

## OFFICIAL STATEMENT DATED MAY 7, 2019

### NEW ISSUE BOOK-ENTRY ONLY

Rating (Bonds): S&P "AA"  
Rating (Notes): S&P "SP-1+"  
(See "RATINGS" herein)

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

**\$11,156,000**  
**TOWNSHIP OF HAMILTON**  
**IN THE COUNTY OF MERCER, NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
consisting of:  
**\$7,600,000 General Improvement Bonds and**  
**\$3,556,000 Sewer Utility Bonds**  
(Callable)  
AND  
**\$3,112,000**  
**TAXABLE SEWER UTILITY**  
**GENERAL OBLIGATION BONDS, SERIES 2019**  
(Callable)

**Dated:** Date of Delivery  
**Due:** May 15, as shown on the inside front cover

**\$14,081,000**  
**TOWNSHIP OF HAMILTON**  
**IN THE COUNTY OF MERCER, NEW JERSEY**  
**BOND ANTICIPATION NOTES, SERIES 2019A**  
consisting of:  
**\$7,702,000 General Improvement Bond Anticipation Notes and**  
**\$6,379,000 Sewer Utility Bond Anticipation Notes**  
(Non-Callable)  
AND  
**\$320,333**  
**TAXABLE GENERAL IMPROVEMENT**  
**BOND ANTICIPATION NOTES, SERIES 2019B**  
(Non-Callable)

**Dated:** Date of Delivery  
**Due:** May 19, 2020

The \$11,156,000 aggregate principal amount of General Obligation Bonds, Series 2019, of the Township of Hamilton, in the County of Mercer, State of New Jersey (the "Township"), consisting of \$7,600,000 General Improvement Bonds (the "General Improvement Bonds") and \$3,556,000 Sewer Utility Bonds (the "Sewer Utility Bonds" and together with the General Improvement Bonds, the "Tax-Exempt Bonds"); and the \$3,112,000 Taxable Sewer Utility General Obligation Bonds, Series 2019 (the "Taxable Bonds" and together with the Tax-Exempt Bonds, the "Bonds") are 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 \$14,081,000 Bond Anticipation Notes, Series 2019A of the Township consisting of \$7,702,000 General Improvement Bond Anticipation Notes (the "Tax-Exempt General Improvement Notes") and \$6,379,000 Sewer Utility Bond Anticipation Notes (the "Tax-Exempt Sewer Utility Notes" and together with the Tax-Exempt General Improvement Notes, the "Tax-Exempt Notes"); and the \$320,333 Taxable General Improvement Bond Anticipation Notes, Series 2019B (the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"), dated the date of delivery, are 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 Bonds and 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, as shown above, payable semi-annually on May 15 and November 15 of each year, commencing May 15, 2020, at such rates of interest, as shown on the inside front cover page hereof until maturity or earlier redemption. 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, if any. 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, as shown above. Interest on the Notes will be payable at maturity, as shown above. 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 and by a resolution duly adopted by the Township Council as set forth herein. The 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 Tax-Exempt Bonds, along with other available funds of the Township, are being issued to: (i) refund, on a current basis, a tax-exempt portion of the \$38,238,000 notes of the Township, dated May 22, 2018 and maturing May 21, 2019 (the "Prior Notes"); and (ii) pay the costs associated with the issuance of the Tax-Exempt Bonds. The Taxable Bonds are being issued to: (i) refund, on a current basis, a taxable portion of the Prior Notes; and (ii) pay the costs associated with the issuance of the Taxable Bonds.

The Tax-Exempt Notes, along with other available funds of the Township, are being issued to: (i) refund, on a current basis, a tax-exempt 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, are being issued to: (i) refund, on a current basis, a taxable 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, subject to the prior approval of legality by the law firm of Parker McCay P.A., Mount Laurel, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Attorney Michael P. Balint, Esquire, Hamilton, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, has acted as Municipal Advisor to the Township in connection with the issuance of the Bonds and Notes. It is anticipated that the Bonds and Notes in definitive form will be available for delivery, in immediately available funds, through DTC in New York, New York on or about May 20, 2019.

**Underwriter for the Tax-Exempt Bonds**  
**Roosevelt & Cross Inc. and Associates**

**Underwriter for the Taxable Bonds**  
**Baird**

**\$11,156,000 GENERAL OBLIGATION BONDS**  
**consisting of:**  
**\$7,600,000 General Improvement Bonds and**  
**\$3,556,000 Sewer Utility Bonds**  
**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS\***

<u>Year</u>	<u>Tax-Exempt General Improvement Amount</u>	<u>Tax-Exempt Sewer Utility Amount</u>	<u>Total Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2020	\$375,000	\$111,000	\$486,000	2.00%	1.50%	408054W59
2021	605,000	115,000	720,000	2.25	1.55	408054W67
2022	670,000	115,000	785,000	2.25	1.65	408054W75
2023	700,000	120,000	820,000	2.25	1.70	408054W83
2024	750,000	120,000	870,000	2.25	1.75	408054W91
2025	750,000	125,000	875,000	2.25	1.80	408054X25
2026	750,000	130,000	880,000	2.25	1.90	408054X33
2027	750,000	175,000	925,000	2.25	2.00	408054X41
2028	750,000	180,000	930,000	2.25	2.10	408054X58
2029	750,000	200,000	950,000	2.25	2.20	408054X66
2030	750,000	200,000	950,000	2.25	2.35	408054X74
2031	-	210,000	210,000	2.50	2.50	408054X82
2032	-	215,000	215,000	2.50	2.55	408054X90
2033	-	220,000	220,000	3.00	2.60	408054Y24
2034	-	220,000	220,000	3.00	2.70	408054Y32
2035	-	220,000	220,000	3.00	2.75	408054Y40
2036	-	220,000	220,000	3.00	2.80	408054Y57
2037	-	220,000	220,000	3.00	2.90	408054Y65
2038	-	220,000	220,000	3.00	2.95	408054Y73
2039	-	220,000	220,000	3.00	3.00	408054Y81

**\$3,112,000 TAXABLE SEWER UTILITY GENERAL OBLIGATION BONDS, SERIES 2019**

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

<u>Year</u>	<u>Taxable Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2020	\$107,000	3.50%	2.55%	408054T95
2021	105,000	3.50	2.58	408054U28
2022	110,000	3.50	2.60	408054U36
2023	110,000	3.50	2.65	408054U44
2024	115,000	3.50	2.70	408054U51
2025	120,000	3.50	2.75	408054U69
2026	125,000	3.50	2.80	408054U77
2027	130,000	3.50	2.85	408054U85
2028	150,000	3.50	2.90	408054U93
2029	150,000	3.50	3.00	408054V27
2030	165,000	3.50	3.10	408054V35
2031	170,000	3.50	3.20	408054V43
2032	175,000	3.50	3.30	408054V50
2033	190,000	3.50	3.40	408054V68
2034	195,000	3.50	3.50	408054V76
2035	195,000	3.55	3.55	408054V84
2036	200,000	3.60	3.60	408054V92
2037	200,000	3.65	3.65	408054W26
2038	200,000	3.70	3.70	408054W34
2039	200,000	3.75	3.75	408054W42

**\$14,081,000 BOND ANTICIPATION NOTES, SERIES 2019A**

**consisting of:**

**\$7,702,000 General Improvement Bond Anticipation Notes and**  
**\$6,379,000 Sewer Utility Bond Anticipation Notes**

**Interest Rate: 2.50%      Yield: 1.60%      CUSIP\*: 408054Y99**

**\$320,333 TAXABLE GENERAL IMPROVEMENT BOND ANTICIPATION NOTES, SERIES 2019B**

**Interest Rate: 2.789%      Yield: 2.789%**

\* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. 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.

**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**  
Jeffrey Martin - President  
Richard Tighe – Vice President  
Anthony Carabelli, Jr.  
Ralph Mastrangelo  
Ileana Schirmer

**TOWNSHIP ADMINISTRATOR**  
David Kenny

**INTERIM CHIEF FINANCIAL OFFICER**  
Phil Del Turco

**TAX COLLECTOR**  
Danielle Peacock

**TOWNSHIP CLERK**  
Eileen Gore, RMC

**TOWNSHIP ATTORNEY**  
Michael P. Balint, Esq.  
Hamilton, New Jersey

**2017 AUDITOR**  
PKF O'Connor Davies, LLP  
Cranford, New Jersey

**AUDITOR**  
Mercadien, P.C.  
Hamilton, New Jersey

**BOND COUNSEL**  
Parker McCay P.A.  
Mount Laurel, 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 Notes other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the Township. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by any underwriter or, as to information from sources other than itself, by the Township. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

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

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

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

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

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

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

**\$11,156,000  
TOWNSHIP OF HAMILTON  
IN THE COUNTY OF MERCER, NEW JERSEY  
GENERAL OBLIGATION BONDS, SERIES 2019  
consisting of:  
\$7,600,000 General Improvement Bonds and  
\$3,556,000 Sewer Utility Bonds  
(Callable)  
AND  
\$3,112,000  
TAXABLE SEWER UTILITY GENERAL  
OBLIGATION BONDS, SERIES 2019  
(Callable)**

**\$14,081,000  
TOWNSHIP OF HAMILTON  
IN THE COUNTY OF MERCER, NEW JERSEY  
BOND ANTICIPATION NOTES, SERIES 2019A  
consisting of:  
\$7,702,000 General Improvement Bond Anticipation Notes and  
\$6,379,000 Sewer Utility Bond Anticipation Notes  
(Non-Callable)  
AND  
\$320,333  
TAXABLE GENERAL IMPROVEMENT  
BOND ANTICIPATION NOTES, SERIES 2019B  
(Non-Callable)**

**INTRODUCTION**

This Official Statement, including the cover page and Appendices hereto, is to provide certain information relating to the issuance by the Township of Hamilton, County of Mercer, New Jersey ("Township") of its (i) \$11,156,000 aggregate principal amount of General Obligation Bonds, Series 2019 of the Township, consisting of \$7,600,000 General Improvement Bonds (the "Tax-Exempt General Improvement Bonds") and \$3,556,000 Sewer Utility Bonds (the "Tax-Exempt Sewer Utility Bonds" and together with the Tax-Exempt General Improvement Bonds, the "Tax-Exempt Bonds"); (ii) \$3,112,000 Taxable Sewer Utility General Obligation Bonds, Series 2019 (the "Taxable Bonds", and together with the Tax-Exempt Bonds, the "Bonds"); (iii) \$14,081,000 Bond Anticipation Notes, Series 2019A of the Township consisting of \$7,702,000 General Improvement Bond Anticipation Notes (the "Tax-Exempt General Improvement Notes") and \$6,379,000 Sewer Utility Bond Anticipation Notes (the "Tax-Exempt Sewer Utility Notes" and together with the Tax-Exempt General Improvement Notes, the "Tax-Exempt Notes"); and (iv) \$320,333 Taxable General Improvement Bond Anticipation Notes, Series 2019B (the "Taxable Notes" and together with the Tax-Exempt Notes, the "Notes").

**AUTHORIZATION FOR THE BONDS**

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances (as herein described), each duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; (iii) a resolution adopted by the Township Council on April 16, 2019; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May 7, 2019.

**PURPOSE OF THE BONDS**

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

Tax-Exempt Bonds

The Tax-Exempt Bonds, along with available funds of the Township in the amount of \$9,109,952, are being issued to: (i) refund, on a current basis, a \$20,265,952 aggregate principal portion, issued on a tax-exempt basis, of the \$38,238,000 notes of the Township, dated May 22, 2018 and maturing May 21, 2019 (the “Prior Notes”); and (ii) pay the costs associated with the issuance of the Tax-Exempt Bonds.

The improvements to be permanently financed with the proceeds of the Tax-Exempt Bonds include the following:

**General Improvement Bonds, Series 2019A**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount</u></b>
2015-20	Various Capital Improvements	<u>\$7,600,000</u>
<b>Total:</b>		<u>\$7,600,000</u>

**Sewer Utility Bonds, Series 2019B**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount</u></b>
2014-030	Various Sewer Utility Improvements	\$1,890,700
2015-019	Various Sewer Utility Improvements	<u>1,665,300</u>
<b>Total:</b>		<u>\$3,556,000</u>
<b>Total Tax-Exempt Bonds:</b>		<b><u>\$11,156,000</u></b>

Taxable Bonds

The Taxable Bonds are being issued to: (i) refund, on a current basis, a \$3,112,000 aggregate principal portion of the Prior Notes, which were issued on a taxable basis; and (ii) pay the costs associated with the issuance of the Taxable Bonds.

The improvements to be permanently financed with the proceeds of the Taxable Bonds include the following:

**Sewer Utility General Obligation Bonds, Series 2019C**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount</u></b>
2010-031	Various Sewer Utility Improvements	<u>\$3,112,000</u>
<b>Total Taxable Bonds:</b>		<u>\$3,112,000</u>

**PURPOSE OF THE NOTES**

The Notes are being issued to: (i) temporarily finance the costs of various capital improvements and the acquisition of various capital equipment by the repayment at maturity of the principal of certain bond



anticipation notes heretofore issued by the Township; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Notes.

The improvements and items to be financed with the proceeds of the Notes include the following:

Tax-Exempt Notes

The Tax-Exempt Notes, along with other available funds of the Township in the amount of \$440,048, are being issued to: (i) refund, on a current basis, a \$14,521,048 aggregate portion of the Prior Notes, issued on a tax-exempt basis; and (ii) pay the costs associated with the issuance of the Tax-Exempt Notes.

**General Improvement Bond Anticipation Notes**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount</u></b>
2016-22	Various Capital Improvements	<u>\$7,702,000</u>
<b>Sub-Total:</b>		<u>\$7,702,000</u>

**Sewer Utility Bond Anticipation Notes**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount</u></b>
2016-023	Various Sewer Utility Improvements	<u>\$6,379,000</u>
<b>Sub-Total:</b>		<u>\$6,379,000</u>
<b>Total Tax-Exempt Notes:</b>		<u>\$14,081,000</u>

Taxable Notes

The Taxable Notes, along with other available funds of the Township in the amount of \$18,667, are being issued to: (i) refund, on a current basis, a \$339,000 aggregate portion of the Prior Notes, issued on a taxable basis; and (ii) pay the costs associated with the issuance of the Taxable Notes.

**Taxable General Improvement Bond Anticipation Notes, Series 2019B**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount</u></b>
2005-49	Various Capital Improvements	\$300,344
2010-32	Various Capital Improvements	<u>19,989</u>
<b>Total Taxable Notes:</b>		<u>\$320,333</u>

## **DESCRIPTION OF THE BONDS AND NOTES**

### **General**

The Tax-Exempt Bonds, Taxable Bonds, Tax-Exempt Note and Taxable Notes will be issued in the respective aggregate principal amounts as shown on the front cover page hereof. The Bonds and Notes will be dated their date of delivery and bear interest from that date at the interest rates set forth on the inside front cover hereof. Interest on the Bonds is payable semi-annually on May 15 and November 15 (each an "Interest Payment Date" and collectively, "Interest Payment Dates"), commencing May 15, 2020, in each year until maturity or earlier redemption. Interest on the Notes will be payable at maturity, upon presentation and surrender of the Notes, at the offices of the Township.

Individual purchases of the Bonds and Notes may be made in the principal amount of \$5,000, or any integral multiple of \$5,000, and in integral multiples of \$1,000 in excess thereof, or in such amount necessary to issue the principal amount of the Bonds and Notes, through book-entries made on the books and the records of DTC (as hereinafter defined) and its participants. See "BOOK-ENTRY-ONLY SYSTEM" below. The Bonds will mature on May 15 in the years and in the principal amounts all as shown on the inside front cover page of this Official Statement. The Notes will mature as shown on the front cover page of this Official Statement.

The Bonds and Notes will be issued in fully registered book-entry only form without coupons. The principal of the Bonds and Notes will be payable to the registered owners at maturity upon presentation and surrender of the Bonds and Notes at the offices of the Township or its hereafter designated paying agent, if any.

Interest on each Bond shall be payable on each Interest Payment Date of such Bond to the registered owner of record thereof appearing on the registration books kept by the Township for such purpose at the offices of Township or its hereafter designated paying agent, if any, as of the close of business on the first (1<sup>st</sup>) day of the calendar month containing an Interest Payment Date (each a "Record Date").

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

### **Redemption Provisions**

The Tax-Exempt Bonds maturing on and after May 15, 2027 are subject to redemption prior to their stated maturity dates at the option of the Township, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Township shall determine and within any such maturity by lot) on any date on or after May 15, 2026, at a redemption price equal to 100% of the principal amount of Tax-Exempt Bonds to be redeemed, plus accrued interest to the redemption date.

The Taxable Bonds maturing on and after May 15, 2028 are subject to redemption prior to their stated maturity dates at the option of the Township, upon notice as set forth below, as a whole or in part (and, if in part, such maturities as the Township shall determine and within any such maturity by lot) on any date on or

after May 15, 2027, at a redemption price equal to 100% of the principal amount of Taxable Bonds to be redeemed, plus accrued interest to the redemption date.

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

The Notes are not subject to redemption prior to maturity.

### **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 and Notes will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

## SECURITY FOR THE BONDS AND NOTES

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

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

## GENERAL INFORMATION REGARDING THE TOWNSHIP

### General

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

### Financial

Appendix "B" contains certain unaudited financial data of the Township for the Township's fiscal year ending December 31, 2018 and certain audited financial data of the Township for the Township's fiscal year ending December 31, 2017. The unaudited financial data was compiled by PKF O'Connor Davies, LLP, Cranford, New Jersey (the "2017 Auditor") and the audited financial data was extracted from the report prepared by the 2017 Auditor, to the extent and for the period set forth in their report appearing in Appendix "B", and are included herein in reliance upon the authority of such firm. Mercadien, P.C., Hamilton, New Jersey (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 audited financial statements contained in Appendix "B".

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

### Local Bond Law

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

**Debt Limits** - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.50%) of its equalized

valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

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

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

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

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

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

## **Local Fiscal Affairs Law**

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

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

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

The Local Fiscal Affairs Law also requires that the Chief Financial Officer of the local unit file annually with the Director a verified statement of the financial condition of the local unit as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end local units and August 10 for June 30 fiscal year end local units. An extension to the above-referenced February 10<sup>th</sup> deadline was provided by the Division for statements filed in 2019.

### **Local Budget Law**

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

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

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

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

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

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

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



the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, *N.J.S.A.* 40A:4-45-46) in 2010 no longer permit municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2.00%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2.00%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

### **Miscellaneous Revenues**

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

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

### **Real Estate Taxes**

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

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

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

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

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

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

### **Deferral of Current Expenses**

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

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

### **Budget Transfers**

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

### **Capital Budget**

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

### **Related Constitutional and Statutory Provisions**

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

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the

several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

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

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

### **The Municipal Finance Commission**

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

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

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

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

### **Limitation of Remedies Under Federal Bankruptcy Code**

The rights and remedies of the registered owners of the Bonds and Notes are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political

subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

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

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

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

## **TAXATION**

### **Procedure for Assessment and Collection of Taxes**

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

Upon the filing of certified adopted budgets by the Township, the school district within the Township and the County of Mercer ("County"), the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in *N.J.S.A. 54:4-1 et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special district.

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

### **Tax Appeals**

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the New Jersey Board of Taxation ("Tax Board") on or before the first day of April of the current tax year for review. The Tax Board has the authority, after a hearing, to decrease, increase or reject the appeal petition. These adjustments are usually concluded

within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Tax Board, appeal may be made to the State Tax Court. State Tax Court appeals tend to take several years prior to settlement and any losses in tax collection from prior years are charged directly to operations.

## TAX MATTERS

### Federal

#### *Taxable Bonds and Taxable Notes*

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

#### *Tax-Exempt Bonds and Tax-Exempt Notes*

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

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

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

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

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

on the Tax-Exempt Bonds and Tax-Exempt Notes will constitute disqualified income for this purpose. The Code also provides that the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Tax-Exempt Bonds and Tax-Exempt Notes is included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by household income. Section 36B(d) of the Code provides that household income consists of the "modified adjusted gross income" of the taxpayer and certain other individuals. "Modified adjusted gross income" means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Tax-Exempt Bonds and Tax-Exempt Notes.

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

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

### **New Jersey**

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

### **Changes in Federal and State Tax Law**

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

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

## LITIGATION

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

## RATING

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

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

## UNDERWRITING

### Tax-Exempt Bonds

The Tax-Exempt Bonds have been purchased from the Township at a public sale by Roosevelt & Cross, Inc. and Associates (the "Tax-Exempt Bond Underwriter") at a price of \$11,156,000.00.

### Taxable Bonds

The Taxable Bonds have been purchased from the Township at a public sale by Robert W. Baird & Co., Inc. (the "Taxable Bond Underwriter") at a price of \$3,112,000.00.

On April 1, 2019, Baird Financial Corporation, the parent company of Baird, acquired HL Financial Services, LLC, its subsidiaries, affiliates and assigns (collectively "Hilliard Lyons"). As a result of such common control, Baird, Hilliard Lyons and Hilliard Lyons Trust Company are now affiliated. It is expected that Hilliard Lyons will merge with and into Baird later in 2019.

### Tax-Exempt Notes

The Tax-Exempt Notes have been purchased from the Township at a public sale by JP Morgan Securities, LLC (the "Tax-Exempt Note Underwriter") at a price of \$14,203,223.08.

### Taxable Notes

The Taxable Notes have been purchased from the Township at a public sale by the Township of West Windsor, New Jersey (the "Taxable Note Purchaser", and together with the Tax-Exempt Bond

Underwriter, the Taxable Bond Underwriter and Tax-Exempt Note Underwriter, the “Underwriters”) at a price of \$320,333.00.

### **LEGALITY FOR INVESTMENT**

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

### **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the Township with respect to the issuance of the Bonds ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this 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.

### **NO DEFAULT**

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

### **CONTINUING DISCLOSURE**

In accordance with the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule"), the Township has undertaken to file notice of certain enumerated events, as relates to the Bonds and the Tax-Exempt Notes, pursuant to the Continuing Disclosure Agreements, in the forms attached as Appendices “C” and "D" to this Official Statement.

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 the top employers in the Township for its fiscal year ending December 31, 2013, along with the required notice of its failure to file such information. The Township has subsequently filed such operating data and notices. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in June of 2013 to act as Continuing Disclosure Agent.

### **LEGAL MATTERS**

The legality of the Bonds will be subject to the approving legal opinion of Bond Counsel. Such opinion will be printed on or accompany the Bonds and provide, *inter alia*, that the Bonds and Notes are valid and binding obligations of the Township, and the Township has the power and is obligated to levy *ad*



*valorem* taxes upon all the taxable property within the Township without limitation as to rate or amount for the payment of the Bonds and Notes and interest thereon. The enforceability of rights or remedies with respect to the Bonds and Notes may be limited by bankruptcy, insolvency, or other law affecting creditors' rights or remedies heretofore or hereinafter enacted. Certain legal matters will be passed upon for the Township by the Township Attorney.

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

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

#### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to David Kenny, the Township Administrator, Township of Hamilton, at 609-890-3506, or to the Township's Municipal Advisor, Phoenix Advisors, LLC, at 609-291-0130.

