension liability was 6.14% as of June 30, 2017. 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 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year.

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (5.14%)	At current discount rate (6.14%)*	At 1% increase (7.14%)
State	$ 5,202,348,756	$ 4,395,743,141	$ 3,734,560,750
Local	22,619,279,081	17,167,260,198	12,687,806,745
PFRS Plan Total	$27,821,627,837	$21,563,003,339	$16,422,367,495
Township's proportionate share of the net pension liability	$242,587,321	$165,570,230	$136,074,233

*- Local Share includes $1,729,193,507 of Special Funding Situation allocated to the State of NJ as a non-employer.

Components of Net Pension Liability – The components of the net pension liability for PFRS, including the State of New Jersey, at June 30, 2017 is as follows:

	State	Local	Total
Total Pension Liability	$ 5,939,531,281	$41,471,190,457	$47,410,721,738
Plan Fiduciary Net Position	1,543,788,140	24,303,930,259	25,847,718,399
Net Pension Liability	$ 4,395,743,141	$17,167,260,198	$21,563,003,339

Collective Deferred Outflows of Resources and Deferred Inflows of Resources – Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year ending	Amount
2018	$696,318
2019	4,319,073
2020	(882,059)
2022	(7,684,103
2022	(3,262,519
Total	$(6,813,290)

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

Changes in Proportion - The previous amounts are include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts are recognized (amortized) in the allocated amortization above over the average of the expected remaining service lives of all plan members, which is 5.59, 5.58, 5.53, and 6.17 years for the 2017, 2016, 2015 and 2014 amounts, respectively.

C. Defined Contribution Retirement System (DCRP)

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or 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 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least $5,000 annually. At June 30, 2016, the membership in the DCRP, based on the information within the Division's database, was 46,557.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

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

For the year ended December 31, 2017 the Township's total payroll for all employees was $69,372,352. Total DCRP covered payroll was $609,876. Covered payroll refers to all compensation paid by the Township to active employees covered by the Plan. Township and employee contributions to the DCRP for the year ended December 31, 2017 were $18,996 and $35,847, respectively.

D. Cumulative PERS and PFRS Deferred Outflows of Resources and Deferred Inflows of Resources

	Net Pension Liability	Deferred Outflows	Deferred Inflows	Total Pension Expense
PERS	$ 58,424,568	$14,813,458	$14,112,543	$3,768,948
PFRS	165,570,230	26,579,770	33,393,062	13,983,125
Total	$ 223,994,798	$41,393,228	$47,505,605	$17,752,073

Note 10: RISK MANAGEMENT

A. Liability and Workers Compensation

Summary of Risk Management Program

The Township, together with the neighboring Townships of Woodbridge and Piscataway, formed the Central Jersey Joint Insurance Fund (CJJIF), effective July 1, 1998. During the most recent Fund Year, participants in the CJJIF also included the Township of Franklin and Hillsborough, each of Somerset County, the City of South Amboy and the Borough of Sayreville, each of Middlesex County, and the Borough of Belmar, Monmouth County. This Fund provides for a pooling of self-retained risks of insurable losses, as well as cost effective excess and reinsurance coverages. As part of Fund's program, reinsurance coverage relating to losses reported by the Township at June 30, 1998 was procured, and the Township will be required to contribute $227,000 per year towards the ultimate cost of settlement of these claims. The Township had previously operated a risk management program, which included significant self-insured risk retention, and had established a Self-Insurance Trust Fund to account for this activity. Reserves available in the Self-Insurance Trust Fund may be utilized to make contributions towards the settlement of the residual claims or the Township may redirect these funds to any other lawful purpose.

At December 31, 2017, the CJJIF reported net position unrestricted of $10,451,344.

Summary of Risk Management Program

The CJJIF provides the following coverages to its participants:

1. Workers' Compensation

   The Fund covers $300,000 CSL
   The MEL covers excess claims to the following limits:
   Workers' Compensation – statutory
   Employers' Liability - $6,700,000 excess of the Fund's $300,000
   USL&H – Included in Workers' Compensation.
   Harbor Marine/Jones Act – Included in Employer's Liability.
   Incidental Foreign Workers Compensation – Included
   Communicable Disease Coverage – Included

2. General Liability

   The Fund covers $300,000 CSL
   The MEL covers excess claims to the following limits:
   General Liability - $4,700,000 CSL excess of the Funds' $300,000. The $3,250,000 excess of $1,750,000 layer is subject to a $3,250,000 per member local unit annual aggregate limit.
   Police Professional – Included in MEL excess General Liability limits.
   Employee Benefits Liability – Included in MEL excess General Liability limits.
   Good Samaritan Liability – Included in MEL excess General Liability limits.
   Quasi Municipal Organization Liability. (Non-profit organizations included by a member local unit in the town's insurance program.):

   Emergency Service Units & Auxiliaries - Included in MEL excess General Liability limits.

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Summary of Risk Management Program (Cont'd.)

2. General Liability (Cont'd.)

Other - \$4,700,000 CSL excess of the Funds' \$300,000. The \$3,250,000 excess \$1,750,000 layer is included in the MEL's excess General Liability \$3,250,000 excess \$1,750,000 per member local unit aggregate limit.

Garage Keeper Liability- \$1,700,000 CSL excess of the Funds' \$300,000. The \$250,000 layer excess of \$1,750,000 is included in the MEL's General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit.

Failure to Supply Liability- \$4,700,000 CSL excess of the Funds' \$300,000. The \$3,250,000 excess of \$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit.

Riot/Civil Commotion or Mob Action - \$4,700,000 CSL excess of the Funds' \$300,000. The \$3,250,000 excess of \$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit.

