

*In the opinion of GluckWalrath LLP, Bond Counsel assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to the Bonds and the Tax-Exempt Notes and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Bonds and the Tax-Exempt Notes, interest received by holders of the Bonds and the Tax-Exempt Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes under Section 57 of the Code for individuals or corporations. Interest on the Bonds and Tax-Exempt Notes is included in the adjusted current earnings of certain corporations for the purposes of computing the alternative minimum tax on such corporations. Interest received by a holder of the Taxable Notes is not excludable from gross income for federal income tax purposes. Under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Bonds and the Notes, interest on the Bonds and the Notes and any gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a description of certain other provisions of the Code that may affect the federal tax treatment of interest on the Bonds and the Notes.*

**\$42,328,000**  
**TOWNSHIP OF HAMILTON**  
**IN THE COUNTY OF MERCER, NEW JERSEY**  
**GENERAL OBLIGATION BONDS**  
consisting of:  
**\$19,773,000 General Improvement Bonds, Series 2017A**  
**\$22,555,000 Sewer Utility Improvement Bonds, Series 2017B**  
**(Callable)**

**\$24,736,772**  
**TOWNSHIP OF HAMILTON**  
**IN THE COUNTY OF MERCER, NEW JERSEY**  
**BOND ANTICIPATION NOTES**  
consisting of:  
**\$7,600,000 General Improvement Bond Anticipation Notes, Series 2017A**  
**(Tax-Exempt),**  
**\$12,761,476 Sewer Utility Bond Anticipation Notes, Series 2017B**  
**(Tax-Exempt),**  
**\$880,000 Special Emergency Notes, Series 2017C (Tax-Exempt),**  
**\$339,000 General Improvement Bond Anticipation Notes, Series 2017D**  
**(Federally Taxable),**  
**\$3,156,296 Sewer Utility Bond Anticipation Notes, Series 2017E**  
**(Federally Taxable)**  
**(Non-Callable)**

**Dated:** Date of Delivery

**Dated:** Date of Delivery

**Due:** May 15, as shown on the inside front cover

**Due:** May 23, 2018

The \$42,328,000 aggregate principal amount of General Obligation Bonds of the Township consisting of \$19,773,000 General Improvement Bonds, Series 2017A (the "General Improvement Bonds") and \$22,555,000 Sewer Utility Improvement Bonds, Series 2017B (the "Sewer Utility Improvement Bonds" and together with the General Improvement Bonds, (the "Bonds") are general obligations of the Township of Hamilton, in the County of Mercer, State of New Jersey (the "Township") for which the full faith and credit of the Township are pledged. The Bonds constitute general obligations of the Township and the full faith and credit and unlimited ad valorem taxing power of the Township are pledged to the payment of the principal thereof and the interest thereon.

The \$24,736,772 Bond Anticipation Notes of the Township consisting of \$7,600,000 General Improvement Bond Anticipation Notes, Series 2017A (Tax-Exempt) (the "Series 2017A Notes"); \$12,761,476 Sewer Utility Bond Anticipation Notes, Series 2017B (Tax-Exempt) (the "Series 2017B Notes"); \$880,000 Special Emergency Notes, Series 2017C (Tax-Exempt) (the "Series 2017C Notes", and together with the Series 2017A Notes and Series 2017B Note, the "Tax-Exempt Notes"); \$339,000 General Improvement Bond Anticipation Notes, Series 2017D (Federally Taxable) (the "Series 2017D Notes"); and \$3,156,296 Sewer Utility Bond Anticipation Notes, Series 2017E (Federally Taxable) (the "Series 2017E Notes" and together with the Series 2017D Notes, the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"), dated the date of delivery, are also general obligations of the Township, payable from ad valorem taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Bonds and the Notes will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds and the Notes. Individual purchases of the Bonds will be made in book entry form, in the denomination of \$5,000 each or any integral multiple thereof except that any amount of Bonds maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof. Individual purchases of the Notes will be made in book-entry form in the principal amount of \$5,000 or more.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on May 15 and November 15 of each year, commencing November 15, 2017, at such rates of interest, as shown on the inside front cover page hereof until maturity. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Township or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Township to the registered owner thereof as of the Record Dates (as defined herein).

The Notes will bear interest at the rates per annum and reoffering yields, as shown on the inside front cover page, commencing from their date of delivery. Interest on the Notes will be payable at maturity on May 23, 2018. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent at the date of maturity.

While DTC is acting as securities depository for the Bonds and the Notes, the principal of and interest on the Bonds and the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Bonds or the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the "Local Bond Law"), various bond ordinances duly adopted by the Township Council on the dates set forth herein and by a resolution duly adopted by the Township Council as set forth herein. The Series 2017A Notes, Series 2017B Notes, Series 2017D Notes, and Series 2017E Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, and various bond ordinances duly adopted by the Township Council as set forth herein. The Series 2017C Notes are authorized by, and are issued pursuant to, the provisions of the Local Budget Law, and an ordinance and a resolution duly adopted by the Township Council as set forth herein.

The proceeds of the Bonds, along with other available funds of the Township in the amount of \$432,000, are being used to: (i) refund, on a current basis, a \$46,870,000 aggregate portion of the \$72,186,000 notes of the Township, dated June 9, 2016 and maturing June 8, 2017 (the "Prior Notes"); and (ii) pay the costs associated with the issuance of the Bonds.

The Tax-Exempt Notes, along with other available funds of the Township in the amount of \$535,524, are being issued to: (i) refund, on a current basis, a \$21,777,000 aggregate portion of the Prior Notes; and (ii) pay the costs associated with the issuance of the Tax-Exempt Notes.

The Taxable Notes, along with other available funds of the Township in the amount of \$43,704, are being issued to: (i) refund, on a current basis, a \$3,539,000 aggregate portion of the Prior Notes; and (ii) pay the costs associated with the issuance of the Taxable Notes.

The Bonds are subject to optional redemption prior to their stated maturities. See "DESCRIPTION OF THE BONDS" under the subheading entitled "Optional Redemption". The Notes are not subject to redemption prior to their stated maturity.

The Bonds and the Notes are not debt or obligations, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Township.

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

The Bonds and Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by GluckWalrath LLP, Trenton, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township in connection with the issuance of the Bonds and the Notes. Certain legal matters will be passed upon for the Township by the Township Attorney, Lindsay Burbage, Esq., Hamilton, New Jersey. It is anticipated that the Bonds and the Notes will be available for delivery through DTC on or about May 24, 2017.

**Underwriter for the Bonds**

**Janney**

**Underwriter for the Tax-Exempt Notes**  
**(See "Underwriting" herein)**

**Underwriter for the Taxable Notes**

**Jefferies**

**\$42,328,000 GENERAL OBLIGATION BONDS**

consisting of:

**\$19,773,000 General Improvement Bonds, Series 2017A**

**\$22,555,000 Sewer Utility Improvement Bonds, Series 2017B**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS\***

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Sewer Utility Improvement Bonds</u>	<u>Total Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2018	\$1,163,000	\$475,000	\$1,638,000	3.00%	0.95%	408054P73
2019	1,165,000	475,000	1,640,000	4.00	1.04	408054P81
2020	1,165,000	475,000	1,640,000	4.00	1.18	408054P99
2021	1,165,000	475,000	1,640,000	5.00	1.30	408054Q23
2022	1,165,000	475,000	1,640,000	5.00	1.46	408054Q31
2023	2,325,000	525,000	2,850,000	5.00	1.62	408054Q49
2024	2,325,000	530,000	2,855,000	5.00	1.80	408054Q56
2025	2,325,000	605,000	2,930,000	5.00	2.01	408054Q64
2026	2,325,000	940,000	3,265,000	5.00	2.16	408054Q72
2027	2,325,000	940,000	3,265,000	5.00	2.26**	408054Q80
2028	2,325,000	940,000	3,265,000	5.00	2.36**	408054Q98
2029	-	835,000	835,000	5.00	2.47**	408054R22
2030	-	825,000	825,000	4.00	2.72**	408054R30
2031	-	830,000	830,000	3.00	3.10	408054R48
2032	-	830,000	830,000	3.00	3.15	408054R55
2033	-	830,000	830,000	3.00	3.20	408054R63
2034	-	825,000	825,000	3.125	3.25	408054R71
2035	-	825,000	825,000	3.125	3.30	408054R89
2036	-	825,000	825,000	3.25	3.35	408054R97
2037	-	825,000	825,000	3.25	3.40	408054S21
2038	-	825,000	825,000	3.25	3.45	408054S39
2039	-	825,000	825,000	3.25	3.47	408054S47
2040	-	825,000	825,000	3.375	3.50	408054S54
2041	-	825,000	825,000	3.375	3.55	408054S62
2042	-	825,000	825,000	3.50	3.60	408054S70
2043	-	825,000	825,000	3.50	3.62	408054S88
2044	-	825,000	825,000	3.50	3.63	408054S96
2045	-	825,000	825,000	3.50	3.64	408054T20
2046	-	825,000	825,000	3.50	3.65	408054T38
2047	-	825,000	825,000	3.50	3.70	408054T46

**\$24,736,772 BOND ANTICIPATION NOTES**

consisting of:

**\$7,600,000 General Improvement Bond Anticipation Notes, Series 2017A (Tax-Exempt),**

**\$12,761,476 Sewer Utility Bond Anticipation Notes, Series 2017B (Tax-Exempt),**

**\$880,000 Special Emergency Notes, Series 2017C (Tax-Exempt),**

**\$339,000 General Improvement Bond Anticipation Notes, Series 2017D (Federally Taxable), and**

**\$3,156,296 Sewer Utility Bond Anticipation Notes, Series 2017E (Federally Taxable)**

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS\***

<u>Note Series</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2017A	\$7,600,000	2.00%	1.00%	408054T61
2017B	12,761,476	2.00	1.00	408054T61
2017C	880,000	2.00	1.00	408054T61
2017D	339,000	2.00	1.25	408054T53
2017E	3,156,296	2.00	1.25	408054T53

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

\*\*Priced at the stated yield to the May 15, 2025 optional redemption date at the redemption price of 100%.

**TOWNSHIP OF HAMILTON  
IN THE COUNTY OF MERCER, NEW JERSEY  
2090 GREENWOOD AVENUE, CN00150  
HAMILTON, NEW JERSEY 08609  
(609) 890-3510**

**MAYOR**  
Kelly A. Yaede

**TOWNSHIP COUNCIL**  
Dennis Pone - President  
Ralph Mastrangelo – Vice President  
David Kenny  
Ileana Schirmer  
Dina Thornton

**TOWNSHIP ADMINISTRATOR**  
John Ricci

**CHIEF FINANCIAL OFFICER**  
John Barrett

**TAX COLLECTOR**  
Danielle Peacock

**TOWNSHIP CLERK**  
Eileen Gore, RMC

**TOWNSHIP ATTORNEY**  
Lindsay Burbage, Esq.  
Hamilton, New Jersey

**2015 AUDITOR**  
Wiss & Company, LLP  
Livingston, New Jersey

**AUDITOR**  
PKF O'Connor Davies, LLP  
Cranford, New Jersey

**BOND COUNSEL**  
GluckWalrath LLP  
Trenton, New Jersey

**MUNICIPAL ADVISOR**  
Phoenix Advisors, LLC  
Bordentown, New Jersey

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

References in this document 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.

This document does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds or the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this document. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriters.

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**OFFICIAL STATEMENT  
OF THE  
TOWNSHIP OF HAMILTON  
IN THE COUNTY OF MERCER, STATE OF NEW JERSEY  
RELATING TO**

**\$42,328,000  
GENERAL OBLIGATION BONDS  
consisting of:**

**\$19,773,000 General Improvement Bonds, Series 2017A  
\$22,555,000 Sewer Utility Improvement Bonds, Series 2017B  
(Callable)**

**and**

**\$24,736,772  
BOND ANTICIPATION NOTES  
consisting of:**

**\$7,600,000 General Improvement Bond Anticipation Notes, Series 2017A (Tax-Exempt),  
\$12,761,476 Sewer Utility Bond Anticipation Notes, Series 2017B (Tax-Exempt),  
\$880,000 Special Emergency Notes, Series 2017C (Tax-Exempt),  
\$339,000 General Improvement Bond Anticipation Notes, Series 2017D (Federally Taxable), and  
\$3,156,296 Sewer Utility Bond Anticipation Notes, Series 2017E (Federally Taxable)  
(Non-Callable)**

**INTRODUCTION**

This Official Statement, which includes the cover page, inside front cover page and the appendices attached hereto, has been prepared by the Township of Hamilton (the "Township"), in the County of Mercer (the "County"), New Jersey (the "State") in connection with the sale and issuance of \$42,328,000 aggregate principal amount of General Obligation Bonds of the Township, consisting of consisting of \$19,773,000 General Improvement Bonds, Series 2017A (the "General Improvement Bonds") and \$22,555,000 Sewer Utility Improvement Bonds, Series 2017B (the "Sewer Utility Improvement Bonds" and together with the General Improvement Bonds, the "Bonds") and \$24,736,772 Bond Anticipation Notes of the Township consisting of \$7,600,000 General Improvement Bond Anticipation Notes, Series 2017A (Tax-Exempt) (the "Series 2017A Notes"); \$12,761,476 Sewer Utility Bond Anticipation Notes, Series 2017B (Tax-Exempt) (the "Series 2017B Notes"); \$880,000 Special Emergency Notes, Series 2017C (Tax-Exempt) (the "Series 2017C Notes" and together with the Series 2017A Notes and the Series 2017B Notes, the "Tax-Exempt Notes"); \$339,000 General Improvement Bond Anticipation Notes, Series 2017D (Federally Taxable) (the "Series 2017D Notes"); and \$3,156,296 Sewer Utility Bond Anticipation Notes, Series 2017E (Federally Taxable) (the "Series 2017E Notes" and together with the Series 2017D Notes, the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes") of the Township.

**THE BONDS**

**General Description**

The Bonds will be dated the date of delivery and will mature on May 15 in each of the years and in the principal amounts as shown on the inside front cover page hereof. The interest on the Bonds will be payable semi-annually beginning November 15, 2017 and on each November 15 and May 15 thereafter.

The record dates for the Bonds is each preceding May 1 and November 1, respectively (the “Record Dates”). The Bonds will be issued in book-entry form only.

The Bonds are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and interest thereon. The Township is obligated to levy *ad valorem* taxes upon all of the taxable property within the Township for the payment of principal of and interest on the Bonds without limitation as to rate or amount.

### **Optional Redemption**

The Bonds maturing prior to May 15, 2026 are not subject to optional redemption. The Bonds maturing on or after May 15, 2026 shall be subject to redemption at the option of the Township, in whole or in part, on any date on or after May 15, 2025 at a price of 100% of the principal amount being redeemed (the “Redemption Price”), plus unpaid accrued interest to the date fixed for redemption.

### **Notice of Redemption**

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

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

### **Authorization for the Issuance of the Bonds**

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), and are authorized by various bond ordinances duly adopted by the Township Council on the dates set forth in the chart on the following page and published and approved as required by law, and by a resolution duly adopted by the Township Council on April 18, 2017.

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period has concluded as of the date of this Official Statement.



**Purpose of the Bonds**

The proceeds of the Bonds, along with available funds of the Township in the amount of \$432,000, are being used to: (i) refund, on a current basis, a \$46,870,000 aggregate principal portion of the \$72,186,000 notes of the Township, dated June 9, 2016 and maturing June 8, 2017 (the “Prior Notes”); and (ii) pay the costs associated with the issuance of the Bonds.

The purposes for which the Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Township, which bond ordinances are described in the following table by ordinance number, description and the amount of the Prior Notes being refunded with the Bonds and Township funds. The bond ordinances are:

**General Improvement Bonds, Series 2017A**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Notes being refunded with the Series 2017A Bonds</u></b>
11-016	Animal shelter	\$475,000
12-031	Various capital improvements	7,777,796
13-046	Various capital improvements	7,010,204
14-031	Various capital improvements	7,695,000
<b>Total General Improvement Refunded:</b>		<b><u>\$22,958,000</u></b>

**Sewer Utility Bonds, Series 2017B**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Notes being refunded with the Series 2017B Bonds</u></b>
11-015	Various sewer utility improvements	\$5,880,000
13-021	Various sewer utility improvements	7,400,000
12-030	Various sewer utility improvements	5,000,000
10-031	Various sewer utility improvements	<u>5,200,000</u>
<b>Total Sewer Utility Refunded:</b>		<b><u>\$23,480,000</u></b>
<b>Grand Total Notes Refunded:</b>		<b><u>\$46,438,000</u></b>

**Payment of Bonds**

The Bonds are general obligations of the Township for which the full faith and credit of the Township will be pledged. The Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township for the payment of principal of and interest on Bonds without limitation as to rate or amount. See “SECURITY FOR THE BONDS AND NOTES.”

## **Denominations and Place of Payment**

The Bonds are issuable only as fully registered bonds without coupons, and when issued will be in the form of one certificate per maturity and will be registered in the name of Cede & Co., as registered owner and nominee for DTC. DTC will act as Securities Depository for the Bonds. Purchase of the Bonds will be made in book entry form, in the denomination of \$5,000 each or any integral multiple thereof except that any amount of Bonds maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See “Book-Entry-Only System” herein.

## **THE NOTES**

### **General Description**

The Notes shall be dated and shall bear interest from their date of delivery and shall mature as shown on the cover of this Official Statement. The Notes shall bear interest at the rates as indicated on the inside front cover page of this Official Statement, payable upon maturity. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

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

### **Optional Redemption**

The Notes are not subject to redemption prior to maturity.

### **Authorization for the Issuance of the Notes**

#### Tax-Exempt Notes

The Tax-Exempt Notes, along with other available funds of the Township in the amount of \$535,524, are being issued to refund, on a current basis, a \$21,777,000 aggregate portion of the Prior Notes. The Tax-Exempt Notes and the improvements or purposes for which the Tax-Exempt Notes are to be issued have been authorized by bond ordinances or ordinance (as the case may be) duly adopted by the Township, which ordinances are described in the following tables by ordinance number, description and amount of Prior Notes being refunded with the Tax-Exempt Notes and Township funds:

**General Improvement Bond Anticipation Notes, Series 2017A (Tax-Exempt)**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Notes being refunded with the Series 2017A Notes</u></b>
15-020	Various capital improvements	<u>\$7,600,000</u>
<b>Sub-Total General Improvement Refunded:</b>		<u>\$7,600,000</u>

**Sewer Utility Bond Anticipation Notes, Series 2017B (Tax-Exempt)**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Notes being refunded with the Series 2017B Notes</u></b>
14-030	Various sewer utility improvements	\$6,804,476
15-019	Various sewer utility improvements	<u>5,957,000</u>
<b>Sub-Total Sewer Utility Refunded:</b>		<u>\$12,761,476</u>

**Special Emergency Notes, Series 2017C (Tax-Exempt)**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Notes being refunded with the Series 2017C Notes</u></b>
14-032	Revaluation project	<u>\$880,000</u>
<b>Sub-Total Special Emergency Refunded:</b>		<u>\$880,000</u>
<b>Grand Total Tax-Exempt Notes Refunded:</b>		<u>\$21,241,476</u>

Taxable Notes

The Taxable Notes, along with other available funds of the Township in the amount of \$43,704, are being issued to refund, on a current basis, a \$3,539,000 aggregate portion of the Prior Notes. The Taxable Notes and the improvements or purposes for which the Taxable Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which bond ordinances are described in the following tables:

**General Improvement Bond Anticipation Notes, Series 2017D (Federally Taxable)**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Taxable Notes being refunded with the Series 2017D Notes</u></b>
05-49	Various capital improvements	\$317,030
09-31	Various capital improvements	870
10-32	Various capital improvements	<u>21,100</u>
<b>Total General Improvement Refunded:</b>		<b><u>\$339,000</u></b>

**Sewer Utility Bond Anticipation Notes, Series 2017E (Federally Taxable)**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Taxable Notes being refunded with the Series 2017E Notes</u></b>
10-031	Various sewer utility improvements	<u>\$3,156,296</u>
<b>Sub-Total Sewer Utility Refunded:</b>		<b><u>\$3,156,296</u></b>
<b>Grand Total Taxable Notes Refunded:</b>		<b><u>\$3,495,296</u></b>

**Payment of Notes**

As hereinafter stated, the Notes are general obligations of the Township for which the full faith and credit of the Township will be pledged. The Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township for the payment of principal of and interest on Notes without limitation as to rate or amount.

**SECURITY FOR THE BONDS AND NOTES**

The Bonds and Notes are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Bonds and Notes. The Township is required by law to levy *ad valorem* taxes on all taxable real property in the Township for the payment of the principal, redemption premium, if any, of and the interest on the Bonds and Notes, without limitation as to rate or amount.

**GENERAL INFORMATION REGARDING THE TOWNSHIP**

The Township was formally incorporated in 1842. It is located Mercer County, New Jersey which is in west-central New Jersey and is served by rail and major arteries, including the New Jersey Turnpike. The Township is the largest municipality in the County, in terms of population, and accounts for approximately one-fourth of the taxable property of the County. See Appendix "A" for general information concerning the Township.

## **Governmental Structure**

The Township is managed under a Mayor-Council form of government authorized under Plan E of the Faulkner Act of 1950. This form of government provides for, among other things, the direct election of the Mayor and Council, the separation of legislative power from administrative functions, and the employment of full-time professional personnel in the Departments of Administration, Finance, Law, Engineering, Planning and Inspections, Public Safety, Public Works, and Health, Recreation and Welfare.

On June 28, 2010, the Township approved an ordinance to change its Fiscal Year End from June 30 to December 31. As a result of such ordinance, the Township's auditor prepared audited financial statements for the period commencing July 1, 2010 through December 31, 2010. Thereafter, annual audits have been prepared for each twelve (12) month period ending December 31.

## **Governmental Services**

**EDUCATION.** The Township has seventeen (17) elementary schools, three (3) middle schools and three (3) senior high schools. Higher educational opportunities are available at Princeton University, The College of New Jersey, Mercer County Community College, Rider University, and Rutgers, the State University are all located within easy commuting distance.

**PARKS AND RECREATION.** In addition to County and State parklands located within its boundaries, the Township owns and operates thirty (30) parks. The largest of these, Veteran's Park, contains jogging trails, bicycle paths, nature trails, soccer and baseball fields and thirty-two (32) tennis courts. The Township offers a variety of recreational, cultural and social programs to its residents as well as special facilities and programs for the handicapped. Altogether, over 1,700 acres of parkland are available for active and passive recreational activities.