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

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

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

**TOWNSHIP OF HAMILTON, NEW JERSEY**

**By: /s/ Phil Del Turco**

**Phil Del Turco, Chief Financial Officer**

**Dated:** May 7, 2019

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**APPENDIX A**

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

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# **CERTAIN ECONOMIC, DEMOGRAPHIC AND OPERATING DATA REGARDING THE TOWNSHIP<sup>1</sup>**

## **Introduction**

The Township of Hamilton (the “Township”), in the County of Mercer (the “County”), New Jersey was formally incorporated in 1842. It is located 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.

## **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.

## **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. All are 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. Currently, there are nine (9) volunteer fire companies in the Township and one (1) volunteer ambulance squad. In December of 2017, the Township Council voted to authorize the consolidation of all nine (9) fire districts into one municipal fire department. The consolidation is still under review and has not been implemented. 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.

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<sup>1</sup> Source: The Township, unless otherwise indicated.

## **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.

## **Labor Force Data**

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2017	50,231	48,237	1,994	4.0%
2016	50,352	48,244	2,108	4.2%
2015	50,429	47,973	2,456	4.9%
2014	49,810	46,871	2,939	5.9%
2013	49,356	45,765	3,591	7.3%
<b><u>County</u></b>				
2017	198,846	190,683	8,163	4.1%
2016	199,400	190,708	8,692	4.4%
2015	198,447	188,505	9,942	5.0%
2014	195,547	184,035	11,512	5.9%
2013	193,679	179,551	14,128	7.3%
<b><u>State</u></b>				
2017	4,518,838	4,309,708	209,123	4.6%
2016	4,530,800	4,305,515	225,262	5.0%
2015	4,537,231	4,274,685	262,531	5.8%
2014	4,527,177	4,221,277	305,900	6.8%
2013	4,548,569	4,173,815	374,738	8.2%

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

## **Income Information**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$73,415	\$77,027	\$76,475
Median Family Income	91,618	98,965	94,337
Per Capita Income	34,257	40,064	39,069

Source: US Bureau of the Census, 2017 American Community Survey 5-Year Estimates

## 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>
2017 Estimate	89,206	0.84%	373,362	1.87%	9,005,644	2.43%
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

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

## Ten Largest Taxpayers

<u>Taxpayers</u>	<u>2018</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
JDN	\$91,276,450	1.07%
PSEG	47,088,600	0.55%
QB Partners	44,002,000	0.52%
Cabot Dr. LLC	39,528,500	0.46%
Bell Atlantic	32,851,468	0.39%
Levin Properties	30,865,500	0.36%
Reckson-Matrix	26,000,000	0.31%
Hamilton Station Apartments	24,588,900	0.29%
Kuser Village	23,369,000	0.27%
Sharbell Hamilton, LLC	<u>23,314,200</u>	<u>0.27%</u>
<b>Total</b>	<u>\$382,884,618</u>	<u>4.50%</u>

Source: Comprehensive Annual Financial Report of the School District

## Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2018	\$8,489,887,260	\$8,901,118,956	95.38%	\$27,164,069	\$8,928,283,025
2017	8,482,718,310	8,741,465,695	97.04	27,366,795	8,768,832,490
2016R	8,445,847,610	8,626,133,807	97.91	27,704,237	8,653,838,044
2015	5,149,535,474	8,483,583,977	60.70	16,005,511	8,499,589,488
2014	5,149,941,715	8,661,186,874	59.46	16,360,925	8,677,547,799

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>
2018	\$78,463,500	\$6,233,102,980	\$20,673,500	\$1,607,280,480	\$204,889,500	\$345,477,300	\$8,489,887,260
2017	79,265,400	6,225,112,730	19,916,500	1,590,421,780	221,089,500	346,912,400	8,482,718,310
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

R: Revaluation  
Source: County of Mercer Abstract of Ratables

**Comparative Tax Rate Information**

<u>Year</u>	<u>Municipal</u>	<u>Library</u>	<u>School</u>	<u>County</u>	<u>Open Space</u>	<u>Total</u>
2018	\$0.789	\$0.034	\$1.357	\$0.612	\$0.026	\$2.818
2017	0.769	0.033	1.320	0.604	0.026	2.752
2016R	0.760	0.034	1.291	0.594	0.025	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

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>
2018	\$0.120	\$0.270	\$0.690	\$0.490	\$0.720	\$0.220	\$0.160	\$0.430	\$0.320
2017	0.110	0.270	0.600	0.470	0.600	0.210	0.150	0.330	0.290
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

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>
2018U	\$268,686,505	\$268,016,809	99.75%
2017	259,244,976	258,350,945	99.66%
2016	253,376,027	252,668,302	99.72%
2015	248,120,112	247,291,629	99.67%
2014	243,532,333	242,947,966	99.76%

U: Unaudited  
Source: Township Audited Financial Statements and 2018 Annual Financial Statement



**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>
2018U	\$3,110,850	\$21,206	\$3,132,056	1.17%
2017	2,939,673	63,065	3,002,738	1.16%
2016	2,818,494	55,674	2,874,168	1.13%
2015	2,969,390	0	2,969,390	1.20%
2014	1,577,199	505,102	2,082,301	0.86%

U: Unaudited

Source: Township Audited Financial Statements and 2018 Annual Financial Statement

**Property Acquired by Tax Title Lien Liquidation**

<u>Year</u>	<u>Amount</u>
2018U	\$367,045
2017	367,045
2016	367,045
2015	367,045
2014	367,045

U: Unaudited

Source: Township Audited Financial Statements and 2018 Annual Financial Statement

**Sewer Collections**

<u>Year</u>	<u>Sewer Levy</u>	<u>Current Year Collection</u>	<u>% of Current Year Collection</u>
2018U	\$16,557,580	\$15,407,732	93.06%
2017	15,255,390	16,105,622	105.57%
2016	15,980,606	15,158,471	100.07%
2015	15,256,183	15,255,120	99.99%
2014	15,212,397	15,223,836	100.08%

U: Unaudited

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>
2018U	\$9,248,842	\$6,600,000
2017	8,217,241	5,100,000
2016	7,592,925	4,500,000
2015	7,245,947	4,500,000
2014	6,083,317	3,200,000

U: Unaudited

Source: Township Audited Financial Statements and 2018 Annual Financial Statement

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

<b><u>Fund Balance - Sewer Utility Operating Fund</u></b>		
	<b>Balance</b>	<b>Utilized in Budget</b>
<b><u>Year</u></b>	<b><u>12/31</u></b>	<b><u>of Succeeding Year</u></b>
2018U	\$1,341,506	\$1,000,000
2017	3,534,267	3,000,000
2016	3,906,109	2,275,000
2015	3,911,443	1,000,000
2014	3,111,266	0

U: Unaudited

Source: Township Audited Financial Statements and 2018 Annual Financial Statement

**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>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019*</u></b>
Fund Balance Utilized	\$3,200,000	\$4,500,000	\$4,500,000	\$5,100,000	\$6,600,000
Miscellaneous Revenues	27,570,554	28,787,562	29,251,811	29,698,142	30,521,916
Receipts from Delinquent Taxes	417,000	200,000	30,000	180,000	180,000
Amount to be Raised by Taxation	<u>66,092,513</u>	<u>67,261,184</u>	<u>68,327,099</u>	<u>70,085,101</u>	<u>69,955,419</u>
Total Revenue:	<u>\$97,280,067</u>	<u>\$100,748,746</u>	<u>\$102,108,910</u>	<u>\$105,063,244</u>	<u>\$107,257,334</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$85,130,624	\$86,637,685	\$86,032,527	\$88,017,370	\$91,030,568
Operations (Excluded from CAPS)	4,170,726	4,439,905	4,677,327	5,094,522	4,585,318
Deferred Charges and Statutory Expenditures	550,000	550,000	550,000	700,000	550,000
Capital Improvement Fund	419,175	410,000	415,000	325,000	125,000
Municipal Debt Service	6,120,100	7,454,850	9,333,766	10,039,682	10,292,078
Reserve for Uncollected Taxes	<u>889,442</u>	<u>1,256,306</u>	<u>1,100,290</u>	<u>886,669</u>	<u>674,371</u>
Total Appropriations:	<u>\$97,280,067</u>	<u>\$100,748,746</u>	<u>\$102,108,910</u>	<u>\$105,063,244</u>	<u>\$107,257,334</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, 2018)**

**General Purpose Debt**

Serial Bonds	\$57,768,000
Bond Anticipation Notes	15,641,000
Bonds and Notes Authorized but Not Issued	21,872,848
Other Bonds, Notes and Loans	<u>2,242,234</u>
Total:	\$97,524,082

**Local School District Debt**

Serial Bonds	\$78,618,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$78,618,000

**Self-Liquidating Debt**

Serial Bonds	\$55,039,000
Bond Anticipation Notes	22,157,000
Bonds and Notes Authorized but Not Issued	11,864,684
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$89,060,684

**TOTAL GROSS DEBT**

**\$265,202,766**

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	78,618,000
Self-Liquidating Debt	<u>89,060,684</u>
Total:	\$167,678,684

**TOTAL NET DEBT**

**\$97,524,082**

Source: Township Annual Debt Statement

**Debt Limit (as of December 31, 2018)**

Average Equalized Valuation Basis (2016, 2017, 2018)	\$8,756,239,486
Permitted Debt Limitation (3 1/2%)	306,468,382
Less: Net Debt	<u>97,524,082</u>
Remaining Borrowing Power	<u>\$208,944,300</u>
Percentage of Net Debt to Average Equalized Valuation	1.114%

Gross Debt Per Capita based on 2010 population of 88,464	\$2,998
Net Debt Per Capita based on 2010 population of 88,464	\$1,102

Source: Township Annual Debt Statement

**Overlapping Debt (as of December 31, 2018)<sup>2</sup>**

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$78,618,000	100.00%	\$78,618,000
County	588,949,762	19.70%	<u>116,017,315</u>
Net Indirect Debt			\$194,635,315
Net Direct Debt			<u>97,524,082</u>
Total Net Direct and Indirect Debt			<u>\$292,159,397</u>

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<sup>2</sup> Township percentage of County debt is based on the Township's share of total equalized valuation in the County.

**APPENDIX B**

**FINANCIAL STATEMENTS OF THE TOWNSHIP**

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**UNAUDITED FINANCIAL DATA OF THE TOWNSHIP  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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**UNAUDITED**

Exhibit - A

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, 2018 AND 2017

ASSETS	BALANCE DEC. 31, 2018	BALANCE DEC. 31, 2017	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2018	BALANCE DEC. 31, 2017
Cash and Investments - Treasurer	\$ 17,421,513.04	\$ 24,746,277.40	Liabilities:		
Cash - Change Fund	3,281.00	2,881.00	Prepaid Taxes	\$ 2,590,737.18	\$ 7,279,203.53
Prepaid School Tax	1,035,070.02	211,898.50	Tax Overpayments	65,296.78	2,813.28
			Accounts Payable	15,477.03	130,744.57
Due from State of N.J. Per Chap. 73, P.L. 1976	<u>259,577.25</u>	<u>282,907.12</u>	Appropriation Reserves	4,292,337.06	4,947,967.10
			Special Emergency Notes Payable	440,000.00	880,000.00
			Due to General Capital	177,712.25	1,498,072.50
			Due to Trust		534,500.00
	<u>18,719,441.31</u>	<u>25,243,964.02</u>	Due to State of New Jersey:		
			State Marriage License Fees	2,975.00	2,800.00
			DCA Training Fees	23,459.00	29,282.00
			Due County for Added Taxes	582,552.37	318,005.06
			Due to Grant Fund		122,547.74
Receivables and Other Assets With Full Reserves:			PILOT Payable	50,471.50	141,560.85
Taxes Receivable	21,206.09	63,064.58	Reserve for Encumbrances	1,291,523.86	1,641,168.87
Tax Title Liens Receivable	3,110,849.78	2,939,673.34	Reserve for 2014 Revaluation Exp	378,057.40	378,057.40
Property Acquired for Taxes at Assessed Value	367,045.00	367,045.00		<u>9,910,599.43</u>	<u>17,906,722.90</u>
Revenue Accounts Receivable	67,188.67	64,890.65			
Other Accounts Receivable					
Due from Library	624.65				
Due from Trust Other Fund	<u>7,341.48</u>				
	<u>3,574,255.67</u>	<u>3,434,673.57</u>			
Deferred Charges:					
Special Emergency Authorization	<u>440,000.00</u>	<u>880,000.00</u>	Reserve for Receivables Fund Balance	3,574,255.67	3,434,673.57
				<u>9,248,841.88</u>	<u>8,217,241.12</u>
Total Regular Fund	<u>22,733,696.98</u>	<u>29,558,637.59</u>	Total Regular Fund	<u>22,733,696.98</u>	<u>29,558,637.59</u>
Grant Fund:			Grant Fund:		
Cash and Investments - Treasurer	1,019,587.05	796,470.64	Reserve for Encumbrances	344,452.32	87,697.23
Due from Current Fund		122,547.74	Reserve for State & Federal Grants:		
State & Federal Grants Receivable	<u>1,708,921.52</u>	<u>1,513,769.73</u>	Appropriated	2,384,056.25	2,211,244.81
			Unappropriated		<u>133,846.07</u>
Total Grant Fund	<u>2,728,508.57</u>	<u>2,432,788.11</u>	Total Grant Fund	<u>2,728,508.57</u>	<u>2,432,788.11</u>
Total Current Fund	<u>\$ 25,462,205.55</u>	<u>\$ 31,991,425.70</u>	Total Current Fund	<u>\$ 25,462,205.55</u>	<u>\$ 31,991,425.70</u>

**UNAUDITED**

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, 2018 AND 2017

<u>REVENUE AND OTHER INCOME</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
Fund Balance Utilized	\$ 5,100,000.00	\$ 4,500,000.00
Miscellaneous Revenues Anticipated	30,774,088.56	30,146,929.73
Receipts from Delinquent Taxes	271,874.91	366,115.73
Receipts from Current Taxes	268,016,627.16	258,350,944.77
Non-Budget Revenue	599,413.51	1,343,077.29
Unexpended Balance of Prior Year Approp. Res. Lapsed	<u>2,703,343.95</u>	<u>2,083,321.59</u>
 Total Revenue and Other Income	 <u>307,465,348.09</u>	 <u>296,790,389.11</u>
 <u>EXPENDITURES</u>		
Budget Appropriations:		
Operations:		
Salaries and Wages	45,088,709.00	44,693,300.00
Other Expenses	38,532,071.55	37,410,236.63
Deferred Charges and Statutory Expenditures	10,323,819.22	9,807,405.00
Capital Improvements	325,000.00	415,000.00
Municipal Debt Service	10,141,588.86	9,324,602.40
Special District Taxes	25,979,746.00	23,762,073.00
County Taxes	54,946,059.59	53,855,199.13
Local District School Taxes	115,534,757.00	112,320,655.00
State Tax Appeals		
Refund of Prior Year Revenue	353,726.17	
Other	103,269.94	70,351.55
Prior Years Senior Citizens/Veterans Deductions	<u>5,000.00</u>	<u>7,250.00</u>
 Total Expenditures	 <u>301,333,747.33</u>	 <u>291,666,072.71</u>
 Excess in Revenues	 6,131,600.76	 5,124,316.40
 <u>FUND BALANCE</u>		
Balance - January 1	<u>8,217,241.12</u>	<u>7,592,924.72</u>
	14,348,841.88	12,717,241.12
Decreased by:		
Utilized as Anticipated Revenue	<u>5,100,000.00</u>	<u>4,500,000.00</u>
Balance - December 31	<u>\$ 9,248,841.88</u>	<u>\$ 8,217,241.12</u>

**UNAUDITED**

Exhibit - A-2  
Page 1 of 4

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	ANTICIPATED		REALIZED	EXCESS (DEFICIT)
	2018 <u>BUDGET</u>	N.J.S.A. <u>40A:4-87</u>		
Surplus Anticipated	\$ <u>5,100,000.00</u>		\$ <u>5,100,000.00</u>	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	90,300.00		97,550.00	\$ 7,250.00
Other	180,000.00		181,611.14	1,611.14
Fees and Permits:				
Other	300,000.00		340,903.27	40,903.27
Fines and Costs:				
Municipal Court	820,000.00		982,120.96	162,120.96
Interest and Costs on Taxes	690,000.00		589,684.52	(100,315.48)
Interest on Investments and Deposits	488,785.13		833,229.63	344,444.50
Cable Franchise Fees	1,330,914.87		1,330,914.87	
Housing, Site and Contractor Fees	830,000.00		977,392.00	147,392.00
Energy Receipts Tax	19,166,830.00		19,166,830.00	
Payments in Lieu of Taxes - Low Cost Housing	223,000.00		356,308.73	133,308.73
Reimbursement for Administrative Service:				
Free Public Library	218,553.25		218,553.25	
Sewer Operating Fund	780,395.00		780,395.00	
Uniform Construction Code Fees	2,100,000.00		2,002,139.00	(97,861.00)
Developers Escrow - Engineering & Planning Staff	200,000.00		218,923.50	18,923.50
Special Items:				
Alcohol Education & Rehab		\$ 13,474.84	13,474.84	
Click It or Ticket Grant		5,500.00	5,500.00	
Dept of Law & Public Safety	4,700.00		4,700.00	
NJDHSS Lead Abatement	46,386.00		46,386.00	
Recycling Tonnage	124,189.17		124,189.17	
Clean Communities		177,004.13	177,004.13	
State DOT Yardville-Hamilton Sq Rd	505,300.00		505,300.00	
Dept of Justice	4,956.90		4,956.90	
Municipal Alliance	78,832.00		78,832.00	

**UNAUDITED**

Exhibit - A-2  
Page 2 of 4

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	ANTICIPATED		REALIZED	EXCESS (DEFICIT)
	2018 <u>BUDGET</u>	N.J.S.A. <u>40A:4-87</u>		
Miscellaneous Revenues (Cont'd.):				
Special Items (cont'd):				
Drunk Driving Enforcement		\$ 8,048.51	\$ 8,048.51	
Justice Assistance		15,288.00	15,288.00	
Justice Assistance		16,792.00	16,792.00	
Distracted Driving		6,600.00	6,600.00	
Septemberfest Sponsorships and Vendor Fees	\$ 50,000.00		55,996.17	\$ 5,996.17
Ecological Facility & Various Leases	135,000.00		160,859.82	25,859.82
HUD Administrative Reimbursements & HCVP	175,000.00		175,000.00	
Housing Inspection Fees				
American Metro - Payment in Lieu of Taxes	475,000.00		566,373.71	91,373.71
Golf Center	90,000.00		89,261.58	(738.42)
Sayen House/Gardens, Kuser Rental Fees	90,000.00		122,478.32	32,478.32
Hotel Fees	350,000.00		370,491.54	20,491.54
Capital Fund - Reserve for Debt Service	150,000.00		150,000.00	
	<u>29,698,142.32</u>	<u>242,707.48</u>	<u>30,774,088.56</u>	<u>833,238.76</u>
Total Miscellaneous Revenues				
Receipts from Delinquent Taxes	180,000.00		271,874.91	91,874.91
	<u>180,000.00</u>		<u>271,874.91</u>	<u>91,874.91</u>
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	67,162,160.42		69,519,792.91	2,357,632.49
Local Tax for Municipal Library	2,922,941.00		2,922,941.00	0.00
	<u>70,085,101.42</u>	<u>0.00</u>	<u>72,442,733.91</u>	<u>2,357,632.49</u>
Total Amount to be Raised By Taxation				
Budget Totals	105,063,243.74	242,707.48	108,588,697.38	3,282,746.16
Non-Budget Revenues	0.00	0.00	599,413.51	599,413.51
	<u>0.00</u>	<u>0.00</u>	<u>599,413.51</u>	<u>599,413.51</u>
	<u>\$ 105,063,243.74</u>	<u>\$ 242,707.48</u>	<u>\$ 109,188,110.89</u>	<u>\$ 3,882,159.67</u>

**UNAUDITED**

Exhibit - A-2  
Page 3 of 4

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

Analysis of Non-Budget Revenues:

Cellular Tower Rentals	\$	72,296.72
Special Event Reimbursements		6,648.96
Recycling		5,056.00
Homestead Rebate Admin Fee		9,472.80
NFS Bad Checks		1,940.00
Tax Office		102,439.83
Other		262,689.99
Wedding Ceremonies		16,250.00
Restitution		1,418.62
Plans/Specifications		3,054.09
Sale of Municipal Assets		<u>118,146.50</u>
	\$	<u><u>599,413.51</u></u>

**UNAUDITED**

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection:		
Revenue from Collection:		
Collections by Cash:		
Year 2018	\$ 259,797,362.95	
Year 2017	7,279,203.53	
Sr. Cit. & Vet. Deduction		
Reimbursement	<u>940,060.68</u>	\$ 268,016,627.16
School, County and Special		
District Taxes		<u>196,460,562.59</u>
		71,556,064.57
Add: Reserve for Uncollected Taxes		<u>886,669.34</u>
		\$ <u>72,442,733.91</u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collection	\$ 65,765.63	
Tax Title Lien Collection	<u>206,109.28</u>	
		\$ <u>271,874.91</u>

**UNAUDITED**

Exhibit - A-3  
Page 1 of 7

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018</u> <u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>EXPENDED</u>		<u>UNEXPENDED</u> <u>BALANCE</u> <u>CANCELLED</u>
				<u>ENCUMBERED</u>	<u>RESERVED</u>	
Operations Within "CAPS"						
<u>GENERAL GOVERNMENT:</u>						
Office of the Mayor						
Salaries and Wages	\$ 364,048.00	\$ 364,048.00	\$ 306,006.89			\$ 58,041.11
Other Expenses	16,904.00	16,904.00	4,341.53	\$ 9,221.39		3,341.08
Township Council						
Salaries and Wages	78,639.00	78,639.00	77,036.54			1,602.46
Other Expenses	26,910.00	26,910.00	14,473.26	136.13		12,300.61
Office of the Municipal Clerk						
Salaries and Wages	288,293.00	288,293.00	270,075.35			18,217.65
Other Expenses	97,000.00	97,000.00	46,348.88	35,199.69		15,451.43
<u>DEPARTMENT OF ADMINISTRATION:</u>						
Business Administrator						
Salaries and Wages	229,473.00	230,473.00	221,316.82			9,156.18
Other Expenses	7,190.00	7,190.00	6,279.47	95.00		815.53
Human Resources						
Salaries and Wages	228,652.00	227,652.00	199,419.75			28,232.25
Other Expenses	9,150.00	9,150.00	5,686.22	697.68		2,766.10
Training	10,000.00	10,000.00	90.00	2,258.86		7,651.14
Division of Budget and Purchasing						
Salaries and Wages	444,585.00	444,585.00	426,344.93			18,240.07
Other Expenses	26,488.00	26,488.00	19,535.29	2,735.84		4,216.87
Postage Costs	135,000.00	135,000.00	132,734.73	763.32		1,501.95
<u>DEPARTMENT OF FINANCE:</u>						
Financial Administration:						
Salaries and Wages	384,435.00	377,435.00	348,592.29			28,842.71
Other Expenses	233,570.00	233,570.00	191,135.17	269.50		42,165.33
Annual Audit	65,871.00	65,871.00	51,072.00			14,799.00
Division of Assessments						
Salaries and Wages	404,922.00	411,922.00	382,061.34			29,860.66
Other Expenses	96,610.00	116,610.00	92,344.41	15,166.58		9,099.01
Division of Revenue Collection						
Salaries and Wages	438,436.00	438,436.00	419,853.15			18,582.85
Other Expenses	103,600.00	103,600.00	82,045.95	582.08		20,971.97