Dams (Class III and IV – Low Hazard) - \$4,700,000 CSL excess of the Fund's \$300,000. The \$3,250,000 excess of \$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit.

Dams (Class I and II – High Hazard) - \$700,000 CSL excess of the Fund's \$300,000.

Subsidence Property Damage Liability - \$3,450,000 CSL excess of the Fund's 300,000. The \$2,000,000 excess of \$1,750,000 layer is included in the MEL's General Liability and is subject to a \$2,000,000 annual aggregate "all members" annual aggregate limit excess of the \$1,750,000 each occurrence. There is no bodily injury liability sub-limit for subsidence.

Sewer Back Up - \$3,450,000 CSL excess of the Fund's 300,000. The \$2,000,000 excess of \$1,750,000 layer is included in the MEL's General Liability and is subject to a \$2,000,000 annual aggregate "all members" annual aggregate limit excess of the \$1,750,000 each occurrence. There is no bodily injury liability sub-limit for sewer back up.

Disinfecting Agents Release Hazard- \$700,000 CSL excess of the Funds' \$300,000.

Skateboard Facilities - \$4,700,000 CSL excess of the Funds' \$300,000. The \$3,250,000 excess of \$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit. (Note: Requires Fund approval)

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Summary of Risk Management Program (Cont'd.)

3. Automobile Liability

The Fund covers $300,000 CSL for bodily injury liability, property damage liability and PIP.
The Fund covers $15,000/$30,000/$5,000 for uninsured/underinsured motorist liability.
The MEL covers Automobile Bodily Injury and Property Damage Liability claims excess of the Fund's $300,000 CSL limit in the MEL's excess General Liability limit, except that auto liability claims which penetrate the excess of $1,700,000 layer are not subject to the aggregation limitation.
The JIF provides PIP limits of $250,000.
The MEL does not provide excess PIP or Uninsured/Underinsured Motorists Coverage.

4. Non-Owned Aircraft

The MEL covers $5,000,000 CSL for Bodily Injury and Property Damage Liability, and $5,000 medical expense for each passenger.

5. Public Official Liability (POL)

The CJJIF, 100% commercially insured through QBE North America, covers $2,000,000 in the aggregate on a claims made basis per member municipality for each Fund Year, subject to a deductible and coinsurance as outlined below. There is a combined POL/EPL $2,000,000 per member local unit annual aggregate.

$20,000 deductible per occurrence. Except that $75,000 deductible per occurrence applies for member local units with unfavorable loss experience.

20% coinsurance of the first $250,000 of the loss.

Note: Member local units that qualify based upon certain criteria have options to purchase a lower deductible and coinsurance contribution. New members with adverse loss experience may be subject to higher deductible and coinsurance as provided by QBE North America.

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Summary of Risk Management Program (Cont'd.)

6. Employment Practices Liability (EPL)

The CJJIF, 100% commercially insured through QBE North America, covers $2,000,000 in the aggregate on a claims made basis per member municipality for each Fund Year, subject to a deductible and coinsurance as outlined below. There is a combined POL/EPL $2,000,000 per member annual aggregate.

For member local units with approved EPL Loss Control/Risk Management Programs:

$20,000 deductible per occurrence. Except that $75,000 deductible per occurrence applies for member local units with unfavorable loss experience.

20% coinsurance of the first $250,000 of the loss.

For member local units without approved EPL Loss Control/Risk Management Programs:

$100,000 deductible per occurrence, except that $150,000 deductible per occurrence applies for member local units with unfavorable loss experience.

20% coinsurance (no cap) 1st $2 million of loss (not imposed against optional limits).

Note: Member local units that qualify based upon certain criteria have options to purchase a lower deductible and coinsurance contribution. Newer members with adverse loss experience may be subject to higher deductible and coinsurance as provided by QBE North America.

7. Optional Directors and Officers Liability (D & O) – Fire Company & Emergency Service Units

The CJJIF, 100% commercially insured with QBE North America, provides optional $1,000,000 or $2,000,000 annual aggregate limits for Fire Companies or Emergency Service Units, subject to optional deductibles of $1,000, $2,000 or $5,000.

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Summary of Risk Management Program (Cont'd.)

8. Property (effective 12:01 A.M. December 31, 2016)

The Fund covers $100,000 per occurrence (Property & Time Element combined) less applicable member deductibles:

Flood for locations wholly or partially within 100 yr. Flood Zone
Boiler & Machinery
Named Storm (Flood & Wind)

The MEL retains and provides Excess Property Coverage at limits of $400,000 excess $100,000 per occurrence except for the following:

Flood for locations wholly or partially within 100 yr. Flood Zone
Boiler & Machinery
Named Storm (Flood & Wind)

The MEL serves as the lead agency for the purchase of additional excess property coverage at the following MEL statewide limits and sub-limits:

Policy Limit - $125,000,000/occurrence for Property Damage and Time Element combined.
Earth Movement - $100,000,000 annual aggregate
Flood - $100,000,000 annual aggregate (includes storm surge)
Named Storm – Included
Extra Expense - $10,000,000
Tenant Relocation - $750,000
Leasehold Interest - $15,000,000
Loss of Rents - $15,000,000
Wind Turbine - $1,000,000 per occurrence
Power Generating Utilities - Excluded
Computer Systems Damage - $2,500,000
Contingent Time Element – Excluded
Debris Removal - $25,000,000
Fine Arts - $2,500,000
Fire Department Service Charge - $250,000
Land and Water Contamination Cleanup, Removal and Disposal - $250,000 annual aggregate
Land Improvements – Excluded
Miscellaneous Personal Property, Outdoor Property - $10,000,000
Miscellaneous Unnamed Locations - $10,000,000
Off Premises Service Interruption - $10,000,000 (Excluding utilities)
Asbestos Removal - $50,000
Transit - $1,000,000
Valuable Papers & Records - $10,000,000
New Construction and Additions - $25,000,000
Soft Costs - $5,000,000
Watercraft - $1,000,000 (Property Damage only)
Vehicles - $15,000,000

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Summary of Risk Management Program (Cont'd.)