**GENERAL SERVICES.** The Township maintains a police force consisting of officers, clerical support staff and dispatchers. There are nine (9) volunteer fire companies in the Township and one (1) volunteer ambulance squad. The main branch of the municipal library has a capacity of 180,000 volumes in addition to pamphlets, recordings, films and microfilm reference material.

**UTILITIES.** The Township is provided water service from two sources, City of Trenton Water Utility and by Aqua New Jersey. The Township owns and operates a sewerage plant which provides for the treatment and disposal of effluent and services a large portion of the Township. Public utilities serving the Township include Public Service Electric & Gas Company and Verizon Communications, Inc.

## **Economy**

The location of the Township astride the major transportation corridor in the northeast has been an important factor in the development of the community. Access to the New Jersey Turnpike is available at interchange 7A which is located within the Township. Interstates 95, 195, 295, U.S. Routes 1 and 130 and State Highway 33 also traverse the Township. Main line freight, including spur facilities to industrial sites, and passenger rail service is available. Hamilton Transit Center, a New Jersey Transit rail and bus station, with direct rail service to New York City via the Northeast Corridor Line, is located in the Township, providing efficient commuting opportunities for residents. Within the Township there are several industrial parks which house research and light industry.

## **BOOK-ENTRY-ONLY SYSTEM**

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

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

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

Purchases of the Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC's records. The ownership interest of each actual purchaser of the Bonds and 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 Bonds and Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

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

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

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

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

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

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

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

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

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

#### **Discontinuance of Book-Entry Only System**

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Bonds and Notes, the following provisions apply: (i) the Bonds and Notes may be exchanged for an equal aggregate principal amount of Bonds and Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township or its designated paying agent; (ii) the transfer of any Bonds and Notes may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Township, or its designated paying agent, together with the duly executed assignment in form satisfactory to the Township, or its designated paying agent; and (iii) for every exchange or registration of transfer of Bonds and Notes, the Township or its designated paying agent, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds and Notes. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

### **MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

The Local Bond Law generally governs the issuance of bonds 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, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes, except for the issuance of refunding bonds. All bonds issued by the Township are general full faith and credit obligations.

#### **Debt Limits**

The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As indicated in Appendix "A", the Township has not exceeded its statutory debt limit.



## **Exceptions to Debt Limits - Extensions of Credit**

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township, without approval of the Local Finance Board, 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).

## **Short Term Financing**

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 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, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. 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.

## **The 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 ("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.

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 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 and drainage map preparation for flood control purposes 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 major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

### **Appropriation "CAP"**

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" if the index rate is greater than 2.5%. 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 years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, new legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Township to levy ad valorem taxes upon all taxable property within the boundaries of the Township to pay debt service on bonds and 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 next 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 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 the 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.

## **The 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 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 units 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 each local unit is on file with the Clerk and is available for review during business hours.

## **School Debt Subject to Voter Approval**

State law permits local school districts, upon approval of the voters in a Type II school district, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the Township. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the Township, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

## **TAX MATTERS**

### **Federal Taxation**

#### Bonds and Tax-Exempt Notes

In the opinion of Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Bonds and Tax-Exempt Notes and subject to certain provisions of the Code which are described below, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds and Tax-Exempt Notes, interest received by a holder of the Bonds and Tax-Exempt Notes will be excludable from gross income for federal income tax purposes, and will not be treated as a tax preference item for purposes under Section 57 of the Code for individuals or corporations. Interest on the Bonds and Tax-Exempt Notes is included in the adjusted current earnings of certain corporations for the purposes of computing the alternative minimum alternative tax on such corporations.

The Code contains a number of provisions that apply to the Bonds and Tax-Exempt Notes, including restrictions relating to the use or investment of the proceeds of the Bonds and Tax-Exempt Notes (or facilities financed by such proceeds) and the payment of certain arbitrage earnings in excess of the "yield" on the Bonds and Tax-Exempt Notes to the Treasury of the United States. Non-compliance with such provisions may result in interest on the Bonds and Tax-Exempt Notes not being excludable from gross income for federal income tax purposes retroactive to the date of issuance of the Bonds and Tax-Exempt Notes. The Township has covenanted to comply with these requirements.

Section 55 of the Code provides that an alternative minimum tax is imposed on corporations. For purposes of the corporate alternative minimum tax, the Code includes an increase adjustment for computation of the alternative minimum tax consisting generally of 75% of the amount by which "adjusted current earnings" exceeds alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction). Thus, to the extent that interest on

the Bonds and Tax-Exempt Notes is a component of a corporate holder's "adjusted current earnings", such interest may be subject to an alternative minimum tax.

#### Original Issue Premium

The Bonds maturing May 15, 2018 to 2030 (the "Premium Bonds") have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under, Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bonds and not as interest.

The Tax-Exempt Notes have been sold to the public at a premium. Section 171 of the Code provides rules under which a note premium may be amortized and a deduction allowed for the amount of the amortizable note premium for a taxable year. Under, Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable note premium in the case of notes, like the Tax-Exempt Notes, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Tax-Exempt Note will be reduced by the amount of the amortizable note premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Tax-Exempt Note in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Tax-Exempt Notes and not as interest.

#### Original Issue Discount

The Bonds maturing May 15, 2031 to 2047 (the "Discount Bonds") have been offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a Bond accrues periodically over the term of the Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Prospective purchasers of the Bonds should consult their tax advisers for an explanation of the treatment of original issue discount.

Section 265(b) of the Code generally denies to institutions any deduction for that portion of interest expense incurred to purchase or carry tax-exempt obligations. An exception is provided certain small issuers who designate the obligations as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code and, provided certain conditions are met, for obligations the proceeds of which refund obligations which were designated as qualified tax-exempt obligations. Such obligations will be subject to a reduced disallowance rule. The Bonds and the Tax-Exempt Notes **will not be** designated by the Township as qualified tax exempt obligations under Section 265(b) of the Code.

In addition, prospective purchasers should be aware that Section 6049 of the Code provides that interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The provision is effective for interest paid on tax-exempt obligations after December 31, 2005, regardless of when the tax-exempt obligations were issued. Pursuant to Notice 2006-93, backup withholding will be required if the bondholder fails to provide a tax identification

number. The new reporting requirement does not in and of itself affect or alter the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Ownership of tax-exempt obligations may also result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds and Notes. Various legislative proposals have been submitted from time to time to Congress, which if enacted, would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. If enacted into law, such proposals may cause interest on the Bonds and Notes to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the Bonds and Notes from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds and Notes. No prediction is made whether these provisions will be enacted as proposed or concerning other future legislation which if passed might have the effect on the tax treatment of interest on the Bonds and Notes. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. Bond Counsel will render its opinion as of the issue date, and will assume no obligation to update its opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel are only opinions and not a warranty or guaranty of the matters discussed. Bond Counsel has no obligation to provide updated information concerning pending or future legislation. Each purchaser of the Bonds and Notes should consult his or her own tax advisor regarding any pending or proposed federal tax legislation.

In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for bonds like the Bonds and Notes. There can be no assurance that an audit initiated or concluded by the IRS after the issue date of the Bonds and Notes involving either the Bonds and Notes or other Bonds and Notes will not have an adverse effect on the tax-exempt status or market price of the Bonds and Notes.

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the Federal or state level, may adversely affect the exclusion from gross income of interest on the Bonds and Notes for federal income tax purpose, or the exclusion of interest on and any gain realized on the sale of the Bonds and Notes under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions could adversely affect the market price or marketability of the Bonds and Notes.

#### Taxable Notes

The following is a general discussion of certain of the anticipated federal tax consequences of the purchase, ownership and disposition of the Taxable Notes by the original purchasers of the Taxable Notes. Investors should consult their own tax advisors in determining the federal, state, local or other tax consequences to them of purchase, ownership and disposition of the Taxable Notes. This discussion is based upon the Code, regulations, rulings and decisions now in effect, all of which are subject to change at any time, possibly with retroactive effect, and does not purport to deal with federal income tax consequences applicable to all categories of investors, some of which will be subject to special rules.

This discussion assumes that the Taxable Notes will be held as "capital assets" under the Code and that the Taxable Notes are owned by U.S. Holders (as defined below). Investors should consult their own tax advisors in determining the federal, state, local or other tax consequences to them of purchase, ownership and disposition of the Taxable Notes.

As used herein, the term "U.S. Holder" means a beneficial owner of a Note that is for United States federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any State or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a court within the United States and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

**INTEREST ON THE TAXABLE NOTES IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.** The Township will report annually (or more frequently if required) to owners of record and to the Internal Revenue Service in respect of interest paid on the Taxable Notes.

Under the Code, payments on the Taxable Notes may under certain circumstances, be subject to "backup withholding" at a rate equal to the fourth lowest rate of tax applicable under Section 1(c) of the Code. This withholding generally applies if the owner (i) fails to furnish such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide such owner's securities broker with a certified statement, signed under penalties of perjury, that the TIN is correct and that such Noteholder is not subject to backup withholding. Owners of the Taxable Notes should consult their own tax advisors as to their qualification for exemption for backup withholding and the procedures for obtaining the exemption.

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Taxable Note, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the Taxable Notes.

The Township may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Taxable Notes to be deemed to be no longer outstanding under the Resolutions (a "defeasance"). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Taxable Notes subsequent to any such defeasance could also be affected.

### **State Taxation**

Bond Counsel is of the opinion, based upon existing statutes and judicial decisions, that interest on the Bonds and Notes and net gains from the sale of the Bonds and Notes are not included as gross income under the New Jersey Gross Income Tax Act. Potential purchasers of the Bonds and Notes should consult with their tax advisors in order to understand the tax consequences of ownership of the Bonds and Notes under the laws of other states.

**THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE BONDS AND NOTES. PROSPECTIVE PURCHASERS OF THE BONDS OR NOTES SHOULD CONSULT THEIR**

## **TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS OR NOTES.**

### **LEGALITY FOR INVESTMENT**

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

### **CONTINUING DISCLOSURE**

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Township will deliver concurrently with the delivery of the Bonds a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix "C" (the "Form of Continuing Disclosure Certificate for the Bonds"). The Township has covenanted for the benefit of the Bondholders, in accordance with the provisions of the Form of Continuing Disclosure Certificate for the Bonds, to provide or cause to be provided, in accordance with the requirements of the Rule, certain financial information and operating data to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") dataport or to any other designated nationally recognized municipal securities information repository (the "National Repository") and to the appropriate State information depository, if any (as defined in the Form of Continuing Disclosure Certificate for the Bonds). The Township has also covenanted in the Form of Continuing Disclosure Certificate for the Bonds to provide notices of the occurrence of certain enumerated events.

The Township has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the Township with the MSRB. The specific nature of the Notices will be detailed in a certificate to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in Appendix "D" (the "Form of Continuing Disclosure for the Notes") hereto, such certificate to be delivered concurrently with the delivery of the Notes.

The Township has previously entered into continuing disclosure undertakings pursuant to the Rule in respect of its obligations. During the five-year period preceding the date of this Official Statement, in connection with certain undertakings, the Township has failed to timely file in respect of all or some of the affected issues: (i) its annual operating data in respect of its fiscal year ending December 31, 2011; (ii) the top employers in the Township for its fiscal years ending December 31, 2012 and 2013; and (iii) its event notice in respect of a bond insurer rating change that occurred on May 21, 2013. The Township has subsequently filed such operating data and event notice. The Township has also failed to file a required notice of its failure to file certain operating data, but the Township has subsequently filed such notice. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in June of 2013 to act as Continuing Disclosure Agent.



## **LITIGATION**

Upon delivery of the Bonds and Notes, the Township shall furnish a certificate of the Township Attorney, dated the date of delivery of the Bonds and Notes, to the effect that there is no litigation of any nature pending or, to his knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds and Notes, or in any way contesting or affecting the validity of the Bonds and Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds or Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township or adversely affect the power of the Township to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds or notes, which has not been disclosed in this Official Statement.

## **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. 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. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

## **CERTAIN REFERENCES**

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the Ordinances and the Resolution of the Township and the Bonds and Notes and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entireties by express reference to the complete provisions thereof. Copies of the bond ordinances and the resolution will be furnished by the Township on request.

All estimates and assumptions herein are believed to be reasonable, but no warranty, guaranty or other representation is made that such estimates or assumptions will be realized or are correct. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

## **CERTIFICATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein relating to the Township are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Bonds and Notes, by certificates signed by the Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date hereof, and as of Closing, 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.

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

GluckWalrath LLP has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

## **RATINGS**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned a rating of "AA/stable" to the Bonds and a rating of "SP-1+" to the Notes.

The Rating Agency's "stable outlook" (the "Outlook") has been provided herein for informational purposes only and is not a part of the rating described in the preceding paragraph. The Outlook is only the Rating Agency's forward-looking view of the Township. The Township has no obligation to treat any change in the Outlook as an "Event", as defined and described under the Rule or under the provisions of the Township's Continuing Disclosure Certificate, or to notify Bondholders as to any changes to the Outlook after the date hereof.

An explanation of the significance of such ratings may be obtained from the Rating Agency at 55 Water Street, New York, New York, 10041. The ratings are not a recommendation to buy, sell or hold the Bonds and Notes and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings by the Rating Agency may have an adverse effect on the market price of the Bonds and Notes.

## **UNDERWRITING**

### Bonds

The Bonds have been purchased from the Township at a public sale by Janney Montgomery Scott, LLC, Philadelphia, Pennsylvania (the “Bond Underwriter”) at a price of \$46,535,285.50 (the “Purchase Price”).

### Tax-Exempt Notes

The Tax-Exempt Notes have been purchased from the Township at a public sale by J.P. Morgan Securities LLC, New York, New York (the “Tax-Exempt Note Underwriter”) at a price of \$21,446,668.66.

### Taxable Notes

The Taxable Notes have been purchased from the Township at a public sale by Jefferies LLC, New York, New York (the “Taxable Note Underwriter”, and together with the Bond Underwriter and Tax-Exempt Note Underwriter, the “Underwriters”) at a price of \$3,509,279.00 .

## **MUNICIPAL ADVISOR**

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

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds and Notes are subject to the approval of GluckWalrath LLP, Trenton, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with the Bonds and Notes substantially in the forms set forth as Appendix “E” and Appendix “F”, respectively. Certain legal matters will be passed on for the Township by the Township Attorney.

## **FINANCIAL STATEMENTS**

Appendix “B” contains certain unaudited financial data of the Township extracted from the Township’s Annual Financial Statement for the Township’s fiscal year ending December 31, 2016 and certain audited financial data of the Township for the Township’s fiscal year ending December 31, 2015. The audited financial data was extracted from the report prepared by Wiss & Company, LLP, Livingston, New Jersey (the “2015 Auditor”), to the extent and for the period set forth in their report appearing in Appendix “B”. Wiss & Company, LLP has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix B hereto) and, accordingly, we will express no

opinion with respect thereto. PKF O'Connor Davies, Cranford, New Jersey, an independent auditor (the "Auditor"), has not participated in the preparation of the financial or statistical information contained in this Official Statement and does not take responsibility for the financial information contained in Appendix "B".

#### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township's Chief Financial Officer, 2090 Greenwood Avenue, CN00150, Hamilton, New Jersey 08609, telephone (609) 890-3510, or to its Municipal Advisor, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey, telephone (609) 291-0130.

#### **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Bonds and 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 Bonds and Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

This Official Statement has been duly executed and delivered by the Township.

**TOWNSHIP OF HAMILTON,  
IN THE COUNTY OF MERCER, NEW JERSEY**

By: /s/ John Barrett

John Barrett,  
Chief Financial Officer

**Dated:** May 3, 2017

**APPENDIX A**

**GENERAL INFORMATION AND OPERATING DATA REGARDING THE TOWNSHIP**

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**CERTAIN ECONOMIC, DEMOGRAPHIC AND OPERATING DATA REGARDING  
THE TOWNSHIP**

**Labor Force Data**

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<b><u>Township</u></b>				
2016	50,744	48,643	2,101	4.1%
2015	50,364	47,908	2,456	4.9%
2014	49,701	46,777	2,924	5.9%
2013	49,392	45,823	3,569	7.2%
2012	49,801	45,561	4,240	8.5%
<b><u>County</u></b>				
2016	199,781	191,137	8,644	4.3%
2015	198,187	188,247	9,940	5.0%
2014	195,118	183,665	11,453	5.9%
2013	193,821	179,779	14,042	7.2%
2012	194,363	178,315	16,048	8.3%
<b><u>State</u></b>				
2016	4,524,262	4,299,923	224,315	5.0%
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,513,600	4,209,700	303,900	6.7%
2013	4,528,500	4,157,600	370,800	8.2%
2012	4,585,300	4,158,600	426,800	9.3%

Source: NJ Department of Labor, Bureau of Labor Force Statistics, Labor Research and Analysis, Labor Market and Demographic Research

**Income Information**

	<u>Township</u>	<u>County</u>	<u>State</u>
Median Household Income	\$72,026	\$71,217	\$69,811
Median Family Income	87,512	88,694	84,904
Per Capita Income	32,344	36,016	34,858

Source: U.S. Census Bureau, 2010

**Population**

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2010	88,464	1.56%	366,513	4.49%	8,791,894	4.49%
2000	87,109	0.64	350,761	7.65	8,414,350	8.85
1990	86,553	4.53	325,824	5.83	7,730,188	4.96
1980	82,801	4.01	307,863	1.23	7,365,001	2.75
1970	79,609	22.41	304,116	14.16	7,168,164	18.15

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

## Ten Largest Taxpayers

<u>Taxpayers</u>	<u>2017 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
JDN	\$90,929,950	1.07%
PSEG	61,050,700	0.72%
QB Partners	44,002,000	0.52%
Cabot Dr. LLC	39,100,000	0.46%
Horizon Bus. Park	33,742,900	0.40%
Bell Atlantic	33,054,196	0.39%
Levin Properties	31,589,500	0.37%
Reckson-Matrix	28,800,600	0.34%
Hamilton Station Apartments	24,588,900	0.29%
Kuser Village	<u>23,369,000</u>	<u>0.28%</u>
<b>Total</b>	<b><u>\$410,227,746</u></b>	<b><u>4.84%</u></b>

Source: Township Audited Financial Statements

## Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Assessed Value of Personal Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Aggregate True Value of Real Property</u>	<u>Equalized Valuation</u>
2016R	\$8,445,847,610	\$27,704,237	97.91%	\$8,626,133,807	\$8,653,838,044
2015	5,149,535,474	16,005,511	60.70	8,483,583,977	8,499,589,488
2014	5,149,941,715	16,360,925	59.46	8,661,186,874	8,677,547,799
2013	5,139,254,035	18,516,361	61.15	8,404,340,204	8,422,856,565
2012	5,139,614,851	18,695,945	62.28	8,252,432,323	8,271,128,268

R=Revaluation

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

## Assessed Value Classification

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2016R	\$73,092,200	\$6,209,343,980	\$19,851,500	\$1,599,341,130	\$193,334,800	\$350,884,000	\$8,445,847,610
2015	50,937,959	3,874,408,400	14,815,615	935,126,700	93,188,700	181,058,100	5,149,535,474
2014	48,363,059	3,866,022,600	15,017,876	955,339,980	98,057,000	167,141,200	5,149,941,715
2013	48,771,459	3,859,025,150	15,326,476	958,686,350	98,337,900	159,106,700	5,139,254,035
2012	50,915,209	3,856,632,500	15,998,592	960,241,400	99,139,400	156,687,750	5,139,614,851

R=Revaluation

Source: County of Mercer Abstract of Ratables



**Comparative Tax Rate Information**

<u>Year</u>	<u>Municipal</u>	<u>Municipal Library</u>	<u>Local School</u>	<u>County</u>	<u>County Open Space</u>	<u>Total Taxes</u>
2016R	\$0.760	\$0.034	\$1.291	\$0.619	\$0.000	\$2.704
2015	1.224	0.056	2.052	0.975	0.042	4.349
2014	1.222	0.055	1.984	0.979	0.041	4.281
2013	1.149	0.054	1.950	0.923	0.032	4.108
2012	1.141	0.059	1.901	0.938	0.035	4.074

R=Revaluation  
Source: Mercer County Board of Taxation, Abstract of Ratables

**Special Fire District Tax Rates**

<u>Year</u>	<u>District #1</u>	<u>District #2</u>	<u>District #3</u>	<u>District #4</u>	<u>District #5</u>	<u>District #6</u>	<u>District #7</u>	<u>District #8</u>	<u>District #9</u>
2016R	\$0.110	\$0.250	\$0.550	\$0.440	\$0.550	\$0.180	\$0.150	\$0.330	\$0.310
2015	0.170	0.400	0.860	0.690	0.880	0.290	0.240	0.610	0.520
2014	0.160	0.400	0.860	0.660	0.840	0.280	0.230	0.500	0.520
2013	0.160	0.368	0.883	0.642	0.780	0.260	0.228	0.455	0.509
2012	0.170	0.360	0.850	0.610	0.780	0.230	0.220	0.440	0.490

R=Revaluation  
Source: Mercer County Board of Taxation, Abstract of Ratables

**Tax Levy and Tax Collection Data**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2016U	\$253,376,027	\$253,117,842	99.90%
2015	248,120,112	247,291,629	99.67%
2014	243,532,333	242,947,966	99.76%
2013	233,598,623	232,774,294	99.65%
2012	231,280,727	230,042,636	99.46%

U=Unaudited  
Source: Township Audited Financial Statements

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2016U	\$3,339,415	\$57,679	\$3,397,093	1.34%
2015	2,969,390	0	2,969,390	1.20%
2014	1,577,199	505,102	2,082,301	0.86%
2013	1,695,034	532,327	2,227,361	0.95%
2012	1,635,611	499,004	2,134,616	0.92%

U=Unaudited  
Source: Township Audited Financial Statements

**Property Acquired by Tax Title Lien Liquidation**

<u>Year</u>	<u>Amount</u>
2016U	\$367,045
2015	367,045
2014	367,045
2013	367,045
2012	367,045

U=Unaudited  
Source: Township Audited Financial Statements

**Sewer Collections**

<u>Year</u>	<u>Sewer Levy</u>	<u>Current Year Collection</u>	<u>% of Current Year Collection</u>
2015	15,256,183	15,255,120	99.99%
2014	15,212,397	15,223,836	100.07%
2013	15,078,900	15,091,976	100.09%
2012	14,802,602	14,822,210	100.13%
2011	14,870,369	15,261,837	102.63%

Source: Township Audited Financial Statements

**Comparative Schedule of Fund Balances (Current Fund)**

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2016U	\$7,980,194	\$4,500,000
2015	7,245,947	4,500,000
2014	6,083,317	3,200,000
2013	3,787,513	2,400,000
2012	5,575,216	4,500,000

U=Unaudited  
Source: Township Audited Financial Statements

**Comparative Schedule of Fund Balances (Sewer Utility Operating Fund)**

<b><u>Fund Balance - Sewer Utility Operating Fund</u></b>		
	<b><u>Balance</u></b>	<b><u>Utilized in Budget</u></b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2016U	\$3,848,069	\$2,100,000
2015	3,911,443	1,000,000
2014	3,111,266	0
2013	2,944,600	700,000
2012	2,910,546	1,065,443

U=Unaudited  
Source: Township Audited Financial Statements

**Financial Operations**

The following table summarizes the Township’s Current Fund budget for the past five (5) fiscal years. This summary should be used in conjunction with the tables from which it is derived.