UNAUDITED

Exhibit - A-3  
Page 2 of 7

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>DEPARTMENT OF LAW:</u>						
Legal Services						
Salaries and Wages	\$ 357,998.00	\$ 357,998.00	\$ 342,704.92		\$ 15,293.08	
Other Expenses	107,050.00	107,050.00	41,609.14	\$ 11,480.87	53,959.99	
Municipal Prosecutor						
Salaries and Wages	86,873.00	86,873.00	83,211.50		3,661.50	
Municipal Court						
Salaries and Wages	1,183,809.00	1,134,734.00	946,795.39		187,938.61	
Other Expenses	113,248.00	113,248.00	80,712.71	6,343.80	26,191.49	
Public Defender						
Salaries and Wages	1.00	29,076.00	25,735.34		3,340.66	
<u>DEPARTMENT OF ENGINEERING, PLANNING AND INSPECTIONS:</u>						
Division of Engineering						
Salaries and Wages	590,957.00	590,957.00	545,559.50		45,397.50	
Other Expenses	175,239.00	175,239.00	47,500.06	117,877.98	9,860.96	
Community Planning & Compliance						
Salaries and Wages	579,669.00	579,669.00	551,201.72		28,467.28	
Other Expenses	11,980.00	11,980.00	5,360.38		6,619.62	
Zoning Board						
Salaries and Wages	108,728.00	108,828.00	105,013.50		3,814.50	
Other Expenses	450.00	450.00	180.00	186.28	83.72	
Affordable Housing						
Salaries and Wages	253,644.00	253,644.00	82,044.04		171,599.96	
Office on Housing Inspe						
Salaries and Wages	386,412.00	386,312.00	361,037.03		25,274.97	
Other Expenses	20,640.00	20,640.00	16,215.56	1,250.00	3,174.44	
Uniform Construction Code						
Salaries and Wages	1,443,392.00	1,443,392.00	1,285,510.93		157,881.07	
Other Expenses	662,964.00	662,964.00	645,818.16	3,243.46	13,902.38	
<u>DEPARTMENT OF ECONOMIC DEVELOPMENT</u>						
Salaries and Wages	434,458.00	434,458.00	364,986.49		69,471.51	
Other Expenses	278,067.00	278,067.00	180,394.75	74,884.35	22,787.90	
<u>DEPARTMENT OF PUBLIC SAFETY:</u>						
Police Division						
Salaries and Wages	22,343,802.00	22,049,802.00	21,073,547.66		976,254.34	
Other Expenses	998,371.00	998,371.00	723,130.79	152,842.58	122,397.63	
Purchase of Police Vehciles	103,000.00	103,000.00	(15,282.50)	117,701.54	580.96	
Office of Emergency Management						
Other Expenses	44,313.00	44,313.00	20,409.93	22,730.89	1,172.18	



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TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	
Operations Within "CAPS" (Cont'd.)					
<u>DEPARTMENT OF PUBLIC WORKS:</u>					
Public Works					
Salaries and Wages	\$ 4,175,121.00	\$ 4,365,121.00	\$ 4,105,808.62		\$ 259,312.38
Other Expenses	881,849.00	881,849.00	802,938.06	\$ 26,018.37	52,892.57
Other Public Works Functions					
Salaries and Wages	97,530.00	97,530.00	91,166.50		6,363.50
Other Expenses	18,530.00	18,530.00	8,611.12	871.00	9,047.88
Division of Buildings and Grounds					
Salaries and Wages	2,118,693.00	2,068,693.00	1,954,054.25		114,638.75
Other Expenses	476,014.00	476,014.00	426,244.85	45,601.32	4,167.83
Solid Waste Collection & Recycling					
Salaries and Wages	113,400.00	113,400.00	99,936.91		13,463.09
Other Expenses	3,854,000.00	3,979,000.00	3,727,016.65	90,433.92	161,549.43
Maintenance of Motor Vehicles					
Salaries and Wages	1,199,560.00	1,199,560.00	1,062,424.96		137,135.04
Other Expenses	604,628.00	604,628.00	537,095.42	50,671.00	16,861.58
Landfill/Solid Waste Disposal Costs	5,300,000.00	5,300,000.00	4,955,020.11	316,541.99	28,437.90
Maintenance of Parks					
Salaries and Wages	2,924,447.00	2,609,447.00	2,454,825.11		154,621.89
Other Expenses	367,179.00	367,179.00	250,283.76	58,497.40	58,397.84
Division of Citizen Response					
Salaries and Wages	240,724.00	240,724.00	224,755.11		15,968.89
Other Expenses	2,926.00	2,926.00	1,745.89	114.48	1,065.63
<u>DEPARTMENT OF HEALTH, RECREATION AND WELFARE:</u>					
Public Health Services					
Salaries and Wages	821,974.00	821,974.00	758,278.96		63,695.04
Other Expenses	201,574.00	201,574.00	94,817.36	68,438.07	38,318.57
Environmental Health Services					
Salaries and Wages	453,966.00	453,966.00	404,337.45		49,628.55
Other Expenses	16,814.00	16,814.00	10,349.98	690.00	5,774.02
Animal Control Services					
Salaries and Wages	406,216.00	406,216.00	386,924.25		19,291.75
Other Expenses	140,750.00	140,750.00	93,629.70	10,881.37	36,238.93
Division of Recreation					
Salaries and Wages	457,797.00	457,797.00	326,906.68		130,890.32
Other Expenses	454,281.00	454,281.00	392,107.23	10,075.64	52,098.13

UNAUDITED

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TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
DEPARTMENT OF HEALTH, RECREATION AND WELFARE (CONT'D.):						
Office of Sr. Citizens Programs						
Salaries and Wages	\$ 446,176.00	\$ 446,176.00	\$ 410,154.14		\$ 36,021.86	
Other Expenses	140,665.00	140,665.00	103,328.79	\$ 6,310.62	31,025.59	
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	2,200.00	2,200.00	2,114.64		85.36	
Zoning Board of Adjustment						
Other Expenses	38,000.00	38,000.00	13,481.40	355.85	24,162.75	
Economic Development Commission						
Salaries and Wages	1,000.00	1,000.00	1,000.00			
Other Expenses	2,700.00	2,700.00	2,434.48	265.52		
Planning Board						
Other Expenses	38,932.00	38,932.00	16,745.83	624.10	21,562.07	
Board of Public Officers						
Salaries and Wages	400.00	400.00	250.00		150.00	
Other Expenses	100.00	100.00			100.00	
Municipal Alliance						
Salaries and Wages	450.00	450.00	200.00		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	30,000.00	10,000.00		
Cultural and Arts Commission						
Salaries and Wages	150.00	150.00			150.00	
Other Expenses	850.00	850.00			850.00	
Construction Board of Appeals						
Salaries and Wages						
Other Expenses						
Neighborhood Service Center - Contributions	10,000.00	10,000.00	10,000.00			
Redevelopment Board						
Salaries and Wages	250.00	250.00	75.00		175.00	
Other Expenses	4,580.00	4,580.00			4,580.00	
Shade Tree Commission						
Salaries and Wages	450.00	450.00	350.00		100.00	
Other Expenses	300.00	300.00	273.49		26.51	
Parks and Recreation Commission						
Salaries and Wages	100.00	100.00	25.00		75.00	

UNAUDITED

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TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>SEPARATE BOARDS AND AGENCIES (CONT'D.):</u>						
Rent Leveling Board						
Salaries and Wages	\$ 700.00	\$ 700.00	\$ 700.00			
Other Expenses	50.00	50.00			\$ 50.00	
Public Safety Commission						
Salaries and Wages	200.00	200.00			200.00	
Special Needs Commission						
Salaries and Wages	600.00	600.00			600.00	
Other Expenses	200.00	200.00			200.00	
<u>UNCLASSIFIED PURPOSES:</u>						
Aid to Board of Fire Commissioners	15,000.00	15,000.00	15,000.00			
Utility Expense and Bulk Purchase	2,823,509.00	3,073,509.00	3,047,549.69	19,465.39	6,493.92	
Retirement Payouts	250,000.00	250,000.00	193,986.63		56,013.37	
Payments to Fire Districts	29,102.00	29,102.00	29,102.00			
Other Insurance General Liability	676,068.00	676,068.00	676,068.00			
Group Insurance	12,690,312.00	12,690,312.00	12,690,312.00			
Self Insurance	1,241,047.00	1,241,047.00	1,241,047.00			
Condominium Services Act	60,000.00	60,000.00			60,000.00	
Total Operations Within "CAPS"	<u>77,843,551.00</u>	<u>77,749,551.00</u>	<u>72,490,313.99</u>	<u>1,291,523.86</u>	<u>3,967,713.15</u>	
<u>DETAIL:</u>						
Salaries and Wages	44,341,830.00	43,852,830.00	40,894,914.65		2,957,915.35	
Other Expenses	<u>33,501,721.00</u>	<u>33,896,721.00</u>	<u>31,595,399.34</u>	<u>1,291,523.86</u>	<u>1,009,797.80</u>	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":</u>						
<u>Statutory Expenditures:</u>						
<u>Contributions to:</u>						
Public Employees Retirement System	2,910,852.22	2,910,852.22	2,910,852.22			
Social Security System (O.A.S.I.)	2,210,452.00	2,210,452.00	2,004,460.77		205,991.23	
DCRP	24,360.00	24,360.00	4,458.59		19,901.41	
Police and Firemen's Retirement Sys. of NJ	<u>5,028,155.00</u>	<u>5,028,155.00</u>	<u>5,028,155.00</u>			
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	<u>10,173,819.22</u>	<u>10,173,819.22</u>	<u>9,947,926.58</u>		<u>225,892.64</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>88,017,370.22</u>	<u>87,923,370.22</u>	<u>82,438,240.57</u>	<u>1,291,523.86</u>	<u>4,193,605.79</u>	

UNAUDITED

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>Operations Excluded from "CAPS"</u>						
Maintenance of Free Public Library	\$2,922,941.00	\$2,922,941.00	\$2,922,941.00			
Police Dispatch/911						
Salaries and Wages	1,141,879.00	1,235,879.00	1,177,090.58		\$ 58,788.42	
Other Expenses	111,650.00	111,650.00	106,999.15		4,650.85	
Supplemental Fire Services Program	98,688.00	98,688.00	98,688.00			
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		13,474.84	13,474.84			
NJDHSS Lead Abatement	46,386.00	46,386.00	46,386.00			
Click It or Ticket Grant		5,500.00	5,500.00			
Clean Communities		177,004.13	177,004.13			
State DOT Yardville Hamilton Square Road	505,300.00	505,300.00	505,300.00			
Distracted Driving		6,600.00	6,600.00			
Municipal Alliance	78,832.00	78,832.00	78,832.00			
Div of Law & Public Safety	4,700.00	4,700.00	4,700.00			
Dept of Justice	4,956.90	4,956.90	4,956.90			
Justice Assistance		15,288.00	15,288.00			
Justice Assistance		16,792.00	16,792.00			
Drunk Driving Enforcement Grant		8,048.51	8,048.51			
Recycling Tonnage	124,189.17	124,189.17	124,189.17			
Mathing Funds for Historical Society	30,000.00	30,000.00			30,000.00	
Matching Funds for Municipal Alliance	19,708.00	19,708.00	19,708.00			
Matching Funds for Grants	5,292.00	5,292.00			5,292.00	
Total Operations Excluded from "CAPS"	<u>5,534,522.07</u>	<u>5,871,229.55</u>	<u>5,772,498.28</u>	<u>0.00</u>	<u>98,731.27</u>	
DETAIL:						
Salaries and Wages	1,141,879.00	1,235,879.00	1,177,090.58		58,788.42	
Other Expenses	<u>4,392,643.07</u>	<u>4,635,350.55</u>	<u>4,595,407.70</u>		<u>39,942.85</u>	

UNAUDITED

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TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	\$ 325,000.00	\$ 325,000.00	\$ 325,000.00			
Total Capital Improvements Excluded from "CAPS"	<u>325,000.00</u>	<u>325,000.00</u>	<u>325,000.00</u>			
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	7,278,000.00	7,278,000.00	7,278,000.00			
Interest on Bonds	2,294,730.86	2,294,730.86	2,294,730.86			
Interest on Notes	158,340.00	158,340.00	158,340.00			
Special Emergency Note Interest	17,552.00	17,552.00	17,552.00			
Special Assessment Interest	28,379.00	28,379.00	28,379.00			
Green Trust Loan Program						
Payment of Principal	48,175.25	48,175.25	48,175.25			
Payment of Interest	5,300.00	5,300.00	4,251.17			\$ 1,048.83
NJEITF:						
Payment of Principal	286,490.00	286,490.00	286,489.13			0.87
Payment of Interest	<u>32,715.00</u>	<u>32,715.00</u>	<u>25,671.45</u>			<u>7,043.55</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>10,149,682.11</u>	<u>10,149,682.11</u>	<u>10,141,588.86</u>			<u>8,093.25</u>
<u>DEFERRED CHARGES EXCLUDED FROM "CAPS"</u>						
Deferred Charges Other Fund	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00			
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>150,000.00</u>	<u>150,000.00</u>	<u>150,000.00</u>			
Total General Appropriations for Municipal Excluded from "CAPS"	<u>16,159,204.18</u>	<u>16,495,911.66</u>	<u>16,389,087.14</u>		\$ 98,731.27	<u>8,093.25</u>
Subtotal General Appropriations	104,176,574.40	104,419,281.88	98,827,327.71	\$ 1,291,523.86	4,292,337.06	8,093.25
Reserve for Uncollected Taxes	<u>886,669.34</u>	<u>886,669.34</u>	<u>886,669.34</u>			-
Total General Appropriations	<u>\$ 105,063,243.74</u>	<u>\$ 105,305,951.22</u>	<u>\$ 99,713,997.05</u>	<u>\$ 1,291,523.86</u>	<u>\$ 4,292,337.06</u>	<u>\$ 8,093.25</u>
Adopted Budget		\$ 105,063,243.74				
Appropriated N.J.S.A. 40A:4-87		<u>242,707.48</u>				
		<u>\$ 105,305,951.22</u>				
Cash Disbursed			\$ 97,765,256.16			
State & Federal Grants Appropriated			1,062,071.55			
Reserve for Uncollected Taxes			<u>886,669.34</u>			
			<u>\$ 99,713,997.05</u>			

See accompanying notes to the financial statements

**UNAUDITED**

Exhibit - B  
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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, 2018 AND 2017

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2017</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2017</u>
Trust Assessment Fund:			Trust Assessment Fund:		
Cash and Investments - Treasurer	\$ 382,957.95	\$ 316,171.95	Prepaid Assessments	\$ 9,332.15	\$ 9,332.15
Assessments Receivable	828,331.88	895,117.88	Reserve for Assessments, Liens and		
Assessment Lien, Interest & Costs	899.49	899.49	Assessment Lien Interest and Costs	2,716,928.67	2,606,928.67
Prospective Assessments Funded	<u>2,267,073.50</u>	<u>2,267,073.50</u>	Serial Bonds Payable	753,000.00	863,000.00
			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	96,883.40	88,341.81	Reserve for Animal Control	68,065.78	83,210.02
Due from State of NJ	10.60		Escrow	5,937.00	4,782.00
			Reserve for Encumbrances	22,891.22	349.79
Total Animal Control Trust Fund	<u>96,894.00</u>	<u>88,341.81</u>	Total Animal Control Trust Fund	<u>96,894.00</u>	<u>88,341.81</u>
Trust-Other Fund:			Trust-Other Fund:		
Cash and Investments - Treasurer	21,836,622.36	23,776,629.75	Reserve for Encumbrances	248,038.22	305,760.96
Due from Current Fund	<u>21,836,622.36</u>	<u>534,500.00</u>	Escrow Funds	7,193,092.13	7,456,800.50
			Performance Guarantees	1,305,235.05	1,305,235.05
			Due to Current Fund	7,341.48	
			Deposits for Tax Sale Redemp./Premiums	3,353,014.42	3,838,765.44
			Utilities Trust Reserve	208,265.64	40,195.69
			Developers Escrow	1,117,989.48	1,130,024.58
			Dedicated Law Enfor. Trust Fund	18,064.67	52,426.57
			Affordable Housing	5,196,491.35	6,148,724.44
			Flexible Spending Account	24,568.65	25,917.13
			Unemployment Trust	100,143.08	92,974.75
			Insurance Trust Reserve	816,884.30	1,843,681.31
			Off-Duty Police	1,473,036.75	1,010,768.32
			Storm Recovery	268,604.64	413,451.98
			Payroll Deductions Payable	505,752.50	486,403.03
			Green Trust Reserve	100.00	
			Due to General Capital Fund		<u>160,000.00</u>
Total Trust-Other Fund	<u>\$ 21,836,622.36</u>	<u>\$ 24,311,129.75</u>	Total Trust-Other Fund	<u>\$ 21,836,622.36</u>	<u>\$ 24,311,129.75</u>

**UNAUDITED**

Exhibit - B  
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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, 2017 AND 2016

	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>		<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Housing and Community Development Act of 1974:			Housing & Community Development Act of 1974:		
Cash and Investments - Treasurer	\$ 86,098.72	\$ 50,761.88	Reserve for Commun. Develop. Blk. Grant Projects	\$ 1,034,253.54	\$ 915,850.56
Accounts Receivable	<u>948,154.82</u>	<u>865,088.68</u>			
Total Housing and Community Development Act of 1974	<u>1,034,253.54</u>	<u>915,850.56</u>	Total Housing & Community Development Act of 1974	<u>1,034,253.54</u>	<u>915,850.56</u>
Self-Insurance Trust Fund:			Self-Insurance Trust Fund:		
Cash and Investments - Treasurer	<u>23,379.65</u>	<u>7,720.12</u>	Reserve for Insurance Claims: Worker's Compensation	<u>23,379.65</u>	<u>7,720.12</u>
Total Self Insurance Trust Fund	<u>23,379.65</u>	<u>7,720.12</u>	Total Self Insurance Trust Fund	<u>23,379.65</u>	<u>7,720.12</u>
HUD Housing Voucher Trust Fund:			HUD Housing Voucher Trust Fund:		
Cash and Investments - Treasurer	403,439.41	350,721.30	Reserve for HUD Housing Voucher Program Expenditures	401,986.41	349,268.30
Accounts Receivable			Accounts Payable	1,453.00	1,453.00
Total HUD Housing Voucher Trust Fund	<u>403,439.41</u>	<u>350,721.30</u>	Total HUD Housing Voucher Trust Fund	<u>403,439.41</u>	<u>350,721.30</u>
Total Trust Funds	\$ <u>26,873,851.78</u>	\$ <u>29,153,026.36</u>	Total Trust Funds	\$ <u>26,873,851.78</u>	\$ <u>29,153,026.36</u>

**UNAUDITED**

Exhibit - B-1

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
TRUST ASSESSMENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Exhibit - B-2

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
TRUST ASSESSMENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

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



**UNAUDITED**

Exhibit - C

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, 2018 AND 2017

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2017</u>
Cash and Investments - Treasurer	\$ 19,763,838.47	\$ 12,361,120.07
Due from State of NJ DOT	494,581.78	189,581.78
Due from County of Mercer	157,500.00	157,500.00
Due from Trust Other Fund		160,000.00
Due from Current Fund	177,712.25	1,498,072.50
Deferred Charges to Future Taxation:		
Funded	59,257,233.75	66,759,898.13
Unfunded	<u>37,513,848.40</u>	<u>31,963,848.40</u>
	<u>\$ 117,364,714.65</u>	<u>\$ 113,090,020.88</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
General Serial Bonds	\$ 57,015,000.00	\$ 64,183,000.00
Bond Anticipation Notes	15,641,000.00	7,939,000.00
Environmental Infrastructure Loan	2,064,935.12	2,351,424.25
Due to Sewer Operating	4,025,539.86	4,270,472.18
Due to Sewer Capital	6,379,048.00	
Green Trust Project Loan Payable	177,298.63	225,473.88
Reserve for Encumbrances	1,956,714.48	4,772,423.37
Improvement Authorizations:		
Funded	7,829,689.90	9,314,758.23
Unfunded	21,854,151.01	19,661,297.47
Reserve For:		
Unallocated Grant Receipts	125,000.00	125,000.00
Capital Improvement Fund	98,008.74	73,008.74
Future Debt Service	195,855.94	171,689.79
Fund Balance	<u>2,472.97</u>	<u>2,472.97</u>
	<u>\$ 117,364,714.65</u>	<u>\$ 113,090,020.88</u>

There were Bonds and Notes Authorized but not Issued for the years ended December 31, 2018 and 2017 in the amounts of \$21,872,848.40 and \$24,024,848.40 respectively.

**UNAUDITED**

Exhibit - C-1

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
FOR THE YEAR ENDED DECEMBER 31, 2018

Balance - December 31, 2018 and 2017

\$ 2,472.97

**UNAUDITED**

Exhibit - D

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, 2018 AND 2017

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2017</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2017</u>
Operating Fund:			Operating Fund:		
Cash and Investments - Treasurer	\$ 1,410,710.78	\$ 3,223,120.59	Liabilities:		
Due from General Capital	<u>4,025,539.86</u>	<u>4,270,472.18</u>	Sewer Rents Overpayments	\$ 33,756.66	\$ 18,702.22
	<u>5,436,250.64</u>	<u>7,493,592.77</u>	Prepaid Sewer Rents	169,052.78	750,530.30
			Accounts Payable		8,398.00
Receivables With Offsetting Reserves:			Appropriation Reserves	1,482,615.25	871,209.53
Sewer Rents Receivable	1,150,471.94	624.00	Reserve for Encumbrances	356,958.91	650,471.88
Sewer Rent Liens Receivable	<u>101,970.14</u>	<u>72,334.28</u>	Reserve for Future Debt Service	781,137.41	569,370.61
	<u>1,252,442.08</u>	<u>72,958.28</u>	Accrued Interest on Bonds & Notes	<u>1,271,223.27</u>	<u>1,090,642.99</u>
				<u>4,094,744.28</u>	<u>3,959,325.53</u>
			Reserve for Receivables	1,252,442.08	72,958.28
			Fund Balance	<u>1,341,506.36</u>	<u>3,534,267.24</u>
Total Operating Fund	<u>6,688,692.72</u>	<u>7,566,551.05</u>	Total Operating Fund	<u>6,688,692.72</u>	<u>7,566,551.05</u>
Capital Fund:			Capital Fund:		
Cash and Investments - Treasurer	18,942,039.24	21,454,807.16	Serial Bonds	55,039,000.00	58,049,000.00
Account Receivable - State	8,650.65	8,650.65	Bond Anticipation Notes	22,157,000.00	15,917,772.00
Due from General Capital	6,379,048.00		NJ EIT Loan Payable	290,520.84	315,587.10
Fixed Capital	134,215,182.90	134,215,182.90	Reserve for Encumbrances	3,738,726.90	1,738,184.79
Fixed Capital - Auth. and Uncompl.	<u>72,291,393.82</u>	<u>65,491,985.82</u>	Improvement Authorizations:		
			Funded	13,310,809.28	9,833,546.34
			Unfunded	21,095,694.00	22,286,266.97
			Reserve for:		
			Capital Improvement Fund	192,775.00	192,775.00
			Reserve for Amortization	116,011,082.21	112,836,787.95
			Fund Balance	<u>706.38</u>	<u>706.38</u>
Total Capital Fund	<u>231,836,314.61</u>	<u>221,170,626.53</u>	Total Capital Fund	<u>231,836,314.61</u>	<u>221,170,626.53</u>
Assessment Fund:			Assessment Fund:		
Cash and Investments - Treasurer	<u>467.10</u>	<u>467.10</u>	Fund Balance	<u>467.10</u>	<u>467.10</u>
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>\$ 238,525,474.43</u>	<u>\$ 228,737,644.68</u>	Total Sewer Utility Fund	<u>\$ 238,525,474.43</u>	<u>\$ 228,737,644.68</u>

There were Bonds and Notes Authorized but not Issued for the years ended December 31, 2018 and 2017 in the amounts of \$11,864,683.67 and \$12,588,021.67, respectively.