8. Property (Cont'd.)

Bridges and Dams - $10,000,000
Piers, Wharfs, Docks, Boardwalks and Bulkheads - $10,000,000
Transmission and Distribution Lines - $10,000,000 (within a 1 mile radius of an insured location for overhead lines & 5 mile radius for underground lines)
Land and Water Contamination Cleanup (limited) - $250,000 (annual aggregate) including removal and disposal
Clogging/Blocking of Pipes - $1,000,000
Equipment Breakdown - Included
  Ammonia Contamination - $5,000,000
  Spoilage - $5,000,000
Earth Movement – Zones 1 and 2 – Excluded
Flood Per Occurrence - locations wholly or partially within 100 yr. Flood Zone (SFHA) and Pumping Stations - $2,500,000
Flood Per Occurrence – Outside Building or Structure - $1,000,000
Flood – Buildings on Pilings, SFHA Zones V, VE and V1-30 – Excluded
Named Storm – Zones 1 and 2 – Excluded
Extended Period of Liability – 365 days
Newly Acquired Property – 90 days
Earth Movement – 168 hours
Named Storm – 120 hours
Terrorism/TRIA – Included

Standard Member JIF Deductibles for MEL Excess Insurance Coverages:

$500,000	Per Occurrence (Property Damage & Time Element)
$50,000	Equipment Breakdown (Property Damage)
$50,000	Equipment Breakdown (Time Element)
$500,000	Flood, SFHA – Buildings
$500,000	Flood, SFHA – Time Element
$500,000	Flood, SFHA – Contents
$250,000	Flood, SFHA – Housing Authority/Non-Profit Buildings
$100,000	Flood, SFHA – Housing Authority/Non-Profit Contents
$100,000	Flood, SFHA – Housing Authority/Non-Profit Time Element
$500,000	Pumping Stations, Lift Stations, Wet Wells, Pistol Ranges, Vehicles and Mobile Equipment, and all property located outside building or structure but not defined as Outdoor Property (Property Damage)
$500,000	Pumping Stations, Lift Stations, Wet Wells, Pistol Ranges, Vehicles and Mobile Equipment, and all property located outside building or structure but not defined as Outdoor Property (Time Element)
1%	Named Storm: Covered property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May County (Property Damage)

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Summary of Risk Management Program (Cont'd.)

8. Property (Cont'd.)

Standard Member JIF Deductibles for MEL Excess Insurance Coverages (cont'd.):

1%	Named Storm: Covered property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May County (Time Element)
$500,000	Named Storm – Minimum, Per Location (Property Damage and Time Element) Covered property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May County (Time Element)
$1,000,000	Named Storm – Maximum, Per Location (Property Damage and Time Element) Covered property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May County (Time Element)

Other Special Provisions of MEL Excess Insurance Coverages:

- The policy insures direct physical loss or damage caused by a Covered Cause of Loss at the Cape May Convention Center
- The policy insures direct physical loss or damage caused by a Covered Cause of Loss at the Ocean City Music Pier
- Bridges and dams attached to an insured location, and the relating equipment, are covered, except for Flood, Earthquake and Named Storm.
- Piers, Wharfs, Docks, Bulkheads and Boardwalks - All are covered, including any crossovers, floating docks and the buildings/structures thereon against the perils of fire, lightning, explosion, smoke, windstorm, hail, riot, civil commotion, aircraft, vehicles, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, watercraft and malicious intent.
- Utilities - The following are covered:
  - Transmission and distribution lines situated beyond 1 mile radius of insured location for above ground transmission.
  - Transmission and distribution lines situated beyond 5-mile radius of insured location for below ground transmission.
- Outdoor Property means Covered Property not at an Insured Location and:
  - Outside a permanent building, or not wholly enclosed by walls and a roof; or
  - Inside a moveable container located outside a permanent building
- Retaining Structures:
  - are only covered if attached to a scheduled location.
  - are covered for all perils covered by the policy

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Summary of Risk Management Program (Cont'd.)

8. Property (Cont'd.)

- Underground Piping Exclusions:
  - Underground piping beyond a 1,000-foot radius of a pump station, process plant, metering pit, well or similar operational location, which is owned, leased, used, occupied or intended for use by the member entity;
  - Underground Storage Tanks and associated systems including piping;
  - Underground electric, data, voice, digital, fiber optic or similar cable beyond a 1000-foot radius of an insured location owned by a member entity; and
  - Underground gas pipelines
- Vacant Buildings:
  - A Vacant Building is defined as a building containing nothing; being without contents or occupants.
  - Except as noted below, the JIF will provide "Named Perils" coverage on an "Actual Cash Value" basis for any vacant building.
  - The Underwriting Manager may provide "Replacement Cost" valuation with "All-Risk" coverage for any vacant building after the completion of a satisfactory inspection by the Underwriting Manager's office and/or the insurers to verify building condition, security of the building, and status of utilities.
- Historic Property:
  - An Historic Property is defined as any property appearing in the local register of Historic Places, National Historic Landmarks Program, or National Register of Historic Places.
  - Cost to replace, repair or restore using the same materials, workmanship and architectural features and details that existed before such loss provided they are available. If any materials or workmanship needed to replace, repair or restore a building or structure are not available, the cost to use materials and/or workmanship that will permit the replacement, repair or restoration of the building to a condition that most closely resembles the condition which existed immediately before the loss occurred will be utilized.
  - If there is an ordinance or law in effect at the time of loss that regulates zoning, land use or construction of an historic building (such as a Historic Preservation Act or other similar regulation), if that ordinance or law affects the repair or rebuilding of the historic building, and if you:
    - Repair or rebuild the building or structure as soon as reasonably possible, then you will receive Replacement Cost valuation on the damaged and undamaged portions of the building, the cost to demolish and clear the site of the undamaged portion of the building, and the increased cost to repair or rebuild the building to the same general size in accordance with the minimum standards of such ordinance or law;
    - Do not repair, rebuild or replace the building or structure, then you will receive Actual Cash Value valuation on the damaged and undamaged portions of the building, plus the cost to demolish and clear the site of the undamaged portion of the building.