**Summary of Current Fund Budget**

<b><u>Anticipated Revenues</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017*</u></b>
Fund Balance	\$4,500,000	\$2,400,000	\$3,200,000	\$4,500,000	\$4,500,000
Miscellaneous Revenues	32,325,621	27,351,135	27,570,554	28,787,562	28,817,568
Receipts from Delinquent Taxes	600,000	437,741	417,000	200,000	30,000
Amount to be Raised by Taxes	<u>62,011,027</u>	<u>65,955,369</u>	<u>66,092,513</u>	<u>67,261,184</u>	<u>68,327,099</u>
Total Revenue:	<u>\$99,436,648</u>	<u>\$96,144,245</u>	<u>\$97,280,067</u>	<u>\$100,748,746</u>	<u>\$101,674,667</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$86,170,693	\$83,674,775	\$85,130,624	\$86,637,685	\$85,888,502
Operations	6,099,431	5,083,587	4,170,726	4,439,905	4,400,827
Deferred Charges and Statutory Expenditures	0	0	550,000	550,000	550,000
Capital Improvement Fund	398,677	394,860	419,175	410,000	415,000
Municipal Debt Service	5,384,169	6,090,783	6,120,100	7,454,850	9,320,048
Reserve for Uncollected Taxes	<u>1,383,678</u>	<u>900,240</u>	<u>889,442</u>	<u>1,256,306</u>	<u>1,100,290</u>
Total Appropriations:	<u>\$99,436,648</u>	<u>\$96,144,245</u>	<u>\$97,280,067</u>	<u>\$100,748,746</u>	<u>\$101,674,667</u>

\*Introduced

Source: Annual Adopted Budgets of the Township

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**Statement of Statutory Net Debt for the Township (as of December 31, 2016)**

**General Purpose Debt**

Serial Bonds	\$51,238,000
Bond Anticipation Notes	30,990,000
Bonds and Notes Authorized but Not Issued	14,132,865
Other Bonds, Notes and Loans	<u>2,958,538</u>
Total:	\$99,319,403

**Local School District Debt**

Serial Bonds	\$31,925,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$31,925,000

**Self-Liquidating Debt**

Serial Bonds	\$37,954,000
Bond Anticipation Notes	39,537,000
Bonds and Notes Authorized but Not Issued	6,471,322
Other Bonds, Notes and Loans	<u>340,502</u>
Total:	\$84,302,823

**TOTAL GROSS DEBT**

**\$215,547,227**

Less: Statutory Deductions

General Purpose Debt	\$35,702
Local School District Debt	31,925,000
Self-Liquidating Debt	<u>84,302,823</u>
Total:	\$116,263,526

**TOTAL NET DEBT**

**\$99,283,701**

Source: Township Annual Debt Statement

**Debt Limit (as of December 31, 2016)**

Average Equalized Valuation Basis (2014, 2015, 2016)	\$8,590,301,553
Permitted Debt Limitation (3 1/2%)	300,660,554
Less: Net Debt	<u>99,283,701</u>
Remaining Borrowing Power	<u>\$201,376,853</u>
Percentage of Net Debt to Average Equalized Valuation	1.16%
Gross Debt Per Capita based on 2010 population of 88,464	\$2,437
Net Debt Per Capita based on 2010 population of 88,464	\$1,122

Source: Township Annual Debt Statement

**Overlapping Debt (as of December 31, 2016)**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Township Percentage</u></b>	<b><u>Township Share</u></b>
School District	\$31,925,000	100.00%	\$31,925,000
Mercer County	490,911,747	19.68%	96,604,511
Mercer County Improvement Authority	288,479,000	19.68%	<u>56,772,667</u>
Net Indirect Debt			\$153,377,178
Net Direct Debt			<u>99,283,701</u>
Total Net Direct and Indirect Debt			<u><b>\$252,660,879</b></u>

<sup>1</sup> Source: State of New Jersey, Department of the Treasury, Division of Taxation, Table of Equalized Values.  
Township percentage of County and Improvement Authority debt based on Township's percentage of total equalized valuation in the County.

<sup>2</sup> Source: Annual Debt Statement of the County

<sup>3</sup> Source: Annual Debt Statement of the County. Represents debt of the Mercer County Improvement Authority guaranteed by the County.

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**APPENDIX B**

**FINANCIAL STATEMENTS OF THE TOWNSHIP**

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UNAUDITED FINANCIAL STATEMENTS  
TOWNSHIP OF HAMILTON  
DECEMBER 31, 2016

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**ANNUAL FINANCIAL STATEMENT FOR THE YEAR 2016  
(UNAUDITED)**

POPULATION LAST CENSUS	<u>88,461</u>
NET VALUATION TAXABLE 2016	<u>\$8,518,549,405</u>
MUNICODE	<u>1103</u>

**FIVE DOLLARS PER DAY PENALTY IF NOT FILED BY:  
COUNTIES - JANUARY 26, 2017  
MUNICIPALITIES - FEBRUARY 10, 2017**

ANNUAL FINANCIAL STATEMENT REQUIRED TO BE FILED UNDER NEW JERSEY STATUTES ANNOTATED 40A:5-12, AS AMENDED, COMBINED WITH INFORMATION REQUIRED PRIOR TO CERTIFICATION OF BUDGETS BY THE DIRECTOR OF THE DIVISION OF LOCAL GOVERNMENT SERVICES.

Township \_\_\_\_\_ of Hamilton, County of Mercer

**SEE BACK COVER FOR INDEX AND INSTRUCTIONS.  
DO NOT USE THESE SPACES**

	Date	Examined By:	
1			Preliminary Check
2			Examined

I hereby certify that the debt shown on Sheets 31 to 34a, 49 to 51a and 63 to 65a are complete, were computed by me and can be supported upon demand by a register or other detailed analysis.

Signature   
Title Chief Financial Officer

(This MUST be signed by Chief Financial Officer, Comptroller, Auditor or Registered Municipal Accountant.)

**REQUIRED CERTIFICATION BY THE CHIEF FINANCIAL OFFICER:**

I hereby certify that I am responsible for filing this verified Annual Financial Statement, (which I have prepared) or (which I have not prepared) [eliminate one] and information required also included herein and that this Statement is an exact copy of the original on file with the clerk of the governing body, that all calculations, extensions and additions are correct, that no transfers have been made to or from emergency appropriations and all statements contained herein are in proof; I further certify that this statement is correct insofar as I can determine from all the books and records kept and maintained in the Local Unit.

Further, I do hereby certify that I, John E. Barrett, am the Chief Financial Officer, License# N-0477, of the Township of Hamilton, County of Mercer and that the statements annexed hereto and made a part hereof are true statements of the financial condition of the Local Unit as at December 31, 2016, completely in compliance with N.J.S. 40A:5-12, as amended. I also give complete assurances as to the veracity of required information included herein, needed prior to certification by the Director of Local Government Services, including the verification of cash balances as of December 31, 2016.

Signature \_\_\_\_\_  
Title Chief Financial Officer  
Address 2090 Greenwood Avenue, Hamilton, NJ 08650  
Phone Number 609-890-3510  
Fax Number 609-890-4418  
Email jbarrett@hamiltonnj.com

IT IS HEREBY INCUMBENT UPON THE CHIEF FINANCIAL OFFICER, WHEN NOT PREPARED BY SAID, AT A MINIMUM MUST REVIEW THE CONTENTS OF THIS ANNUAL FINANCIAL STATEMENT WITH THE PREPARER, SO AS TO BE FAMILIAR WITH THE REPRESENTATIONS AND ASSERTIONS MADE HEREIN.

**STATEMENT OF GENERAL BUDGET REVENUES 2016**

Source	Budget -01	Realized -02	Excess or Deficit* -03
Surplus Anticipated 80101-	4,500,000.00	4,500,000.00	-
Surplus Anticipated with Prior Written Consent of Director of Local Government 80102-	-	-	-
Miscellaneous Revenue Anticipated:	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx
Adopted Budget	28,787,562.18	30,433,576.08	1,646,013.90
Added by N.J.S. 40A:4-87: (List on 17a)	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx
Totals from Sheet 17a	600,413.57	600,413.57	-
			-
Total Miscellaneous Revenue Anticipated 80103-	29,387,975.75	31,033,989.65	1,646,013.90
Receipts from Delinquent Taxes 80104-	200,000.00	37,004.87	(162,995.13)
			-
Amount to be Raised by Taxation:	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx
(a) Local Tax for Municipal Purposes 80105-	64,427,989.97	xxxxxxxxxx	xxxxxxxxxx
(b) Addition to Local District School Tax 80106-	-	xxxxxxxxxx	xxxxxxxxxx
(c) Minimum Library Tax 80121-	2,833,194.00	xxxxxxxxxx	xxxxxxxxxx
Total Amount to be Raised by Taxation 80107-	67,261,183.97	69,538,028.03	2,276,844.06
	101,349,159.72	105,109,022.55	3,759,862.83

**ALLOCATION OF CURRENT TAX COLLECTIONS**

	Debit	Credit
Current Taxes Realized in Cash (Total of Item 10 or 14 on Sheet 22) 80108-00	xxxxxxxxxx	253,117,842.47
Amount to be Raised by Taxation	xxxxxxxxxx	xxxxxxxxxx
Local District School Tax 80109-00	109,354,340.00	xxxxxxxxxx
Regional School Tax 80119-00	-	xxxxxxxxxx
Regional High School Tax 80110-00	-	xxxxxxxxxx
County Taxes 80111-00	52,445,991.86	xxxxxxxxxx
Due County for Added and Omitted Taxes 80112-00	362,627.92	xxxxxxxxxx
Special District Taxes 80113-00	22,673,160.58	xxxxxxxxxx
Municipal Open Space Tax 80120-00	-	xxxxxxxxxx
Reserve for Uncollected Taxes 80114-00	xxxxxxxxxx	1,256,305.92
Deficit in Required Collection of Current Taxes (or) 80115-00	xxxxxxxxxx	-
Balance for Support of Municipal Budget (or) 80116-00	69,538,028.03	xxxxxxxxxx
*Excess Non-Budget Revenue (see footnote) 80117-00	-	xxxxxxxxxx
*Deficit Non-Budget Revenue (see footnote) 80118-00	xxxxxxxxxx	-
	254,374,148.39	254,374,148.39

\*These items are applicable only when there is no "Amount to be Raised by Taxation" in the "Budget" column of the statement at the top of this sheet. In such instances, any excess or deficit in the above allocation would apply to "Non-Budget Revenue" only.

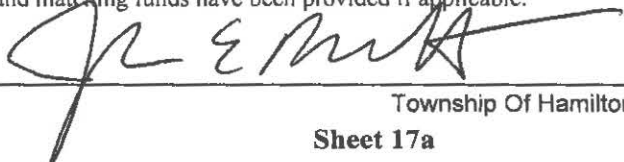
**STATEMENT OF GENERAL BUDGET REVENUES 2016  
(Continued)**

**Miscellaneous Revenues Anticipated: Added By N.J.S. 40 A:4-87**

Source	Budget	Realized	Excess or (Deficit)
CY16 Clean Communities Ch159	217,544.71	217,544.71	-
CY16 State of NJ DOT Whitehorse Hamilton Sq Ch1	275,000.00	275,000.00	-
CY16 Drive Sober Get Pulled Over Ch159	5,000.00	5,000.00	-
CY16 Drunk Driving Enforcement Fund Ch159	13,234.55	13,234.55	-
CY16 Click it or Ticket Ch159	5,000.00	5,000.00	-
CY16 Alcohol Education and Rehab Ch159	9,427.30	9,427.30	-
CY16 Body Armor Grant Ch159	14,053.56	14,053.56	-
CY16 NJDOT Safe Streets to Schools Ch159	47,250.00	47,250.00	-
CY16 Bulletproof Vest Partnership Ch159	13,903.45	13,903.45	-
			-
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<b>Totals (to Sheet 17)</b>	<b>600,413.57</b>	<b>600,413.57</b>	<b>0.00</b>

I hereby certify that the above list of Chapter 159 insertions of revenue have been realized in cash or I have received written notification of the award of public or private revenue. These insertions meet the statutory requirements of N.J.S.A. 40A:4-87 and matching funds have been provided if applicable.

CFO Signature: \_\_\_\_\_



**STATEMENT OF GENERAL BUDGET APPROPRIATIONS 2016**

2016 Budget as Adopted	80012-01	100,748,746.15
2016 Budget - Added by N.J.S. 40A:4-87	80012-02	600,413.57
Appropriated for 2016 (Budget Statement Item 9)	80012-03	101,349,159.72
Appropriated for 2016 by Emergency Appropriation (Budget Statement Item9)	80012-04	-
Total General Appropriations (Budget Statement Item 9)	80012-05	101,349,159.72
Add: Overexpenditures (see footnote)	80012-06	-
Total Appropriations and Overexpenditures	80012-07	101,349,159.72
Deduct Expenditures:		
Paid or Charged [Budget Statement Item (L)]	80012-08	95,158,770.35
Paid or Charged - Reserve for Uncollected Taxes	80012-09	1,256,305.92
Reserved	80012-10	4,923,421.83
Total Expenditures	80012-11	101,338,498.10
Unexpended Balances Canceled (see footnote)	80012-12	10,661.62

**FOOTNOTES - RE: OVEREXPENDITURES:**

Every appropriation overexpended in the budget document must be marked with an \* and must agree in the aggregate with this item.

**RE: UNEXPENDED BALANCES CANCELED:**

Are not to be shown as "Paid or Charged" in the budget document. In all instances "Total Appropriations " and "Overexpenditures" must equal the sum of "Total Expenditures" and "Unexpended Balances Canceled".

**SCHEDULE OF EMERGENCY APPROPRIATIONS FOR LOCAL DISTRICT SCHOOL PURPOSES**

**(EXCEPT FOR TYPE I SCHOOL DEBT SERVICE)**

2016 Authorizations		
N.J.S. 40A:4-46 (After adoption of Budget)	-	
N.J.S. 40A:4-20 (Prior to adoption of Budget)	-	
Total Authorizations		-
Deduct Expenditures:		
Paid or Charged	-	
Reserved	-	
Total Expenditures		-

## RESULTS OF 2016 OPERATION

### CURRENT FUND

		Debit	Credit
Excess of anticipated Revenues:		XXXXXXXXXX	XXXXXXXXXX
Miscellaneous Revenues anticipated	80013-01	XXXXXXXXXX	1,646,013.90
Delinquent Tax Collections	80013-02	XXXXXXXXXX	-
		XXXXXXXXXX	
Required Collection of Current Taxes	80013-03	XXXXXXXXXX	2,276,844.06
Unexpended Balances of 2016 Budget Appropriations	80013-04	XXXXXXXXXX	10,661.62
Miscellaneous Revenue Not Anticipated	81113-	XXXXXXXXXX	885,884.67
Miscellaneous Revenue Not Anticipated Proceeds of Sale of Foreclosed Property (Sheet 27)	81114-	XXXXXXXXXX	-
Payments in Lieu of Taxes on Real Property	81120-	XXXXXXXXXX	-
Sale of Municipal Assets		XXXXXXXXXX	-
Unexpended Balances of 2015 Appropriation Reserves	80013-05	XXXXXXXXXX	1,039,146.25
Prior Years Interfunds Returned in 2016	80013-06	XXXXXXXXXX	-
		XXXXXXXXXX	
		XXXXXXXXXX	
		XXXXXXXXXX	
		XXXXXXXXXX	
		XXXXXXXXXX	
		XXXXXXXXXX	
		XXXXXXXXXX	
Deferred School Tax Revenue: (See School Taxes, Sheets 13 & 14)		XXXXXXXXXX	XXXXXXXXXX
Balance January 1, 2016	80013-07	-	XXXXXXXXXX
Balance December 31, 2016	80013-08	XXXXXXXXXX	-
Deficit in Anticipated Revenues:		XXXXXXXXXX	XXXXXXXXXX
Miscellaneous Revenues Anticipated	80013-09	-	XXXXXXXXXX
Delinquent Tax Collections	80013-10	162,995.13	XXXXXXXXXX
			XXXXXXXXXX
Required Collection of Current Taxes	80013-11	-	XXXXXXXXXX
Interfund Advances Originating in 2016	80013-12	-	XXXXXXXXXX
Payment of Tax appeals		461,308.07	XXXXXXXXXX
			XXXXXXXXXX
			XXXXXXXXXX
			XXXXXXXXXX
			XXXXXXXXXX
			XXXXXXXXXX
Deficit Balance - To Trial Balance (Sheet 3)	80013-13	XXXXXXXXXX	-
Surplus Balance - To Surplus (Sheet 21)	80013-14	5,234,247.30	XXXXXXXXXX
		5,858,550.50	5,858,550.50

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AUDITED FINANCIAL STATEMENTS  
TOWNSHIP OF HAMILTON  
DECEMBER 31, 2015

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**TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA AND INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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**TOWNSHIP OF HAMILTON, MERCER COUNTY, NEW JERSEY**

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Combined Statement of Revenues, Expenditures and Changes in  
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Funds

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Fund

Statement of Revenues, Expenditures and Changes in Fund Balance  
- Regulatory Basis - Budget and Actual - Utility Operating  
Fund

II. Individual Fund Financial Statements

A Current Fund Statement of Assets, Liabilities, Reserves and  
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**TOWNSHIP OF HAMILTON, MERCER COUNTY, NEW JERSEY**

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- D Sewer Utility Fund - Statement of Assets, Liabilities,  
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- D- 5 Sewer Utility Operating Fund - Statement of Expenditures -  
Regulatory Basis

Notes to Financial Statements

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members  
of the Township Council  
Township of Hamilton  
Mercer County, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements – regulatory basis of the Township of Hamilton (“Township”), County of Mercer, State of New Jersey, which comprise the statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group, as of December 31, 2015 and 2014 and the related statements of revenues, expenditures and changes in fund balance - regulatory basis, the statements of fund balance – regulatory basis, the statements of operations and changes in operating fund balance – regulatory basis, the statements of revenues – regulatory basis, the statements of expenditures – regulatory basis of the various funds and the related notes to the financial statements for the years then ended as listed in the basic financial statements section of the accompanying 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 (“Division”). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the requirements prescribed by the Division. Those standards and the requirements prescribed by the Division require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### WISS & COMPANY, LLP

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, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division.

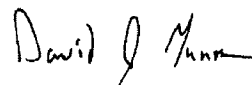
The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**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 above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or the results of its operations and changes in fund balances for the years then ended.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects the statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township as of December 31, 2015 and 2014, and the results of its operations and changes in fund balances of such funds – regulatory basis for the years then ended, and the revenues - regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2015 in accordance with the financial reporting provisions of the Division, as described in Note 2 to the financial statements.