# UNAUDITED

Exhibit - D-1

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, 2018 AND 2017

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
Fund Balance Utilized	\$ 3,000,000.00	\$ 2,275,000.00
Sewer Rents	15,407,731.97	16,105,621.79
Sewer Connection Fees	493,394.18	331,745.05
Miscellaneous Revenue Not Anticipated	152,737.78	129,046.89
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves Lapsed	<u>882,280.63</u>	<u>1,189,004.72</u>
Total Revenues	<u>19,936,144.56</u>	<u>20,030,418.45</u>
 <u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	12,643,874.00	12,049,034.00
Debt Service	5,609,989.44	5,265,014.81
Statutory Expenditures	<u>875,042.00</u>	<u>813,211.00</u>
Total Expenditures	<u>19,128,905.44</u>	<u>18,127,259.81</u>
 Excess in Revenues Over Expenditures	807,239.12	1,903,158.64
 <u>FUND BALANCE</u>		
Balance - January 1	<u>3,534,267.24</u>	<u>3,906,108.60</u>
	4,341,506.36	5,809,267.24
Decreased by:		
Utilized in Sewer Operating Budget	<u>3,000,000.00</u>	<u>2,275,000.00</u>
Balance - December 31	<u>\$ 1,341,506.36</u>	<u>\$ 3,534,267.24</u>

**UNAUDITED**

Exhibit - D-2

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, 2018

Balance - December 31, 2018 and 2017

\$ 706.38

**UNAUDITED**

Exhibit - D-3

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, 2018

Balance - December 31, 2018 and 2017

\$ 467.10

**UNAUDITED**

Exhibit - D-4

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>(DEFICIT)/ EXCESS</u>
Operating Fund Balance			
Anticipated	\$ 3,000,000.00	\$ 3,000,000.00	
Sewer Rents	15,728,905.44	15,407,731.97	\$ (321,173.47)
Sewer Connection Fees	300,000.00	493,394.18	193,394.18
Miscellaneous	<u>100,000.00</u>	<u>152,737.78</u>	<u>52,737.78</u>
	<u>\$ 19,128,905.44</u>	<u>\$ 19,053,863.93</u>	<u>\$ (75,041.51)</u>

**UNAUDITED**

Exhibit - D-5

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operating:						
Salaries and Wages	\$ 5,006,320.00	\$ 5,006,320.00	\$ 4,316,477.85		\$ 689,842.15	
Other Expenses	4,712,231.00	4,712,231.00	3,614,002.69	\$ 356,958.91	741,269.40	
Group Insurance Plan for Employees Self-Insurance Program N.J.S.A. 40A:10-1 et seq.	2,547,781.00	2,547,781.00	2,547,781.00			
Other Insurance and Surety Bond Premiums	244,402.00	244,402.00	244,402.00			
133,140.00	133,140.00	133,140.00	133,140.00			
Debt Service:						
Payment of Bond Principal	3,010,000.00	3,010,000.00	3,010,000.00			
Payment of BANS	139,228.00	139,228.00	139,228.00			
Interest on Bonds	2,115,063.00	2,115,063.00	2,115,062.34			\$ 0.66
Interest on Notes	317,471.12	317,471.12	317,471.12			
EIT Loan Principal	25,066.26	25,066.26	25,066.26			
EIT Loan Interest	3,161.06	3,161.06	3,161.06			
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	492,058.00	492,058.00	492,058.00			
Social Security System (O.A.S.I.)	382,984.00	382,984.00	331,480.30		51,503.70	
Total Sewer Utility Appropriations	\$ <u>19,128,905.44</u>	\$ <u>19,128,905.44</u>	\$ <u>17,289,330.62</u>	\$ <u>356,958.91</u>	\$ <u>1,482,615.25</u>	\$ <u>0.66</u>
Cash Disbursed			\$ 14,853,636.10			
Accrued Interest on Bonds and Notes			<u>2,435,694.52</u>			
			\$ <u>17,289,330.62</u>			



**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA AND INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

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## 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 of the various funds and account group, as of and for the years ended December 31, 2017 and 2016, and the related statements of revenues, expenditures and changes in fund balance for the years then ended and the related notes to the financial statements, the combining financial statements, the statements of fund balance, the statements of revenues and the statements of expenditures of the various funds for the year ended December 31, 2017, which collectively comprise the Township’s basic financial statements, as listed in the table of contents.

### **Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and 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.

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 to demonstrate compliance with the Division's regulatory-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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, 2017 and 2016, and the results of its operations and changes in fund balances for the year 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, 2017 and 2016, and the results of its operations and changes in fund balances of such funds for the years then ended, and the combining financial statements, the statements of fund balance, the statements of revenues and the statements of expenditures of the various funds for the year ended December 31, 2017 in accordance with the financial reporting provisions of the Division, as described in Note 2 to the financial statements.

**Report on Supplementary Information as Required by the Division in Accordance with Regulatory-Basis**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township's basic financial statements. The supplementary information, as identified as exhibits A-4 through D-22, the comments and recommendations and supplementary information in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of the 2017 regulatory - basis financial statements of the Township. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Honorable Mayor and Members  
of the Township Council  
Township of Hamilton**  
Page 3

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
June 20, 2018

*David J. Gannon*

David J. Gannon, CPA  
Registered Municipal Accountant, No. 520

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## **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, 2017

<u>ASSETS</u>	<u>CURRENT FUND</u>	<u>TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>UTILITY OPERATING FUND</u>	<u>UTILITY CAPITAL FUND</u>	<u>UTILITY ASSESSMENT FUND</u>	<u>GOVERNMENTAL FIXED ASSET ACCOUNT GROUP</u>	<u>TOTAL Dec. 31, 2017</u>	<u>MEMORANDUM ONLY TOTAL Dec. 31, 2016</u>
Cash and Investments	\$ 25,545,629.04	\$ 24,590,346.81	\$ 12,361,120.07	\$ 3,223,120.59	\$ 21,454,807.16	\$ 467.10		\$ 87,175,490.77	\$ 93,888,031.79
Federal and State Grant Receivable	1,796,676.85		347,081.78		8,650.65			2,152,409.28	2,728,285.98
Receivables and Other Assets:									
Delinquent Property Taxes and Utility Charges	63,064.58			624.00				63,688.58	906,530.08
Other Receivables	64,890.65	865,088.68						929,979.33	128,814.64
Assessments Receivable		896,017.37						896,017.37	961,903.88
Tax Title, Sewer and Assessment Liens Rec.	2,939,673.34			72,334.28				3,012,007.62	2,887,212.31
Prepaid School Tax	211,898.50							211,898.50	-
Interfunds Receivable	122,547.74	534,500.00	1,658,072.50	4,270,472.18				6,585,592.42	103,444.56
Property Acquired for Taxes Due from State	367,045.00							367,045.00	367,045.00
Prospective Assessments Funded		2,267,073.50						-	267,964.65
Deferred Charges	880,000.00		98,723,746.53					2,267,073.50	2,267,073.50
Fixed Capital					134,215,182.90			99,603,746.53	99,666,403.38
Fixed Capital Authorized and Uncompleted Fixed Assets					65,491,985.82			134,215,182.90	134,159,873.33
							<u>\$ 107,484,678.72</u>	<u>107,484,678.72</u>	<u>106,342,688.23</u>
	<u>\$ 31,991,425.70</u>	<u>\$ 29,153,026.36</u>	<u>\$ 113,090,020.88</u>	<u>\$ 7,566,551.05</u>	<u>\$ 221,170,626.53</u>	<u>\$ 467.10</u>	<u>\$ 107,484,678.72</u>	<u>\$ 510,456,796.34</u>	<u>\$ 504,050,557.15</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, 2017

	<u>CURRENT</u> <u>FUND</u>	<u>TRUST</u> <u>FUND</u>	<u>GENERAL</u> <u>CAPITAL</u> <u>FUND</u>	<u>UTILITY</u> <u>OPERATING</u> <u>FUND</u>	<u>UTILITY</u> <u>CAPITAL</u> <u>FUND</u>	<u>UTILITY</u> <u>ASSESSMENT</u> <u>FUND</u>	<u>GOVERNMENTAL</u> <u>FIXED ASSET</u> <u>ACCOUNT GROUP</u>	<u>TOTAL</u> <u>Dec. 31, 2017</u>	<u>MEMORANDUM</u> <u>ONLY</u> <u>TOTAL</u> <u>Dec. 31, 2016</u>
LIABILITIES, RESERVES AND FUND BALANCE									
Overpayments	\$ 2,813.28			\$ 18,702.22				\$ 21,515.50	\$ 287,763.49
Appropriation Reserves	4,947,967.10			871,209.53				5,819,176.63	6,204,140.70
Prepaid Taxes, Assessments and Utility Charges	7,279,203.53	\$ 9,332.15		750,530.30				8,039,065.98	2,760,296.05
Federal and State Grants:									
Appropriated Reserves	2,211,244.81							2,211,244.81	2,310,582.03
Unappropriated Reserves	133,846.07							133,846.07	9,656.90
Encumbrances	87,697.23							87,697.23	106,494.33
Other Liabilities and Reserves:									
Due to State of New Jersey	32,082.00							32,082.00	47,136.00
Reserve for Future Debt Service			\$ 171,689.79	569,370.61				741,060.40	566,885.34
Capital Improvement Fund			73,008.74		\$ 192,775.00			265,783.74	230,059.58
Other Liabilities and Reserves	519,618.25	27,814,581.46	125,000.00		112,836,787.95			141,295,987.66	138,091,456.10
Improvement Authorizations			28,976,055.70		32,119,813.31			61,095,869.01	56,998,269.18
Reserve for Encumbrances/ Accounts Payable	1,771,913.44	306,110.75	4,772,423.37	658,869.88	1,738,184.79			9,247,502.23	8,058,746.78
Reserve for Tax Title Liens								-	2,818,493.96
Interfunds Payable	2,155,120.24	160,000.00	4,270,472.18					6,585,592.42	103,444.56
Serial Bonds Payable		863,000.00	64,183,000.00		58,049,000.00			123,095,000.00	89,192,000.00
Bond Anticipation Notes Payable			7,939,000.00		15,917,772.00			23,856,772.00	70,866,000.00
Special Emergency Notes Payable	880,000.00							880,000.00	1,320,000.00
Green Trust Loan Payable			225,473.88					225,473.88	271,769.34
Environmental Infrastructure Loans			2,351,424.25		315,587.10			2,667,011.35	3,027,270.45
Reserve for Receivables	3,434,673.57			72,958.28				3,507,631.85	1,470,808.40
Accrued Interest on Bonds and Notes				1,090,642.99				1,090,642.99	832,689.57
County and School Taxes Payable	318,005.06							318,005.06	631,224.39
Investment in Fixed Assets							\$ 107,484,678.72	107,484,678.72	106,342,688.23
Fund Balance	<u>8,217,241.12</u>	<u>2.00</u>	<u>2,472.97</u>	<u>3,534,267.24</u>	<u>706.38</u>	<u>\$ 467.10</u>		<u>11,755,156.81</u>	<u>11,502,681.77</u>
	<u>\$ 31,991,425.70</u>	<u>\$ 29,153,026.36</u>	<u>\$ 113,090,020.88</u>	<u>\$ 7,566,551.05</u>	<u>\$ 221,170,626.53</u>	<u>\$ 467.10</u>	<u>\$ 107,484,678.72</u>	<u>\$ 510,456,796.34</u>	<u>\$ 504,050,557.15</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, 2017

	CURRENT FUND	UTILITY OPERATING FUND	Total Dec. 31, 2017
<u>Revenues:</u>			
Fund Balance Appropriated	\$ 4,500,000.00	\$ 2,275,000.00	\$ 6,775,000.00
Sewer Rents and Connection Fees		16,437,366.84	16,437,366.84
Miscellaneous Revenue	9,905,423.86	129,046.89	10,034,470.75
State Aid	19,166,830.00		19,166,830.00
State and Federal Grants	651,088.22		651,088.22
Special Items	423,587.65		423,587.65
Receipts from Delinquent Taxes	366,115.73		366,115.73
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	66,628,698.03		66,628,698.03
Local Library Tax	2,884,609.80		2,884,609.80
	<hr/>	<hr/>	<hr/>
Total Budget Revenue	104,526,353.29	18,841,413.73	123,367,767.02
	<hr/>	<hr/>	<hr/>
Other Credits to Income	3,426,398.88	1,189,004.72	4,615,403.60
	<hr/>	<hr/>	<hr/>
Total Revenues	107,952,752.17	20,030,418.45	127,983,170.62
	<hr/>	<hr/>	<hr/>
<u>Expenditures:</u>			
Current Fund Within CAPS:			
General Government	916,223.00	12,049,034.00	12,965,257.00
Department of Administration	1,069,651.00		1,069,651.00
Department of Finance	1,750,079.00		1,750,079.00
Department of Law	1,790,866.00		1,790,866.00
Department of Engineering, Planning and Inspection	3,846,437.98		3,846,437.98
Department of Economic Development/Technology	669,325.00		669,325.00
Department of Public Safety	23,841,949.00		23,841,949.00
Department of Public Works	21,651,819.78		21,651,819.78
Department of Health, Recreation and Welfare	3,457,064.00		3,457,064.00
Separate Boards and Agencies	202,188.00		202,188.00
Unclassified Purposes	17,029,519.00		17,029,519.00
Deferred Charges and Statutory Expenditures	9,807,405.00	813,211.00	10,620,616.00
Current Fund Excluded From CAPS:			
General Government	4,778,739.00		4,778,739.00
Public and Private Programs	1,099,675.87		1,099,675.87
Capital Improvements	415,000.00		415,000.00
Debt Service	9,324,602.40	5,265,014.81	14,589,617.21
Reserve for Uncollected Taxes	1,100,290.19		1,100,290.19
	<hr/>	<hr/>	<hr/>
Total Budget Expenditures	102,750,834.22	18,127,259.81	120,878,094.03
	<hr/>	<hr/>	<hr/>
Other Charges	77,601.55		77,601.55
	<hr/>	<hr/>	<hr/>
Total Expenditures	102,828,435.77	18,127,259.81	120,955,695.58
	<hr/>	<hr/>	<hr/>

See accompanying notes to the financial statements

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, 2017

	CURRENT FUND	UTILITY OPERATING FUND	Total Dec. 31, 2017
Excess in Revenues	\$ 5,124,316.40	\$ 1,903,158.64	\$ 7,027,475.04
Fund Balance January 1, 2017	<u>7,592,924.72</u>	<u>3,906,108.60</u>	<u>11,499,033.32</u>
	12,717,241.12	5,809,267.24	18,526,508.36
Decreased by:			
Utilized as Anticipated Revenue	<u>4,500,000.00</u>	<u>2,275,000.00</u>	<u>6,775,000.00</u>
Fund Balance December 31, 2017	<u>\$ 8,217,241.12</u>	<u>\$ 3,534,267.24</u>	<u>\$ 11,751,508.36</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, 2017

	BUDGET AS <u>MODIFIED</u>	2017 <u>ACTUAL</u>	EXCESS <u>(DEFICIT)</u>
Revenues:			
Fund Balance Appropriated	\$ 4,500,000.00	\$ 4,500,000.00	
Miscellaneous Revenue	9,010,304.72	9,905,423.86	\$ 895,119.14
State Aid	19,166,830.00	19,166,830.00	
State and Federal Grants	651,088.22	651,088.22	
Special Items	423,587.65	423,587.65	
Receipts from Delinquent Taxes	30,000.00	366,115.73	336,115.73
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	65,442,489.19	66,628,698.03	1,186,208.84
Local Library Tax	<u>2,884,609.80</u>	<u>2,884,609.80</u>	
Total Budget Revenue	<u>102,108,909.58</u>	<u>104,526,353.29</u>	<u>2,417,443.71</u>
Other Credits to Income		<u>3,426,398.88</u>	<u>3,426,398.88</u>
Total Revenues	<u>102,108,909.58</u>	<u>107,952,752.17</u>	<u>5,843,842.59</u>
Expenditures:			
Current Fund Within CAPS:			
General Government	916,223.00	916,223.00	
Department of Administration	1,069,651.00	1,069,651.00	
Department of Finance	1,750,079.00	1,750,079.00	
Department of Law	1,790,866.00	1,790,866.00	
Department of Engineering, Planning and Inspection	3,846,437.98	3,846,437.98	
Department of Economic Development/Technology	669,325.00	669,325.00	
Department of Public Safety	23,841,949.00	23,841,949.00	
Department of Public Works	21,651,819.78	21,651,819.78	
Department of Health, Recreation and Welfare	3,457,064.00	3,457,064.00	
Separate Boards and Agencies	202,188.00	202,188.00	
Unclassified Purposes	17,029,519.00	17,029,519.00	
Deferred Charges and Statutory Expenditures	9,807,405.00	9,807,405.00	
Current Fund Excluded From CAPS:			
General Government	4,778,739.00	4,778,739.00	
Public and Private Programs	1,099,675.87	1,099,675.87	
Capital Improvements	415,000.00	415,000.00	
Debt Service	9,333,765.98	9,324,602.40	9,163.58
Reserve for Uncollected Taxes	<u>1,100,290.19</u>	<u>1,100,290.19</u>	
Total Budget Expenditures	102,759,997.80	102,750,834.22	9,163.58
Other Charges		<u>77,601.55</u>	<u>(77,601.55)</u>
Total Expenditures	<u>102,759,997.80</u>	<u>102,828,435.77</u>	<u>(68,437.97)</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, 2017

	<u>BUDGET AS MODIFIED</u>	<u>2017 ACTUAL</u>	<u>EXCESS</u>
Excess in Revenues	\$ (651,088.22)	\$ 5,124,316.40	\$ 5,775,404.62
Fund Balance January 1, 2017	<u>7,592,924.72</u>	<u>7,592,924.72</u>	<u>                    </u>
	6,941,836.50	12,717,241.12	5,775,404.62
Decreased by:			
Utilized as Anticipated Revenue	<u>4,500,000.00</u>	<u>4,500,000.00</u>	<u>                    </u>
Fund Balance December 31, 2017	<u>\$ 2,441,836.50</u>	<u>\$ 8,217,241.12</u>	<u>\$ 5,775,404.62</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, 2017

	<u>BUDGET AS MODIFIED</u>	<u>2017 ACTUAL</u>	<u>EXCESS</u>
Revenues:			
Fund Balance Appropriated	\$ 2,275,000.00	\$ 2,275,000.00	
Sewer Rents	15,702,259.81	16,437,366.84	\$ 735,107.03
Miscellaneous	<u>150,000.00</u>	<u>129,046.89</u>	<u>(20,953.11)</u>
Total Budget Revenue	<u>18,127,259.81</u>	<u>18,841,413.73</u>	<u>714,153.92</u>
Other Credits to Income		<u>1,189,004.72</u>	<u>1,189,004.72</u>
Total Revenues	<u>18,127,259.81</u>	<u>20,030,418.45</u>	<u>1,903,158.64</u>
Expenditures:			
Operating Expenses	12,049,034.00	12,049,034.00	
Debt Service	5,265,014.81	5,265,014.81	
Statutory Expenditures	<u>813,211.00</u>	<u>813,211.00</u>	
Total Expenditures	<u>18,127,259.81</u>	<u>18,127,259.81</u>	<u>-</u>
Excess in Revenues / Statutory Excess to Fund Balance		<u>1,903,158.64</u>	<u>1,903,158.64</u>
Fund Balance January 1, 2017	<u>3,906,108.60</u>	<u>3,906,108.60</u>	<u>-</u>
	<u>3,906,108.60</u>	<u>5,809,267.24</u>	<u>1,903,158.64</u>
Decreased by:			
Utilized in Sewer Operating Budget	<u>2,275,000.00</u>	<u>2,275,000.00</u>	<u>-</u>
Fund Balance December 31, 2017	<u>\$ 1,631,108.60</u>	<u>\$ 3,534,267.24</u>	<u>\$ 1,903,158.64</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, 2017 AND 2016

ASSETS	BALANCE DEC. 31, 2017	BALANCE DEC. 31, 2016	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2017	BALANCE DEC. 31, 2016
Cash and Investments - Treasurer	\$ 24,746,277.40	\$ 17,501,474.23	Liabilities:		
Cash - Change Fund	2,881.00	2,881.00	Prepaid Taxes	\$ 7,279,203.53	\$ 2,141,232.05
Prepaid School Tax	211,898.50		Tax Overpayments	2,813.28	274,146.91
			Accounts Payable	130,744.57	52,274.41
Due from State of N.J. Per Chap. 73, P.L. 1976	<u>282,907.12</u>	<u>267,964.65</u>	Appropriation Reserves	4,947,967.10	4,923,421.83
			Special Emergency Notes Payable	880,000.00	1,320,000.00
			Due to General Capital	1,498,072.50	
			Due to Trust	534,500.00	
			Due to State of New Jersey:		
	<u>25,243,964.02</u>	<u>17,772,319.88</u>	State Marriage License Fees	2,800.00	3,750.00
			DCA Training Fees	29,282.00	43,386.00
			Due County for Added Taxes	318,005.06	362,627.89
			Due to Grant Fund	122,547.74	102,844.74
Receivables and Other Assets With Full Reserves:			PILOT Payable	141,560.85	
Taxes Receivable	63,064.58	55,674.15	Reserve for Encumbrances	1,641,168.87	1,596,683.43
Tax Title Liens Receivable	2,939,673.34	2,818,493.96	Reserve for 2014 Revaluation Expense	378,057.40	410,431.40
Property Acquired for Taxes at Assessed Value	367,045.00	367,045.00	Due Local School District	<u>17,906,722.90</u>	<u>11,499,395.16</u>
Revenue Accounts Receivable	64,890.65	74,718.90			
Other Accounts Receivable		54,095.74			
Due from Trust Other Fund		599.82			
	<u>3,434,673.57</u>	<u>3,370,627.57</u>			
Deferred Charges:					
Special Emergency Authorization	<u>880,000.00</u>	<u>1,320,000.00</u>	Reserve for Receivables	3,434,673.57	3,370,627.57
			Fund Balance	<u>8,217,241.12</u>	<u>7,592,924.72</u>
Total Regular Fund	<u>29,558,637.59</u>	<u>22,462,947.45</u>	Total Regular Fund	<u>29,558,637.59</u>	<u>22,462,947.45</u>
Grant Fund:			Grant Fund:		
Cash and Investments - Treasurer	796,470.64	875,815.72	Reserve for Encumbrances	87,697.23	106,494.33
Due from Current Fund	122,547.74	102,844.74	Reserve for State & Federal Grants:		
State & Federal Grants Receivable	<u>1,513,769.73</u>	<u>1,488,072.80</u>	Appropriated	2,211,244.81	2,310,582.03
			Unappropriated	<u>133,846.07</u>	<u>9,656.90</u>
Total Grant Fund	<u>2,432,788.11</u>	<u>2,426,733.26</u>	Total Grant Fund	<u>2,432,788.11</u>	<u>2,426,733.26</u>
Total Current Fund	<u>\$ 31,991,425.70</u>	<u>\$ 24,889,680.71</u>	Total Current Fund	<u>\$ 31,991,425.70</u>	<u>\$ 24,889,680.71</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, 2017 AND 2016