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Summary of Risk Management Program (Cont'd.)

8. Property (Cont'd.)

With respect to properties that qualify for "National Historic Landmark" status, the Insured shall have the sole discretion as to the means by which said property shall be repaired, rebuilt or replaced, but not to exceed the costs which would have been incurred in order to comply with "National Historic Landmark" status requirements.

9. Blanket Crime

The JIF provides a limit for $50,000 less the member entity deductible of $2,500. Coverage includes Public Employee Dishonesty, Forgery and Alteration, Theft, Disappearance and Destruction, Robbery and Safe Burglary, and Computer Fraud with Funds Transfer. The MEL provides its member JIFs' excess public employees bond coverage limits of $1,000,000 less the member JIF retention of $50,000 for Public Employee Dishonesty.

10. Excess Public Officials Crime Coverage

The MEL provides excess employee dishonesty and faithful performance coverage (statutory positions only) for those employed positions which are required by law to be individually bonded and where they have not applied and have not been approved for coverage under the MELJIF Statutory Position Program at a limit of $1,000,000 less a member local unit's deductible, which is the higher of: (i) the amount said persons are required by Law to be individually bonded, whether or not such individual Bond is in place or (ii) the amount of the individual Bond in place.

Each member local unit that has not applied for coverage under the MELJIF Statutory Position Bond is required to continue to purchase via the commercial market individual bonds providing primary coverage up to "at least the minimum limit required by law" for those employed positions required by law to be individually bonded.

11. Crime Statutory Position Bond

The MEL provides employee dishonesty and faithful performance coverage for those employed positions which are required by law to be individually bonded and where they have applied and been approved for coverage at a limit of $1,000,000 per occurrence per position less a member local unit's deductible of $1,000.

12. Optional Excess Liability

The MEL offers Optional Excess General Liability, including Police Professional Liability, Employee Benefits Liability, Quasi Municipal Organization Liability (Emergency Service Units and Auxiliaries only), and Automobile Liability (not including PIP or Underinsured/Uninsured Motorist Coverage) as follows:

a. $2 million CSL and per member local unit annual aggregate excess of $5 million
b. $5 million CSL and per member local unit annual aggregate excess of $5 million
c. $5 million CSL and per member local unit annual aggregate excess of $10 million
d. $10 million CSL and per member local unit annual aggregate excess of $10 million

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Summary of Risk Management Program (Cont'd.)

13. Optional Excess POL/EPL as follows:

The MEL offers optional excess POL/EPL coverage as follows:

a. $1 million CSL and per member local unit annual aggregate excess of $2 million
b. $2 million CSL and per member local unit annual aggregate excess of $2 million
c. $3 million CSL and per member local unit annual aggregate excess of $2 million
d. $4 million CSL and per member local unit annual aggregate excess of $2 million
e. $4 million CSL and per member local unit annual aggregate excess of $6 million

14. Environmental Impairment Liability

The limits of liability as established in the E-JIF's Plan of Risk Management and coverage documents.

15. Cyber Liability

The JIF, 100% commercially insured with XL Insurance, provides Third Party coverage including Media Communication, Network Security Liability and Private Liability and First Party coverage including Extortion Threat, Crisis Management Expenses and Private Notification Costs. The basic coverage provides the JIF limits of liability of $5,000,000each/$8,000,000 policy aggregate. The limits are JIF wide and shared amongst member local units of the JIF. There is a $1,500,000 sublimit each for 1) Privacy Notification Costs, 2) Regulatory Fines/Claims Expenses for Privacy Liability, 3) Extortion Damages for Extortion Threat and 4) Crisis Management Expenses. There is a $25,000 policy deductible. In addition to the base coverage there is also an option at limits of $5,000,000each/$8,000,000 policy aggregate at a $25,000 deductible. This optional coverage provides a $2,000,000 sub-limit each for 1) Privacy Notification Costs, 2) Regulatory Fines/Claims Expenses for Privacy Liability, 3) Extortion Damages for Extortion Threat and 4) Crisis Management Expenses. A 3rd option is available at limits of $5,000,000each/$8,000,000 policy aggregate at a $25,000 deductible. This optional coverage provides a $3,000,000 sub-limit each for 1) Privacy Notification Costs, 2) Regulatory Fines/Claims Expenses for Privacy Liability, 3) Extortion Damages for Extortion Threat and 4) Crisis Management Expenses.

16. Optional Individual Self-Insured Retentions - None

Note 10: RISK MANAGEMENT (CONT'D.)

A. Liability and Workers Compensation (Cont'd.)

Summary of Risk Management Program (Cont'd.)