David J. Gannon  
Registered Municipal Accountant  
No. 520



WISS & COMPANY, LLP

Livingston, New Jersey  
September 8, 2016



COMBINED FINANCIAL STATEMENTS

TOWNSHIP OF HAMILTON  
COUNTY OF MERCER  
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE- ALL FUND TYPES AND ACCOUNT GROUPS  
REGULATORY BASIS  
DECEMBER 31, 2015

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	UTILITY ASSESSMENT FUND	GOVERNMENTAL FIXED ASSET ACCOUNT GROUP	TOTAL Dec. 31, 2015	MEMORANDUM ONLY TOTAL DEC. 31, 2014 AS RESTATED
<b>ASSETS</b>									
Cash and Investments	\$ 15,912,304.02	\$ 21,289,762.99	\$ 16,554,638.82	\$ 8,411,941.40	\$ 22,884,551.46	\$ 467.10		\$ 85,053,665.79	\$ 93,303,884.45
Federal and State Grant Receivable	2,719,125.49	842,482.96						3,561,608.45	4,024,951.72
Receivables and Other Assets:									
Delinquent Property Taxes and Utility Charges				28,720.81				28,720.81	532,760.77
Other Receivables	133,929.57							133,929.57	120,800.71
Assessments Receivable		1,028,689.88						1,028,689.88	1,095,475.88
Tax Title, Sewer and Assessment Liens Rec.	2,969,389.82	899.49		165,984.57				3,136,273.88	1,667,509.94
Prepaid School Tax	1,654,153.50							1,654,153.50	100,677.50
Interfunds Receivable	20,427.52	50.80						20,478.32	44,802.95
Property Acquired for Taxes	367,045.00							367,045.00	367,045.00
Due from State	227,865.05		189,581.78		8,650.65			426,097.48	305,899.13
Prospective Assessments Funded		2,267,073.50						2,267,073.50	2,267,073.50
Deferred Charges	1,760,000.00		96,093,069.97	-				97,853,069.97	95,018,117.95
Fixed Capital					134,005,871.92			134,005,871.92	129,864,136.06
Fixed Capital Authorized and Uncompleted					52,996,235.82			52,996,235.82	50,957,090.70
Fixed Assets							\$ 104,743,230.85	104,743,230.85	104,630,896.09
	<u>\$ 25,764,239.97</u>	<u>\$ 25,428,959.62</u>	<u>\$ 112,837,290.57</u>	<u>\$ 8,606,646.78</u>	<u>\$ 209,895,309.85</u>	<u>\$ 467.10</u>	<u>\$ 104,743,230.85</u>	<u>\$ 487,276,144.74</u>	<u>\$ 484,301,122.35</u>

TOWNSHIP OF HAMILTON  
COUNTY OF MERCER  
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE- ALL FUND TYPES AND ACCOUNT GROUPS  
REGULATORY BASIS  
DECEMBER 31, 2015

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	UTILITY ASSESSMENT FUND	GOVERNMENTAL FIXED ASSET ACCOUNT GROUP	TOTAL Dec. 31, 2015	MEMORANDUM ONLY TOTAL DEC. 31, 2014 AS RESTATED
LIABILITIES, RESERVES AND FUND BALANCE									
Overpayments	\$ 2,496.55			\$ 895.30				\$ 3,391.85	\$ 16,141.30
Appropriation Reserves	4,732,639.71			1,387,063.34				6,119,703.05	6,137,596.38
Prepaid Taxes, Assessments and Utility Charges	1,579,809.48	\$ 9,332.15		1,441,174.24				3,030,315.87	2,460,499.67
Federal and State Grants:									
Appropriated Reserves	2,757,121.51							2,757,121.51	2,932,456.45
Unappropriated Reserves	22,940.90							22,940.90	
Encumbrances	2,112,641.25							2,112,641.25	475,759.49
Other Liabilities and Reserves:									
Due to State of New Jersey	38,604.00	2,020.80						40,624.80	10,173.00
Reserve for Future Debt Service			\$ 562,876.17	538,054.26				1,100,930.43	2,321,496.07
Capital Improvement Fund			32,699.58		\$ 192,775.00			225,474.58	206,311.58
Due to Current		61.52	658.00					719.52	
Due to Dog Trust	50.80							50.80	
Due to Grant Fund	19,708.00							19,708.00	
Other Reserves	1,191,481.00	24,272,072.67			106,643,551.01			132,107,104.68	128,982,287.14
Improvement Authorizations			26,062,042.57		26,130,914.45			52,192,957.02	48,097,663.93
Reserve for Encumbrances/ Accounts Payable	330,387.07	62,470.48	4,608,386.71	375,057.01	2,618,077.95			7,994,379.22	9,475,195.27
Reserve for Tax title Liens	2,969,389.82							2,969,389.82	
Interfunds Payable								-	44,802.95
Serial Bonds Payable		1,083,000.00	55,385,000.00		40,364,000.00			96,832,000.00	88,501,000.00
Bond Anticipation Notes Payable			22,895,000.00		33,580,000.00			56,475,000.00	71,178,658.00
Special Emergency Notes Payable	1,760,000.00							1,760,000.00	2,200,000.00
Green Trust Loan Payable			318,064.80					318,064.80	363,448.04
Environmental Infrastructure Loans			2,970,089.77		365,285.06			3,335,374.83	3,634,339.10
Reserve for Receivables	134,649.09			194,705.38				329,354.47	2,732,019.88
Accrued Interest on Bonds and Notes				698,619.04				698,619.04	579,986.21
Other Payables	866,373.68			59,635.00				926,008.68	122,160.88
Investment in Fixed Assets							\$ 104,743,230.85	104,743,230.85	104,630,896.09
Fund Balance	<u>7,245,947.11</u>	<u>2.00</u>	<u>2,472.97</u>	<u>3,911,443.21</u>	<u>706.38</u>	<u>\$ 467.10</u>		<u>11,161,038.77</u>	<u>9,198,230.92</u>
	<u>\$ 25,764,239.97</u>	<u>\$ 25,428,959.62</u>	<u>\$ 112,837,290.57</u>	<u>\$ 8,606,646.78</u>	<u>\$ 209,895,309.85</u>	<u>\$ 467.10</u>	<u>\$ 104,743,230.85</u>	<u>\$ 487,276,144.74</u>	<u>\$ 484,301,122.35</u>

TOWNSHIP OF HAMILTON  
COUNTY OF MERCER  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- REGULATORY BASIS  
CURRENT AND UTILITY OPERATING FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	CURRENT FUND	UTILITY OPERATING FUND	Total Dec. 31, 2015
<u>Revenues:</u>			
Fund Balance Appropriated	\$ 3,200,000.00		\$ 3,200,000.00
Sewer Rents and Connection Fees		\$ 16,145,868.91	16,145,868.91
Reserve to Pay Debt Service		1,644,145.79	1,644,145.79
Miscellaneous Revenue	8,388,752.74	346,941.60	8,735,694.34
State Aid	19,166,830.00		19,166,830.00
State and Federal Grants	642,394.80		642,394.80
Special Items	614,000.00		614,000.00
Receipts from Delinquent Taxes	156,578.90		156,578.90
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	64,392,419.16		64,392,419.16
Local Library Tax	2,892,513.00		2,892,513.00
Total Budget Revenue	<u>99,453,488.60</u>	<u>18,136,956.30</u>	<u>117,590,444.90</u>
Other Credits to Income	<u>3,549,360.52</u>	<u>638,675.61</u>	<u>4,188,036.13</u>
Total Revenues	<u>103,002,849.12</u>	<u>18,775,631.91</u>	<u>121,778,481.03</u>
<u>Expenditures:</u>			
Current Fund Within CAPS:			
General Government	765,764.00	12,571,579.00	13,337,343.00
Department of Administration	1,046,304.00		1,046,304.00
Department of Finance	1,667,828.00		1,667,828.00
Department of Law	1,733,982.00		1,733,982.00
Department of Engineering, Planning and Inspection	3,744,301.00		3,744,301.00
Department of Economic Development/Technology	695,965.00		695,965.00
Department of Public Safety	22,808,704.75		22,808,704.75
Department of Public Works	20,754,685.28		20,754,685.28
Department of Health, Recreation and Welfare	3,243,074.00		3,243,074.00
Separate Boards and Agencies	188,918.00		188,918.00
Unclassified Purposes	19,441,529.00		19,441,529.00
Deferred Charges and Statutory Expenditures	9,029,569.00	867,268.00	9,896,837.00
Current Fund Excluded From CAPS:			
General Government	4,667,726.00		4,667,726.00
Public and Private Programs	667,394.80		667,394.80
Capital Improvements	419,175.00	250,000.00	669,175.00
Debt Service	6,140,276.55	4,286,607.27	10,426,883.82
Reserve for Uncollected Taxes	899,442.30		899,442.30
Total Budget Expenditures	<u>97,914,638.68</u>	<u>17,975,454.27</u>	<u>115,890,092.95</u>
Other Charges	<u>725,580.23</u>		<u>725,580.23</u>
Total Expenditures	<u>98,640,218.91</u>	<u>17,975,454.27</u>	<u>116,615,673.18</u>

TOWNSHIP OF HAMILTON  
COUNTY OF MERCER  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- REGULATORY BASIS  
CURRENT AND UTILITY OPERATING FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	CURRENT FUND	UTILITY OPERATING FUND	Total Dec. 31, 2015
Excess in Revenues	\$ 4,362,630.21	\$ 800,177.64	\$ 5,162,807.85
Fund Balance January 1, 2015	<u>6,083,316.90</u>	<u>3,111,265.57</u>	<u>9,194,582.47</u>
Decreased by:			
Utilized as Anticipated Revenue	<u>10,445,947.11</u>	<u>3,911,443.21</u>	<u>14,357,390.32</u>
Fund Balance December 31, 2015	<u>\$ 7,245,947.11</u>	<u>\$ 3,911,443.21</u>	<u>\$ 11,157,390.32</u>

TOWNSHIP OF HAMILTON  
COUNTY OF MERCER  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- REGULATORY BASIS  
BUDGET AND ACTUAL-CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGET AS <u>MODIFIED</u>	2015 <u>ACTUAL</u>	EXCESS <u>(DEFICIT)</u>
Revenues:			
Fund Balance Appropriated	\$ 3,200,000.00	\$ 3,200,000.00	
Miscellaneous Revenue	7,789,724.34	8,388,752.74	\$ 599,028.40
State Aid	19,166,830.00	19,166,830.00	
State and Federal Grants	642,394.80	642,394.80	
Special Items	614,000.00	614,000.00	
Receipts from Delinquent Taxes	417,000.00	156,578.90	(260,421.10)
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	63,199,999.99	64,392,419.16	1,192,419.17
Local Library Tax	<u>2,892,513.00</u>	<u>2,892,513.00</u>	
Total Budget Revenue	<u>97,922,462.13</u>	<u>99,453,488.60</u>	<u>1,531,026.47</u>
Other Credits to Income		<u>3,549,360.52</u>	<u>3,549,360.52</u>
Total Revenues	<u>97,922,462.13</u>	<u>103,002,849.12</u>	<u>5,080,386.99</u>
Expenditures:			
Current Fund Within CAPS:			
General Government	765,764.00	765,764.00	
Department of Administration	1,046,304.00	1,046,304.00	
Department of Finance	1,667,828.00	1,667,828.00	
Department of Law	1,733,982.00	1,733,982.00	
Department of Engineering, Planning and Inspection	3,744,301.00	3,744,301.00	
Department of Economic Development/Technology	695,965.00	695,965.00	
Department of Public Safety	22,808,704.75	22,808,704.75	
Department of Public Works	20,754,685.28	20,754,685.28	
Department of Health, Recreation and Welfare	3,243,074.00	3,243,074.00	
Separate Boards and Agencies	188,918.00	188,918.00	
Unclassified Purposes	19,441,529.00	19,441,529.00	
Deferred Charges and Statutory Expenditures	9,029,569.00	9,029,569.00	
Current Fund Excluded From CAPS:			
General Government	4,667,726.00	4,667,726.00	
Public and Private Programs	667,394.80	667,394.80	
Capital Improvements	419,175.00	419,175.00	
Debt Service	6,148,100.00	6,140,276.55	7,823.45
Reserve for Uncollected Taxes	<u>899,442.30</u>	<u>899,442.30</u>	
Total Budget Expenditures	<u>97,922,462.13</u>	<u>97,914,638.68</u>	<u>7,823.45</u>
Other Charges		<u>725,580.23</u>	<u>(725,580.23)</u>
Total Expenditures	<u>97,922,462.13</u>	<u>98,640,218.91</u>	<u>(717,756.78)</u>

TOWNSHIP OF HAMILTON  
COUNTY OF MERCER  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- REGULATORY BASIS  
BUDGET AND ACTUAL-CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGET AS <u>MODIFIED</u>	2015 <u>ACTUAL</u>	<u>EXCESS</u>
Excess in Revenues	\$ -	\$ 4,362,630.21	\$ 4,362,630.21
Fund Balance January 1, 2015	<u>6,083,316.90</u>	<u>6,083,316.90</u>	<u>                    </u>
Decreased by:	6,083,316.90	10,445,947.11	4,362,630.21
Utilized as Anticipated Revenue	<u>3,200,000.00</u>	<u>3,200,000.00</u>	<u>                    </u>
Fund Balance December 31, 2015	<u>\$ 2,883,316.90</u>	<u>\$ 7,245,947.11</u>	<u>\$ 4,362,630.21</u>

TOWNSHIP OF HAMILTON  
COUNTY OF MERCER  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- REGULATORY BASIS  
BUDGET AND ACTUAL-UTILITY OPERATING FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	BUDGET AS <u>MODIFIED</u>	2015 <u>ACTUAL</u>	<u>EXCESS</u>
Revenues:			
Sewer Rents	\$ 15,231,701.21	\$ 15,237,718.91	\$ 6,017.70
Sewer Connection Fees	800,000.00	908,150.00	108,150.00
Reserve for Debt Service	1,644,145.79	1,644,145.79	
Miscellaneous	<u>300,000.00</u>	<u>346,941.60</u>	<u>46,941.60</u>
Total Budget Revenue	<u>17,975,847.00</u>	<u>18,136,956.30</u>	<u>161,109.30</u>
Other Credits to Income		<u>638,675.61</u>	<u>638,675.61</u>
Total Revenues	<u>17,975,847.00</u>	<u>18,775,631.91</u>	<u>799,784.91</u>
Expenditures:			
Operating Expenses	12,571,579.00	12,571,579.00	
Capital Improvements	250,000.00	250,000.00	
Debt Service	4,287,000.00	4,286,607.27	392.73
Over expenditure of 2013 Appropriations	110,000.00	110,000.00	-
Statutory Expenditures	<u>757,268.00</u>	<u>757,268.00</u>	<u>-</u>
Total Expenditures	<u>17,975,847.00</u>	<u>17,975,454.27</u>	<u>392.73</u>
Excess in Revenues / Statutory Excess to Fund Balance		<u>800,177.64</u>	<u>800,177.64</u>
Fund Balance January I, 2015	<u>3,111,265.57</u>	<u>3,111,265.57</u>	<u>-</u>
	<u>3,111,265.57</u>	<u>3,911,443.21</u>	<u>800,177.64</u>
Fund Balance December 31, 2015	<u>\$ 3,111,265.57</u>	<u>\$ 3,911,443.21</u>	<u>\$ 800,177.64</u>



INDIVIDUAL FUND FINANCIAL STATEMENTS

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
Cash and Investments - Treasurer	\$ 15,760,266.36	\$ 15,711,250.99	Liabilities:		
Cash - Change Fund	2,481.00	2,481.00	Prepaid Taxes	\$ 1,579,809.48	\$ 1,039,409.85
Prepaid School Tax	1,654,153.50	100,677.50	Tax Overpayments	2,496.55	14,597.12
Due from State of N.J. Per Chap. 73, P.L. 1976	<u>227,865.05</u>	<u>107,666.70</u>	Accounts Payable	330,387.07	49,599.73
	<u>17,644,765.91</u>	<u>15,922,076.19</u>	Appropriation Reserves	4,732,639.71	5,374,492.39
Receivables and Other Assets With Full Reserves:			Other Prepaid Fees		14,124.00
Taxes Receivable		505,102.14	Special Emergency Notes Payable	1,760,000.00	2,200,000.00
Tax Title Liens Receivable	2,969,389.82	1,577,198.54	Due to State of New Jersey:		
Property Acquired for Taxes at Assessed Value	367,045.00	367,045.00	State Marriage License Fees	2,905.00	2,800.00
Revenue Accounts Receivable	79,833.83	72,172.48	DCA Training Fees	35,699.00	5,507.00
Other Accounts Receivable	54,095.74	48,628.23	Due County for Added Taxes	249,364.68	122,160.88
Due from General Capital Fund	658.00		Due to Grant Fund	19,708.00	
Due from Trust Other Fund	61.52		Due to Animal Control Fund	50.80	
Due from Animal Control Trust		<u>44,802.95</u>	PILOT Payable	617,009.00	
	<u>3,471,083.91</u>	<u>2,614,949.34</u>	Reserve for Encumbrances	2,004,313.51	1,259,642.32
Deferred Charges:			Reserve for 2014 Revaluation Expenses	824,436.00	
Special Emergency Authorization	<u>1,760,000.00</u>	<u>2,200,000.00</u>	Reserve for Special Emergency		<u>1,956,426.00</u>
				<u>\$ 12,158,818.80</u>	<u>\$ 12,038,759.29</u>
Total Regular Fund	<u>22,875,849.82</u>	<u>20,737,025.53</u>	Reserve for Receivables	3,471,083.91	2,614,949.34
Grant Fund:			Fund Balance	<u>7,245,947.11</u>	<u>6,083,316.90</u>
Cash and Investments - Treasurer	149,556.66	308,360.55	Total Regular Fund	<u>22,875,849.82</u>	<u>20,737,025.53</u>
Due from Current Fund	19,708.00		Grant Fund:		
State & Federal Grants Receivable	<u>2,719,125.49</u>	<u>3,099,855.39</u>	Reserve for Encumbrances	108,327.74	475,759.49
			Reserve for State & Federal Grants:		
Total Grant Fund	<u>2,888,390.15</u>	<u>3,408,215.94</u>	Appropriated	2,757,121.51	2,932,456.45
Total Current Fund	<u>\$ 25,764,239.97</u>	<u>24,145,241.47</u>	Unappropriated	<u>22,940.90</u>	
			Total Grant Fund	<u>2,888,390.15</u>	<u>3,408,215.94</u>
			Total Current Fund	<u>\$ 25,764,239.97</u>	<u>\$ 24,145,241.47</u>

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>REVENUE AND OTHER INCOME</u>	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Fund Balance Utilized	\$ 3,200,000.00	\$ 2,400,000.00
Miscellaneous Revenues Anticipated	28,811,977.54	29,149,181.75
Receipts from Delinquent Taxes	156,578.90	430,079.28
Receipts from Current Taxes	247,291,629.31	242,947,965.74
Interfunds Returned	44,752.15	66,986.38
Non-Budget Revenue	1,656,241.97	991,604.36
Other Credits to Income:		
Unexpended Balance of Prior Year Approp. Res. Lapsed	<u>1,848,366.51</u>	<u>1,783,382.53</u>
Total Revenue and Other Income	<u>283,009,546.38</u>	<u>277,769,200.04</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operations:		
Salaries and Wages	42,998,023.00	41,945,784.71
Other Expenses	38,428,152.83	40,951,213.90
Deferred Charges and Statutory Expenditures	9,029,569.00	8,778,456.67
Capital Improvements	419,175.00	394,859.58
Municipal Debt Service	6,140,276.55	6,060,083.10
Special District Taxes	22,129,925.00	21,662,025.03
County Taxes	52,801,888.56	52,795,515.14
Local District School Taxes	105,974,326.00	102,495,636.00
Amounts Due Under PILOT Agreement	617,009.00	
Other	88,757.43	
Adjustment for Senior Citizens Prior Adjustments		182,952.22
Prior Years Senior Citizens/Veterans Deductions	<u>19,813.80</u>	<u>6,869.86</u>
Total Expenditures	<u>278,646,916.17</u>	<u>275,273,396.21</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>YEAR 2015</u>	<u>YEAR 2014</u>
Excess in Revenues	\$ 4,362,630.21	\$ 2,495,803.83
Adjustments to Income before Fund Balance:		
Expenditures Included Above Which are by		
Statute Deferred Charges to Budget of		
Succeeding Years	<u>                    </u>	<u>2,200,000.00</u>
Statutory Excess to Fund Balance	4,362,630.21	4,695,803.83
<u>FUND BALANCE</u>		
Balance - January 1	<u>6,083,316.90</u>	<u>3,787,513.07</u>
	10,445,947.11	8,483,316.90
Decreased by:		
Utilized as Anticipated Revenue	<u>3,200,000.00</u>	<u>2,400,000.00</u>
Balance - December 31	<u>\$ 7,245,947.11</u>	<u>6,083,316.90</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	ANTICIPATED		REALIZED	EXCESS (DEFICIT)
	2015 BUDGET	N.J.S.A. 40A:4-87		
Surplus Anticipated	\$ 3,200,000.00		\$ 3,200,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	90,300.00		122,450.00	\$ 32,150.00
Other	185,000.00		169,242.55	(15,757.45)
Fees and Permits:				
Other	183,000.00		266,099.78	83,099.78
Fines and Costs:				
Municipal Court	900,000.00		892,338.65	(7,661.35)
Interest and Costs on Taxes	600,000.00		569,844.93	(30,155.07)
Interest on Investments and Deposits	125,000.00		374,537.23	249,537.23
Cable Franchise Fees	1,300,455.64		1,301,592.78	1,137.14
Housing, Site and Contractor Fees	530,541.98		513,800.00	(16,741.98)
Energy Receipts Tax	19,166,830.00		19,166,830.00	
Payments in Lieu of Taxes - Low Cost Housing	223,000.00		223,000.00	
Reimbursement for Administrative Service:				
Free Public Library	74,000.00		74,000.00	
Sewer Operating Fund	680,000.00		680,331.00	331.00
Uniform Construction Code Fees	2,327,573.82		2,511,028.75	183,454.93
Developers Escrow - Engineering & Planning Staff	100,000.00		181,174.02	81,174.02
Special Items:				
Alcohol Education & Rehab		\$ 10,725.83	10,725.83	
Distracted Driving		5,000.00	5,000.00	
Click It or Ticket Grant		4,000.00	4,000.00	
Clean Communities		191,186.16	191,186.16	
State DOT Whitehorse-Hamilton Sq Rd		300,000.00	300,000.00	
Municipal Alliance		78,832.00	78,832.00	
Drive Sober Get Pulled Over		5,000.00	5,000.00	

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	ANTICIPATED		REALIZED	EXCESS (DEFICIT)
	2015 BUDGET	N.J.S.A. 40A:4-87		
Miscellaneous Revenues (Cont'd.):				
Special Items (cont'd):				
Drive Sober or Get Pulled Over		\$ 7,500.00	\$ 7,500.00	
Drunk Driving Enforcement		14,252.82	14,252.82	
Bulletproof Vest Program		11,169.18	11,169.18	
State Body Armor Grant		14,728.81	14,728.81	
Septemberfest Sponsorships and Vendor Fees	\$ 79,000.00		\$ 93,117.70	\$ 14,117.70
Reserve for Future Debt Service Special Emergency Notes	14,125.00		34,839.20	20,714.20
Reserve for Future Debt Service Gen Capital	451,727.90		451,727.90	
HUD Administrative Reimbursements & HCVP	149,000.00		152,628.25	3,628.25
American Metro - Payment in Lieu of Taxes	391,000.00		391,000.00	
Total Miscellaneous Revenues	<u>27,570,554.34</u>	<u>642,394.80</u>	<u>28,811,977.54</u>	<u>599,028.40</u>
Receipts from Delinquent Taxes	<u>417,000.00</u>		<u>156,578.90</u>	<u>(260,421.10)</u>
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	63,199,999.99		64,392,419.16	1,192,419.17
Local Tax for Municipal Library	<u>2,892,513.00</u>		<u>2,892,513.00</u>	
Total Amount to be Raised By Taxation	<u>66,092,512.99</u>		<u>67,284,932.16</u>	<u>1,192,419.17</u>
Budget Totals	97,280,067.33	642,394.80	99,453,488.60	1,531,026.47
Non-Budget Revenues			<u>1,656,241.97</u>	<u>1,656,241.97</u>
	<u>\$ 97,280,067.33</u>	<u>\$ 642,394.80</u>	<u>\$ 101,109,730.57</u>	<u>\$ 3,187,268.44</u>

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Analysis of Non-Budget Revenues:

Hotel Occupancy Fees	\$	200,395.39
Copy Fees		423.04
Rentals		5,408.04
Recycling		1,135.60
Ecological Facility Lease Payments		47,500.02
Lease & Interlocal		52,415.00
NFS Bad Checks		1,340.00
Cell Towers		15,866.68
Tax Office		215,657.33
Other		676,891.64
Restitution		2,320.01
Plans/Specifications		3,400.00
Excess CDBG/HUD reimbursements		157,281.20
Golf Center		146,743.44
Sayen House and Gardens		81,442.32
Kuser, Bromley and Misc. Festivals		<u>48,022.26</u>
	\$	<u>1,656,241.97</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection:

Revenue from Collection:

Collections by Cash:

Year 2015	\$	245,071,973.93	
Year 2014		1,039,409.85	
Sr. Cit. & Vet. Deduction			
Reimbursement		<u>1,180,245.53</u>	\$ 247,291,629.31

School, County and Special  
District Taxes

180,906,139.45

66,385,489.86

Add: Reserve for Uncollected Taxes

899,442.30

\$ 67,284,932.16

Receipts from Delinquent Taxes:

Delinquent Tax Collection

\$ 88,522.23

Tax Title Lien Collection

68,056.67

\$ 156,578.90



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS"						
<u>GENERAL GOVERNMENT:</u>						
Office of the Mayor						
Salaries and Wages	\$ 333,100.00	\$ 334,600.00	\$ 323,241.01		\$ 11,358.99	
Other Expenses	19,992.00	19,992.00	13,813.99	\$ 533.05		5,644.96
Township Council						
Salaries and Wages	78,332.00	78,332.00	78,332.00			0.00
Other Expenses	10,300.00	10,300.00	4,097.59	5,855.82		346.59
Office of the Municipal Clerk						0.00
Salaries and Wages	261,285.00	261,285.00	243,921.30			17,363.70
Other Expenses	61,255.00	61,255.00	35,462.10	24,438.66		1,354.24
<u>DEPARTMENT OF ADMINISTRATION:</u>						
Business Administrator						
Salaries and Wages	221,266.00	222,766.00	213,620.94			9,145.06
Other Expenses	7,120.00	7,120.00	6,540.65			579.35
Human Resources						
Salaries and Wages	179,961.00	178,161.00	171,498.25			6,662.75
Other Expenses	27,065.00	31,965.00	23,280.34	7,649.10		1,035.56
Training	3,000.00	3,000.00	200.00			2,800.00
Division of Budget and Purchasing						
Salaries and Wages	423,809.00	420,559.00	406,866.71			13,692.29
Other Expenses	27,733.00	27,733.00	21,435.22	1,337.14		4,960.64
Postage Costs	155,000.00	155,000.00	152,663.02			2,336.98
<u>DEPARTMENT OF FINANCE:</u>						
Financial Administration:						
Salaries and Wages	305,595.00	296,145.00	275,528.17			20,616.83
Other Expenses	203,570.00	203,570.00	156,084.28	23,700.78		23,784.94
Annual Audit	60,733.00	60,733.00	60,733.00			
Division of Assessments						
Salaries and Wages	421,400.00	421,400.00	402,056.97			19,343.03
Other Expenses	42,405.00	42,405.00	26,506.42	363.29		15,535.29
Division of Revenue Collection						
Salaries and Wages	522,375.00	525,875.00	509,870.59			16,004.41
Other Expenses	117,700.00	117,700.00	86,602.45	14,478.47		16,619.08

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	
Operations Within "CAPS" (Cont'd.)					
<u>DEPARTMENT OF LAW:</u>					
Legal Services					
Salaries and Wages	\$ 313,377.00	\$ 313,377.00	\$ 295,443.07	\$ 17,933.93	
Other Expenses	196,400.00	196,400.00	100,712.31	4,965.26	90,722.43
Municipal Prosecutor					
Salaries and Wages	92,832.00	92,832.00	86,938.25		5,893.75
Municipal Court					
Salaries and Wages	1,027,629.00	1,027,629.00	950,879.31		76,749.69
Other Expenses	103,743.00	103,743.00	76,591.18	3,994.24	23,157.58
Public Defender					
Salaries and Wages	1.00	1.00			1.00
<u>DEPARTMENT OF ENGINEERING, PLANNING AND INSPECTIONS:</u>					
Division of Engineering					
Salaries and Wages	454,375.00	455,575.00	438,547.94		17,027.06
Other Expenses	134,339.00	134,339.00	26,614.83	67,762.10	39,962.07
Community Planning & Compliance					
Salaries and Wages	550,212.00	552,212.00	533,879.93		18,332.07
Other Expenses	30,850.00	30,850.00	7,861.72	1,614.53	21,373.75
Zoning Board					
Salaries and Wages	85,407.00	85,407.00	80,335.61		5,071.39
Other Expenses	15,450.00	15,450.00	14,623.00	642.92	184.08
Affordable Housing					
Salaries and Wages	240,113.00	240,113.00	152,628.25		87,484.75
Office on Housing Inspect					
Salaries and Wages	369,652.00	369,652.00	336,595.25		33,056.75
Other Expenses	45,262.00	45,262.00	6,803.11	32,268.00	6,190.89
Uniform Construction Code					
Salaries and Wages	1,175,633.00	1,175,633.00	1,088,519.39		87,113.61
Other Expenses	639,808.00	639,808.00	584,562.90	33,498.59	21,746.51
<u>DEPARTMENT OF ECONOMIC DEVELOPMENT</u>					
Salaries and Wages	449,204.00	449,204.00	416,119.45		33,084.55
Other Expenses	246,761.00	246,761.00	163,615.88	36,156.24	46,988.88
<u>DEPARTMENT OF PUBLIC SAFETY:</u>					
Police Division					
Salaries and Wages	21,618,222.00	21,618,222.00	20,629,690.77		988,531.23
Other Expenses	842,944.75	842,944.75	401,000.31	293,608.41	148,336.03
Purchase of Police Vehicles	325,000.00	325,000.00	295,021.90	28,388.00	1,590.10
Office of Emergency Management					
Other Expenses	22,538.00	22,538.00	10,495.42	8,887.82	3,154.76

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>DEPARTMENT OF PUBLIC WORKS:</u>						
Public Works						
Salaries and Wages	\$ 3,946,745.00	\$ 3,946,745.00	\$ 3,740,264.90		\$ 206,480.10	
Other Expenses	1,016,226.00	1,016,226.00	874,457.74	\$ 119,932.56	21,835.70	
Other Public Works Functions						
Salaries and Wages	74,511.00	74,511.00	54,027.45		20,483.55	
Other Expenses	20,210.00	20,210.00	9,254.11	291.74	10,664.15	
Division of Buildings and Grounds						
Salaries and Wages	1,861,471.00	1,861,471.00	1,635,082.71		226,388.29	
Other Expenses	474,784.36	474,784.36	358,285.22	93,949.36	22,549.78	
Solid Waste Collection & Recycling						
Salaries and Wages	98,108.00	98,108.00	86,049.52		12,058.48	
Other Expenses	3,350,000.00	3,400,000.00	3,077,549.32	164,573.07	157,877.61	
Maintenance of Motor Vehicles						
Salaries and Wages	1,225,072.00	1,190,072.00	1,021,336.36		168,735.64	
Other Expenses	548,078.00	583,078.00	491,417.49	41,104.42	50,556.09	
Landfill/Solid Waste Disposal Costs	4,650,000.00	4,700,000.00	3,593,298.32	826,586.20	280,115.48	
Maintenance of Parks						
Salaries and Wages	2,868,370.00	2,868,370.00	2,511,101.00		357,269.00	
Other Expenses	308,628.92	308,628.92	224,933.89	38,711.66	44,983.37	
Division of Citizen Response						
Salaries and Wages	208,766.00	208,766.00	188,373.26		20,392.74	
Other Expenses	3,715.00	3,715.00	2,383.15	306.34	1,025.51	
<u>DEPARTMENT OF HEALTH, RECREATION AND WELFARE:</u>						
Public Health Services					0.00	
Salaries and Wages	721,940.00	721,940.00	677,564.95		44,375.05	
Other Expenses	176,024.00	176,024.00	95,884.63	20,143.45	59,995.92	
Environmental Health Services						
Salaries and Wages	391,608.00	391,608.00	357,999.73		33,608.27	
Other Expenses	13,830.00	13,830.00	8,831.68	4,338.42	659.90	
Animal Control Services						
Salaries and Wages	330,885.00	330,885.00	307,490.75		23,394.25	
Other Expenses	97,000.00	97,000.00	87,118.84	5,376.84	4,504.32	
Division of Recreation						
Salaries and Wages	513,926.00	513,926.00	472,902.03		41,023.97	
Other Expenses	461,650.00	461,650.00	345,871.12	61,044.76	54,734.12	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
DEPARTMENT OF HEALTH, RECREATION AND WELFARE (CONTD.):						
Office of Sr. Citizens Programs						
Salaries and Wages	\$ 405,066.00	\$ 404,966.00	\$ 391,333.74	\$	13,632.26	
Other Expenses	131,245.00	131,245.00	104,960.10	\$ 11,420.68	14,864.22	
SEPARATE BOARDS AND AGENCIES:						
Environmental Commission (N.J.S.A. 40:56A-81 et seq.)						
Salaries and Wages	700.00	700.00	700.00			
Other Expenses	600.00	600.00	400.65		199.35	
Zoning Board of Adjustment						
Other Expenses	46,500.00	46,500.00	18,171.61	669.13	27,659.26	
Economic Development Commission						
Salaries and Wages	1,000.00	1,000.00	1,000.00			
Other Expenses	3,280.00	3,280.00	3,280.00			
Planning Board						
Other Expenses	45,932.00	45,932.00	16,144.22	1,027.86	28,759.92	
Board of Public Officers						
Salaries and Wages	350.00	350.00	225.00		125.00	
Other Expenses	3,250.00	3,250.00			3,250.00	
Aid to Museum (N.J.S.A. 40:23-6.22)	6,550.00	6,550.00	6,550.00			
Center for the Physically Limited (N.J.S.A. 40:13)	19,396.00	19,396.00	19,396.00			
First Aid Organizations - Contributions	40,000.00	40,000.00			40,000.00	
Neighborhood Service Center - Contributions	10,000.00	10,000.00			10,000.00	
Redevelopment Board						
Salaries and Wages	250.00	250.00	150.00		100.00	
Other Expenses	8,280.00	8,280.00			8,280.00	
Shade Tree Commission						
Salaries and Wages	250.00	250.00	150.00		100.00	
Other Expenses	330.00	330.00	285.00		45.00	
Parks and Recreation Commission						
Salaries and Wages	100.00	100.00	100.00			
Other Expenses	200.00	200.00			200.00	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>SEPARATE BOARDS AND AGENCIES (CONTD.):</u>						
Rent Leveling Board						
Salaries and Wages	\$ 700.00	\$ 700.00	\$ 700.00			
Other Expenses	150.00	150.00			\$ 150.00	
Public Safety Commission						
Salaries and Wages	200.00	200.00			200.00	
Special Needs Commission						
Salaries and Wages	650.00	650.00	600.00		50.00	
Other Expenses	250.00	250.00			250.00	
<u>UNCLASSIFIED PURPOSES:</u>						
Aid to Board of Fire Commissioners	15,000.00	15,000.00	15,000.00			
Utility Expense and Bulk Purchase	3,366,827.00	3,266,827.00	2,821,896.45	\$ 24,199.60	420,730.95	
Retirement Payouts	250,000.00	250,000.00	187,814.59		62,185.41	
Payments to Fire Districts	29,102.00	29,102.00	29,102.00			
Other Insurance General Liability	630,000.00	630,000.00	630,000.00			
Group Insurance	14,134,500.00	14,134,500.00	14,134,500.00			
Self Insurance	1,066,100.00	1,066,100.00	1,066,100.00			
Condominium Services Act	50,000.00	50,000.00			50,000.00	
Total Operations Within "CAPS"	<u>76,091,055.03</u>	<u>76,091,055.03</u>	<u>69,579,872.31</u>	<u>2,003,818.51</u>	<u>4,507,364.21</u>	
DETAIL:						
Salaries and Wages	42,024,448.00	41,984,548.00	39,269,479.15		2,715,068.85	
Other Expenses	<u>34,066,607.03</u>	<u>34,106,507.03</u>	<u>30,310,393.16</u>	<u>2,003,818.51</u>	<u>1,792,295.36</u>	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":						
Statutory Expenditures:						
Contributions to:						
Public Employees Retirement System	2,749,869.00	2,749,869.00	2,749,869.00			
Social Security System (O.A.S.I.)	2,018,940.00	2,018,940.00	1,860,755.41		158,184.59	
DCRP	21,000.00	21,000.00	11,195.00		9,805.00	
Police and Firemen's Retirement Sys. of NJ	4,239,760.00	4,239,760.00	4,239,760.00			
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	<u>9,029,569.00</u>	<u>9,029,569.00</u>	<u>8,861,579.41</u>		<u>167,989.59</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>85,120,624.03</u>	<u>85,120,624.03</u>	<u>78,441,451.72</u>	<u>2,003,818.51</u>	<u>4,675,353.80</u>	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED    RESERVED	
<u>Operations Excluded from "CAPS"</u>					
Maintenance of Free Public Library	\$ 2,892,513.00	\$ 2,892,513.00	\$ 2,892,513.00		
Police Dispatch/911					
Salaries and Wages	1,041,475.00	1,013,475.00	964,676.60		\$ 48,798.40
Other Expenses	113,050.00	113,050.00	109,359.49	\$ 495.00	3,195.51
Supplemental Fire Services Program	98,688.00	98,688.00	98,688.00		
Deficit in Assessment Fund	110,000.00	110,000.00	110,000.00		
Special Emergency Revaluation	440,000.00	440,000.00	440,000.00		
<u>STATE AND FEDERAL PROGRAMS</u>					
<u>OFF-SET BY REVENUES:</u>					
Alcohol Ed. And Rehab		10,725.83	10,725.83		
Click It or Ticket Grant		4,000.00	4,000.00		
Clean Communities		191,186.16	191,186.16		
State DOT Whitehorse Hamilton Square Road		300,000.00	300,000.00		
Municipal Alliance		78,832.00	78,832.00		
Distracted Driver		5,000.00	5,000.00		
Drive Sober Get Pulled Over		7,500.00	7,500.00		
Bulletproof Vest Program		11,169.18	11,169.18		
Drunk Driving Enforcement Grant		14,252.82	14,252.82		
State Body Armor		14,728.81	14,728.81		
Diver Sober or Get Pulled Over		5,000.00	5,000.00		
Matching Funds for Grants	25,000.00	25,000.00	19,708.00		5,292.00
Total Operations Excluded from "CAPS"	4,720,726.00	5,335,120.80	5,277,339.89		57,285.91
<u>DETAIL:</u>					
Salaries and Wages	1,041,475.00	1,013,475.00	964,676.60		48,798.40
Other Expenses	3,679,251.00	4,321,645.80	4,312,663.29		8,487.51

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	\$ 419,175.00	\$ 419,175.00	\$ 419,175.00			
Total Capital Improvements Excluded from "CAPS"	<u>419,175.00</u>	<u>419,175.00</u>	<u>419,175.00</u>			
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	3,895,000.00	3,895,000.00	3,895,000.00			
Interest on Bonds	1,500,000.00	1,538,000.00	1,537,998.00		\$ 2.00	
Principal Payment BANS	1,000.00	1,000.00	658.00			342.00
Interest on Notes	300,000.00	290,000.00	289,951.25			48.75
Special Emergency Note Interest	17,500.00	17,500.00	17,294.44			205.56
Special Assessment Interest	37,000.00	37,000.00	37,000.00			
Green Trust Loan Program						
Payment of Principal	45,500.00	45,500.00	45,383.24			116.76
Payment of Interest	7,100.00	7,100.00	7,043.17			56.83
NJEITF:						
Payment of Principal	275,000.00	275,000.00	274,290.74			709.26
Payment of Interest	<u>42,000.00</u>	<u>42,000.00</u>	<u>35,657.71</u>			<u>6,342.29</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>6,120,100.00</u>	<u>6,148,100.00</u>	<u>6,140,276.55</u>			<u>7,823.45</u>
Total General Appropriations for Municipal Excluded from "CAPS"	<u>11,260,001.00</u>	<u>11,902,395.80</u>	<u>11,836,791.44</u>	\$ 495.00	\$ 57,285.91	<u>7,823.45</u>
Subtotal General Appropriations	96,380,625.03	97,023,019.83	90,278,243.16	2,004,313.51	4,732,639.71	7,823.45
Reserve for Uncollected Taxes	<u>899,442.30</u>	<u>899,442.30</u>	<u>899,442.30</u>			
Total General Appropriations	<u>\$ 97,280,067.33</u>	<u>\$ 97,922,462.13</u>	<u>\$ 91,177,685.46</u>	<u>\$ 2,004,313.51</u>	<u>\$ 4,732,639.71</u>	<u>\$ 7,823.45</u>
Adopted Budget		\$ 97,280,067.33				
Appropriated N.J.S.A. 40A:4-87		<u>642,394.80</u>				
		<u>\$ 97,922,462.13</u>				
Cash Disbursed			\$ 89,616,140.36			
State & Federal Grants Appropriated			662,102.80			
Reserve for Uncollected Taxes			<u>899,442.30</u>			
			<u>\$ 91,177,685.46</u>			

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

TRUST FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>BALANCE</u> <u>DEC. 31, 2014</u>
Trust Assessment Fund:			Trust Assessment Fund:		
Cash and Investments - Treasurer	\$ 182,599.95	\$ 115,813.95	Prepaid Assessments	\$ 9,332.15	\$ 9,332.15
Assessments Receivable	1,028,689.88	1,095,475.88	Reserve for Assessments, Liens and		
Assessment Lien, Interest & Costs	899.49	899.49	Assessment Lien Interest and Costs	2,386,928.67	2,276,928.67
Prospective Assessments Funded	<u>2,267,073.50</u>	<u>2,267,073.50</u>	Serial Bonds Payable	1,083,000.00	1,193,000.00
			Fund Balance	<u>2.00</u>	<u>2.00</u>
Total Trust Assessment Fund	<u>3,479,262.82</u>	<u>3,479,262.82</u>	Total Trust Assessment Fund	<u>3,479,262.82</u>	<u>3,479,262.82</u>
Animal Control Trust Fund:			Animal Control Trust Fund:		
Cash and Investments - Treasurer	14,036.96	102,995.35	Due to State of New Jersey	2,020.80	1,866.00
Due from Current Fund	<u>50.80</u>		Due to Current Fund		44,802.95
			Reserve for Animal Control	1,744.21	48,784.40
			Escrow	7,542.00	7,542.00
			Reserve for Encumbrances	<u>2,780.75</u>	
Total Animal Control Trust Fund	<u>14,087.76</u>	<u>102,995.35</u>	Total Animal Control Trust Fund	<u>14,087.76</u>	<u>102,995.35</u>
Trust-Other Fund:			Trust-Other Fund:		
Cash and Investments - Treasurer	<u>20,478,167.08</u>	<u>19,952,913.00</u>	Reserve for Encumbrances	59,689.73	754,341.29
			Escrow Funds	6,052,364.47	5,755,661.73
			Performance Guarantees	1,305,235.05	1,673,761.05
			Reimbursable Temp. CO		62,237.75
			Deposits for Tax Sale Redemp./Premiums	4,930,254.89	5,090,524.83
			Due to State Marriage Licenses		12,775.00
			Developers Escrow	1,223,548.96	1,109,296.15
			Dedicated Law Enfor. Trust Fund	97,286.44	103,250.41
			Affordable Housing	3,141,648.80	2,643,792.38
			Flexible Spending Account	20,609.99	14,796.84
			Unemployment Trust	75,938.60	110,744.48
			Insurance Trust Reserve	2,132,762.87	1,880,952.86
			Off-Duty Police	469,734.52	657,365.87
			Storm Recovery	500,000.00	
			Payroll Deductions Payable	<u>469,092.76</u>	<u>83,412.36</u>
Total Trust-Other Fund	<u>20,478,167.08</u>	<u>19,952,913.00</u>	Total Trust-Other Fund	<u>20,478,167.08</u>	<u>19,952,913.00</u>

See accompanying notes to the financial statements



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

TRUST FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	BALANCE DEC. 31, 2015	BALANCE DEC. 31, 2014		BALANCE DEC. 31, 2015	BALANCE DEC. 31, 2014
Housing and Community Development Act of 1974:			Housing & Community Development Act of 1974:		
Cash and Investments - Treasurer	\$ 136,239.86	\$ 40,523.66	Reserve for Commun. Develop. Blk.		
Accounts Receivable	<u>842,482.96</u>	<u>925,096.33</u>	Grant Projects	\$ 978,661.30	\$ 965,619.99
			Due to Current Fund	<u>61.52</u>	
Total Housing and Community Development Act of 1974	<u>978,722.82</u>	<u>965,619.99</u>	Total Housing & Community Development Act of 1974	<u>978,722.82</u>	<u>965,619.99</u>
Self-Insurance Trust Fund:			Self-Insurance Trust Fund:		
Cash and Investments - Treasurer	<u>17,095.23</u>	<u>26,620.96</u>	Reserve for Insurance Claims:		
			Worker's Compensation	<u>17,095.23</u>	<u>26,620.96</u>
Total Self Insurance Trust Fund	<u>17,095.23</u>	<u>26,620.96</u>	Total Self Insurance Trust Fund	<u>17,095.23</u>	<u>26,620.96</u>
HUD Housing Voucher Trust Fund:			HUD Housing Voucher Trust Fund:		
Cash and Investments - Treasurer	<u>461,623.91</u>	<u>455,226.28</u>	Reserve for HUD Housing Voucher Program Expenditures	<u>461,623.91</u>	<u>455,226.28</u>
Total HUD Housing Voucher Trust Fund	<u>461,623.91</u>	<u>455,226.28</u>	Total HUD Housing Voucher Trust Fund	<u>461,623.91</u>	<u>455,226.28</u>
Total Trust Funds	<u>\$ 25,428,959.62</u>	<u>\$ 24,982,638.40</u>	Total Trust Funds	<u>\$ 25,428,959.62</u>	<u>\$ 24,982,638.40</u>

TOWNSHIP OF HAMILTON  
 MERCER COUNTY, NEW JERSEY  
 TRUST ASSESSMENT FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECMEBER 31, 2015

	<u>BUDGET</u> <u>REVENUES</u>	<u>REALIZED</u>
Deficit (General Budget)	<u>\$ 110,000.00</u>	<u>\$ 110,000.00</u>

TOWNSHIP OF HAMILTON  
 MERCER COUNTY, NEW JERSEY  
 TRUST ASSESSMENT FUND  
 STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECMEBER 31, 2015