<u>REVENUE AND OTHER INCOME</u>	<u>YEAR 2017</u>	<u>YEAR 2016</u>
Fund Balance Utilized	\$ 4,500,000.00	\$ 4,500,000.00
Miscellaneous Revenues Anticipated	30,146,929.73	30,729,781.62
Receipts from Delinquent Taxes	366,115.73	37,004.87
Receipts from Current Taxes	258,350,944.77	252,668,301.95
Non-Budget Revenue	1,343,077.29	901,113.48
Other Credits to Income:		
Unexpended Balance of Prior Year Approp. Res. Lapsed	<u>2,083,321.59</u>	<u>1,039,146.25</u>
Total Revenue and Other Income	<u>\$ 296,790,389.11</u>	<u>\$ 289,875,467.83</u>
 <u>EXPENDITURES</u>		
Budget Appropriations:		
Operations:		
Salaries and Wages	44,693,300.00	43,686,186.00
Other Expenses	37,410,236.63	38,977,510.80
Deferred Charges and Statutory Expenditures	9,807,405.00	9,564,307.00
Capital Improvements	415,000.00	410,000.00
Municipal Debt Service	9,324,602.40	7,444,188.38
Special District Taxes	23,762,073.00	22,673,160.58
County Taxes	53,855,199.13	52,808,619.74
Local District School Taxes	112,320,655.00	109,354,340.00
Other	70,351.55	
Interfunds Advanced		102,844.74
Prior Years Senior Citizens/Veterans Deductions	<u>7,250.00</u>	<u>7,332.98</u>
 Total Expenditures	 <u>\$ 291,666,072.71</u>	 <u>\$ 285,028,490.22</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, 2017 AND 2016

	<u>YEAR 2017</u>	<u>YEAR 2016</u>
Statutory Excess to Fund Balance	\$ 5,124,316.40	\$ 4,846,977.61
 <u>FUND BALANCE</u>		
Balance - January 1	<u>7,592,924.72</u>	<u>7,245,947.11</u>
	12,717,241.12	12,092,924.72
Decreased by:		
Utilized as Anticipated Revenue	<u>4,500,000.00</u>	<u>4,500,000.00</u>
Balance - December 31	<u>\$ 8,217,241.12</u>	<u>\$ 7,592,924.72</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	ANTICIPATED		REALIZED	EXCESS (DEFICIT)
	2017 BUDGET	N.J.S.A. 40A:4-87		
Surplus Anticipated	\$ 4,500,000.00		\$ 4,500,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	90,300.00		97,100.00	\$ 6,800.00
Other	182,000.00		181,223.33	(776.67)
Fees and Permits:				
Other	265,000.00		306,445.82	41,445.82
Fines and Costs:				
Municipal Court	900,000.00		831,232.45	(68,767.55)
Interest and Costs on Taxes	689,029.94		692,374.06	3,344.12
Interest on Investments and Deposits	350,000.00		523,029.92	173,029.92
Cable Franchise Fees	1,321,699.77		1,321,699.77	
Housing, Site and Contractor Fees	500,000.00		927,757.00	427,757.00
Energy Receipts Tax	19,166,830.00		19,166,830.00	
Payments in Lieu of Taxes - Low Cost Housing	223,000.00		335,603.63	112,603.63
Reimbursement for Administrative Service:				
Free Public Library	218,553.25		241,579.35	23,026.10
Sewer Operating Fund	874,067.00		874,067.00	
Uniform Construction Code Fees	3,000,000.00		2,228,525.00	(771,475.00)
Developers Escrow - Engineering & Planning Staff	100,000.00		296,528.07	196,528.07
Special Items:				
Alcohol Education & Rehab		\$ 12,739.25	12,739.25	
Click It or Ticket Grant		5,500.00	5,500.00	
Div of Highway Traffic Safety		5,000.00	5,000.00	
NJ ACCHO	1,500.00		1,500.00	
NJACCO Health		2,320.00	2,320.00	
Recycling Tonnage	137,687.65		137,687.65	
Emergency Management Assistance	9,400.00		9,400.00	
Clean Communities		184,817.89	184,817.89	
State DOT Whitehorse-Hamilton Sq Rd	275,000.00		275,000.00	
NJDOT Hughes Drive		305,000.00	305,000.00	
Municipal Alliance		78,832.00	78,832.00	
Drive Sober Get Pulled Over		5,500.00	5,500.00	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	ANTICIPATED		REALIZED	EXCESS (DEFICIT)
	2017 BUDGET	N.J.S.A. 40A:4-87		
Miscellaneous Revenues (Cont'd.):				
Special Items (cont'd):				
Drunk Driving Enforcement		\$ 10,400.38	\$ 10,400.38	
Drunk Driving Enforcement		10,400.38	10,400.38	
Drive Sober Get Pulled Over		5,500.00	5,500.00	
Drive Sober Get Pulled Over		5,500.00	5,500.00	
State Body Armor		14,078.32	14,078.32	
Distracted Driving		5,500.00	5,500.00	
Septemberfest Sponsorships and Vendor Fees	\$ 90,000.00		50,030.00	\$ (39,970.00)
Ecological Facility & Various Leases	100,000.00		138,244.79	38,244.79
FEMA Reimbursement	157,742.98		157,742.98	
HUD Administrative Reimbursements & HCVP	150,000.00		197,839.54	47,839.54
American Metro - Payment in Lieu of Taxes	450,000.00		504,401.15	54,401.15
Total Miscellaneous Revenues	<u>29,251,810.59</u>	<u>651,088.22</u>	<u>30,146,929.73</u>	<u>244,030.92</u>
Receipts from Delinquent Taxes	<u>30,000.00</u>		<u>366,115.73</u>	<u>336,115.73</u>
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	65,442,489.19		66,628,698.03	1,186,208.84
Local Tax for Municipal Library	<u>2,884,609.80</u>		<u>2,884,609.80</u>	
Total Amount to be Raised By Taxation	<u>68,327,098.99</u>		<u>69,513,307.83</u>	<u>1,186,208.84</u>
Budget Totals	102,108,909.58	651,088.22	104,526,353.29	1,766,355.49
Non-Budget Revenues			<u>1,343,077.29</u>	<u>1,343,077.29</u>
	<u>\$ 102,108,909.58</u>	<u>\$ 651,088.22</u>	<u>\$ 105,869,430.58</u>	<u>\$ 3,109,432.78</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

Analysis of Non-Budget Revenues:

Hotel Occupancy Fees	\$	351,019.14
Interlocal Agreements		12,675.00
Special Event Reimbursements		4,933.79
Recycling		2,284.85
Homestead Rebate Admin Fee		4,966.20
NFS Bad Checks		1,260.00
Tax Office		387,618.01
Other		258,281.80
Wedding Ceremonies		16,100.00
Restitution		3,210.51
Plans/Specifications		4,147.22
Golf Center		90,715.00
Sayen House and Gardens, Kuser, and Bromley		102,708.11
Senior & Veteran's Administrative Fee		19,420.91
Sale of Municipal Assets		<u>83,736.75</u>
	\$	<u><u>1,343,077.29</u></u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection:

Revenue from Collection:

Collections by Cash:

Year 2017	\$ 255,228,074.78	
Year 2016	2,141,232.05	
Sr. Cit. & Vet. Deduction		
Reimbursement	<u>981,637.94</u>	\$ 258,350,944.77

School, County and Special

District Taxes		<u>189,937,927.13</u>
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68,413,017.64

Add: Reserve for Uncollected Taxes

1,100,290.19

\$ 69,513,307.83

Receipts from Delinquent Taxes:

Delinquent Tax Collection	\$ 73,297.83	
Tax Title Lien Collection	<u>292,817.90</u>	

\$ 366,115.73



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	2017 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	\$ 347,725.00	\$ 350,825.00	\$ 334,673.98		\$ 16,151.02	
Other Expenses	16,909.00	16,909.00	12,869.44	\$ 623.12	3,416.44	
Township Council						
Salaries and Wages	78,337.00	78,337.00	78,332.04		4.96	
Other Expenses	10,600.00	10,600.00	6,573.88	605.67	3,420.45	
Fire District Study	100,000.00	100,000.00	48,336.33	284.69	51,378.98	
Office of the Municipal Clerk						
Salaries and Wages	277,647.00	278,647.00	265,291.39		13,355.61	
Other Expenses	80,905.00	80,905.00	46,764.15	34,132.89	7.96	
<u>DEPARTMENT OF ADMINISTRATION:</u>						
Business Administrator						
Salaries and Wages	225,245.00	226,745.00	217,864.35		8,880.65	
Other Expenses	7,190.00	7,190.00	6,589.97		600.03	
Human Resources						
Salaries and Wages	217,588.00	217,588.00	209,169.92		8,418.08	
Other Expenses	9,120.00	9,120.00	7,385.08	635.42	1,099.50	
Training	10,000.00	7,000.00	1,832.02		5,167.98	
Division of Budget and Purchasing						
Salaries and Wages	427,230.00	428,130.00	411,512.26		16,617.74	
Other Expenses	28,878.00	28,878.00	19,221.63	3,254.74	6,401.63	
Postage Costs	145,000.00	145,000.00	144,061.47	787.49	151.04	
<u>DEPARTMENT OF FINANCE:</u>						
Financial Administration:						
Salaries and Wages	365,594.00	365,594.00	340,860.09		24,733.91	
Other Expenses	233,570.00	233,570.00	224,630.49	8,191.90	747.61	
Annual Audit	67,230.00	67,230.00	62,506.00		4,724.00	
Division of Assessments						
Salaries and Wages	438,354.00	432,354.00	368,506.84		63,847.16	
Other Expenses	89,325.00	89,325.00	84,290.96	897.99	4,136.05	
Division of Revenue Collection						
Salaries and Wages	438,956.00	438,956.00	387,046.15		51,909.85	
Other Expenses	123,050.00	123,050.00	91,779.06	4,927.46	26,343.48	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>DEPARTMENT OF LAW:</u>						
Legal Services						
Salaries and Wages	\$ 335,007.00	\$ 343,407.00	\$ 327,545.54		\$ 15,861.46	
Other Expenses	118,000.00	109,600.00	54,298.90	\$ 5,004.55	50,296.55	
Municipal Prosecutor						
Salaries and Wages	118,297.00	118,297.00	83,211.50		35,085.50	
Municipal Court						
Salaries and Wages	1,109,813.00	1,109,813.00	1,018,117.38		91,695.62	
Other Expenses	109,748.00	109,748.00	70,022.05	3,269.52	36,456.43	
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	572,186.00	572,186.00	493,223.46		78,962.54	
Other Expenses	121,309.00	121,309.00	38,397.74	65,320.25	17,591.01	
Community Planning & Compliance						
Salaries and Wages	556,314.00	558,714.00	530,465.59		28,248.41	
Other Expenses	16,985.00	14,585.00	4,442.70	210.00	9,932.30	
Zoning Board						
Salaries and Wages	91,204.00	92,204.00	88,523.23		3,680.77	
Other Expenses	15,450.00	15,510.00	14,905.47	390.00	214.53	
Affordable Housing						
Salaries and Wages	236,541.00	236,541.00			236,541.00	
Office on Housing Inspe						
Salaries and Wages	373,215.00	372,215.00	334,657.79		37,557.21	
Other Expenses	19,112.00	19,052.00	11,621.81	548.15	6,882.04	
Uniform Construction Code						
Salaries and Wages	1,344,493.00	1,344,493.00	1,273,960.17		70,532.83	
Other Expenses	499,628.98	499,628.98	494,281.38	2,614.28	2,733.32	
<u>DEPARTMENT OF ECONOMIC DEVELOPMENT</u>						
Salaries and Wages	421,394.00	421,394.00	391,620.55		29,773.45	
Other Expenses	247,931.00	247,931.00	140,189.73	106,570.95	1,170.32	
<u>DEPARTMENT OF PUBLIC SAFETY:</u>						
Police Division						
Salaries and Wages	22,624,426.00	22,428,321.00	21,148,285.36		1,280,035.64	
Other Expenses	1,049,815.00	1,049,815.00	678,854.34	170,614.29	200,346.37	
Purchase of Police Vehicles	325,000.00	325,000.00	105,010.13	217,281.79	2,708.08	
Office of Emergency Management						
Other Expenses	38,813.00	38,813.00	17,317.44	21,403.66	91.90	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	2017 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>DEPARTMENT OF PUBLIC WORKS:</u>						
Public Works						
Salaries and Wages	\$ 4,138,691.00	\$ 4,161,691.00	\$ 3,991,182.52		\$ 170,508.48	
Other Expenses	625,545.00	602,545.00	464,907.63	\$ 94,661.99	42,975.38	
Other Public Works Functions						
Salaries and Wages	91,756.00	91,756.00	85,807.08		5,948.92	
Other Expenses	18,530.00	18,530.00	6,352.72	5,601.35	6,575.93	
Division of Buildings and Grounds						
Salaries and Wages	2,130,916.00	1,980,916.00	1,768,901.36		212,014.64	
Other Expenses	498,688.86	498,688.86	406,285.91	83,065.17	9,337.78	
Solid Waste Collection & Recycling						
Salaries and Wages	108,839.00	108,839.00	91,386.12		17,452.88	
Other Expenses	3,817,947.00	3,867,947.00	3,449,950.05	258,778.72	159,218.23	
Maintenance of Motor Vehicles						
Salaries and Wages	1,273,702.00	1,223,702.00	1,139,828.65		83,873.35	
Other Expenses	604,628.00	604,628.00	550,727.95	41,989.04	11,911.01	
Landfill/Solid Waste Disposal Costs	5,025,500.00	5,325,500.00	4,801,067.90	209,645.19	314,786.91	
Maintenance of Parks						
Salaries and Wages	2,914,688.00	2,614,688.00	2,428,546.43		186,141.57	
Other Expenses	324,678.92	324,678.92	269,501.34	36,225.71	18,951.87	
Division of Citizen Response						
Salaries and Wages	225,498.00	225,498.00	208,290.45		17,207.55	
Other Expenses	2,212.00	2,212.00	1,462.15	343.44	406.41	
<u>DEPARTMENT OF HEALTH, RECREATION AND WELFARE:</u>						
Public Health Services						
Salaries and Wages	791,288.00	791,288.00	708,239.29		83,048.71	
Other Expenses	201,574.00	201,574.00	65,521.34	117,628.21	18,424.45	
Environmental Health Services						
Salaries and Wages	428,312.00	428,612.00	410,236.85		18,375.15	
Other Expenses	16,814.00	16,514.00	8,865.03	3,200.07	4,448.90	
Animal Control Services						
Salaries and Wages	378,723.00	381,923.00	368,586.55		13,336.45	
Other Expenses	141,000.00	137,800.00	106,102.18	21,830.40	9,867.42	
Division of Recreation						
Salaries and Wages	450,990.00	450,990.00	375,434.06		75,555.94	
Other Expenses	489,904.00	479,904.00	362,441.12	35,309.83	82,153.05	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>DEPARTMENT OF HEALTH, RECREATION AND WELFARE (CONT'D.):</u>						
Office of Sr. Citizens Programs						
Salaries and Wages	\$ 427,544.00	\$ 427,544.00	\$ 407,058.23		\$ 20,485.77	
Other Expenses	140,915.00	140,915.00	118,733.75	\$ 9,506.97	12,674.28	
<u>SEPARATE BOARDS AND AGENCIES:</u>						
Environmental Commission (N.J.S.A. 40:56A-81 et seq.)						
Salaries and Wages	700.00	700.00			700.00	
Other Expenses	1,200.00	1,200.00	484.20		715.80	
Zoning Board of Adjustment						
Other Expenses	46,500.00	46,500.00	9,830.40	185.71	36,483.89	
Economic Development Commission						
Salaries and Wages	1,000.00	1,000.00	725.00		275.00	
Other Expenses	3,280.00	3,280.00	3,264.70		15.30	
Planning Board						
Other Expenses	45,932.00	45,932.00	20,302.61		25,629.39	
Board of Public Officers						
Salaries and Wages	400.00	400.00	350.00		50.00	
Other Expenses	100.00	100.00			100.00	
Municipal Alliance						
Salaries and Wages	1,000.00	1,000.00	200.00		800.00	
Aid to Museum (N.J.S.A. 40:23-6.22)	6,550.00	21,550.00	6,550.00	15,000.00		
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	30,000.00	10,000.00		
Neighborhood Service Center - Contributions	10,000.00	10,000.00			10,000.00	
Redevelopment Board						
Salaries and Wages	250.00	250.00	100.00		150.00	
Other Expenses	8,280.00	8,280.00			8,280.00	
Shade Tree Commission						
Salaries and Wages	450.00	450.00	450.00			
Other Expenses	300.00	300.00	160.00		140.00	
Parks and Recreation Commission						
Salaries and Wages	100.00	100.00	100.00			

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	2017 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	50.00	50.00			\$ 50.00	
Public Safety Commission						
Salaries and Wages	200.00	200.00			200.00	
Special Needs Commission						
Salaries and Wages	600.00	600.00			600.00	
Other Expenses	200.00	200.00			200.00	
<u>UNCLASSIFIED PURPOSES:</u>						
Aid to Board of Fire Commissioners	15,000.00	15,000.00	15,000.00			
Utility Expense and Bulk Purchase	3,203,400.00	2,803,400.00	2,408,235.38	\$ 49,008.26	346,156.36	
Retirement Payouts	250,000.00	250,000.00	188,685.53		61,314.47	
Payments to Fire Districts	29,102.00	29,102.00	29,021.58		80.42	
Other Insurance General Liability	642,754.00	642,754.00	642,754.00			
Group Insurance	11,387,181.00	12,037,181.00	12,037,181.00			
Self Insurance	1,148,057.00	1,148,057.00	1,148,057.00			
Self Insurance Special Assessment	44,025.00	44,025.00	44,025.00			
Condominium Services Act	60,000.00	60,000.00			60,000.00	
Total Operations Within "CAPS"	<u>76,318,726.76</u>	<u>76,225,121.76</u>	<u>69,890,038.82</u>	<u>1,639,548.87</u>	<u>4,695,534.07</u>	
DETAIL:						
Salaries and Wages	44,215,914.00	43,557,609.00	40,477,675.71		3,079,933.29	
Other Expenses	32,102,812.76	32,667,512.76	29,412,363.11	1,639,548.87	1,615,600.78	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":						
Statutory Expenditures:						
Contributions to:						
Public Employees Retirement System	2,874,408.00	3,068,013.00	3,068,012.32		0.68	
Social Security System (O.A.S.I.)	2,171,697.00	2,071,697.00	1,956,343.94		115,353.06	
DCRP	23,200.00	23,200.00	6,705.62		16,494.38	
Police and Firemen's Retirement Sys. of NJ	4,644,495.00	4,644,495.00	4,644,495.00			
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	<u>9,713,800.00</u>	<u>9,807,405.00</u>	<u>9,675,556.88</u>		<u>131,848.12</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>86,032,526.76</u>	<u>86,032,526.76</u>	<u>79,565,595.70</u>	<u>1,639,548.87</u>	<u>4,827,382.19</u>	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED      RESERVED	
<u>Operations Excluded from "CAPS"</u>					
Maintenance of Free Public Library	\$2,884,610.00	\$2,884,610.00	\$2,884,610.00		
Police Dispatch/911					
Salaries and Wages	1,135,691.00	1,135,691.00	1,021,548.14		\$ 114,142.86
Other Expenses	109,750.00	109,750.00	106,979.95	\$ 1,620.00	1,150.05
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		12,739.25	12,739.25		
Division of Highway Traffic Safety		5,000.00	5,000.00		
NJACCHO Mini Grant	1,500.00	1,500.00	1,500.00		
Click It or Ticket Grant		5,500.00	5,500.00		
Clean Communities		184,817.89	184,817.89		
State DOT Whitehorse Hamilton Square Road	275,000.00	275,000.00	275,000.00		
State DOT Hughes Drive		305,000.00	305,000.00		
Emergency Management	9,400.00	9,400.00	9,400.00		
Distracted Driving		5,500.00	5,500.00		
Municipal Alliance		78,832.00	78,832.00		
Drive Sober Get Pulled Over		5,500.00	5,500.00		
Drive Sober Get Pulled Over		5,500.00	5,500.00		
Drive Sober Get Pulled Over		5,500.00	5,500.00		
NJACCHO Health		2,320.00	2,320.00		
Drunk Driving Enforcement Grant		10,400.38	10,400.38		
Drunk Driving Enforcement Grant		10,400.38	10,400.38		
State Body Armor		14,078.32	14,078.32		
Recycling Tonnage	137,687.65	137,687.65	137,687.65		
Matching Funds for Municipal Alliance	19,708.00	19,708.00	19,708.00		
Matching Funds for Grants	5,292.00	5,292.00			5,292.00
Total Operations Excluded from "CAPS"	5,227,326.65	5,878,414.87	5,756,209.96	1,620.00	120,584.91
<u>DETAIL:</u>					
Salaries and Wages	1,135,691.00	1,135,691.00	1,021,548.14		114,142.86
Other Expenses	4,091,635.65	4,742,723.87	4,734,661.82		6,442.05

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	2017 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	\$ 415,000.00	\$ 415,000.00	\$ 415,000.00			
Total Capital Improvements Excluded from "CAPS"	<u>415,000.00</u>	<u>415,000.00</u>	<u>415,000.00</u>			
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	5,855,000.00	5,855,000.00	5,855,000.00			
Interest on Bonds	1,999,165.98	1,999,165.98	1,996,808.81			\$ 2,357.17
Principal Payment BANS	432,000.00	432,000.00	432,000.00			
Interest on Notes	624,000.00	624,000.00	624,000.00			
Special Emergency Note Interest	27,000.00	27,000.00	27,000.00			
Special Assessment Interest	30,000.00	30,000.00	30,000.00			
Green Trust Loan Program						
Payment of Principal	47,300.00	47,300.00	47,225.99			74.01
Payment of Interest	5,300.00	5,300.00	5,200.43			99.57
NJEITF:						
Payment of Principal	278,000.00	278,000.00	277,825.13			174.87
Payment of Interest	<u>36,000.00</u>	<u>36,000.00</u>	<u>29,542.04</u>			<u>6,457.96</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>9,333,765.98</u>	<u>9,333,765.98</u>	<u>9,324,602.40</u>			<u>9,163.58</u>
Total General Appropriations for Municipal Excluded from "CAPS"	<u>14,976,092.63</u>	<u>15,627,180.85</u>	<u>15,495,812.36</u>	\$ <u>1,620.00</u>	\$ <u>120,584.91</u>	<u>9,163.58</u>
Subtotal General Appropriations	101,008,619.39	101,659,707.61	95,061,408.06	1,641,168.87	4,947,967.10	9,163.58
Reserve for Uncollected Taxes	<u>1,100,290.19</u>	<u>1,100,290.19</u>	<u>1,100,290.19</u>			
Total General Appropriations	\$ <u>102,108,909.58</u>	\$ <u>102,759,997.80</u>	\$ <u>96,161,698.25</u>	\$ <u>1,641,168.87</u>	\$ <u>4,947,967.10</u>	\$ <u>9,163.58</u>
Adopted Budget		\$ 102,108,909.58				
Appropriated N.J.S.A. 40A:4-87		<u>651,088.22</u>				
		\$ <u>102,759,997.80</u>				
Cash Disbursed			\$ 93,967,024.19			
State & Federal Grants Appropriated			1,094,383.87			
Reserve for Uncollected Taxes			<u>1,100,290.19</u>			
			\$ <u>96,161,698.25</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, 2017 AND 2016