17. Risk Retention Amounts for the Fund

a. Workers' Compensation (all coverages) - $300,000 CSL
b. General Liability (all coverages) - $300,000 CSL
c. Employment Practices Liability – none, 100% commercially insured
d. Non-Owned Aircraft - none
e. Automobile Liability
   PD & BI - $300,000 CSL
   Underinsured/Uninsured - $15,000/$30,000 CSL
   PIP - $250,000 CSL
f. Public Officials Liability – none, 100% commercially insured
g. Optional Directors and Officials Liability – none, 100% commercially insured
h. Property - $50,000 per occurrence less member deductibles
i. JIF Blanket Crime - $50,000 less member deductible
j. Optional Excess Liability – none provided by MEL
k. Environmental Impairment Liability – none, other than the risk of E-JIF assessment.
l. Residual Claims Liability – none, other than the risk of RCF assessment.
m. MEL Crime - none provided by MEL
n. Optional Excess POL/EPL – none provided by MEL
o. Cyber Liability - none, 100% commercially insured.

The Central Jersey Joint Insurance Fund, issues publicly available financial reports that include the financial statements and required supplementary information for insurance. The financial reports may be obtained by writing to the PERMA, 9 Campus Drive Suite 216, Parsippany, New Jersey 07054.

Note 10: RISK MANAGEMENT (CONT'D.)

B. Employee Health Benefits

The Township has contracted with Horizon Blue Cross/Blue Shield of New Jersey for the provision of health benefits to eligible Township employees and retirees. The financial arrangement with the insurer provides for payments of administrative fees, excess insurance premiums and actual claims costs, subject to the established self-insured limits.

For the year ended December 31, 2017, the stop-loss attachment points were as follows:
$250,000 per individual
125% of net projected claims of $1,863.22 per employee, per month aggregate

The Township provides a prescription drug plan and a dental plan to eligible employees and retirees through self-insured programs and has engaged CVS Caremark and Horizon Healthcare Dental to administer each plan, respectively. In addition to the appropriations for these plans contained in the annual budgets of the Township, the Township has established an additional reserve for payments in the event claims during a fiscal year exceed the amounts budgeted. At December 31, 2017, the amount in this reserve was $1,253,351.17.

Note 11: ACCRUED SICK AND VACATION BENEFITS

The Township of Edison has established policies, which set forth the terms under which an employee may accumulate unused benefits. General Policy is as follows:

<u>NON UNION</u>

Existing employees upon retirement with twenty-five (25) years of pensionable service credit or employees who have attained the age of sixty (60) shall be paid lump sum equivalent salary (base and longevity, if applicable) for all:

1. Accumulated unused sick leave
2. Unused vacation and current year personal days
3. Terminal leave (if eligible)

Employees hired after December 23, 1992 shall be entitled to payment of sick leave at a rate equal to one half (1/2) of their daily rate of pay for accumulated unused sick time with said lump sum payment for sick leave, vacation, personal days and terminal leave to be capped at a maximum of fifteen thousand dollars ($15,000.00).

Those employees covered by Ordinance 0.1071-98, and hired after January 1, 1998 are not eligible for payment of the following:

1. Accumulated unused sick leave
2. Unused vacation and current year personal days
3. Terminal leave (if eligible)

<u>CARPENTERS</u>

Upon retirement, employees shall be paid one hundred (100%) percent of all unused sick days, to a maximum of Twelve Thousand Five Hundred Dollars ($12,500.00).

Note 11: ACCRUED SICK AND VACATION BENEFITS (CONT'D.)

PBA

Each member shall be granted one and one-quarter (1 ¼) sick days per month for a total of fifteen (15) days per year up to the time of termination of employment. Effective on January 1, 2010, each member shall be granted two thirds (2/3) sick days per month for a total of eight (8) days per year up which days shall not accrue from year to year. One day shall equal eight (8) hours, regardless of employee's work schedule. Members will be paid at the time of retirement or termination for one half (1/2) of the total amount of sick days accrued from the date of hire to December 31, 2004, if the termination occurs while in good standing. Calculation for entitlement under this article at retirement shall be based upon total hours accumulated times the rate of pay as of December 31, 2004, regardless of employee's work schedule or date of retirement. Payment made to each employee in accordance with this section shall not exceed Twenty-Thousand ($20,000) Dollars. In the event an employee utilizes any of this amount for sick time the payment at the time of retirement shall be reduced accordingly.

IAFF

1) If termination occurs while in good standing, employees will be paid for one half of the total amount of sick leave accrued, up to 2184 hours, at the rate equal to the highest salary attained at the time of termination of employment by that employee, excluding overtime. Payments shall be made by lump sum on the day of termination of employment or the next payday thereafter. Employees will be paid the remaining accumulated sick leave as terminal leave.

2) Following a request of the employee, the Township may, in its discretion, subject to available appropriations, pay the total amount due for accumulated sick leave in one lump sum payment.

3) Effective January 1, 2003, no employee shall receive payment for sick leave at the time of retirement or termination in excess of 2184 hours or the amount of sick leave accumulated by the employee as of December 31, 2002, which ever is greater.

NURSES

As of December 31, 1999 employees no longer can carry over sick time to be paid. Sick time can be accumulated only for being sick. All sick time accumulated through December 31, 1999 and not used will be reimbursed in full at the time of retirement or separation, at the then prevailing rate of pay.

DPW SUPERVISORS

Payment of one hundred percent of all accumulated sick leave to a maximum of Twenty Thousand Dollars ($20,000.00). Any employee who has accumulated more than $20,000.00 in accumulated sick leave as of January 1, 2004 shall be capped at the amount as of that date calculated using 2004 rates of pay.

Note 11: ACCRUED SICK AND VACATION BENEFITS (CONT'D.)