	<u>BUDGET</u> <u>APPROPRIATION</u>	<u>EXPENDED</u>
Payment of Bond Principal	<u>\$ 110,000.00</u>	<u>\$ 110,000.00</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>ASSETS</u>	BALANCE <u>DEC. 31, 2015</u>	BALANCE <u>DEC. 31, 2014</u>
Cash and Investments - Treasurer	\$ 16,554,638.82	\$ 22,381,360.80
Due from State of NJ DOT	189,581.78	189,581.78
Deferred Charges to Future Taxation:		
Funded	58,673,154.57	48,184,828.55
Unfunded	<u>37,419,915.40</u>	<u>44,523,289.40</u>
	<u>\$ 112,837,290.57</u>	<u>\$ 115,279,060.53</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
General Serial Bonds	\$ 55,385,000.00	\$ 44,577,000.00
Bond Anticipation Notes	22,895,000.00	37,598,658.00
Environmental Infrastructure Loan	2,970,089.77	3,244,380.51
Due to Current Fund	658.00	
Green Trust Project Loan Payable	318,064.80	363,448.04
Reserve for Encumbrances	4,608,386.71	2,289,076.25
Improvement Authorizations:		
Funded	6,758,054.57	2,698,744.64
Unfunded	19,303,988.00	24,040,015.64
Reserve For:		
Capital Improvement Fund	32,699.58	13,536.58
Future Debt Service	562,876.17	451,727.90
Fund Balance	<u>2,472.97</u>	<u>2,472.97</u>
	<u>\$ 112,837,290.57</u>	<u>\$ 115,279,060.53</u>

There were Bonds and Notes Authorized but not Issued for the years ended December 31, 2015 and 2014 in the amounts of \$14,524,915.40 and \$6,924,631.40, respectively.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Balance - December 31, 2015 and 2014	\$ <u>2,472.97</u>
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TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
SEWER UTILITY FUND  
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

ASSETS	BALANCE DEC. 31, 2015	BALANCE DEC. 31, 2014	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2015	BALANCE DEC. 31, 2014
Operating Fund:			Operating Fund:		
Cash and Investments - Treasurer	\$ 8,411,941.40	\$ 8,057,855.64	Liabilities:		
	<u>8,411,941.40</u>	<u>8,057,855.64</u>	Sewer Rents Overpayments	\$ 895.30	\$ 1,544.18
Receivables With Offsetting Reserves:			Prepaid Sewer Rents	1,441,174.24	1,397,633.67
Sewer Rents Receivable	28,720.81	27,658.63	Accounts Payable	59,635.00	
Sewer Rent Liens Receivable	165,984.57	89,411.91	Appropriation Reserves	1,387,063.34	763,103.99
	<u>194,705.38</u>	<u>117,070.54</u>	Reserve for Encumbrances	375,057.01	444,553.85
Deferred Charge:			Reserve for Future Debt Service	538,054.26	1,869,768.17
Overexpenditure of a 2013 Budget Appropriation		110,000.00	Accrued Interest on Bonds & Notes	698,619.04	579,986.21
				<u>4,500,498.19</u>	<u>5,056,590.07</u>
Total Operating Fund	<u>8,606,646.78</u>	<u>8,284,926.18</u>	Reserve for Receivables	194,705.38	117,070.54
Capital Fund:			Fund Balance	3,911,443.21	3,111,265.57
Cash and Investments - Treasurer	22,884,551.46	26,148,015.17	Total Operating Fund	<u>8,606,646.78</u>	<u>8,284,926.18</u>
Account Receivable - State	8,650.65	8,650.65	Capital Fund:		
Fixed Capital	134,005,871.92	129,864,136.06	Serial Bonds	40,364,000.00	42,731,000.00
Fixed Capital - Auth. and Uncompl.	52,996,235.82	50,957,090.70	Bond Anticipation Notes	33,580,000.00	33,580,000.00
			NJ EIT Loan Payable	365,285.06	389,958.59
			Reserve for Encumbrances	2,618,077.95	4,696,552.46
			Improvement Authorizations:		
			Funded	1,695,665.38	1,606,350.98
			Unfunded	24,435,249.07	19,752,552.67
			Reserve for:		
			Capital Improvement Fund	192,775.00	192,775.00
			Deferred Reserve for Amortization		2,307,834.71
			Reserve for Amortization	106,643,551.01	101,720,161.79
			Fund Balance	<u>706.38</u>	<u>706.38</u>
Total Capital Fund	<u>209,895,309.85</u>	<u>206,977,892.58</u>	Total Capital Fund	<u>209,895,309.85</u>	<u>206,977,892.58</u>
Assessment Fund:			Assessment Fund:		
Cash and Investments - Treasurer	467.10	467.10	Fund Balance	467.10	467.10
Total Sewer Assessment Fund	<u>467.10</u>	<u>467.10</u>	Total Sewer Assessment Fund	<u>467.10</u>	<u>467.10</u>
Total Sewer Utility Fund	\$ <u>218,502,423.73</u>	\$ <u>215,263,285.86</u>	Total Sewer Utility Fund	\$ <u>218,502,423.73</u>	\$ <u>215,263,285.86</u>

There were Bonds and Notes Authorized but not Issued for the years ended December 31, 2015 and 2014 in the amounts of \$6,049,271.67 and \$92,271.67, respectively.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES, EXPENDITURES, OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

REVENUE AND OTHER INCOME REALIZED	YEAR 2015	YEAR 2014
Fund Balance Utilized		\$ 700,000.00
Sewer Rents	\$ 15,237,718.91	15,229,019.93
Fees and Permits	908,150.00	902,569.38
Reserve for Future Debt Service	1,644,145.79	
Miscellaneous	346,941.60	378,134.50
Other Credits to Income:		
Unexpended Balance of Appropriation		
Reserves Lapsed	638,675.61	348,735.63
 Total Revenues	<u>18,775,631.91</u>	<u>17,558,459.44</u>
 <u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	12,571,579.00	12,614,512.48
Capital Improvements	250,000.00	250,000.00
Debt Service	4,286,607.27	3,094,487.25
Deferred Charges	110,000.00	
Statutory Expenditures	757,268.00	732,794.56
 Total Expenditures	<u>17,975,454.27</u>	<u>16,691,794.29</u>
 Excess in Revenues Over Expenditures	800,177.64	866,665.15
 <u>FUND BALANCE</u>		
Balance - January 1	<u>3,111,265.57</u>	<u>2,944,600.42</u>
	3,911,443.21	3,811,265.57
Decreased by:		
Utilized in Sewer Operating Budget		<u>700,000.00</u>
 Balance - December 31	<u>\$ 3,911,443.21</u>	<u>\$ 3,111,265.57</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Balance - December 31, 2015 and 2014

\$ 706.38

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

SEWER UTILITY ASSESSMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Balance - December 31, 2015 and 2014	\$ <u>467.10</u>
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TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS</u>
Sewer Rents	\$ 15,231,701.21	\$ 15,237,718.91	\$ 6,017.70
Sewer Connection Fees	800,000.00	908,150.00	108,150.00
Reserve for Debt Service	1,644,145.79	1,644,145.79	
Miscellaneous	<u>300,000.00</u>	<u>346,941.60</u>	<u>46,941.60</u>
	<u>\$ 17,975,847.00</u>	<u>\$ 18,136,956.30</u>	<u>\$ 161,109.30</u>

Analysis of Realized  
Revenues:

Sewer Rents:	
Sewer Rents Receivable	\$ 13,835,143.37
Sewer Rent Liens	4,941.87
Prepaid Sewer Rents	<u>1,397,633.67</u>
	<u>\$ 15,237,718.91</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operating:						
Salaries and Wages	\$ 4,313,289.00	\$ 4,313,289.00	\$ 3,749,235.49		\$ 564,053.51	
Other Expenses	5,305,990.00	5,305,990.00	4,239,715.12	\$ 331,666.28	734,608.60	
Group Insurance Plan for Employees Self-Insurance Program N.J.S.A. 40A:10-1 et seq.	2,531,000.00	2,531,000.00	2,531,000.00			
Other Insurance and Surety Bond Premiums	265,000.00	265,000.00	265,000.00			
	156,300.00	156,300.00	156,300.00			
Capital Improvements:						
Capital Outlay	250,000.00	250,000.00	156,695.03	43,390.73	49,914.24	
Debt Service:						
Payment of Bond Principal	2,183,000.00	2,208,000.00	2,208,000.00			
Interest on Bonds	1,800,000.00	1,775,000.00	1,775,000.00			
Interest on Notes	275,000.00	275,000.00	275,000.00			
EIT Loan Principal	25,000.00	25,000.00	24,673.53			\$ 326.47
EIT Loan Interest	4,000.00	4,000.00	3,933.74			66.26
Deferred Charges:						
Overexpenditure of 2013 Appropriations	110,000.00	110,000.00	110,000.00			
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	431,183.00	431,183.00	431,183.00			
Social Security System (O.A.S.I.)	326,085.00	326,085.00	287,598.01		38,486.99	
Total Sewer Utility Appropriations	\$ <u>17,975,847.00</u>	\$ <u>17,975,847.00</u>	\$ <u>16,213,333.92</u>	\$ <u>375,057.01</u>	\$ <u>1,387,063.34</u>	\$ <u>392.73</u>
Cash Disbursed			\$ 14,049,400.18			
Deferred Charges			110,000.00			
Accrued Interest on Bonds and Notes			<u>2,053,933.74</u>			
			\$ <u>16,213,333.92</u>			

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 1: FORM OF GOVERNMENT

The Township is managed under the Mayor - Council form of government authorized under Plan F of the "Faulkner Act of 1950". This form of government, adopted in 1976 by Township voters, provides for the direct election of the Mayor and five council members for 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 Township Council.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division of Local Government Services (the "Division") requires the financial statements of the Township of Hamilton to be reported separately.

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

B. Description of Funds

The accounting policies of the Township of Hamilton 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 Hamilton 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  
Assessment Trust Fund  
Unemployment Compensation Trust Fund Dedicated  
Law Enforcement Trust Fund, Self-Insurance Trust  
Fund

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

B. Description of Funds (cont'd)

Affordable Housing Fund  
Other Dedicated Funds

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.

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

Governmental Fixed Assets - the Governmental Fixed Asset Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. Infrastructure assets such as roads, sidewalks, etc. are not capitalized. All governmental fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. No depreciation is recorded on governmental fixed assets.

The GASB is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The current format for governmental financial reporting was established in GASB Statement 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments". The minimum requirements for general purpose external financial statements include:

1. Management's Discussion and Analysis
2. Financial Statements:
  - a. Government-wide financial statements
  - b. Fund Financial Statements
  - c. Notes to Financial Statements
3. Required Supplementary Information

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. This structure for external financial reporting 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 basic financial statements required by GAAP.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

C. Basis of Accounting and Measurement Focus

The basis of accounting as prescribed by the Division 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 Management's Discussion and Analysis and government-wide financial statements, which are not presented in the accompanying regulatory basis financial statements prepared in accordance with accounting principles prescribed by the Division. The other more significant differences between the reporting of Fund Financial Statements under GAAP and the regulatory basis 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 and sewer utility consumer charges are recorded with offsetting reserves within the Current 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.

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 sewer 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 "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 refers 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 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 fund (Sewer Utility Fund), on a full accrual basis. Expenditures for the costs of post-employment benefits other than pensions (other post-employment benefits or "OPEB") are recorded in the accounting period in which the payments are made. GAAP requires recognition of the actuarially determined estimated OPEB cost during the employment period of each employee, during which any OPEB benefit is earned.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

C. Basis of Accounting and Measurement Focus (cont'd)

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 Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the Township, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library's financial position and operating results would be incorporated in the Township's financial statements.

Compensated Absences - The Township has adopted a written policy procedure manual which sets forth the terms under which an employee may accumulate earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Township records expenditures for payments of earned and unused vacation and sick leave 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 (Sewer Utility) fund on a full accrual basis.

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 normally requires such property to be recorded only in the government-wide statement of net 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.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

C. Basis of Accounting and Measurement Focus (cont'd)

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. Year end balances of reserved proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of the sales contracts become legally enforceable.

Governmental Fixed Assets - Property and equipment acquired by the Current, Trust and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds, with the exception of equipment acquired by the H.U.D. Housing Assistance Fund which is capitalized. The H.U.D. Housing Assistance Fund does not record depreciation on fixed assets. Property and equipment acquired by the Sewer Utility Fund are accumulated in their respective capital accounts at cost. Detailed records of accumulated capitalized costs, by project and/or location are not maintained. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvement and 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.

Budgets and Budgetary Accounting — an annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditure. Budget amounts presented in the accompanying financial statements represent amounts adopted by the township and approved by the State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

Grants and Awards - The Township receives federal and state grants, awards and financial assistance. The amounts received and expended are reported in the various funds as follows:

Current Fund — Grant, award and assistance programs that support the general operations of the Township, and any program not reported elsewhere.

Trust Fund — Programs for which the Township has received state approval for reporting as dedicated trust funds.

Capital Funds — Programs which represent funding sources for capital projects established by ordinance.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

C. Basis of Accounting and Measurement Focus (cont'd)

Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those investments.

Long-term Debt: The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is disclosed in Note 4 to the financial statements.

Net Pension Liability and Pension Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense

The requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* require governmental entities to record their distributive share of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals and expenses, but do require the disclosure of these amounts. Refer to Note 9 - Pensions and Retirement Plans for these disclosures.

GASBs Implemented in the 2015 Fiscal Year

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* ("GASB No. 68"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* ("GASB No. 71"). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68 concerning the transition provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities. Since the Township does not follow generally accepted accounting principles, the GASBs will not result in a change in the Township's assets, liabilities and contribution requirements. However, they did result in additional note disclosures as required by the GASBs (Refer to Note 9 for additional information).



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

GASBs to be Implemented in Future Fiscal Years

The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015. This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2017. Management has not yet determined the impact of the Statement on the financial statements.

The GASB issued Statement 77, *Tax Abatement Disclosures* in August 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015. Management has not yet determined the impact of the Statement on the financial statements.

Use of Estimates — The preparation of the financial statements requires management of the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data

Comparative data for the prior year has been presented in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Note 3: DEFERRED COMPENSATION PLAN

The Hamilton 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 deferred compensation plans are administered by MetLife, Mass Mutual, and Axa Equitable. The Township does not make any contributions to the plan and the deferred compensation is not available to employees until termination, retirement, death or unforeseeable hardship.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of the Internal Revenue Code Section 457(g), the Township's plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the plan are held in trust, in annuity contracts or custodial accounts.

The plan's assets are not the property of the Township and therefore are not presented in the financial statements.

As of December 31, 2015 and 2014, the amounts held in trust amounted to \$27,556,212.80 and \$27,915,633.67, respectively.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. Summary of Municipal Debt:

	2015	2014
Issued:		
General:		
Bonds and notes	\$ 78,280,000.00	\$ 82,175,658.00
Green trust program loans	318,064.80	363,448.04
Infrastructure loan	2,970,089.77	3,244,380.51
Trust Assessment:		
Bonds and notes	1,083,000.00	1,193,000.00
Sewer Utility:		
Bonds and notes	73,944,000.00	76,311,000.00
Infrastructure loan	365,285.06	389,958.59
Total Debt Issued	156,960,439.63	163,677,445.14
Less:		
Funds temporarily held to pay		
Bonds or Notes:		
General Capital	562,876.17	451,727.90
Sewer Utility - general	538,054.26	1,869,768.17
	1,100,930.43	2,321,496.07
Net Debt Issued	155,859,509.20	161,355,949.07
Authorized but not issued:		
General:		
Bond and notes	14,524,820.40	6,924,536.40
Assessment:		
Bond and notes	95.00	95.00
Sewer Utility:		
Bond and notes	6,049,271.67	92,271.67
Total authorized but not issued	20,574,187.07	7,016,903.07
Net bonds and notes issued and authorized but not issued	\$ 176,433,696.27	\$ 168,372,852.14

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

A. Summary of Municipal Debt (Cont'd): Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2015 and 2014:

General Debt	2015	2014
\$17,425,000 General Improvement Refunding Bonds of 2013, due in annual installments of \$1,470,000 through \$2,050,000 through August 1, 2025, interest at 3.00% through 4.00%.	\$ 17,300,000.00	\$ 17,300,000.00
\$4,630,000 Pension Obligation Refunding Bonds of 2013, due in annual installments of \$405,000 through \$585,000 through August 1, 2023, interest at 1.17% through 3.12%.	3,895,000.00	4,265,000.00
\$28,364,000 General Improvement Refunding Bonds of 2005 final installment of \$1,420,000 was paid on August 1, 2015, interest at 4.125%	-	1,420,000.00
\$17,716,000 General Improvement Bonds of 2010, due in annual installments of \$1,695,000 through \$1,700,000 through February 1, 2022, interest at 3.00% through 3.25%.	11,891,000.00	13,546,000.00
\$8,046,000 General Improvement Bonds of 2014, due in annual installments of \$750,000 through \$900,000 through June 1, 2024, interest at 2.00% through 4.00%.	7,596,000.00	8,046,000.00
\$14,703,000 General Improvement Bonds of 2015 due in annual installments of \$800,000 through \$1,600,000 through June 1, 2025, interest at 2.00% through 4.00%	14,703,000.00	-
	<u>55,385,000.00</u>	<u>44,577,000.00</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

A. Summary of Municipal Debt (Cont'd)

General Debt (Cont'd)

<u>Green Trust Loans</u>	<u>2015</u>	<u>2014</u>
\$115,841.25 Issac Pearson Acq., due in semi-annual installments of \$7,203.38 through March 6, 2022, interest at 2.00%.	\$ 43,701.95	\$ 49,937.60
\$461,600 Veterans Park., due in semi-annual installments of \$28,703.76 through March 6, 2022, interest at 2.00%.	174,142.70	198,990.28
\$265,655 Tyndale Farm Acq., due in semi-annual installments of \$16,519.28 through March 6, 2022, interest at 2.00%.	100,220.15	114,520.16
 <u>New Jersey Environmental Infrastructure Trust</u>		
\$1,435,000 Infrastructure Loan, due in annual installments of \$75,000 through \$110,000 through August 1, 2025 interest at 4.000% to 4.375%	900,000.00	970,000.00
\$4,028,778 Infrastructure Loan, Principal Only- due in semi-annual installments of \$4,408.24 to \$205,928.39 through August 1, 2025.	2,070,089.77	2,274,380.51

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
 NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

A. Summary of Municipal Debt (Cont'd)

General Debt (Cont'd)

	2015	2014
Bond Anticipation Notes, date of original issue August 8, 2014, due date June 10, 2016, interest rate at 1.50%	\$ 22,895,000.00	\$ 22,895,000.00
Bond Anticipation Notes, date of original issue November 20, 2012 paid on June 11, 2015, interest rate of 0.75%	-	14,703,658.00
\$1,523,000 Assessment Bonds of 2010, due in annual installments of \$103,000 through \$110,000 through February 1, 2025, interest at 3.00% through 3.625%.	1,083,000.00	1,193,000.00
Total General Debt	\$ 82,651,154.58	\$ 86,976,486.55

Utility Debt

\$22,815,000 Sewer Utility Bonds of 2005, final installment of \$1,348,000 paid on August 1, 2015, interest at 4.00%	-	1,348,000.00
\$4,320,000 Sewer Utility Refunding Bonds of 2005, final installment of \$255,000 paid on August 1, 2015, interest at 4.00%, with the balance refunded during 2015.	-	3,449,000.00

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
 NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

A. Summary of Municipal Debt (Cont'd)

Utility Debt (Cont'd)

	2015	2014
\$5,142,000 Sewer Utility Bonds of 2010, due in annual installments of \$155,000 through \$290,000 through March 1, 2035, interest at 3.00% through 4.30%	\$ 4,397,000.00	\$ 4,552,000.00
\$16,505,000 Sewer Utility Refunding Bonds of 2013, due in annual installments of \$1,400,000 through \$1,935,000 through Aug 1, 2025, interest at 3.00% through 4.00%.	16,395,000.00	16,395,000.00
\$14,687,000 Sewer Utility Improvement Bonds of 2014, due in annual installments of \$475,000 through \$650,000 through June 1, 2039, interest at 2.00% through 4.00%.	14,362,000.00	14,687,000.00
\$2,300,000 Sewer Utility Improvement Bonds of 2014, due in annual installments of \$125,000 through \$200,000 through June 1, 2028, interest at 2.00% through 4.00%.	2,200,000.00	2,300,000.00
\$3,035,000 Sewer Utility Refunding Series Bonds of 2015 due in annual installments of \$255,000 through \$360,000 through August 1, 2025, interest at 2.00% through 5.00%	3,010,000.00	
Bond Anticipation Notes (Series 2014 C), date of original issue June 11, 2014 due date June 10, 2016, interest rate of 1.50%.	30,380,000.00	30,380,000.00

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
 NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

A. Summary of Municipal Debt (Cont'd)

Utility Debt (Cont'd)

	<u>2015</u>	<u>2014</u>
Bond Anticipation Notes (Series 2014 E), date of original issue June 11, 2014 due date June 10, 2016, interest rate of 1.25%.	\$ 3,200,000.00	\$ 3,200,000.00
\$126,650.65 Infrastructure Loan, due in annual installments of \$5,765.40 through \$8,841.65 through August 1, 2029, interest at 2.28% to 4.16%	99,035.03	104,690.71
\$4,028,778 Infrastructure Loan, Principal Only- due in semi-annual installments of \$19,017.85 through August 1, 2029	<u>266,250.03</u>	<u>285,267.88</u>
Total utility debt	<u>74,309,285.06</u>	<u>76,700,958.59</u>
Total debt issued and outstanding	<u>\$ 156,960,439.64</u>	<u>\$ 163,677,445.14</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

B. Schedule of Annual Debt Service for Principal and Interest for the Bonded Debt Issued and Outstanding

Year	General*		Sewer Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 5,230,000.00	\$ 1,939,429.75	\$ 2,410,000.00	\$ 1,417,662.26	\$ 7,640,000.00	\$ 3,357,092.01
2017	5,965,000.00	1,579,243.90	2,460,000.00	1,341,787.26	8,425,000.00	2,921,031.16
2018	6,115,000.00	1,396,644.61	2,535,000.00	1,261,237.26	8,650,000.00	2,657,881.87
2019	6,285,000.00	1,192,639.45	2,630,000.00	1,170,409.14	8,915,000.00	2,363,048.59
2020	6,460,000.00	974,249.15	2,715,000.00	1,072,996.64	9,175,000.00	2,047,245.79
2021-2025	26,413,000.00	2,040,592.42	15,305,000.00	3,811,430.05	41,718,000.00	5,852,022.47
2026-2030			5,040,000.00	1,701,464.39	5,040,000.00	1,701,464.39
2031-2035			4,672,000.00	880,155.75	4,672,000.00	880,155.75
2036-2039			2,597,000.00	181,632.50	2,597,000.00	181,632.50
	<u>\$ 56,468,000.00</u>	<u>\$ 9,122,799.28</u>	<u>\$ 40,364,000.00</u>	<u>\$ 12,838,775.25</u>	<u>\$ 96,832,000.00</u>	<u>\$ 21,961,574.53</u>

\* The general debt includes the debt of the trust assessment fund.