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2017</u>	<u>BALANCE DEC. 31, 2016</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2017</u>	<u>BALANCE DEC. 31, 2016</u>
Trust Assessment Fund:			Trust Assessment Fund:		
Cash and Investments - Treasurer	\$ 316,171.95	\$ 249,385.95	Prepaid Assessments	\$ 9,332.15	\$ 9,332.15
Assessments Receivable	895,117.88	961,903.88	Reserve for Assessments, Liens and		
Assessment Lien, Interest & Costs	899.49	899.49	Assessment Lien Interest and Costs	2,606,928.67	2,496,928.67
Prospective Assessments Funded	<u>2,267,073.50</u>	<u>2,267,073.50</u>	Serial Bonds Payable	863,000.00	973,000.00
			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	88,341.81	44,778.75	Reserve for Animal Control	83,210.02	41,571.96
			Escrow	4,782.00	2,857.00
			Reserve for Encumbrances	349.79	349.79
Total Animal Control Trust Fund	<u>88,341.81</u>	<u>44,778.75</u>	Total Animal Control Trust Fund	<u>88,341.81</u>	<u>44,778.75</u>
Trust-Other Fund:			Trust-Other Fund:		
Cash and Investments - Treasurer	23,776,629.75	24,368,579.75	Reserve for Encumbrances	305,760.96	194,123.64
Due from Current Fund	<u>534,500.00</u>	<u>24,368,579.75</u>	Escrow Funds	7,456,800.50	7,037,492.30
	24,311,129.75		Performance Guarantees	1,305,235.05	1,305,235.05
			Due to Current Fund		599.82
			Deposits for Tax Sale Redemp./Premiums	3,838,765.44	4,827,463.86
			Utilities Trust Reserve	40,195.69	5,094.74
			Developers Escrow	1,130,024.58	1,227,348.65
			Dedicated Law Enfor. Trust Fund	52,426.57	61,328.71
			Affordable Housing	6,148,724.44	4,839,204.62
			Flexible Spending Account	25,917.13	17,318.83
			Unemployment Trust	92,974.75	25,447.59
			Insurance Trust Reserve	1,843,681.31	3,154,656.78
			Off-Duty Police	1,010,768.32	686,581.20
			Storm Recovery	413,451.98	500,000.00
			Payroll Deductions Payable	486,403.03	486,683.96
			Due to General Capital Fund	<u>160,000.00</u>	
Total Trust-Other Fund	<u>\$ 24,311,129.75</u>	<u>\$ 24,368,579.75</u>	Total Trust-Other Fund	<u>\$ 24,311,129.75</u>	<u>\$ 24,368,579.75</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, 2017 AND 2016

	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>		<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Housing and Community Development Act of 1974:			Housing & Community Development Act of 1974:		
Cash and Investments - Treasurer	\$ 50,761.88	\$ 1,433.67	Reserve for Commun. Develop. Blk.		
Accounts Receivable	<u>865,088.68</u>	<u>1,028,076.75</u>	Grant Projects	\$ 915,850.56	\$ 1,029,510.42
Total Housing and Community Development Act of 1974	<u>915,850.56</u>	<u>1,029,510.42</u>	Total Housing & Community Development Act of 1974	<u>915,850.56</u>	<u>1,029,510.42</u>
Self-Insurance Trust Fund:			Self-Insurance Trust Fund:		
Cash and Investments - Treasurer	<u>7,720.12</u>	<u>8,286.65</u>	Reserve for Insurance Claims: Worker's Compensation	<u>7,720.12</u>	<u>8,286.65</u>
Total Self Insurance Trust Fund	<u>7,720.12</u>	<u>8,286.65</u>	Total Self Insurance Trust Fund	<u>7,720.12</u>	<u>8,286.65</u>
HUD Housing Voucher Trust Fund:			HUD Housing Voucher Trust Fund:		
Cash and Investments - Treasurer	350,721.30	520,874.04	Reserve for HUD Housing Voucher Program Expenditures	349,268.30	425,125.04
Accounts Receivable	<u>                    </u>	<u>53,904.00</u>	Accounts Payable	1,453.00	4,100.00
Total HUD Housing Voucher Trust Fund	<u>350,721.30</u>	<u>574,778.04</u>	Unearned Revenue	<u>                    </u>	<u>145,553.00</u>
Total Trust Funds	<u>\$ 29,153,026.36</u>	<u>\$ 29,505,196.43</u>	Total Trust Funds	<u>\$ 29,153,026.36</u>	<u>\$ 29,505,196.43</u>

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON  
 MERCER COUNTY, NEW JERSEY  
 TRUST ASSESSMENT FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	BUDGET REVENUES	REALIZED
Deficit (General Budget)	\$ 110,000.00	\$ 110,000.00

TOWNSHIP OF HAMILTON  
 MERCER COUNTY, NEW JERSEY  
 TRUST ASSESSMENT FUND  
 STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	BUDGET APPROPRIATION	EXPENDED
Payment of Bond Principal	\$ 110,000.00	\$ 110,000.00

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, 2017 AND 2016

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>
Cash and Investments - Treasurer	\$ 12,361,120.07	\$ 17,112,334.95
Due from State of NJ DOT	189,581.78	189,581.78
Due from County of Mercer	157,500.00	
Due from Trust Other Fund	160,000.00	
Due from Current Fund	1,498,072.50	
Deferred Charges to Future Taxation:		
Funded	66,759,898.13	53,223,537.98
Unfunded	<u>31,963,848.40</u>	<u>45,122,865.40</u>
	<u>\$ 113,090,020.88</u>	<u>\$ 115,648,320.11</u>
<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>		
General Serial Bonds	\$ 64,183,000.00	\$ 50,265,000.00
Bond Anticipation Notes	7,939,000.00	31,329,000.00
Environmental Infrastructure Loan	2,351,424.25	2,686,768.64
Due to Sewer Operating	4,270,472.18	
Green Trust Project Loan Payable	225,473.88	271,769.34
Reserve for Encumbrances	4,772,423.37	3,261,841.68
Improvement Authorizations:		
Funded	9,314,758.23	4,837,016.62
Unfunded	19,661,297.47	22,796,464.19
Reserve For:		
Unallocated Grant Receipts	125,000.00	125,000.00
Capital Improvement Fund	73,008.74	37,284.58
Future Debt Service	171,689.79	35,702.09
Fund Balance	<u>2,472.97</u>	<u>2,472.97</u>
	<u>\$ 113,090,020.88</u>	<u>\$ 115,648,320.11</u>

There were Bonds and Notes Authorized but not Issued for the years ended December 31, 2017 and 2016 in the amounts of \$24,024,848.40 and \$13,793,865.40 respectively.



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, 2017 AND 2016

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2017</u>	<u>BALANCE DEC. 31, 2016</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2017</u>	<u>BALANCE DEC. 31, 2016</u>
Operating Fund:			Operating Fund:		
Cash and Investments - Treasurer	\$ 3,223,120.59	\$ 7,742,420.30	Liabilities:		
Due from General Capital	<u>4,270,472.18</u>	<u>7,742,420.30</u>	Sewer Rents Overpayments	\$ 18,702.22	\$ 13,616.58
	<u>7,493,592.77</u>	<u>7,742,420.30</u>	Prepaid Sewer Rents	750,530.30	609,731.85
			Accounts Payable	8,398.00	
Receivables With Offsetting Reserves:			Appropriation Reserves	871,209.53	1,280,718.87
Sewer Rents Receivable	624.00	850,855.93	Reserve for Encumbrances	650,471.88	568,371.58
Sewer Rent Liens Receivable	<u>72,334.28</u>	<u>67,818.86</u>	Reserve for Future Debt Service	569,370.61	531,183.25
			Accrued Interest on Bonds & Notes	<u>1,090,642.99</u>	<u>832,689.57</u>
	<u>72,958.28</u>	<u>918,674.79</u>		<u>3,959,325.53</u>	<u>3,836,311.70</u>
			Reserve for Receivables	72,958.28	918,674.79
			Fund Balance	<u>3,534,267.24</u>	<u>3,906,108.60</u>
Total Operating Fund	<u>7,566,551.05</u>	<u>8,661,095.09</u>	Total Operating Fund	<u>7,566,551.05</u>	<u>8,661,095.09</u>
Capital Fund:			Capital Fund:		
Cash and Investments - Treasurer	21,454,807.16	25,459,299.68	Serial Bonds	58,049,000.00	37,954,000.00
Account Receivable - State	8,650.65	8,650.65	Bond Anticipation Notes	15,917,772.00	39,537,000.00
Fixed Capital	134,215,182.90	134,159,873.33	NJ EIT Loan Payable	315,587.10	340,501.81
Fixed Capital - Auth. and Uncompl.	<u>65,491,985.82</u>	<u>59,375,285.82</u>	Reserve for Encumbrances	1,738,184.79	2,381,002.25
			Improvement Authorizations:		
			Funded	9,833,546.34	1,617,857.92
			Unfunded	22,286,266.97	27,746,930.45
			Reserve for:		
			Capital Improvement Fund	192,775.00	192,775.00
			Reserve for Amortization	112,836,787.95	109,232,335.67
			Fund Balance	<u>706.38</u>	<u>706.38</u>
Total Capital Fund	<u>221,170,626.53</u>	<u>219,003,109.48</u>	Total Capital Fund	<u>221,170,626.53</u>	<u>219,003,109.48</u>
Assessment Fund:			Assessment Fund:		
Cash and Investments - Treasurer	<u>467.10</u>	<u>467.10</u>	Fund Balance	<u>467.10</u>	<u>467.10</u>
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>\$ 228,737,644.68</u>	<u>\$ 227,664,671.67</u>	Total Sewer Utility Fund	<u>\$ 228,737,644.68</u>	<u>\$ 227,664,671.67</u>

There were Bonds and Notes Authorized but not Issued for the years ended December 31, 2017 and 2016 in the amounts of \$12,588,021.67 and \$6,471,321.67, 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, 2017 AND 2016

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>YEAR 2017</u>	<u>YEAR 2016</u>
Fund Balance Utilized	\$ 2,275,000.00	\$ 1,000,000.00
Sewer Rents	16,105,621.79	15,158,471.20
Sewer Connection Fees	331,745.05	701,322.00
Reserve for Future Debt Service		307,754.37
Miscellaneous	129,046.89	153,811.54
Miscellaneous Revenue Not Anticipated		55,280.55
Other Credits to Income:		
Unexpended Balance of Appropriation		
Reserves Lapsed	<u>1,189,004.72</u>	<u>1,025,779.54</u>
 Total Revenues	 <u>20,030,418.45</u>	 <u>18,402,419.20</u>
 <u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	12,049,034.00	12,020,459.00
Capital Improvements		250,000.00
Debt Service	5,265,014.81	4,350,212.81
Statutory Expenditures	<u>813,211.00</u>	<u>787,082.00</u>
 Total Expenditures	 <u>18,127,259.81</u>	 <u>17,407,753.81</u>
 Excess in Revenues Over Expenditures	 1,903,158.64	 994,665.39
 <u>FUND BALANCE</u>		
Balance - January 1	<u>3,906,108.60</u>	<u>3,911,443.21</u>
	5,809,267.24	4,906,108.60
Decreased by:		
Utilized in Sewer Operating Budget	<u>2,275,000.00</u>	<u>1,000,000.00</u>
Balance - December 31	<u>\$ 3,534,267.24</u>	<u>\$ 3,906,108.60</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, 2017

Balance - December 31, 2017 and 2016	\$ <u>706.38</u>
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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, 2017

Balance - December 31, 2017 and 2016 \$ 467.10



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Operating Fund Balance			
Anticipated	\$ 2,275,000.00	\$ 2,275,000.00	
Sewer Rents	15,002,259.81	16,105,621.79	\$ 1,103,361.98
Sewer Connection Fees	700,000.00	331,745.05	(368,254.95)
Miscellaneous	<u>150,000.00</u>	<u>129,046.89</u>	<u>(20,953.11)</u>
	<u>\$ 18,127,259.81</u>	<u>\$ 18,841,413.73</u>	<u>\$ 714,153.92</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		
			PAID OR CHARGED	ENCUMBERED	RESERVED
Operating:					
Salaries and Wages	\$ 4,638,414.00	\$ 4,638,414.00	\$ 4,104,484.21		\$ 533,929.79
Other Expenses	4,758,830.00	4,758,830.00	3,820,336.39	\$ 650,471.88	288,021.73
Group Insurance Plan for Employees	2,321,775.00	2,321,775.00	2,321,775.00		
Self-Insurance Program N.J.S.A. 40A:10-1 et seq.	211,592.00	211,592.00	211,592.00		
Other Insurance and Surety Bond Premiums	118,423.00	118,423.00	118,423.00		
Debt Service:					
Payment of Bond Principal	2,460,000.00	2,460,000.00	2,460,000.00		
Payment of BANS	140,000.00	140,000.00	140,000.00		
Interest on Bonds	1,861,787.50	1,861,787.50	1,861,787.50		
Interest on Notes	775,000.00	775,000.00	775,000.00		
EIT Loan Principal	24,914.71	24,914.71	24,914.71		
EIT Loan Interest	3,312.60	3,312.60	3,312.60		
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	458,372.00	458,372.00	458,372.00		
Social Security System (O.A.S.I.)	<u>354,839.00</u>	<u>354,839.00</u>	<u>305,580.99</u>		<u>49,258.01</u>
Total Sewer Utility Appropriations	\$ <u>18,127,259.81</u>	\$ <u>18,127,259.81</u>	\$ <u>16,605,578.40</u>	\$ <u>650,471.88</u>	\$ <u>871,209.53</u>
Cash Disbursed			\$ 13,965,478.30		
Accrued Interest on Bonds and Notes			<u>2,640,100.10</u>		
			\$ <u>16,605,578.40</u>		

## TOWNSHIP OF HAMILTON

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2017 AND 2016

#### 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 of 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
- HUD Housing Vouchers
- 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 the General Capital Fund.

TOWNSHIP OF HAMILTON

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

B. Description of Funds (continued)

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.

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.

## TOWNSHIP OF HAMILTON

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2017 AND 2016

#### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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

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

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.

TOWNSHIP OF HAMILTON

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

C. Basis of Accounting and Measurement Focus (continued)

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 position at the lower of cost or fair market value.

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

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

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

Sale of Municipal Assets - Cash proceeds from the sale of Township owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. 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.

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

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

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. Township 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.

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.

Recent Pronouncements

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



TOWNSHIP OF HAMILTON

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

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

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

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 30, 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 Township has implemented this standard; however, it has no tax abatement arrangements to disclose at December 31, 2017.

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, 2017 and 2016, the amounts held in trust amounted to \$30,148,074.40 and \$26,733,566.04, respectively.



**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION**

A. Summary of Municipal Debt:

**Summary of Municipal Debt**

	2017	2016
Issued:		
General Capital:		
Bonds and notes	\$ 72,122,000.00	\$ 81,594,000.00
Green trust program loans	225,473.88	271,769.34
Infrastructure loan	2,351,424.25	2,686,768.64
Trust Assessment:		
Bonds and notes	863,000.00	973,000.00
Sewer Utility:		
Bonds and notes	73,966,772.00	77,491,000.00
Infrastructure loan	315,587.10	340,501.81
Total Debt Issued	\$ 149,844,257.23	\$ 163,357,039.79
Less:		
Funds temporarily held to pay		
Bonds or Notes:		
General Capital	171,689.79	35,702.09
Sewer Utility	569,370.61	531,183.25
	741,060.40	566,885.34
Net Debt Issued	\$ 149,103,196.83	\$ 162,790,154.45
Authorized But Not Issued		
General Capital:		
Bonds and Notes	\$ 24,024,753.40	\$ 13,793,770.40
Trust Assessment:		
Bonds and Notes	95.00	95.00
Sewer Utility:		
Bonds and Notes	12,588,021.67	6,471,321.67
Total authorized but not issued	36,612,870.07	20,265,187.07
Net bonds and notes issued and authorized but not issued	\$ 185,716,066.90	\$ 183,055,341.52

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

**A. Summary of Municipal Debt (continued)**

<b>Changes in Long-Term Municipal Debt</b>	Balance, December 31, 2016	Additions	Reductions	Balance, December 31, 2017
<b>Bonds Payable</b>				
General Capital Fund	\$ 50,265,000.00	\$ 19,773,000.00	\$ 5,855,000.00	\$ 64,183,000.00
Trust Assessment Fund	973,000.00		110,000.00	863,000.00
Sewer Utility Capital Fund	37,954,000.00	22,555,000.00	2,460,000.00	58,049,000.00
Total	<u>\$ 89,192,000.00</u>	<u>\$</u>	<u>\$ 8,425,000.00</u>	<u>\$ 123,095,000.00</u>
<b>Infrastructure Loans Payable</b>				
General Capital Fund	\$ 2,686,768.64		\$ 335,344.39	\$ 2,351,424.25
Sewer Utility Capital Fund	340,501.81		24,914.71	315,587.10
Total	<u>\$ 3,027,270.45</u>	<u>\$</u>	<u>\$ 360,259.10</u>	<u>\$ 2,667,011.35</u>
<b>Green Trust Loans Payable</b>				
General Capital Fund	\$ 271,769.34		\$ 46,295.46	\$ 225,473.88
Total Long-Term Debt	<u>\$ 92,491,039.79</u>	<u>\$</u>	<u>\$ 8,831,554.56</u>	<u>\$ 125,987,485.23</u>
<b>Bonds and Notes Authorized But Not Issued</b>				
General Capital Fund*	\$ 13,793,865.40	\$ 15,930,983.00	\$ 5,700,000.00	\$ 24,024,848.40
Sewer Utility Capital Fund	6,471,321.67	6,116,700.00		12,588,021.67
Total	<u>\$ 20,265,187.07</u>	<u>\$ 22,047,683.00</u>	<u>\$ 5,700,000.00</u>	<u>\$ 36,612,870.07</u>
	Balance, December 31, 2015	Additions	Reductions	Balance, December 31, 2016
<b>Bonds Payable</b>				
General Capital Fund	\$ 55,385,000.00		\$ 5,120,000.00	\$ 50,265,000.00
Trust Assessment Fund	1,083,000.00		110,000.00	973,000.00
Sewer Utility Capital Fund	40,364,000.00		2,410,000.00	37,954,000.00
Total	<u>\$ 96,832,000.00</u>	<u>\$</u>	<u>\$ 7,640,000.00</u>	<u>\$ 89,192,000.00</u>
<b>Infrastructure Loans Payable</b>				
General Capital Fund	\$ 2,970,089.77		\$ 283,321.13	\$ 2,686,768.64
Sewer Utility Capital Fund	365,285.06		24,783.25	340,501.81
Total	<u>\$ 3,335,374.83</u>	<u>\$</u>	<u>\$ 308,104.38</u>	<u>\$ 3,027,270.45</u>
<b>Green Trust Loans Payable</b>				
General Capital Fund	\$ 318,064.80		\$ 46,295.46	\$ 271,769.34
Total Long-Term Debt	<u>\$ 100,485,439.63</u>	<u>\$</u>	<u>\$ 7,994,399.84</u>	<u>\$ 92,491,039.79</u>
<b>Bonds and Notes Authorized But Not Issued</b>				
General Capital Fund*	\$ 14,524,915.40	\$ 30,597,950.00	\$ 31,329,000.00	\$ 13,793,865.40
Sewer Utility Capital Fund	6,049,271.67	6,379,050.00	5,957,000.00	6,471,321.67
Total	<u>\$ 20,574,187.07</u>	<u>\$ 36,977,000.00</u>	<u>\$ 37,286,000.00</u>	<u>\$ 20,265,187.07</u>

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

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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, 2017 and 2016:

**Changes in Short-Term Debt**

	Balance, December 31, 2016	Additions	Reductions	Balance, December 31, 2017
Bond Anticipation Notes				
General Capital Fund	\$ 31,329,000.00	\$ 7,939,000.00	\$31,329,000.00	\$ 7,939,000.00
Sewer Utility Capital Fund	39,537,000.00	15,917,772.00	39,537,000.00	15,917,772.00
Total	<u>\$ 70,866,000.00</u>	<u>\$ 23,856,772.00</u>	<u>\$70,866,000.00</u>	<u>\$ 23,856,772.00</u>
	Balance, December 31, 2015	Additions	Reductions	Balance, December 31, 2016
Bond Anticipation Notes				
General Capital Fund	\$ 22,895,000.00	\$ 31,329,000.00	\$22,895,000.00	\$ 31,329,000.00
Sewer Utility Capital Fund	33,580,000.00	39,537,000.00	33,580,000.00	39,537,000.00
Total	<u>\$ 56,475,000.00</u>	<u>\$ 70,866,000.00</u>	<u>\$56,475,000.00</u>	<u>\$ 70,866,000.00</u>

<b>General Debt</b>	2017	2016
\$17,425,000 General Improvement Refunding Bonds of 2013, due in annual installments of \$1,555,000 through \$2,050,000 through August 1, 2025, interest at 4.00%	\$ 14,320,000.00	\$ 15,830,000.00
\$4,630,000 Pension Obligation Refunding Bonds of 2013, due in annual installments of \$440,000 through \$585,000 through August 1, 2023, interest at 1.85% through 3.12%.	3,045,000.00	3,490,000.00
\$17,716,000 General Improvement Bonds of 2010, due in annual installments \$1,700,000 through February 1, 2022, interest at 3.13% through 3.25%	8,496,000.00	10,196,000.00
\$8,046,000 General Improvement Bonds of 2014, due in annual installments of \$810,000 through \$900,000 through June 1, 2024, interest at 2.00% through 4.00%.	6,056,000.00	6,846,000.00
\$14,703,000 General Improvement Bonds of 2015 due in annual installments of \$1,455,000 through \$1,600,000 through June 1, 2025, interest at 2.00% through 4.00%	12,493,000.00	13,903,000.00
\$19,773,000 General Improvement Bonds of 2017 due in annual installments of \$1,163,000 through \$2,325,000 through June 1, 2028, interest at 3.00% through 5.00%	<u>19,773,000.00</u>	<u>-</u>

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

A. Summary of Municipal Debt (Cont'd)

General Debt (cont'd)