AFSCME

A. When an employee retires after twenty-five (25) years of service or the age of sixty (60), he/she will receive:
   1. 100% pay accumulated sick time not to exceed twenty thousand dollars ($20,000); and
   2. 100% pay for all accrued vacation time and any allowable remaining personal days.
   3. Retirement payoff will be made within thirty (30) working days from the last day of employment.

B. An employee who retires after fifteen (15) years of service, regardless of age will receive:
   1. Twenty (20) days of their accumulated sick time at full pay; and
   2. 100% pay for all accrued vacation time and any allowable remaining personal days.
   3. Retirement payoff will be made within thirty (30) working days from the last day of employment.

UAW

Thirteen (13) days paid sick leave each year shall be granted to all Employees, and the same shall be cumulative from year to year. Employees having not used one or more of their sick days for that year will have the option to be paid their current wage rate for up to six (6) of these unused days in lieu of accumulating same. Any employee who has more than six (6) days unused from a given year and wishes to be paid wages for their remaining days, in lieu of accumulating same, may be paid one (1) day's current rate of pay for every two (2) unused sick days. The purpose of this provision is that, at the end of each calendar year, an employee may elect to be paid for unused sick time. The rate of pay will be 100% for the first six (6) sick days unused, and 50% for next seven days of unused sick time.

The employee must notify the Employer on January 10th of his or her election, payment to be made in the first paycheck after February 15th of the year. Upon retirement, employees shall be paid on hundred (100%) percent of all unused sick days, to a maximum of Ten Thousand Dollars ($10,000.00), or the total amount of accumulated sick time as of January 1st, 2003 at 2003 rates, whichever is greater. Should the accumulated sick time of any employee fall below the $10,000.00 provided in this Article as a result of subsequent utilization, that employee will be limited by the $10,000.00 cap.

Vacations - Vacation pay for permanent employees is accumulated in accordance with the approved schedules for their respective units. Vacation days shall be taken during the current year and shall not accumulate, except that vacation time may be carried over to the next succeeding year only. This_carryover provision is not applicable to Police and Fire Officers. An employee who has separated his/her employment in good standing shall be entitled in time or in pay to any earned vacation accumulated and not previously used.

With the exception of the Police and Fire Departments, which maintain separate records for their employees, the payroll office maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. At December 31, 2017 and 2016, the total value of accumulated compensated absences, based upon then current pay rates, was $11,795,164.28 and $11,209,479, respectively. This total is not intended to represent amounts that will ultimately be paid to employees upon termination or retirement, as no adjustment has been made to reflect the limitations on lump sum payments. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made.

Note 12: PRIVATIZATION OF WATER DELIVERY SERVICES

On June 25, 1997, the Township entered into an agreement with the Edison Water Company (the "Operator") for Operation, Maintenance and Management Services for the Township's Municipal Water System. This agreement sets forth an initial term of twenty (20) years and provides for up to two additional five year extensions at substantially similar terms. The agreement effectively provides for the privatization of the Township's water system for the term of the agreement. The agreement is permitted under the provisions of the New Jersey Water Supply Public-Private Contracting Act (NJSA 58:26-19 et seq.), and includes provisions, which freeze the base rate structure for an initial period (generally, through June, 2002) and limit rates during the remainder of the agreement, subject to Unforeseen Events.

Upon the execution of the agreement, the Operator paid an initial concession fee of $4,954,763.75 to the Township. This amount was deposited to the Township's Current Fund and recorded as a component of Miscellaneous Revenues Not Anticipated for the year ended June 30, 1997. The agreement also requires the Operator to make scheduled payments to the Township during each year of the agreement. The scheduled payments, which will be received in varying amounts per year, total to $9,593,794 and will be recorded as Current Fund revenues upon receipt.

The Township was not required to adopt a Water Utility Operating Budget for fiscal years, which commenced on or after July 1, 1998, and such budgets will not be required during the term of the agreement. Similarly, as the agreement anticipates that the Operator will maintain and improve the water system, no capital projects relating to the system are anticipated in the Township's Capital Budget Program. However due to the issuance of debt, the Township has adopted a budget for the repayment of principal and interest on the debt.

Note 13: INTERFUNDS

The following interfund balances remained on the balance sheet date at December 31, 2017:

Fund	Interfunds Receivable	Interfunds Payable
Current Fund	$100,239.02	$1,488,097.99
Grant Fund	1,549,996.47	
Trust Funds	20,063.00	166,354.85
General Capital Fund		16,421.37
Water Utility Operating Fund		14,437.12
Water Utility Capital Fund	14,411.32	
Sewer Utility Operating Fund	601.52	5,622,204.72
Sewer Utility Capital Fund	5,622,204.72	
Total	$7,307,516.05	$7,307,516.05

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers are used to (1) move revenues from the funds New Jersey Statute or budget requires collecting to fund the appropriation and the statute or budget to expend them.

Note 14: LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

The Township has instituted a Length of Service Award Program (LOSAP) pursuant to Internal Revenue Code Section 457(e) and P.L. 1997, c.388 as amended by P.L 2001, c.272. The Program provides for fixed annual contributions to a deferred income account for volunteer firefighters and first aid and rescue squad members who meet specified service criteria. The Township sponsors the Program, which is administered by a private contractor. The LOSAP section of this document includes the statutorily required review report for the Program.