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

C. Summary of Statutory Debt Condition – Annual Debt Statements

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:

2015

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local school district debt	\$ 37,255,000.00	\$ 37,255,000.00	
Sewer utility debt	80,358,556.73	80,358,556.73	
General debt	<u>97,176,069.97</u>	<u>562,876.17</u>	<u>\$ 96,613,193.80</u>
	<u>\$ 214,789,626.70</u>	<u>\$ 118,176,432.90</u>	<u>\$ 96,613,193.80</u>

Net Debt \$96,613,193.80 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$8,516,370,351.67 equals 1.134%.

Equalized Valuation Basis

2013 Equalized valuation basis of real property	\$	8,404,340,204.00
2014 Equalized valuation basis of real property		8,661,186,874.00
2015 Equalized valuation basis of real property		<u>8,483,583,977.00</u>
 Average Equalization Valuation	 \$	 <u>8,516,370,351.67</u>

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

3 1/2% of Equalized Valuation	\$	298,072,962.31
Net debt		<u>96,613,193.80</u>
 Remaining Borrowing Power	 \$	 <u>201,459,768.51</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

C. Summary of Statutory Debt Condition – Annual Debt Statements (Cont'd.)

2014

	Gross Debt	Deductions	Net Debt
Local school district debt	\$ 40,385,000.00	\$ 40,385,000.00	
Sewer utility debt	76,793,230.26	76,793,230.26	
General debt	93,901,117.95	451,727.90	\$ 93,449,390.05
	\$ 211,079,348.21	\$ 117,629,958.16	\$ 93,449,390.05

Net Debt \$93,449,390.05 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$8,439,319,800.33 equals 1.107%.

Equalized Valuation Basis

2012 Equalized valuation basis of real property	\$ 8,252,432,323.00
2013 Equalized valuation basis of real property	8,404,340,204.00
2014 Equalized valuation basis of real property	8,661,186,874.00
 Average Equalization Valuation	 \$ 8,439,319,800.33

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

3 1/2% of Equalized Valuation	\$ 295,376,193.01
Net debt	93,449,390.05
 Remaining Borrowing Power	 \$ 201,926,802.96

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

D. Loan Agreements:

Loan Agreements – NJ Environment Infrastructure Trust

The Township has entered into a loan financing with the State of New Jersey Department of Environmental Protection Trust. The improvement programs are financed through debt issued by the New Jersey Infrastructure Trust. During the year ended December 31, 2015, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$70,000.00.

Schedule of Annual Debt Service of Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2015.

Calendar Year	NJ Environmental Infrastructure Trust	
	Principal	Interest
2016	\$ 75,000.00	\$ 38,712.50
2017	75,000.00	35,712.50
2018	80,000.00	32,712.50
2019	85,000.00	29,312.50
2020	85,000.00	25,700.00
2021-2025	<u>500,000.00</u>	<u>67,812.52</u>
Total	<u>\$ 900,000.00</u>	<u>\$ 229,962.52</u>

The payment schedules for this loan agreement is set forth in the General Capital section of this report.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

D. Loan Agreements: (Cont'd.)

Loan Agreements – NJ Environmental Infrastructure Trust (Cont'd.)

The Township has entered into a loan financing with the State of New Jersey Department of Environmental Protection Trust. The improvement programs are financed through debt issued by the New Jersey Environmental Infrastructure Trust. During the year ended December 31, 2014, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$204,290.74.

Calendar Year	NJ Environmental Infrastructure Trust Principal Only
2016	\$ 208,321.13
2017	202,825.13
2018	206,489.13
2019	209,420.32
2020	202,802.23
2021-2025	1,040,231.83
	\$ 2,070,089.77

The payment schedules for this loan agreement is set forth in the General Capital Fund section of this report.

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 \$2,970,089.77 has been included in the calculation of the Township's statutory debt condition.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

D. Loan Agreements: (Cont'd.)

Loan Agreements – NJ Environmental Infrastructure Trust (Cont'd.)

The Township has entered into a loan financing with the State of New Jersey Department of Environmental Protection Trust. The improvement programs are financed through debt issued by the New Jersey Environmental Infrastructure Trust. During the year ended December 31, 2015, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$5,655.68.

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2015:

Calendar Year	<u>NJ Environmental Infrastructure Trust</u>	
	Principal	Interest
2016	\$ 5,765.40	\$ 3,444.06
2017	5,896.86	3,312.60
2018	6,048.41	3,161.06
2019	6,214.74	2,994.72
2020	6,398.07	2,811.38
2021-2025	35,343.28	10,704.04
2026-2029	33,368.27	3,469.60
Total	\$ 99,035.03	\$ 29,897.46

The payment schedules for this loan agreement is set forth in the Sewer Utility Capital Fund section of this report.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

D. Loan Agreements: (Cont'd)

Loan Agreements – NJ Environmental Infrastructure Trust (Cont'd)

The Township has entered into a loan financing with the State of New Jersey Department of Environmental Protection Trust. The improvement programs are financed through debt issued by the New Jersey Environmental Infrastructure Trust. During the year ended December 31, 2015, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$19,017.85.

Schedule of Annual Debt Service for Principal Only for the  
 Loan Agreements Issued and Outstanding at December 31, 2015:

Calendar Year	NJ Environmental Infrastructure Trust Principal Only
2016	\$ 19,017.85
2017	19,017.85
2018	19,017.85
2019	19,017.85
2020	19,017.85
2021 - 2025	95,089.25
2026 - 2029	76,071.53
Total	\$ 266,250.03

The payment schedules for this loan agreement is set forth in the Sewer Utility Capital Fund section of this report.

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 \$365,285.06 has been included in the calculation of the Township's statutory debt condition.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

D. Loan Agreements: (Cont'd.)

Loan Agreements – Green Trust Loan

The Township has entered into a loan financing with the State of New Jersey Department of Environmental Protection Trust. The improvement programs are financed through debt issued under the Green Acres Bond Act of 1978. During the year ended December 31, 2015, the Township made payments with respect to the Green Trust Program Loans in the amount of \$45,383.24.

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2015

Calendar Year	Green Trust Loan - Issac Pearson Acquisition	
	Principal	Interest
2016	\$ 6,360.99	\$ 842.39
2017	6,488.84	714.54
2018	6,619.27	584.11
2019	6,752.31	451.07
2020	6,888.03	315.35
2021-22	10,592.51	212.56
Total	\$ <u>43,701.95</u>	\$ <u>3,120.02</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

D. Loan Agreements: (Cont'd.)

Loan Agreements – Veterans Park Extension

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2015

Calendar Year	Green Trust Loan - Veterans Park Extension	
	Principal	Interest
2016	\$ 25,347.03	\$ 3,356.74
2017	25,856.51	2,847.26
2018	26,376.22	2,327.54
2019	26,906.38	1,797.38
2020	27,447.19	1,256.57
2021-22	<u>42,209.37</u>	<u>846.98</u>
Total	<u>\$ 174,142.70</u>	<u>\$ 12,432.47</u>



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
 NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

Loan Agreements – Tyndale Farm Acquisition

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2015

Calendar Year	Green Trust Loan - Tyndale Farm Acquisition	
	Principal	Interest
2016	\$ 14,587.45	\$ 1,931.83
2017	14,880.65	1,638.63
2018	15,179.76	1,339.52
2019	15,484.87	1,034.41
2020	15,796.11	723.17
2021-22	24,291.31	487.44
Total	\$ <u>100,220.15</u>	\$ <u>7,155.00</u>

The payment schedules for these loan agreements are set forth in the General Capital section of this report.

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 \$318,064.80 has been included in the calculation of the Township's statutory debt condition.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

E. Summary of Regulatory Debt Condition - Annual Debt Statements

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:

<u>2015</u>		
Cash Receipts from Fees, Rents, or Other Charges for Year		\$ 18,136,956.30
Deductions:		
Operating and Maintenance Costs	\$ 13,438,847.00	
Debt Service per Sewer Accounts	4,286,607.27	
Total Deductions	<u>17,725,454.27</u>	
Excess in Revenues		<u>\$ 411,502.03</u>
<u>2014</u>		
Cash Receipts from Fees, Rents, or Other Charges for Year		\$ 17,209,723.81
Deductions:		
Operating and Maintenance Costs	\$ 13,347,307.04	
Debt Service per Sewer Accounts	3,094,487.25	
Total Deductions	<u>16,441,794.29</u>	
Excess in Revenues		<u>\$ 767,929.52</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

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

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:

<u>2015</u>	
Excess in Revenues - Cash Basis (D-1)	\$ 800,177.64
Add: Capital Outlay	<u>250,000.00</u>
	\$ 1,050,177.64
Deduct: Other Credits to Income	<u>638,675.61</u>
Excess in Revenues per Debt Statement	<u>\$ 411,502.03</u>
<u>2014</u>	
Excess in Revenues - Cash Basis (D-1)	\$ 866,665.15
Add: Capital Outlay	<u>250,000.00</u>
	\$ 1,116,665.15
Deduct: Other Credits to Income	<u>348,735.63</u>
Excess in Revenues per Debt Statement	<u>\$ 767,929.52</u>

Note 5: GOVERNMENTAL FIXED ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance <u>December 31, 2014</u>	Additions	Deletions	Balance <u>December 31, 2015</u>
Land/Buildings	\$ 83,711,576.00	\$ 643,259.64		\$ 84,354,835.64
Equipment	7,413,591.27	434,945.90	\$ 83,584.42	7,764,952.75
Vehicles	13,505,728.82	1,634,262.50	2,516,548.86	12,623,442.46
	<hr/>			
Total	<u>\$ 104,630,896.09</u>	<u>\$ 2,712,468.04</u>	<u>\$ 2,600,133.28</u>	<u>\$ 104,743,230.85</u>

The Governmental Fixed Asset Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. Infrastructure assets such as roads, sidewalks, etc. are not capitalized. All governmental fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. No depreciation is recorded on governmental fixed assets.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 6: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015 and December 31, 2014 were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, as follows:

	Fund Balance December 31, 2015	Appropriated 2016	Fund Balance December 31, 2014	Appropriated 2015
Current Fund	\$ 7,245,947.11	\$ 4,900,000.00	\$ 6,083,316.90	\$ 3,200,000.00
Sewer Utility Fund	3,911,443.21	1,000,000.00	3,111,265.57	-

Note 7: DEPOSITS AND INVESTMENTS

State statutes set forth deposit requirements and investments that may be purchased by local units and the Township deposits and invests its funds pursuant to its policies and an adopted cash management plan.

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. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of 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. 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.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

At December 31, 2015 and 2014, the cash and cash equivalents and investments of the Township on deposit and on-hand consisted of the following:

	2015	2014
Cash (Demand Accounts)	\$ 85,051,186.11	\$ 93,301,403.45
Change Funds (On-Hand)	2,481.00	2,481.00
 Total	 \$ 85,053,667.11	 \$ 93,303,884.45

Based upon GASB criteria, the Township considers change funds, cash in banks, investments in certificates of deposits and State of New Jersey Cash Management Fund as cash and cash equivalents. At December 31, 2015 and 2014, the carrying amount of the Township's deposits was \$87,674,088.57 and \$94,904,562.44 and the book balance was \$85,053,667.11 and \$93,303,884.45, respectively. Of the bank balances at December 31, 2015 and 2014, \$1,000,000 was covered by Federal Depository Insurance and \$86,674,088.57 and \$93,904,562.44, respectively was covered under the provisions of GUDPA.

At December 31, 2015, the Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate 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, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but no in the depositor-governments 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 in possession of an outside party.
- (b) Concentration of Credit Risk — This is the risk associated with the amount of investments that Township has with any one issuer that exceeds 5 percent or more of its total investments. Investment 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 obligations. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township's investment policy.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

- (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.

As of December 31, 2015, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amounts of the Township's bank balance 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 obligation of the Township or bonds or other obligations of school districts of which the Township is a part and within the school district is located,
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 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.

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

A taxable valuation of real property is prepared by the Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. The County Board of Taxation establishes tax rates to reflect the levy necessary for municipal, local school district, special district and county taxes.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES (CONT'D.)

The provisions of P.L. 1994, C. 72 changed the procedures for State fiscal year billing originally established in P.L. 1991, C. 75. Chapter 72 moves the billing calculation back on a calendar year basis, which permits tax levies to be proved more readily than before.

The formula used to calculate tax bills under P.L. 1994, C. 72 are as follows:

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous years billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January through June 30.

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent. In addition, the law now allows for, and the Township has authorized, the imposition of a penalty of 6% on delinquencies exceeding \$10,000.00 that remain unpaid at the end of a calendar year. If taxes remain delinquent on or after November 11 of the succeeding fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property, and allows the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish property taxes as a lien on real estate as of the first day of the fiscal year of the municipality, even though the full amount due is not known.

As County, School and Special District tax requirements are certified to the County Board of Taxation on a calendar year basis and within a time frame which precludes the certification of a municipal purpose tax certification for the calendar year, the conversion to a fiscal year has necessitated that tax bills be prepared and mailed by the Tax Collector twice annually. The law requires tax bills for the first and second installments to be delivered on or before October 1 of the pre-tax year, and bills for the third and fourth installments to be delivered on or before June 14. The regulatory requirement to deliver tax bills for the first and second installments by October 1 of the pre-tax year requires that these bills utilize assessed valuations from the pre-tax year. As a result, tax bills for the third and fourth installments will also include adjustments to reflect the results of changes in assessed valuations from the pre-tax year to the current tax year.

Accelerated Tax Sale

Commencing with the year ended June 30, 2003 the Township of Hamilton held an accelerated tax sale as allowed by Chapter 99, P.L. 1996. An accelerated tax sale must be held for each subsequent year to keep tax revenues and cash flows consistent from year to year. The tax sale was held on December 16, 2015.

Note 9: PENSION AND RETIREMENT PLANS

Substantially, all Township employees participate in either the Public Employees' Retirement System, Consolidated Police and Firemen's Pension Fund or Police and Firemen's Retirement System. The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments and benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 9: PENSION AND RETIREMENT PLANS (CONT'D.)

maintain separate records for each municipality in the state and, therefore, the actuarial data for the Township is not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, the PERS and PFRS bills the Township annually at an actuarially determined rate for its required contribution. The current rate of required contribution of annual covered payroll is 7.06% for PERS employees and 10.0% for PFRS.

The contribution requirements of plan members and the Township are established and may be amended by the Board of Trustees of respective plans. The Township's contributions to the PERS for the years ended December 31, 2015, 2014 and 2013 were \$3,326,442 \$3,069,014 and \$2,608,894, respectively. The Township's contributions to the PFRS for the years ended December 31, 2015, 2014 and 2013 were \$4,239,760, \$4,187,464 and \$4,381,101, respectively.

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

*Public Employee's Retirement System (PERS)*

At December 31, 2015 and 2014, the Township's liability for its proportionate share of the net pension liability was \$76,795,495 and \$65,246,580, respectively. The net pension liability was measured as of June 30, 2015 and 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and July 1, 2013, which was rolled forward to June 30, 2015 and June 30, 2014, respectively. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the Township's proportion was 0.3421040127 percent, which was a decrease of 0.0063844956 from its proportion measured as of June 30, 2014.

At December 31, 2015, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 8,247,223	
Net difference between projected and actual earnings on pension plan investments		\$ 1,234,724
Difference between expected and actual experience	1,832,071	
Changes in proportion and differences between Township contributions and proportionate share of contributions	97,560	1,014,140
Township contributions subsequent to the measurement date	1,470,589	
	\$ 11,647,443	\$ 2,248,864



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
 NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9: PENSION AND RETIREMENT PLANS (CONTINUED)

\$1,470,589 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	
2016	\$ 1,413,228
2017	1,413,227
2018	1,413,229
2019	2,385,313
2020	1,302,993
	\$ 7,927,990

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.04%
Salary increases	
2012-2021	2.15 - 4.40%
	based on age
Thereafter	3.15 - 5.40%
	based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

*Mortality Rates*

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9: PENSION AND RETIREMENT PLANS (CONTINUED)

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
Core Bonds	1.75%	1.64%
Intermediate-Term Bonds	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debtrex US	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

*Discount Rate*

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 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 average of the last five years of contributions made in relation to the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9: PENSION AND RETIREMENT PLANS (CONTINUED)

*Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate*

The following presents the Township's proportionate share of the net pension liability as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
Township's proportionate share of the net pension liability	\$ 95,447,404	\$ 76,795,495	\$ 61,157,869

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

*Additional Information*

Collective balances at June 30, 2015 are as follows:

Collective deferred outflows of resources	\$ 2,946,265,815
Collective deferred inflows of resources	\$ 360,920,604
Collective net pension liability - Local Group	\$ 22,447,996,119
Township's Proportion	0.3421040127%

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is \$1,472,586,715.

The average of the expected remaining service lives of all plan members is 5.72 and 6.44 years for 2015 and 2014, respectively.

*Police and Firemen's Retirement System (PFRS)*

At December 31, 2015 and 2014, the Township's liability for its proportionate share of the net pension liability was \$94,850,149 and \$69,436,787, respectively. The net pension liability was measured as of June 30, 2015 and 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and July 1, 2013, which was rolled forward to June 30, 2015 and June 30, 2014, respectively. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, the Township's proportion was 0.5694477694 percent, which was an increase of 0.0174453282 from its proportion measured as of June 30, 2014.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9: PENSION AND RETIREMENT PLANS (CONTINUED)

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 17,511,694	
Differences between expected and actual experience		\$ 818,113
Net difference between projected and actual earnings on pension plan investments		1,650,783
Changes in proportion and differences between Township contributions and proportionate share of contributions	1,913,586	1,972,598
Township contributions subsequent to the measurement date	2,314,381	
	\$ 21,739,661	\$ 4,441,494

\$2,314,381 is reported as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31:</b>	
2016	\$ 2,819,010
2017	2,819,011
2018	2,819,012
2019	4,590,459
2020	1,936,294
	\$ 14,983,786

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.04%
Salary increases	
2012-2021	2.60 - 9.48% based on age
Thereafter	3.60 - 10.48% based on age
Investment rate of return	7.90%

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
 NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9: PENSION AND RETIREMENT PLANS (CONTINUED)

*Mortality Rates*

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9: PENSION AND RETIREMENT PLANS (CONTINUED)

*Discount Rate*

The discount rate used to measure the total pension liability was 5.79% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015 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 average of the last five years of contributions made in relation to the last five years of recommended 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 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate*

The following presents the Township's proportionate share of the net pension liability as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	At 1% Decrease (4.79%)	At Current Discount Rate (5.79%)	At 1% Increase (6.79%)
Township's proportionate share of the net pension liability	\$ 125,042,609	\$ 94,850,149	\$ 70,230,896

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Police and Firemen's Retirement System.

*Additional Information*

Collective balances at June 30, 2015 are as follows:

Collective deferred outflows of resources	\$ 3,075,206,294
Collective deferred inflows of resources	\$ 433,559,708
Collective net pension liability - Local Group	\$ 18,117,234,618
Township's Proportion	0.5694477694%

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9: PENSION AND RETIREMENT PLANS (CONTINUED)

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is \$1,619,458,723.

The average of the expected remaining service lives of all plan members is 5.53 and 6.17 years for 2015 and 2014, respectively.

*Special Funding Situation*

Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and the State is treated as a non-employer contributing entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of June 30, 2015 for police and fire is 0.5694477694% and the non-employer contributing entities' contribution for the year ended June 30, 2015 for police and fire was \$432,997. The state's proportionate share of the net pension liability attributable to the Township as of June 30, 2015 is \$8,318,040.

Note 10: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS —  
HEALTH CARE BENEFITS

The Township of Hamilton provides its retirees with health benefits which are fully funded by the Township. These benefits are negotiated for through each bargaining unit's contract. Retirees receive the same type of health insurance coverage that they were receiving prior to retirement. There are currently 934 total participants enrolled in health benefits programs, which are fully funded by the Township. Under GASB Statement #45 the Township is required to report a liability in the notes for payment of health benefits to retirees.

The Township provides health benefits through its group insurance plan to certain retirees and their dependents, as follows:

The former employer assumes the cost if the retired employee meets certain requirements. The Plan Sponsor has agreed to pay retiree coverage if he or she has 25 or more years of continuous service within the Public Employees Retirement Fund of the Police and Fireman's Retirement Fund

At December 31, 2015, approximately 386 retirees and 548 active employees were receiving non-contributory health coverage benefits at an estimated annual cost to the Township of \$13,542,287.00.

This is the fifth year the Township is disclosing its postemployment healthcare plan benefit costs based upon the implementation requirements of GASB Statement 45.

The contribution requirements of plan members and the participating agencies are established and may be amended by the through the collective bargaining process or by action of the Mayor and/or Township Council. 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

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 10: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS —  
 HEALTH CARE BENEFITS (CONTINUED)

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 2015 and 2014, the Township's annual OPEB cost (expense) (GAAP Basis) of \$24,130,000.00 and \$23,580,000.00, respectively were equal to the ARC.

	2015	2014
Net OPB obligation - beginning of year	\$ 97,580,000.00	\$ 82,450,000.00
Annual required contribution (ARC)	25,470,000.00	24,710,000.00
Interest on OPEB obligation	4,390,000.00	3,710,000.00
Adjustment to annual required contribution	(5,730,000.00)	(4,840,000.00)
Less: Contributions	(5,590,000.00)	(8,450,000.00)
 Net OPEB obligation - end of year	 \$ 116,120,000.00	 \$ 97,580,000.00

Under the regulatory basis of accounting utilized by the Township financial statement recognition of the ARC and Net OPEB obligation is not required and these amounts are not reflected in the reported expenditures and liabilities at December 31, 2015.

The funded status of the plan for the Township as of December 31, 2015, is as follows:

	Total
Actuarial accrued liability (AAL)	297,690,000.00
Actuarial value of plan assets	-
 Unfunded actuarial liability (UAAL)	 \$ 297,690,000.00
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 42,000,000.00
UAAL as a percentage of covered payroll	709%

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.



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 10: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS —  
HEALTH CARE BENEFITS (CONTINUED)

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, 2015 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 11: RISK MANAGEMENT

A Garden State Municipal Joint Insurance Fund

On February 1, 2002 the Township joined the Garden State Municipal Joint Insurance Fund. This fund provides for a pooling of self-retained risks of insurable losses, as well as the procurement of cost effective excess insurance coverage.