<u>Green Trust Loans</u>	2017	2016
\$115,841.25 Issac Pearson Acq., due in semi-annual installments of \$7,203.38 through March 6, 2022, interest at 2.00%.	\$ 30,979.97	\$ 37,340.96
\$461,600 Veterans Park., due in semi-annual installments of \$28,703.76 through March 6, 2022, interest at 2.00%.	123,448.64	148,795.67
\$265,655 Tyndale Farm Acq., due in semi-annual installments of \$16,519.28 through March 6, 2022, interest at 2.00%.	71,045.27	85,632.71
<b><u>New Jersey Environmental Infrastructure Trust</u></b>		
\$1,435,000 Infrastructure Loan, due in annual installments of \$80,000 through \$110,000 through August 1, 2025 interest at 4.250% to 4.375%	692,480.74	825,000.00
\$4,028,778 Infrastructure Loan, Principal Only- due in		
<b><u>Bond Anticipation Notes</u></b>		
Bond Anticipation Notes, date of original issue August 28 2014, due date June 8, 2017, interest rate at 2.00%		22,895,000.00
Bond Anticipation Notes, date of original issue June 11, 2016, due date June 8, 2017, interest rate at 1.50% through 2%		8,434,000.00
Bond Anticipation Notes, date of original issue June 8, 2017, due date May 23, 2018, interest rate at 2.00%	7,939,000.00	
\$1,523,000 Assessment Bonds of 2010, due in annual installments of \$103,000 through \$110,000 through February 1, 2025, interest at 3.125% through 3.625%	863,000.00	973,000.00
<b>Total General Debt</b>	<b>\$ 75,561,898.13</b>	<b>\$ 85,525,537.98</b>

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

A. Summary of Municipal Debt (Cont'd)

Utility Debt

	2017	2016
\$5,142,000 Sewer Utility Bonds of 2010, due in annual installments of \$160,000 through \$290,000 through March 1, 2035, interest at 3.125% through 4.300%.	\$ 4,082,000.00	\$ 4,242,000.00
\$16,505,000 Sewer Utility Refunding Bonds of 2013, due in annual installments of \$1,475,000 through \$1,935,000 through Aug 1, 2025, interest of 4.00%	13,560,000.00	14,995,000.00
\$14,687,000 Sewer Utility Improvement Bonds of 2014, due in annual installments of \$500,000 through \$650,000 through June 1, 2039, interest at 2.00% through 4.00%.	13,412,000.00	13,887,000.00
\$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%.	1,950,000.00	2,075,000.00
\$3,035,000 Sewer Utility Refunding Series Bonds of 2015 due in annual installments of \$275,000 through \$360,000 through August 1, 2025, interest at 3.00% through 5.00%.	2,490,000.00	2,755,000.00
\$23,480,000 Sewer Utility Improvement Bonds of 2017 (series B) due in annual installments of \$475,000 to \$940,000 through May 15, 2047, interest at 3.00% through 5.00%.	22,555,000.00	
Bond Anticipation Notes, date of original issue August 28, 2014 and June 11, 2016, due date May 23, 2018, interest rate at 2.00%.	12,761,476.00	36,337,000.00
Bond Anticipation Notes, date of original issue June 10, 2016, due date May 23, 2018, interest rate at 2.00%	3,156,296.00	3,200,000
\$126,650.65 Infrastructure Loan, due in annual installments of \$6,048.41 through \$8,841.65 through August 1, 2029, interest at 2.75% to 4.16%	87,372.77	93,269.63
\$4,028,778 Infrastructure Loan, Principal Only- due in semi-annual installments totaling \$19,017.85 through August 1, 2029	228,214.33	247,232.18
Total utility debt	\$ 74,282,359.10	\$ 77,831,501.81
Total debt issued and outstanding	\$ 149,844,257.23	\$ 163,357,039.79

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

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

Schedule of Annual Debt Service for Principal and Interest for the Bonded Debt Issues and Outstanding

Year	General*		Sewer Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 7,278,000.00	\$ 2,321,289.61	\$ 3,010,000.00	\$ 2,115,063.00	\$ 10,288,000.00	\$ 4,436,352.61
2019	7,450,000.00	2,076,539.45	3,105,000.00	2,007,609.88	10,555,000.00	4,084,149.33
2020	7,625,000.00	1,811,549.15	3,190,000.00	1,891,197.38	10,815,000.00	3,702,746.53
2021	7,640,000.00	1,540,507.35	3,315,000.00	1,768,550.50	10,955,000.00	3,309,057.85
2022	7,766,000.00	1,283,870.00	3,415,000.00	1,650,463.00	11,181,000.00	2,934,333.00
2023-2027	24,962,000.00	2,762,090.07	15,210,000.00	6,172,536.29	40,172,000.00	8,934,626.36
2028-2032	2,325,000.00	58,125.00	9,010,000.00	3,800,377.50	11,335,000.00	3,858,502.50
2033-2037			8,247,000.00	2,306,840.01	8,247,000.00	2,306,840.01
2038-2042			5,422,000.00	1,117,845.00	5,422,000.00	1,117,845.00
2043-2047			4,125,000.00	360,868.17	4,125,000.00	360,868.17
<b>Total</b>	<b>\$ 65,046,000.00</b>	<b>\$ 11,853,970.63</b>	<b>\$ 58,049,000.00</b>	<b>\$ 23,191,350.73</b>	<b>\$ 118,970,000.00</b>	<b>\$ 34,684,453.19</b>

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

**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:

2017	Gross Debt	Deductions	Net Debt
Local School District	\$ 84,473,000.00	\$ 84,473,000.00	
Sewer Utility	86,554,793.67	86,554,793.67	
General Capital	99,586,746.53	171,689.79	\$ 99,415,056.74
	<u>\$ 270,614,540.20</u>	<u>\$ 171,199,483.46</u>	<u>\$ 99,415,056.74</u>

Net Debt \$99,415,056.74 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$8,617,061,159.67 equals 1.15%.

**Equalized Valuation Basis**

2015 Equalized valuation basis of real property	\$ 8,483,583,977.00
2016 Equalized valuation basis of real property	8,626,133,807.00
2017 Equalized valuation basis of real property	<u>8,741,465,695.00</u>
Average equalization value	<u>\$ 8,617,061,159.67</u>

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

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

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

3 1/2 % of Equalized Valuation	\$	301,597,140.59
Net Debt		99,415,056.74
Remaining Borrowing Power	\$	202,182,083.85

<b>2016</b>	Gross Debt	Deductions	Net Debt
Local School District	\$ 31,925,000.00	\$ 31,925,000.00	
Sewer Utility	84,302,823.48	84,302,823.48	
General Capital	99,319,403.38	35,702.09	\$ 99,283,701.29
	\$ 215,547,226.86	\$ 116,263,525.57	\$ 99,283,701.29

Net Debt \$99,283,701.09 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$8,590,301,552.67 equals 1.156%.

Equalized Valuation Basis

2014 Equalized valuation basis of real property	\$	8,661,186,874.00
2015 Equalized valuation basis of real property		8,483,583,977.00
2016 Equalized valuation basis of real property		8,626,133,807.00
Average equalization value	\$	8,590,301,552.67

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

3 1/2 % of Equalized Valuation	\$	300,660,554.34
Net Debt		99,283,701.29
Remaining Borrowing Power	\$	201,376,853.05

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, 2017, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$75,000.00

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

D. Loan Agreements: (continued)

Loan Agreements – NJ Environmental Infrastructure Trust (continued)

Schedule of Annual Debt Service of Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2017.

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

<u>Year</u>	<b>NJ Environmental Infrastructure Trust</b>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 74,763.93	\$ 27,699.30
2019	79,221.11	24,708.74
2020	79,096.47	21,539.88
2021	83,341.58	18,376.02
2022	87,649.22	15,042.34
2023-2026	288,408.43	23,411.14
Total	\$ 692,480.74	\$ 130,777.42

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, 2017, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$260,344.39.

<u>Year</u>	<b>NJ Environmental Infrastructure Trust Principal</b>	
	2018	\$ 206,489.13
2019	209,420.32	
2020	202,802.23	
2021	204,954.83	
2022	206,901.33	
2023-2026	628,375.67	
Total	\$ 1,658,943.51	

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 \$2,351,424.25 has been included in the calculation of the Township's statutory debt condition.



**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

D. Loan Agreements: (continued)

Loan Agreements – NJ Environmental Infrastructure Trust (continued)

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, 2017, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$5,896.86.

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2017:

	<b><u>NJ Environmental Infrastructure Trust</u></b>			
<u>Year</u>		<u>Principal</u>		<u>Interest</u>
2018	\$	6,048.41	\$	3,161.06
2019		6,214.74		2,994.72
2020		6,398.07		2,811.38
2021		6,598.97		2,149.10
2022		6,814.76		2,357.91
2023-2027		37,961.12		9,856.30
2028-2030		17,336.70		7,144.11
Total	\$	<u>87,372.77</u>	\$	<u>30,474.57</u>

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

Schedule of Annual Debt Service for Principal Only for the Loan Agreements Issued and Outstanding at December 31, 2017:

	<b><u>NJ Environmental Infrastructure Trust</u></b>	
	<b><u>Principal Only</u></b>	
<u>Year</u>		
2018	\$	19,017.85
2019		19,017.85
2020		19,017.85
2021		19,017.85
2022		19,017.85
2023-2027		95,089.25
2028-2030		38,035.83
Total	\$	<u>228,214.33</u>

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 \$315,587.10 has been included in the calculation of the Township's statutory

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

D. Loan Agreements: (continued)

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, 2017, the Township made payments-with respect to the Green Trust Program Loans in the amount of \$46,295.46.

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2017:

<u>Green Trust Loan - Issac Pearson Acquisition</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 6,619.27	\$ 584.11
2019	6,752.31	451.06
2020	6,888.03	315.35
2021	7,026.48	176.90
2022	3,693.88	35.66
Total	\$ 30,979.97	\$ 1,563.08

Loan Agreements – Veterans Park Extension

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2017:

<u>Green Trust Loan - Veterans Park Extension</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 26,885.69	\$ 2,327.54
2019	26,906.38	1,797.38
2020	27,447.20	1,256.57
2021	27,998.88	704.88
2022	14,210.49	142.10
Total	\$ 123,448.64	\$ 6,228.47

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**

Loan Agreements – Tyndale Farm Acquisition

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2017:

<u>Green Trust Loan - Tyndale Farm Acquisition</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 15,472.97	\$ 1,339.52
2019	15,484.86	1,034.41
2020	15,796.11	723.17
2021	16,113.61	405.66
2022	8,177.72	81.78
Total	\$ 71,045.27	\$ 3,584.54

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 \$225,473.88 has been included in the calculation of the Township's statutory debt condition.

**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>2017</u>		
Cash Receipts from Fees, Rents or Other Charges and Surplus Anticipated		\$ 18,841,413.73
Deductions:		
Operating and Maintenance Cost	\$ 12,862,245.00	
Debt Service per Utility Operating Fund	5,265,014.81	
		18,127,259.81
Excess in Revenue		\$ 714,153.92
<u>2016</u>		
Cash Receipts from Fees, Rents or Other Charges and Surplus Anticipated		\$ 17,376,639.66
Deductions:		
Operating and Maintenance Cost	\$ 12,807,541.00	
Debt Service per Utility Operating Fund	4,350,212.81	
		17,157,753.81
Excess in Revenue		\$ 218,885.85

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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)

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

<b><u>2017</u></b>	
Excess in Revenues - Cash Basis (D-1)	\$ 1,903,158.64
Add Capital Outlay	<u>-</u>
	\$ 1,903,158.64
Deduct: Other Credits to Income	<u>1,189,004.72</u>
Excess in Revenues	<u><u>\$ 714,153.92</u></u>

<b><u>2016</u></b>	
Excess in Revenues - Cash Basis (D-1)	\$ 994,665.39
Add Capital Outlay	<u>250,000.00</u>
	\$ 1,244,665.39
Deduct: Other Credits to Income	<u>1,025,779.54</u>
Excess in Revenues	<u><u>\$ 218,885.85</u></u>

**NOTE 5: FIXED ASSETS**

Capital asset activity for the year ended December 31, 2017 and 2016 was as follows:

General Fixed Assets

	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017
Land and Buildings	\$ 84,354,835.64			\$ 84,354,835.64
Equipment	8,384,332.30	\$ 1,417,758.10	\$ 246,229.89	9,555,860.51
Vehicles	13,603,520.69	733,467.15	763,005.27	13,573,982.57
	<u>\$ 106,342,688.63</u>	<u>\$ 2,151,225.25</u>	<u>\$ 1,009,235.16</u>	<u>\$107,484,678.72</u>
	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
Land and Buildings	\$ 84,354,835.64			\$ 84,354,835.64
Equipment	7,764,952.75	\$ 959,117.55	\$ 339,738.00	8,384,332.30
Vehicles	12,623,442.46	2,380,541.08	1,400,462.85	13,603,520.69
	<u>\$ 104,743,230.85</u>	<u>\$ 3,339,658.63</u>	<u>\$ 1,740,200.85</u>	<u>\$106,342,688.63</u>

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 5: FIXED ASSETS (continued)**

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.

**NOTE 6: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2017, December 31, 2016, and December 31, 2015 were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, as follows:

			<u>Balance</u> <u>December 31.</u>	<u>Anticipated</u> <u>Succeeding Year</u>
<b>Current Fund:</b>	2017	\$	8,217,241.12	\$ 5,100,000.00
	2016		7,592,924.72	4,500,000.00
	2015		7,245,947.11	4,500,000.00
<b>Sewer Utility Operating Fund:</b>	2017	\$	3,543,267.24	\$ 3,000,000.00
	2016		3,906,108.60	2,275,000.00
	2015		3,911,443.21	1,000,000.00

**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.

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 7: DEPOSITS AND INVESTMENTS (continued)**

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.

At December 31, 2017 and 2016 the Township had the following depository accounts. All deposits are carried at cost. \$91,892.20 and \$68,564.72 held in agency and payroll accounts for the year ended December 31, 2017 and 2016 respectively are not covered by GUDPA.

<u>Depository Account</u>	Book Balance	
	December 31, 2017	December 31, 2016
	Cash (Demand Accounts)	\$ 87,172,409.77
Change Funds (On-Hand)	3,081.00	2,881.00
	<u>\$ 87,175,490.77</u>	<u>\$ 93,888,031.79</u>

<u>Depository Account</u>	Bank Balance	
	December 31, 2017	December 31, 2016
	FDIC Insured	\$ 1,250,000.00
GUPDA Insured	87,371,285.34	94,601,857.35
	<u>\$ 88,621,285.34</u>	<u>\$ 95,851,857.35</u>

At December 31, 2017, 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.

TOWNSHIP OF HAMILTON

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

**NOTE 7: DEPOSITS AND INVESTMENTS (continued)**

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.
- (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.

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.

## TOWNSHIP OF HAMILTON

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2017 AND 2016

#### 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.

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. 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.

Additionally, new legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposed a two percent (2%) cap on the tax levy of the municipality 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%.

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 13, 2017. The underlying tax collection rate for 2017 is 98.94%.



**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS**

Public Employee Retirement System

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

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017 and 2016:

	2017	2016
Inactive plan members or beneficiaries currently receiving benefits	170,124	170,685
Inactive plan members entitled to but not yet receiving benefits	650	650
Active plan members	254,685	254,685
Total	425,459	426,020

Contributing Employers – 1,703

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2016, the State was required to make a minimum contribution representing 5/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2014 actuarial valuation.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law.

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

For the year ended December 31, 2017 and 2016 the Township's total payroll for all employees was \$44,393,474.39 and \$44,946,171.32, respectively. Total PERS covered payroll was \$24,664,786 and \$23,522,663, respectively. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS (continued)**

*Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016 and increased to 7.20% for State fiscal year 2017, commencing July 1, 2017. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year.*

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Township payments to PERS for the years ending December 31, 2017 and 2016 consisted of the following:

	2017	2016
Total Regular Billings	\$ 3,056,840	\$ 3,007,673

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

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

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS (continued)**

At June 30, 2017, the PERS reported a net pension liability of \$23,278,401,588 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$76,812,253 or 0.3299721972%, which was a decrease of 0.0085826605% from its proportion measured as of June 30, 2016.

The pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017.

At June 30, 2016, the PERS reported a net pension liability of \$29,617,131,759 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey's the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$100,270,238 or 0.3385548577%.

At December 31, 2017, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources, if GASB #68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,808,663	
Changes in assumptions	15,475,022	\$ 15,418,288
Net difference between projected and actual earnings on pension plan investments	523,040 53,614	
Changes in proportion and differences between Township contributions and proportionate share of contributions		2,565,978
Township contributions subsequent to the measurement date	<u>3,056,840</u>	
	<u>\$ 20,917,179</u>	<u>\$ 17,984,266</u>

\$3,056,840 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 would be recognized in pension expense on the GAAP basis as follows:

<u>Year ended December 31,</u>		<u>Amount</u>
2018	\$	1,174,296
2019		2,146,380
2020		1,064,061
2021		(2,695,570)
2022		<u>(1,813,094)</u>
Total	\$	<u>(123,927)</u>

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS (continued)**

*Actuarial Assumptions-* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2017	June 30, 2016
Inflation	2.25%	3.08%
Salary Increases through 2026	1.65% - 4.15% based on age	1.65% - 4.15% based on age
Thereafter	2.65% - 5.15% based on age	2.65% - 5.15% based on age
Investment rate of return	7.00%	7.65%

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

Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 and 2016 are summarized in the following table:

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS (continued)**

<u>Asset Class</u>	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Global diversified credit	5.00%	7.10%		
Credit oriented hedge funds	1.00%	6.60%		
Debt related private equity	2.00%	10.63%		
Debt related real estate	1.00%	6.61%		
Private real asset	2.50%	11.83%	2.00%	6.91%
Equity related real estate	6.25%	9.23%		
U.S. equity	30.00%	8.19%	26.00%	8.53%
Non-U.S. developed markets equity	11.50%	9.00%		
Emerging markets equity	6.50%	11.64%	6.50%	9.95%
Buyouts/venture capital	8.25%	13.08%		13.08%
Absolute return/risk mitigation	5.00%	5.51%		
Investment grade credit	10.00%	3.78%	8.00%	1.79%
Public high yield	2.50%	6.82%		
Mortgages			2.00%	1.67%
High yield bonds			2.00%	4.56%
Inflation indexed bonds			1.50%	3.44%
Private equity			9.00%	12.40%
Hedge funds/absolute returns			12.50%	4.68%
Commodities			0.50%	5.45%
Developed foreign markets			13.25%	6.83%
REIT			5.25%	5.63%
Global debt ex US			5.00%	-0.25%
	100.00%		100.00%	

*Discount Rate* – The discount rate used to measure the total pension liability as of June 30, 2016 was 3.98% and as of June 30, 2017 was 5.00%. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS (continued)**

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

	<u>At 1% Decrease (4.00%)</u>	<u>At Current Discount Rate (5.00%)</u>	<u>At 1% Increase (6.00%)</u>
PERS	\$ 95,290,813	\$ 76,812,253	\$ 61,417,323

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2017 and 2016 were \$28,464,239,578 and \$26,762,070,610 respectively. The portion of the Plan Fiduciary Net Position was allocable to the Local (Non-Sate) Groups at June 30, 2017 and 2016 was \$21,573,965,463 and \$19,857,566,387, respectively.

*Additional Information*

Collective balances at June 30, 2017 are as follows:

Collective deferred outflows of resources	\$	6,424,455,842
Collective deferred inflows of resources		5,700,625,981
Collective net pension liability		23,278,401,588
 Township's Proportion		 0.3299721972%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 and 2016 was \$1,694,305,613 and \$2,830,763,540, respectively. The average of the expected remaining service lives of all plan members if 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014, respectively.

**State Contribution Payable Dates**

Prior to July 1, 2017 valuation, it is assumed the State will make pension contributions the June 30<sup>th</sup> following the valuation date. Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

**Receivable Contributions**

State contributions expected to be paid the June 30<sup>th</sup> following the valuation date. Effective with the July 1, 2017 valuation, State contributions expected to be paid in equal quarterly amounts as of September 30<sup>th</sup>, December 31<sup>st</sup>, March 31<sup>st</sup> and June 30<sup>th</sup> following the valuation date are discounted by the interest rate used at the valuation.

Local contributions expected to be paid the April 1<sup>st</sup>, following the valuation are discounted by the interest rate used at the valuation date.



**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS (continued)**

**Police and Firemen’s Retirement System**

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

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2017 and 2016:

	2017	2016
Inactive plan members or beneficiaries currently receiving benefits	43,011	40,789
Inactive plan members entitled to but not yet receiving benefits	47	47
Active plan members	40,789	45,625
Total	83,847	86,461

Contributing Employers – 585

In addition to the State, who is the sole payer of regular employer contributions to the fund, PFRS’s contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay toward their incurred liability. The current number of ERIP contributing employers is 26.

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2017, the State was required to make a minimum contribution representing 6/7<sup>th</sup> of the actuarially determined contribution amount based on the July 1, 2014 actuarial valuation.

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

For the year ended December 31, 2017 and 2016 the Township’s total payroll for all employees was \$44,393,474 and \$44,946,171, respectively. Total PFRS covered payroll was \$18,605,490 and \$18,631,147, respectively. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1<sup>st</sup> in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS (continued)**

Township payments to PFRS for the years ending December 31, 2017 and 2016 consisted of the following:

	2017	2016
Total Regular Billing	\$ 5,028,155	\$ 4,644,495

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

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible on or after June 28, 2011

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

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

At June 30, 2017, the PFRS reported a net pension liability of \$17,167,260,198 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township’s proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$87,710,026, or 0.5681412579% which was a decrease of 0.00149737416% from its proportion measured as of June 30, 2016. Then pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017.

At June 30, 2016, the PFRS reported a net pension liability of \$20,706,699,056 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township’s proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$108,815,550, or 0.5696386320%.



**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS (continued)**

At December 31, 2017, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources; if GASB #68 was recognized

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 569,011	\$ 514,785
Changes in assumptions	10,815,623	14,364,338
Net difference between projected and actual earnings on pension plan investments	1,673,713	
Changes in proportion and differences between Township contributions and proportionate share of contributions	1,085,897	1,213,927
Township contributions subsequent to the measurement date	<u>5,028,155</u>	
	<u>\$ 19,172,399</u>	<u>\$ 16,093,050</u>

\$5,028,155 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 would be recognized in pension expense on the GAAP basis as follows:

Year ended <u>December 31,</u>	<u>Amount</u>
2018	\$ 1,004,244
2019	2,775,693
2020	121,523
2021	(4,049,192)
2022	<u>(1,801,074)</u>
Total	<u>\$ (1,948,806)</u>

*Actuarial Assumptions-* The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Inflation	2.25%	3.08%
Salary Increases through 2026	2.10% - 8.98% based on age	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age	3.10% - 9.98% based on age
Investment rate of return	7.00%	7.65%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS (continued)**

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016 are summarized in the following table:

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS (continued)**

<u>Asset Class</u>	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
		Long-Term		Long-Term
	Target	Expected Real	Target	Expected Real
	<u>Allocation</u>	<u>Rate of Return</u>	<u>Allocation</u>	<u>Rate of Return</u>
Cash equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Global diversified credit	5.00%	7.10%		
Credit oriented hedge funds	1.00%	6.60%		
Debt related private equity	2.00%	10.63%		
Debt related real estate	1.00%	6.61%		
Private real asset	2.50%	11.83%	2.00%	6.91%
Equity related real estate	6.25%	9.23%		
U.S. equity	30.00%	8.19%	26.00%	8.53%
Non-U.S. developed markets equity	11.50%	9.00%		
Emerging markets equity	6.50%	11.64%	6.50%	9.95%
Buyouts/venture capital	8.25%	13.08%		13.08%
Absolute return/risk mitigation	5.00%	5.51%		
Investment grade credit	10.00%	3.78%	8.00%	1.79%
Public high yield	2.50%	6.82%		
Mortgages			2.00%	1.67%
High yield bonds			2.00%	4.56%
Inflation indexed bonds			1.50%	3.44%
Private equity			9.00%	12.40%
Hedge funds/absolute returns			12.50%	4.68%
Commodities			0.50%	5.45%
Developed foreign markets			13.25%	6.83%
REIT			5.25%	5.63%
Global debt ex US			5.00%	-0.25%
	100.00%		100.00%	

*Discount Rate* – The discount rate used to measure the total pension liability as of June 30, 2016 was 5.55% and as of June 30, 2017 was 6.14%. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 9: PENSION PLANS (continued)**

*Sensitivity of Net Pension Liability* – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease (5.14%)	At Current Discount Rate (6.14%)	At 1% Increase (7.14%)
PFRS	\$ 115,565,182	\$ 87,710,026	\$ 64,823,848

*Plan Fiduciary Net Position* – The plan fiduciary net position for PFRS at June 30, 2017 and 2016 was \$25,847,718,399 and \$23,984,726,664, respectively.