Note 15: DEFERRED CHARGES – TAX APPEALS

During 2012 and 2015, in response to the significant potential budgetary impact of tax appeal settlements, the Township petitioned and received approvals from the Local Finance Board of the Department of Community Affairs to issue debt to finance the tax refunds caused by these settlements over a five-year period for 2012 approvals and over a six-year period for the 2015 approval. The amounts approved were \$9,500,000 and \$12,175,000 respectively. At December 31, 2017, the unfunded balance of these authorizations was \$8,705,000 and consisted of \$8,115,000 of Bond Anticipation Notes and \$590,000 of Authorized but Unissued Notes, which are reported as part of the Township's General Capital Fund. The required appropriation of \$2,030,833 for 2018 funding was included in the Township's 2018 Budget.

Note 16: CONTINGENT LIABILITIES

A. Supplemental Insurance Assessments

As a constituent member of the Central Jersey Joint Insurance Fund (the "CJJIF"), the Township of Edison, together with the other Members of the CJJIF, is jointly and severally responsible for the timely payment of Supplemental Assessments levied with the approval of the CJJIF Commissioners. During 2015, the Fund waived the billing of Supplemental Assessments to its Participants. However, Supplemental Assessment installment payments were billed to participants in 2017. The Supplemental Assessment due on December 31, 2016 and the installment billing due in 2017 for the Township of Edison is \$1,146,674 and \$204,776, respectively.

B. Litigation Pending or Threatened

At December 31, 2017, the Township had litigation pending. The majority of this litigation involves claims against the Township relating to matters that traditionally would be covered through the procurement of workers' compensation and liability insurance policy coverages. As more fully described in Note 10, the Township has participated in a joint insurance fund since June 1998.

The Township also has a significant number of outstanding property tax assessment appeals pending before the State Tax Court. Those matters, as with all matters, are being vigorously defended and settled when prudent. The Township has addressed in its Budget, and has implemented procedures in accordance with the applicable State finance and budget statutes and regulations to satisfy refunds and/or credits required by settlements and/or judgments for State Court Tax Appeals. It is expected that the settlements and/or judgments for these matters in the aggregate will result in significant reductions to assessed values and require refunds and/or credits that would-be material to the Township's financial position.

Note 16: CONTINGENT LIABILITIES (Cont'd.)

C. Contractual Commitments

As of December 31, 2017, the Township of Edison was a party to various construction contracts and commitments that totaled $5,923,241. Various Capital Improvements with total commitments of $5,412,366; Repaving and Reconstruction of Various Roads with total commitments of $491,996; Acquisition of Warehouse Building with total commitments of $18,879;

Note 17: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS

The Township of Edison provides its retirees with health benefits, which are fully funded by the Township. These benefits are negotiated for through each bargaining unit's contract. In order to receive fully paid health benefits, retirees must have been enrolled in the Public Employees Retirement Fund or the Police and Firemen's Retirement Fund for 25 years. Retirees receive the same type of health insurance coverage that they were receiving prior to retirement. The annual cost of post-retirement health benefits has not been calculated.

The contribution requirements of plan members and the participating agencies are established and may be amended by the MCJHIF Commissioners. The Township's annual postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, any amounts contributed to the plan and the Township's net OPEB obligation. For 2017, the Township's annual OPEB cost (expense) of $29,499,788 was more than the ARC of $24,941,775.

	2017 Total	2016 Total	2015 Total
Net OPEB obligation – beginning of year	$101,289,172	$86,760,224	$70,358,681
Annual required contribution (ARC)	24,941,775	25,602,454	25,279,676
Interest on Net OPEB Obligation	4,558,013	3,904,210	3,166,141
Annual OPEB Cost	29,499,788	29,506,664	28,445,817
Less: Contributions	7,552,741	14,977,716	12,044,273
Net OPEB obligation – end of year	$123,236,219	$101,289,172	$86,760,224

The funded status of the plan for the Township as of December 31, 2017, is as follows:

	Total
Actuarial accrued liability (AAL)	$292,434,120
Actuarial value of plan assets	- 0 -
Unfunded actuarial accrued liability (UAAL)	$292,434,120
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	$69,372,352
UAAL as a percentage of covered payroll	421.5%

Note 17: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS (CONT'D.)

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health-care cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

In the December 31, 2017 actuarial valuation, the projected unit credit method was used. A rate of 4.50% was utilized as the discount rate and the amount of increase in the normal cost amount. The unfunded accrued liability is being amortized as a level dollar amount using an open period of thirty (30) years.

Note 18: GOVERNMENTAL FIXED ASSETS

The Township's governmental fixed assets are reported as follows:

	Balance Dec. 31, 2016	Increase	Decrease	Balance Dec. 31, 2017
Land	$116,480,200	$ -	$ -	$116,480,200
Buildings and Improvements	20,811,200	-	-	20,811,200
Vehicles, Machinery and Equipment	38,023,427	2,074,493	237,500	39,860,420
	$175,314,827	$ 2,074,493	$ 237,500	$177,151,820

Note 19: LONG TERM TAX EXEMPTIONS

The Township provides for long-term tax exemptions, as authorized and permitted by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Township are predominately for affordable housing projects. Taxes abated include municipal, local school and county taxes. The Township is required to remit five percent (5.00%) to the County for any payments received in lieu of taxes (PILOT payments). The Township PILOT billings in 2017 were $540,125 and taxes in 2017 that otherwise would have been due on these long-term tax exemptions amounted to $440,003, based upon the assessed valuations of the long-term tax exemptions properties.

Note 20: SUBSEQUENT EVENTS

Subsequent to December 31, 2016, the Township issued the following:

Bond Anticipation Notes in the amount of $57,160,000 consisting of $49,665,000 BAN and $7,495,000 Sewer Utility BAN. The BAN is dated February 8, 2018 and matures February 8, 2019 and has an interest rate of 3.00%.