Summary of Risk Management Program

The GSMJIF Provides the following coverages to its participants:

1. Workers Compensation

The Fund covers regulatory less various members' self-insured retention (SIR). The minimum Fund retention shall be \$500,000.

Employers Liability covers \$15,000,000 less various members SIR. The minimum Fund retention shall be \$250,000.

2. General Liability

The Fund covers \$15,000,000.00 Combined Single Limit (CSL) excess of the funds \$250,000 (subject to annual aggregate limits)

The minimum Fund retention for all general liability coverage shall be \$250,000.

3. Auto Liability

The Fund covers Automobile Liability and Property Damage claims in the Fund's excess General Liability limit except that Automobile Liability claims that penetrate the excess of \$250,000 layer are not subject to an aggregate limit.

The Fund provides PIP limits of NJ Statutory amounts.

The Fund does provide excess Uninsured/Underinsured Motorist Coverage. \$15,000/\$30,000/\$5,000

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 11: RISK MANAGEMENT (CONT'D.)

4. Property

The Fund has purchased property insurance with total limits of \$50,000,000 and boiler and machinery coverage at limits of \$100,000,000, subject to a members' deductible of \$25,000 and a Fund retention of \$25,000.

5. Public Officials Liability ("POL")

The Fund covers \$10,000,000 in the aggregate on an occurrence basis per member municipality for each fund year. Township Retention \$10,000.

6. Employment Practices Liability (EPL)

The Fund covers \$10,000,000 in the aggregate on an occurrence basis per member local unit for each Fund year.

The minimum Fund retention for EPL shall be \$150,000, Township retention \$10,000.00 plus 20%.

The Township's self-insured risk or deductible for coverages provided through the GSMJIF are as follows:

1. Workers Compensation: \$25,000 S.I.R.
2. Liability: \$25,000 S.I.R.
3. Auto: \$1,000 Deductible (Qualified Vehicles Only)

The Garden State Municipal 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 Garden State Municipal Joint Insurance Fund, 900 Route 9 North, Suite 503, Woodbridge, New Jersey, 07095-1003.

B. Pre -2002 Risk Management

Effective for calendar year 1981, in response to rising premiums for traditional risk transfer insurance coverage, the Township instituted a self-insurance risk management program for claims relating to Worker's Compensation, General Liability and Automobile Liability. For loss years 1981 through 1985, the Township obtained reinsurance coverage and umbrella coverage which limited the Township's risk retention to \$100,000 per occurrence and \$375,000 annual aggregate (stop-loss). Based on non-utilization of these coverages, and in response to prohibitive premiums for diminished coverage, the Township dropped these coverages for 1986 and subsequent periods and retains all risks associated with these coverages, The Township re-instituted reinsurance coverage beginning on July 1, 1998. Risk retention was limited to \$100,000 per claim and \$300,000 annual aggregate, in total, up to a maximum of \$5,000,000. The Township engaged an outside claims service bureau to serve as Fund Administrator. Reserves are established by the administrator for estimated benefits and expenses for reported claims.

The Township currently operates a risk management program, which included a significant self-insured risk retention, and had established a Self-Insurance Trust Fund to account for this activity.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 11: RISK MANAGEMENT (CONT'D.)

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 the end of 2015 there were 73 open cases with a reserve amount of \$2,295,198.60.

C. Employee Health Benefits

Effective July 1, 2013 the Township revised its risk management plan for the provision of employee health benefits, by entering into a contract with Amerihealth New Jersey which provides for a risk-transfer to the insurer in exchange for the payment of contractual premiums. Employees are required to contribute a portion of the costs of such insurance.

Note 12: ACCRUED SICK AND VACATION BENEFITS

The Township has adopted a written Policy Procedure Manual, which sets forth the terms under which an employee may accumulate unused benefits. General Policy is as follows:

Sick Leave. Sick leave for permanent employees accumulates at the rate of one and one quarter (1 1/4) days per month. Any amount of sick leave allowance not used in a calendar year shall accumulate to the employee's credit from year to year to be used if and when needed. Employees having accumulated ten or more of their sick days in a given year have the option to be paid five days wages in lieu of carrying over five of their sick days. Upon normal retirement, or death subsequent to filing for retirement, employees are entitled to receive a lump sum payment as supplemental compensation for each full day of earned and unused accumulated sick leave which is credited to him/ her on the effective date of his retirement. Employees who elect a deferred retirement benefit are not eligible for this supplemental compensation payment. Lump sum payments to management employees shall not exceed \$21,000.00.

Vacations - Vacation pay for permanent employees is accumulated in accordance with the approved schedules for his/her 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 (maximum twenty days). An employee who has separated his/her employment shall be entitled in time or in pay to any earned vacation accumulated and not previously used (maximum thirty days for upper-level supervisors and management).

The Personnel Division maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. An estimate of the current cost of such unpaid compensation has been made by the Township in the amount of \$12,862,762.02 and \$12,838,345.31, respectively. This amount represents a full costing of the value of compensated absences payable earned at December 31, 2015 and 2014 respectively, and has not been discounted to reflect the estimated termination payments anticipated by the township. Termination payments are subject to eligibility requirements and payment caps as discussed above. No amounts have been reported as expenditures for any accumulations earned by employees during the current year or any prior periods. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 13: INTERFUNDS

The following Interfund balances remain on the balance sheets at December 31, 2015:

	Interfunds Receivable	Interfunds Payable
Fund:		
Current fund	\$ 719.52	\$ 19,758.80
Grant fund	19,708.00	-
Animal control fund	50.80	-
Trust Fund	-	61.52
General capital fund	-	658.00
Total	\$ 20,478.32	\$ 20,478.32

The interfund receivable in the animal control fund and the correlated interfund payable in the current fund relate to the additional funding needed to cover amounts due to the State per the dog report. The interfund payable in the general capital fund and the correlated interfund receivable in the current fund relate to the payment of BANs that was not covered by the 2015 debt issuance. The interfund payable in the current fund and the correlated interfund receivable in the grant fund relate to Township matching funds for the Municipal Alliance grant. The interfund payable in the trust fund and the correlated interfund receivable in the current fund relate to the CDBG grant.

Note 14: CONTINGENT LIABILITIES

A. Pending or Threatened Litigation

As at the date of this report, 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, automobile and liability insurance policy coverages. As more fully described in Note 11, the Township currently manages its risks through participation in the Garden State Municipal Joint Insurance Fund. For GSMJIF covered claims incurred subsequent to February 1, 2002, there are no claims currently outstanding that are anticipated to exceed the combined coverages provided by the GSMJIF through self-insured retention and excess insurance coverages. The Township provides for its self-insured risk retention on GSMJIF covered claims through an annual budget appropriation.

Of the remaining litigation, there are several pending property tax appeals. The merits of this litigation and its potential effects cannot currently be ascertained.

B. Deferred Health Premiums

Effective July 1, 2013, the Township revised its risk management plan for the provision of employee health benefits, by entering into a contract with Amerihealth New Jersey that provides for a full-transfer of these risks. This contract also provides for a three-month "premium holiday". Accordingly at December 31, 2015 and 2014 the amounts of the premium deferrals were \$3,187,023.00 and \$3,265,124.40, respectively. The deferred premiums are payable upon the non-renewal of the Amerihealth coverage.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

	<u>Balance</u> <u>December 31, 2015</u>	<u>To be Raised in</u> <u>Succeeding Budgets</u>
Current Fund:		
Special Emergency	\$ 1,760,000.00	\$ 1,760,000.00

Note 16: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from December 31, 2015 through September 8, 2016. The effects of those events and transactions, if any, that provide additional pertinent information about conditions that existed at the balance sheet date have been recognized in the accompanying financial statements.

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**APPENDIX C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS**

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## FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Hamilton, in the County of Mercer, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$\_\_\_\_\_ principal amount of its General Improvement Bonds, Series 2017A (the "Series A Bonds") and \$\_\_\_\_\_ principal amount of its Sewer Utility Improvement Bonds, Series 2017B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to various bond ordinances (the "Ordinances") duly adopted by the Township Council of the Issuer (the "Council") and a resolution duly adopted by the Council on \_\_\_\_\_, 2017 (the "Resolution"). The Bonds are dated their date of delivery. The Series A Bonds shall mature on May 15 in the years 2018 through 2028, inclusive, and the Series B Bonds shall mature on May 15 in the years 2018 through 2047, inclusive. The Issuer covenants and agrees as follows:

*Section 1. Purpose of the Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

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

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

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

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

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

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC

Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of the such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"National Repository" shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the SEC as a repository for purposes of the Rule.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" or "Repositories" shall mean each National Repository and each State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Exchange Act, as the same may be amended from time to time.

"SEC Release" shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

"State" shall mean the State of New Jersey.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the SEC. As of the date of this Disclosure Certificate, there is no State Repository.

*Section 3. Provision of Annual Reports.*

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than September 30 of each year, commencing with September 30, 2017 for the fiscal year ending December 31, 2016, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change to MSRB. Any and all items that must be included in the Annual Report

may be incorporated by reference from other information that is available to the public on the MSRB's Internet Web site, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for making available or providing the Annual Report, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A, in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided.

*Section 4.*     Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. The financial information and operating data set forth in the Official Statement dated \_\_\_\_\_, 2017 prepared in connection with the sale of the Bonds.

*Section 5.*     Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

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 security, or others material events affecting the tax status of the Bonds;
7. modifications to rights of Bondholders, if material;
8. Bond Calls, if material and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes.
12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which a disclosure obligation is dependent upon

materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

*Section 6. Termination of Reporting Obligation.* The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

*Section 7. Dissemination Agent.* The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

*Section 8. Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the

accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

*Section 9.* Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

*Section 10.* Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

*Section 11.* Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

*Section 12. Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2017

TOWNSHIP OF HAMILTON, IN THE  
COUNTY OF MERCER, NEW JERSEY

By: \_\_\_\_\_  
Chief Financial Officer

**EXHIBIT A**

**NOTICE TO OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Township of Hamilton, in the County of Mercer, New Jersey

Name of Bond Issue: \$ \_\_\_\_\_ General Improvement Bonds, Series 2017A  
\$ \_\_\_\_\_ Sewer Utility Improvement Bonds, Series 2017B

Date of Issuance: May 24, 2017

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated \_\_\_\_\_, 2017. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

Dated: \_\_\_\_\_, 20\_\_

TOWNSHIP OF HAMILTON, IN THE COUNTY OF MERCER,  
NEW JERSEY

By: \_\_\_\_\_  
Name:  
Title:



**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES**

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## FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Hamilton, in the County of Mercer, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its \$24,736,772 Notes consisting of \$7,600,000 General Improvement Bond Anticipation Notes, Series 2017A (Tax-Exempt) (the "Series 2017A Notes"), \$12,761,476 Sewer Utility Bond Anticipation Notes, Series 2017B (Tax-Exempt) (the "Series 2017B Notes"), \$880,000 Special Emergency Notes, Series 2017C (Tax-Exempt) (the "Series 2017C Notes", and together with the Series 2017A Notes and the Series 2017B Notes, for a total amount of \$21,241,476, the "Tax-Exempt Notes"), \$339,000 General Improvement Bond Anticipation Notes, Series 2017D (Federally Taxable) (the "Series 2017D Notes") and \$3,156,296 Sewer Utility Bond Anticipation Notes, Series 2017E (Federally Taxable) (the "Series 2017E Notes" and together with the Series 2017D Notes, for a total amount of \$3,495,296, the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"). The Notes are being issued pursuant to ordinances duly adopted by the Township Council. The Issuer covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

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

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

"Continuing Disclosure Information" shall mean: (i) any notice required to be filed with the MSRB pursuant to Section 4 hereof; and (ii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Noteholder" shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

"Participating Underwriter" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Exchange Act.

"State" shall mean the State of New Jersey.

### SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence 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 the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the 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-exempt status of the Notes;
7. modifications to rights of Noteholders, if material;
8. Note 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 events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which the disclosure obligation is dependent upon materiality, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

**SECTION 4. Termination of Reporting Obligation.** The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

**SECTION 5. Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any

manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the same manner as for a Listed Event under Section 3(a), and shall include a narrative explanation of the reason for the amendment or waiver.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers,

directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: \_\_\_\_\_, 2017

TOWNSHIP OF HAMILTON, IN THE COUNTY  
OF MERCER, NEW JERSEY

By: \_\_\_\_\_  
John Barrett, Chief Financial Officer

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**APPENDIX E**

**FORM OF BOND COUNSEL OPINION FOR THE BONDS**

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*An opinion in substantially the following form  
will be delivered at Closing, assuming no  
material changes in facts or law.*

\_\_\_\_\_, 2017

Township Council of the  
Township of Hamilton, in the  
County of Mercer, New Jersey

Re: Township of Hamilton, in the County of Mercer, New Jersey  
\$19,773,000 General Improvement Bonds, Series 2017A  
\$22,555,000 Sewer Utility Improvement Bonds, Series 2017B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Hamilton, in the County of Mercer, New Jersey (the "Township") of its \$19,773,000 General Improvement Bonds, Series 2017A (the "Series A Bonds") and \$22,555,000 Sewer Utility Improvement Bonds, Series 2017B (the "Series B Bonds", and together with the Series A Bonds, the "Bonds"). The Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Bonds. The Bonds are registered as to principal and interest, are issued in fully registered form, and are dated the date of delivery, mature on May 15 in the amounts and in each of the years, and bear interest at the rates set forth in the table below:

Year (5/15)	Sewer Utility Improvement Bonds,		<u>Combined</u>	<u>Interest Rate</u>
	<u>General Improvement Bonds, Series 2017A</u>	<u>Series 2017B</u>		
2018	\$1,163,000	\$475,000	\$1,638,000	3.000%
2019	1,165,000	475,000	1,640,000	4.000
2020	1,165,000	475,000	1,640,000	4.000
2021	1,165,000	475,000	1,640,000	5.000
2022	1,165,000	475,000	1,640,000	5.000
2023	2,325,000	525,000	2,850,000	5.000
2024	2,325,000	530,000	2,855,000	5.000
2025	2,325,000	605,000	2,930,000	5.000
2026	2,325,000	940,000	3,265,000	5.000
2027	2,325,000	940,000	3,265,000	5.000
2028	2,325,000	940,000	3,265,000	5.000
2029	-0-	835,000	835,000	5.000
2030	-0-	825,000	825,000	4.000
2031	-0-	830,000	830,000	3.000
2032	-0-	830,000	830,000	3.000
2033	-0-	830,000	830,000	3.000
2034	-0-	825,000	825,000	3.125
2035	-0-	825,000	825,000	3.125
2036	-0-	825,000	825,000	3.250
2037	-0-	825,000	825,000	3.250
2038	-0-	825,000	825,000	3.250
2039	-0-	825,000	825,000	3.250
2040	-0-	825,000	825,000	3.375
2041	-0-	825,000	825,000	3.375
2042	-0-	825,000	825,000	3.500
2043	-0-	825,000	825,000	3.500
2044	-0-	825,000	825,000	3.500
2045	-0-	825,000	825,000	3.500
2046	-0-	825,000	825,000	3.500
2047	-0-	825,000	825,000	3.500

The Bonds will be initially issued in book-entry form only in the form of one certificate for the aggregate principal amount of Bonds of each series maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers.

Individual purchases may be made in the principal amount of \$5,000 or any integral multiple in excess thereof through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the Township Council on April 18, 2017 (the "Resolution") and (i) in the case of the Series A Bonds, Bond Ordinances numbered 2011-016, 2012-031, 2013-046 and 2014-031 (the "General Improvement Ordinances"), and (ii) in the case of the Series B Bonds, Bond Ordinances numbered 2010-031, 2011-015, 2012-030 and 2013-021 (the "Sewer Ordinances", and together with the General Improvement Ordinances, the "Ordinances"). The Series A Bonds are issued for the purpose of financing general improvements and purposes as set forth in the General Improvement Ordinances, and to pay a portion of the costs of issuing the Bonds. The Series B Bonds are issued for the purpose of financing general sewer utility improvement as set forth in the Sewer Ordinances, and to pay a portion of the costs of issuing the Bonds.

The Bonds are subject to optional redemption prior to maturity as provided in the Resolution.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, including (a) copies of the Resolution and the Ordinances; (b) such matters of law, including, *inter alia*, the Act and the Internal Revenue Code of 1986, as amended (the "Code"); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, issued, executed and sold by the Township; the Resolution and the Ordinances have been duly authorized and adopted by the Township; and the Bonds, the Resolution and the Ordinances are legal, valid and binding obligations of the Township enforceable in accordance with their respective terms.

2. Assuming continuing compliance by the Issuer with the provisions of the Code applicable to the Bonds, and subject to certain provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Bonds, interest received by a holder of the Bonds will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed on individuals or corporations. However, interest on the Bonds may become taxable retroactively if

certain requirements under the Code are not complied with. Interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax on such corporations.

3. Under the laws of the State of New Jersey as enacted and construed on the date of original issuance of the Bonds, interest on the Bonds and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.

4. The power and obligation of the Township to pay the Bonds is unlimited, and the Township shall be required to levy *ad valorem* taxes upon all taxable real property within the Township for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 2 and 3 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

GLUCKWALRATH LLP

**APPENDIX F**

**FORM OF BOND COUNSEL OPINION FOR THE NOTES**

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*An opinion in substantially the following form  
will be delivered at Closing, assuming  
no material changes of fact or law.*

\_\_\_\_\_, 2017

Township Council of the  
Township of Hamilton, in the  
County of Mercer, New Jersey

Re: Township of Hamilton, in the County of Mercer, New Jersey  
\$7,600,000 General Improvement Bond Anticipation Notes, Series 2017A  
(Tax-Exempt), \$12,761,476 Sewer Utility Bond Anticipation Notes, Series  
2017B (Tax-Exempt), \$880,000 Special Emergency Notes, Series 2017C  
(Tax-Exempt), \$339,000 General Improvement Bond Anticipation Notes,  
Series 2017D (Federally Taxable) and \$3,156,296 Sewer Utility Bond  
Anticipation Notes, Series 2017E (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Hamilton, in the County of Mercer, New Jersey (the "Issuer") of its \$7,600,000 General Improvement Bond Anticipation Notes, Series 2017A (Tax-Exempt) (the "Series 2017A Notes"), \$12,761,476 Sewer Utility Bond Anticipation Notes, Series 2017B (Tax-Exempt) (the "Series 2017B Notes"), \$880,000 Special Emergency Notes, Series 2017C (Tax-Exempt) (the "Series 2017C Notes", and together with the Series 2017A Notes and the Series 2017B Notes, the "Tax-Exempt Notes"), \$339,000 General Improvement Bond Anticipation Notes, Series 2017D (Federally Taxable) (the "Series 2017D Notes") and \$3,156,296 Sewer Utility Bond Anticipation Notes, Series 2017E (Federally Taxable) (the "Series 2017E Notes", and together with the Series 2017D Notes, the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer

are available to pay the principal of and the interest on the Notes. The Notes are each dated their date of delivery, mature on May 23, 2018 and are not subject to redemption prior to maturity. The Tax-Exempt Notes bear interest at a rate of 2.00% per annum payable at maturity and the Taxable Notes bear interest at a rate of 2.00% per annum payable at maturity.

The Notes will be initially issued in fully registered book-entry form only in the form of one certificate for the aggregate amount of Notes of each series, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Notes. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or more through book-entries on the books and records of DTC and its participants.

The Series 2017A Notes, the Series 2017B Notes, the Series 2017D Notes and the Series 2017E Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Local Bond Law") and, by the following bond ordinances of the Issuer: (i) in the case of the Series 2017A Notes, a bond ordinance numbered 15-020; (ii) in the case of the Series 2017B Notes, bond ordinances numbered 14-030 and 15-019; (iii) in the case of the Series 2017D Notes, bond ordinances numbered 05-049, 09-031 and 10-032; and (iv) in the case of the Series 2017E Notes, a bond ordinance numbered 10-031 (collectively, the "Bond Ordinances"). The Series 2017C Notes are issued under the provisions of the Local Budget Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Local Budget Law" and together with the Local Bond Law, the "Act") together with an Ordinance numbered 14-032 (the "SEN Ordinance" and, collectively with the Bond Ordinances, the "Ordinances") and a resolution of the Issuer adopted by the Issuer on July 15, 2014 (the "Resolution"). The Series 2017A Notes, the Series 2017B Notes, the Series 2017D Notes and the Series 2017E Notes are issued for the purpose of providing funds to refinance capital and sewer utility improvements as described in the Bond Ordinances (collectively, the "Project"). The Project was authorized by the Bond Ordinances. The Series 2017C Notes are issued for the purpose of refinancing a revaluation project as described in the SEN Ordinance (the "SEN Project"). The SEN Project was authorized by the SEN Ordinance and the Resolution.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Notes, including: (a)

copies of the Ordinances and the Resolution; (b) such matters of law, including inter alia, the Act and the Internal Revenue Code of 1986, as amended (the "Code"); and (c) the forms of such other agreements, proceedings, certificates, records, approvals, resolutions, and documents as to various matters with respect to the issuance of the Notes as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the forms of the proceedings and other certifications of public officials to be executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming that the Notes and other documents and certificates are executed and delivered as instructed by us, we are of the opinion that:

1. The Notes have been duly authorized, issued, executed and sold by the Issuer; the Ordinances and the Resolution have been duly authorized and adopted by the Issuer; and the Notes, the Ordinances and the Resolution are legal, valid and binding obligations enforceable in accordance with their respective terms.

2. The power and obligation of the Issuer to pay the Notes is unlimited, and, unless paid from other sources, the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Notes, without limitation as to rate or amount.

3. Assuming continuing compliance by the Issuer with the provisions of the Code applicable to the Tax-Exempt Notes, and subject to certain provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Tax-Exempt Notes, interest received by a holder of the Tax-Exempt Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed on individuals or corporations. Interest on the Tax-Exempt Notes is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax on such corporations. However, interest on the Tax-Exempt Notes may become taxable retroactively if certain requirements under the Code are not complied with.

4. Interest on the Taxable Notes is not excluded from gross income for federal income tax purposes.

Township Council of the  
Township of Hamilton, in the  
County of Mercer, New Jersey  
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5. Under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Notes, interest on the Notes and gain from the sale thereof are excludable from New Jersey gross income under the New Jersey Gross Income Tax Act.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 3, 4 and 5 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Notes.

GLUCKWALRATH LLP