*Additional Information*

Collective balances at June 30, 2017 are as follows:

Collective deferred outflows of resources	\$	2,941,952,753
Collective deferred inflows of resources		3,262,432,093
Collective net pension liability		17,167,260,198
 Township's Proportion		 0.5681412579%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 and 2016 was \$1,624,455,951 and \$2,255,296,958, respectively. The average of the expected remaining service lives of all plan members if 5.59, 5.58, 5.53 and 6.17 years for 2017, 2016, 2015 and 2014, respectively.

**State Contribution Payable Dates**

Prior to July 1, 2017 valuation, it is assumed the State will make pension contributions the June 30<sup>th</sup> following the valuation date. Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

**Receivable Contributions**

State contributions expected to be paid the June 30<sup>th</sup> following the valuation date. Effective with the July 1, 2017 valuation, State contributions expected to be paid in equal quarterly amounts as of September 30<sup>th</sup>, December 31<sup>st</sup>, March 31<sup>st</sup> and June 30<sup>th</sup> following the valuation date are discounted by the interest rate used at the valuation.

Local contributions expected to be paid the April 1<sup>st</sup>, following the valuation are discounted by the interest rate used at the valuation date.

Special Funding Situation- Under N.J.S.A 43:16A-15, local participating employers are responsible

TOWNSHIP OF HAMILTON

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

**NOTE 9: PENSION PLANS (continued)**

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 state is treated as a non-employer 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, 2017 and 2016 for police and fire is 0.5681412579% and 0.5696386320%, respectively. The non-employer contributing entities' contribution for the year ended June 30, 2017 and 2016 was \$491,255 and \$350,134, respectively. The state's proportionate share of net pension liability attributable to the Township as of June 30, 2017 and 2016 was \$9,824,262 and \$9,137,807, respectively.

**Defined Contribution Retirement Plan**

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000 to be eligible or to continue participation. The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

*Plan Membership and Contributing Employers-* Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. At June 30, 2017 and 2016, the membership in the DCRP, based on the information within the Division's database, was 46,557, and 36,808.

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

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

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 7.20% for PERS, 10% for PFRS and 5.5% for DCRP of employees' base wages.

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 1,011 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, 2017, approximately 389 retirees and 622 active employees were receiving non-contributory health coverage benefits. The health benefit cost attributable to retirees at December 31, 2017 was \$7,031,035.20

At December 31, 2016, approximately 389 retirees and 622 active employees were receiving non-contributory health coverage benefits. The health benefit cost at December 31, 2016 was \$7,226,533.35.

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 paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, any amounts contributed to the plan and the Township's net OPEB obligation. For 2017 and 2016, the Township's annual OPEB cost (expense) (GAAP Basis) of \$24,680,000.00 and \$23,800,000.00, respectively were equal to the ARC.

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

	<u>2017</u>	<u>2016</u>
Net OPEB obligation - beginning of year	\$ 134,070,000.00	\$ 116,120,000.00
Annual required contribution (ARC)	26,520,000.00	25,400,000.00
Interest on OPEB obligation	6,040,000.00	5,220,000.00
Adjustment to annual	(7,880,000.00)	(6,820,000.00)
Less: Contributions	<u>(6,100,000.00)</u>	<u>(5,850,000.00)</u>
Net OPEB obligation - end of year	<u>\$ 152,650,000.00</u>	<u>\$ 134,070,000.00</u>

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, 2017.

The funded status of the plan for the Township as of December 31, 2017 and 2016, is as follows:

	<u>2017</u>	<u>2016</u>
Actuarial accrued liability (AAL)	\$ 306,080,000.00	\$ 292,580,000.00
Actuarial value of plan assets	<u>-</u>	<u>-</u>
Unfunded Actuarial liability (UAAL)	<u>\$ 306,080,000.00</u>	<u>\$ 292,580,000.00</u>
Funded ratio (actual value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	51,590,000.00	51,580,000.00
UAAI as a percentage of covered payroll	593%	567%

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health-care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

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

TOWNSHIP OF HAMILTON

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016

**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 coverage 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 \$13,000,000 less various members SIR. The minimum Fund retention shall be \$500,000.

2. General Liability

The Fund covers \$15,000,000 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 \$15,000,000 Automobile Liability and Property Damage claims (not subject to an aggregate limit). Minimum Fund Retention is \$250,000.

The Fund provides PIP limits of NJ Statutory amounts.

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

4. Property

The Fund has purchased property insurance with total limits of \$600,000,000 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 \$15,000,000 per occurrence, \$30,000,000 in the aggregate per member municipality for each fund year. Fund Retention \$150,000.

6. Employment Practices Liability (EPL)



**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**NOTE 11: RISK MANAGEMENT (continued)**

The Fund covers \$15,000,000 per occurrence, \$30,000,000 in the aggregate 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%.

Cyber liability is \$1,000,000 per member and \$2,500,000 in aggregate.

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

1. Workers Compensation: \$50,000 S.I.R.
2. Liability: \$50,000
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.

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.

**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.

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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 \$15,762,613.25 and \$14,037,813.01, respectively. This amount represents a full costing of the value of compensated absences payable earned at December 31, 2017 and 2016 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.

**NOTE 13: INTERFUNDS**

The following Interfund balances remain on the balance sheets at December 31, 2017 and 2016:

Fund	2017		2016	
	Interfunds Receivable	Interfunds Payable	Interfunds Receivable	Interfunds Payable
Current Fund		\$ 2,155,120.24	\$ 599.82	\$ 102,844.74
Federal and State Grant Fund	\$ 122,547.74		102,844.74	
General Trust Fund	534,500.00	160,000.00		599.82
General Capital Fund	1,658,072.50	4,270,472.18		
Sewer Operating Fund	4,270,472.18			
	<u>\$ 6,585,592.42</u>	<u>\$ 6,585,592.42</u>	<u>\$ 103,444.56</u>	<u>\$ 103,444.56</u>

The interfund balances represent short-term loans between the funds that are expected to be liquidated in the following year.

**TOWNSHIP OF HAMILTON**

**NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**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 "premium holiday". Accordingly at December 31, 2016, the amount of the premium deferrals three months were \$840,348.35. There was no deferral at December 31, 2017.

**NOTE 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

The following deferred charges are shown on the December 31, 2017 and 2016 balance sheet of the Township's Current Fund.

	December 31, 2017		December 31, 2016	
	Amount	Raised in Succeeding Year Budget	Amount	Raised in Succeeding Year Budget
Current Fund	<u>\$ 880,000.00</u>	<u>\$ 880,000.00</u>	<u>\$ 1,320,000.00</u>	<u>\$ 1,320,000.00</u>

**NOTE 16: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions from December 31, 2017 through June 20, 2018, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined that no subsequent events have occurred which require disclosure in the financial statements.

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**APPENDIX C**

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

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## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this 20th day of May, 2019 between the Township of Hamilton, County of Mercer, New Jersey ("Township") and the Dissemination Agent (hereinafter defined). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its: (i) \$11,156,000 General Obligation Bonds, Series 2019 ("Tax-Exempt Bonds"); and (ii) \$3,112,000 Taxable Sewer Utility General Obligation Bonds, Series 2019 ("Taxable Bonds"; together with the Tax-Exempt Bonds, the "Bonds"). The Tax-Exempt Bonds consist of: (i) \$7,600,000 General Improvement Bonds; and (ii) \$3,556,000 Sewer Utility Bonds.

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

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

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

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

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

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

**"Dissemination Agent"** shall mean Phoenix Advisors, LLC, Bordentown, New Jersey, or any successor Dissemination Agent designated in writing by the Township and which has filed with the Township a written acceptance of such designation.

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

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

**"MSRB"** shall mean the Municipal Securities Rulemaking Board.

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

**"Official Statement"** shall mean the Official Statement of the Township dated May 7, 2019 relating to the Bonds.

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

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

### **SECTION 3. Provision of Annual Report.**

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

(b) The Dissemination Agent, promptly (within ten (10) Business Days) after receiving the Annual Report from the Township, shall submit each Annual Report received by it to the National Repository and thereafter shall file a written report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Agreement to the National Repository and stating the date it was provided to the National Repository.

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

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



## **SECTION 5. Reporting of Significant Events.**

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

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

(b) The Township shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel.

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

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

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

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

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

**SECTION 9. Prior Compliance With the Rule.** Except for those items specifically disclosed in the Official Statement, the Township covenants that it has never failed to comply with any previous undertakings to provide secondary market disclosure pursuant to the Rule.

**SECTION 10. Default and Remedies.** In the event of a failure of the Township to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Bondholders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds and provision of indemnity and security for expenses satisfactory to it, shall), or any beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Agreement. A failure of the Township to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Bonds. The sole remedy under this Disclosure Agreement in the event of any failure of the Township to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 11. Notices.** All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Township:

Township of Hamilton, New Jersey  
2090 Greenwood Avenue  
Hamilton, New Jersey 08650  
Attention: Chief Financial Officer

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
625 Farnsworth Avenue  
Bordentown, New Jersey 08505  
Attention: Anthony P. Inverso, Senior Managing Director

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

**SECTION 12. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Township, the Dissemination Agent and the Bondholders and nothing herein contained shall confer any right upon any other person.

**SECTION 13. Submission of Information to MSRB.** Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

**SECTION 14. Compensation.** The Township shall pay the Dissemination Agent from time to time reasonable compensation for all services rendered under this Disclosure Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of its powers and duties under this Disclosure Agreement.

**SECTION 15. Successors and Assigns.** All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Township or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**SECTION 16. Headings for Convenience Only.** The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

**SECTION 17. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 18. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application

of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

**SECTION 19. Governing Law.** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

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

**TOWNSHIP OF HAMILTON, NEW JERSEY**

By: \_\_\_\_\_  
**PHIL DEL TURCO, Interim Chief Financial Officer**

**PHOENIX ADVISORS, LLC,  
as Dissemination Agent**

By: \_\_\_\_\_  
**ANTHONY P. INVERSO, Senior Managing Director**

**EXHIBIT A**

**NOTICE TO NATIONAL REPOSITORY OF FAILURE TO FILE AN ANNUAL REPORT**

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

Name of Bond Issues Affected: \$11,156,000 General Obligation Bonds, Series 2019  
\$3,112,000 Taxable Sewer Utility General Obligation Bonds, Series 2019

Date of Issuance of the Affected  
Bond Issue: May 20, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Bond issue as required by Section 3 of the Continuing Disclosure Agreement, dated May 20, 2019, between the Township and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

PHOENIX ADVISORS, LLC,  
as Dissemination Agent

cc: Township of Hamilton, New Jersey

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE TAX-EXEMPT NOTES**

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## CONTINUING DISCLOSURE AGREEMENT

**THIS CONTINUING DISCLOSURE AGREEMENT** ("Disclosure Agreement") is made on this 20th day of May, 2019 by and between the Township of Hamilton, County of Mercer, New Jersey ("Township") and Phoenix Advisors, LLC, Bordentown, New Jersey ("Dissemination Agent"). This Disclosure Agreement is entered into in connection with the issuance and sale by the Township of its Bond Anticipation Notes, Series 2019A, in the aggregate principal amount of \$14,081,000 ("Notes"). The Notes consist of: (i) \$7,702,000 General Improvement Bond Anticipation Notes; and (ii) \$6,379,000 Sewer Utility Bond Anticipation Notes.

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

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

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

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

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

**"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 Notes, and other filers on behalf of such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

**"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.

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

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

**SECTION 3. Provision of Annual Report.**

(a) The Township shall not later than 210 days after the end of its fiscal year (currently December 31) during which the Notes remain Outstanding provide to the Dissemination Agent the Township's Annual Report prepared for the preceding fiscal year of the Township. Each Annual Report provided to the Dissemination Agent by the Township shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

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

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

**SECTION 4. Contents of Annual Report.** Annual Report shall mean: (i) the Township's annual financial statements, substantially in the form set forth in Appendix B to the Official Statement, dated May 7, 2019, audited by an independent certified public accountant, provided that the annual audited financial statements of the Township may be submitted separately from the balance of the Annual Report and later than the date required in Section 3(a) hereof for the filing of the Annual Report if the annual audited financial statements are not available by that date, but only if the unaudited financial statements of the Township are included in the Annual Report; and (ii) the general financial information and operating data of the Township consistent with the information set forth in Appendix A to the Official Statement. Each annual audited financial statement will conform to generally accepted accounting principles applicable to governmental units or will be prepared in accordance with the standards of the Governmental Accounting Standards Board and requirements of the New Jersey Department of Education as such principles, standards and requirements exist at the time of the filing of the particular annual audited financial statements.

**SECTION 5. Reporting of Significant Events.**

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

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

(b) The Township shall within ten (10) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of a Listed Event specified clauses (2), (7), (8), (10), (13), (14) or (15) of subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel.

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

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

**SECTION 6. Termination of Disclosure Agreement.** This Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes or when the Township is no longer an Obligated Person (as defined in the Rule) with respect to the Notes.

**SECTION 7. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Township and the Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver (supported by an Opinion of Counsel) is: (a) 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 the Township, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering 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 materially impair the interests of Noteholders. The Township shall give notice of such amendment or waiver to this Disclosure Agreement to the Dissemination Agent and the Dissemination Agent shall file such notice with the National Repository.

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

**SECTION 9. Default and Remedies.** In the event of a failure of the Township to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Noteholder may (and, at the written request of Noteholders of at least twenty-five percent (25%) of the outstanding Notes and provision of indemnity and security for expenses satisfactory to it, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under this Disclosure Agreement. The sole remedy under this Disclosure Agreement in the event of any failure of the Township to comply with this Disclosure Agreement shall be an action to compel performance. A failure of the Township to comply with any provision of this Disclosure Agreement shall not be deemed to be a default under the Notes.

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

(i) If to the Township:

Township of Hamilton  
2090 Greenwood Avenue  
Hamilton, New Jersey 08650

(ii) If to the Dissemination Agent:

Phoenix Advisors, LLC  
625 Farnsworth Avenue  
Bordentown, New Jersey 08505  
Attention: Anthony P. Inverso, Senior Managing Director

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provision of this Section 10 for the giving of notice.

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

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

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

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

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

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

**SECTION 17. Severability.** If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application

of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

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

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

**TOWNSHIP OF HAMILTON, NEW JERSEY**

By: \_\_\_\_\_  
**PHIL DEL TURCO, Interim Chief Financial Officer**

**PHOENIX ADVISORS, LLC, as Dissemination Agent**

By: \_\_\_\_\_  
**ANTHONY P. INVERSO,**  
**Senior Managing Director**

**EXHIBIT A**

**NOTICE TO THE NATIONAL REPOSITORY OF  
FAILURE TO FILE AN ANNUAL REPORT**

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

Name of Note Issues Affected: \$14,081,000 Bond Anticipation Notes, Series 2019A

Date of Issuance of the Affected Note Issue: May 20, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above named Note issue as required by Section 3 of the Continuing Disclosure Agreement, dated May 20, 2019, between the Township and the Dissemination Agent. [TO BE INCLUDED ONLY IF THE DISSEMINATION AGENT HAS BEEN ADVISED OF THE EXPECTED FILING DATE - The Issuer anticipates that such Annual Report will be filed by \_\_\_\_\_].

Dated:

**PHOENIX ADVISORS, LLC,  
Dissemination Agent**

cc: Township



**APPENDIX E**

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

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May 20, 2019

Mayor and Township Council  
of the Township of Hamilton  
Municipal Building  
2090 Greenwood Avenue  
Hamilton, New Jersey

**RE: \$11,156,000 TOWNSHIP OF HAMILTON, COUNTY OF MERCER, NEW JERSEY, GENERAL OBLIGATION BONDS, SERIES 2019**

**\$3,112,000 TOWNSHIP OF HAMILTON, COUNTY OF MERCER, NEW JERSEY, TAXABLE SEWER UTILITY GENERAL OBLIGATION BONDS, SERIES 2019**

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Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the Township of Hamilton, County of Mercer, New Jersey ("Township") of its: (i) \$11,156,000 General Obligation Bonds, Series 2019 ("Tax-Exempt Bonds"); and (ii) \$3,112,000 Taxable Sewer Utility General Obligation Bonds, Series 2019 ("Taxable Bonds"; together with the Tax-Exempt Bonds, the "Bonds"). The Tax-Exempt Bonds consist of: (i) \$7,600,000 General Improvement Bonds; and (ii) \$3,556,000 Sewer Utility Bonds.

The Tax-Exempt Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2014-30, 2015-19 and 2015-20, each duly and finally adopted by the Township Council and published in accordance with applicable law (collectively, the "Tax-Exempt Bond Ordinances"); (iii) a resolution adopted by the Township Council on April 16, 2019 ("Resolution"); and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May 7, 2019 ("Tax-Exempt Award Certificate").

The Taxable Bonds are authorized to be issued pursuant to: (i) Local Bond Law; (ii) bond ordinances 2010-31, duly and finally adopted by the Township Council and published in accordance with applicable law ("Taxable Bond Ordinance"; and together with the Tax-Exempt Bond Ordinances, the "Bond Ordinances"); (iii) the Resolution; and (iv) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May 7, 2019 ("Taxable Award Certificate"; and together with the Tax-Exempt Award Certificate, the "Award Certificates").

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**

Mount Laurel, New Jersey | Hamilton, New Jersey | Atlantic City, New Jersey



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

<u>Maturity Date</u>	<u>General Improvement</u>	<u>Sewer Utility</u>	<u>Total Principal Amount</u>	<u>Interest Rate</u>
2020	\$375,000	\$111,000	\$486,000	2.000%
2021	605,000	115,000	720,000	2.250
2022	670,000	115,000	785,000	2.250
2023	700,000	120,000	820,000	2.250
2024	750,000	120,000	870,000	2.250
2025	750,000	125,000	875,000	2.250
2026	750,000	130,000	880,000	2.250
2027	750,000	175,000	925,000	2.250
2028	750,000	180,000	930,000	2.250
2029	750,000	200,000	950,000	2.250
2030	750,000	200,000	950,000	2.250
2031	0	210,000	210,000	2.500
2032	0	215,000	215,000	2.500
2033	0	220,000	220,000	3.000
2034	0	220,000	220,000	3.000
2035	0	220,000	220,000	3.000
2036	0	220,000	220,000	3.000
2037	0	220,000	220,000	3.000
2038	0	220,000	220,000	3.000
2039	0	220,000	220,000	3.000

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

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

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

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<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$107,000	3.500%	2030	\$165,000	3.500%
2021	105,000	3.500	2031	170,000	3.500
2022	110,000	3.500	2032	175,000	3.500
2023	110,000	3.500	2033	190,000	3.500
2024	115,000	3.500	2034	195,000	3.500
2025	120,000	3.500	2035	195,000	3.550
2026	125,000	3.500	2036	200,000	3.600
2027	130,000	3.500	2037	200,000	3.650
2028	150,000	3.500	2038	200,000	3.700
2029	150,000	3.500	2039	200,000	3.750

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

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

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

4. Interest on the Taxable Bonds is not excluded in gross income of the holders thereof for federal income tax purposes.

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

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

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

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

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

Very truly yours,

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**APPENDIX F**

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

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**PARKER McCAY**

**Parker McCay P.A.**  
9000 Midlantic Drive, Suite 300  
P.O. Box 5054  
Mount Laurel, New Jersey 08054-5054

P: 856.596.8900  
F: 856.596.9631  
www.parkermccay.com

May 20, 2019

Mayor and Township Council  
of the Township of Hamilton  
Municipal Building  
2090 Greenwood Avenue  
Hamilton, New Jersey

**RE: \$14,081,000 TOWNSHIP OF HAMILTON, COUNTY OF MERCER, NEW JERSEY, BOND ANTICIPATION NOTES, SERIES 2019A**

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the authorization, issuance, sale and delivery of the above-referenced obligations ("Notes") by the Township of Hamilton, County of Mercer, New Jersey ("Township"). The Notes consist of: (i) \$7,702,000 General Improvement Bond Anticipation Notes; and (ii) \$6,379,000 Sewer Utility Bond Anticipation Notes.

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2016-22 and 2016-23, each duly and finally adopted by the Township Council (collectively, the "Bond Ordinances"), and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May 7, 2019 ("Award Certificate").

The Notes are dated May 20, 2019 and mature on May 19, 2020. The Notes are issued in registered book-entry only form and are not subject to redemption prior to their stated maturity date. The Notes are issued in anticipation of the issuance of bonds to provide funds for various capital improvements.

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

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**

Mount Laurel, New Jersey | Hamilton, New Jersey | Atlantic City, New Jersey



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

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

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

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

3. Interest on the Notes will not be includible for federal income tax purposes in the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a tax preference item for purposes of the alternative minimum tax imposed on individuals.

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

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

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

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



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

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

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

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

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

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

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

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

Very truly yours,

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May 20, 2019

Mayor and Township Council  
of the Township of Hamilton  
Municipal Building  
2090 Greenwood Avenue  
Hamilton, New Jersey

**RE: \$320,333 TOWNSHIP OF HAMILTON, COUNTY OF MERCER, NEW JERSEY, TAXABLE GENERAL IMPROVEMENT BOND ANTICIPATION NOTES, SERIES 2019B**

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Ladies and Gentlemen:

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

The Notes are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances 2005-49 and 2010-31, each duly and finally adopted by the Township Council (collectively, the "Bond Ordinances"), and published in accordance with the requirements of the Local Bond Law; and (iii) a Certificate of Determination and Award executed by the Chief Financial Officer of the Township on May 7, 2019 ("Award Certificate").

The Notes are dated May 20, 2019 and mature on May 19, 2020. The Notes are issued in bearer form and are not subject to redemption prior to their stated maturity date. The Notes are issued in anticipation of the issuance of bonds to provide funds for various capital improvements.

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

In rendering the following opinion, we have relied upon the authenticity, truthfulness and completeness of all documents, certifications, instruments and opinions examined.

**COUNSEL WHEN IT MATTERS.<sup>SM</sup>**

Mount Laurel, New Jersey | Hamilton, New Jersey | Atlantic City, New Jersey



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

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

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

3. Interest on the Notes is not excluded in gross income of the holders thereof for federal income tax purposes.

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

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

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

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

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

Very truly yours,