Tax Appeal Refunding BAN in the amount of $6,085,000. The BAN is dated February 8, 2018 and matures February 8, 2019 and has an interest rate of 2.25%.

PART II -REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF EDISON
SCHEDULE OF THE TOWNSHIP'S SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

	2014	2015	2016	2017
Township's Proportion Share of the Net Pension Liability	0.263131%	0.251557%	0.243860%	0.250982%
Township's Proportion Share of the Net Pension Liability	$49,265,274	$56,469,544	$72,224,291	$58,424,568
Township's Covered-Employee Payroll	$ 16,335,690	$ 16,669,071	$ 17,387,755	$ 17,750,722
Township's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	301.58%	338.77%	415.37%	329.14%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%

* Amounts presented for each fiscal year were determined as of June 30.

TOWNSHIP OF EDISON
SCHEDULE OF THE TOWNSHIP'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (Local Group)

Last 10 Fiscal Years*

	2014	2015	2016	2017
Contractually Required Contribution	$ 2,018,621	$ 2,151,069	$ 2,162,717	$ 2,175,220
Contribution in Relation to Contractually Required Contribution	$ (2,018,621)	$ (2,151,069)	$ (2,162,717)	$ (2,175,220)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Township's Proportionate Share of the Payroll	$16,335,690	$16,669,071	$17,387,755	$17,750,722
Contributions as a percentage of Covered Employee Payroll	12.36%	12.90%	12.44%	12.25%

* Amounts presented for each fiscal year were determined as of June 30.

TOWNSHIP OF EDISON
SCHEDULE OF THE TOWNSHIP'S SHARE OF THE NET PENSION LIABILITY
POLICE AND FIREMEN RETIREMENT SYSTEM
(Non-State, Non-Special Funding Situation Employer Member Group)

	2014	2015	2016	2017
Proportion of the Non-State, Non-Special Funding Situation Employer Group Net Pension Liability attributable to the Township	1.128890%	1.083051%	1.068066%	1.072480%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State, Non-Special Funding Situation Employer Group	$142,003,893	$180,398,499	$204,027,959	$165,570,230
Township's Covered-Employee Payroll	$32,750,751	$33,419,134	$34,491,789	$36,349,911
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State, Non-Special Funding Situation Employer Group as a percentage of the Township's Covered-Employee Payroll	433.59%	539.81%	591.53%	455.49%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	62.41%	56.31%	52.01%	58.60%

* Amounts presented for each fiscal year were determined as of June 30.

Note: Percentages shown are Plan-wide, and include NPL and PFNP data that include employees of the State of New Jersey.

Schedule 4

TOWNSHIP OF EDISON
SCHEDULE OF THE TOWNSHIP'S CONTRIBUTIONS
POLICE AND FIREMEN RETIREMENT SYSTEM
(Non-State, Non-Special Funding Situation Employer Member Group)

Last 10 Fiscal Years*

	2014	2015	2016	2017
Contractually Required Contribution	$ 8,200,734	$ 8,670,655	$ 8,803,587	$ 8,708,377
Contribution in Relation to Contractually Required Contribution	$ (8,200,734)	$ (8,670,655)	$ (8,803,587)	$ (8,708,377)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Township's Proportionate Share of the Payroll	$ 32,750,751	$ 33,419,134	$ 34,491,789	$ 36,349,911
Contributions as a percentage of Covered Employee Payroll	25.04%	25.95%	25.52%	23.96%

* Amounts presented for each fiscal year were determined as of June 30.

TOWNSHIP OF EDISON
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
DECEMBER 31, 2017

NOTE 1. CHANGES IN ASSUMPTIONS

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2017, dated March 29, 2018. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

PERS

Changes in benefit terms - None

Changes in assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at $118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at $265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

PFRS

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

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

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL FOR TAX-EXEMPT NOTES

_____________, 2019

Township Council of the
Township of Edison, in the
County of Middlesex, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of Edison, in the County of Middlesex, New Jersey (the "Township"), in connection with the issuance by the Township of $61,237,000 Notes, consisting of a $53,847,000 Bond Anticipation Note and a $7,390,000 Sewer Utility Bond Anticipation Note (together, the "Notes"), each dated the date hereof. In order to render the opinions herein, we have examined such laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the Township listed in the Certificate of Determination and Award dated the date hereof, each in all respects duly approved and published as required by law. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Notes are valid and legally binding obligations of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the Township without limitation as to rate or amount.

On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Notes in order to preserve the tax-exempt status of the Notes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in the Certificate, it is our opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing federal alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Notes. Further, in our opinion, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL FOR TAXABLE NOTE

MS&B McMANIMON • SCOTLAND • BAUMANN 75 Livingston Avenue, Roseland, NJ 07068 (973) 622-1800

________________, 2019

Township Council of the
Township of Edison, in the
County of Middlesex, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of Edison, in the County of Middlesex, New Jersey (the "Township"), in connection with the issuance by the Township of a $4,055,000 Tax Appeal Refunding Bond Anticipation Note (Federally Taxable), dated the date hereof (the "Note"). In order to render the opinions herein, we have examined such laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Note is issued pursuant to the Local Bond Law of the State of New Jersey and the refunding bond ordinance of the Township listed in the Certificate of Determination and Award dated the date hereof, in all respects duly approved and published as required by law. The Note is a temporary obligation issued in anticipation of the issuance of refunding bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Note is a valid and legally binding general obligation of the Township, payable in the first instance from the proceeds of the sale of the refunding bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the Township without limitation as to rate or amount.

In our opinion, based upon existing law, interest on the Note and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. We express no opinion regarding other federal or State of New Jersey tax consequences arising with respect to the Note.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,