

**NEW ISSUE  
BOOK-ENTRY ONLY**

*In the opinion of GluckWalrath LLP, Bond Counsel, assuming continuing compliance by the Township (as defined herein) with certain covenants described herein and with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Tax-Exempt Notes (as defined herein), under statutes and court decisions existing on the date of original delivery of the Tax-Exempt Notes, interest on the Tax-Exempt Notes is excluded from gross income of the holders of the Tax-Exempt Notes for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Tax-Exempt Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals or corporations. No other opinion is expressed regarding other federal tax consequences arising with respect to the Tax-Exempt Notes. Interest on the Taxable Notes (as defined herein) is not excluded from gross income for federal income tax purposes. Further, in the opinion of Bond Counsel, under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Notes, interest on the Notes and any gain from the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**\$38,238,000  
TOWNSHIP OF HAMILTON  
IN THE COUNTY OF MERCER, NEW JERSEY  
NOTES**

**Consisting of:**

- \$15,302,000 General Improvement Bond Anticipation Notes, Series 2018A (Tax-Exempt),**
- \$19,045,000 Sewer Utility Bond Anticipation Notes, Series 2018B (Tax-Exempt),**
- \$440,000 Special Emergency Notes, Series 2018C (Tax-Exempt),**
- \$339,000 General Improvement Bond Anticipation Notes, Series 2018D (Federally Taxable) and**
- \$3,112,000 Sewer Utility Bond Anticipation Notes, Series 2018E (Federally Taxable)**

**Dated: Date of Delivery**

**Due: May 21, 2019**

The \$38,238,000 Notes of the Township of Hamilton, in the County of Mercer, New Jersey (the "Township") consisting of (i) \$15,302,000 General Improvement Bond Anticipation Notes, Series 2018A (Tax-Exempt) (the "Series 2018A Notes"); (ii) \$19,045,000 Sewer Utility Bond Anticipation Notes, Series 2018B (Tax-Exempt) (the "Series 2018B Notes"); (iii) \$440,000 Special Emergency Notes, Series 2018C (Tax-Exempt) (the "Series 2018C Notes", and together with the Series 2018A Notes and Series 2018B Notes, the "Tax-Exempt Notes"); (iv) \$339,000 General Improvement Bond Anticipation Notes, Series 2018D (Federally Taxable) (the "Series 2018D Notes") and (v) \$3,112,000 Sewer Utility Bond Anticipation Notes, Series 2018E (Federally Taxable) (the "Series 2018E Notes", and together with the Series 2018D Notes, the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"), will be issued as fully registered Notes in the form of one certificate for the aggregate principal amount of each series of the Notes and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as Securities Depository. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple thereof, except that those Notes in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes.

Principal of and interest on the Notes is payable on the due date, indicated above. As long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payment of the principal and interest on the Notes will be made by the Township directly to DTC or its nominee, Cede & Co. The Notes are not subject to redemption prior to maturity.

<u>Series</u>	<u>Par Amount</u>	<u>Coupon</u>	<u>Yield</u>
2018A	\$15,302,000	%	%
2018B	19,045,000		
2018C	440,000		
2018D	339,000		
2018E	3,112,000		

The Notes will constitute general obligations of the Township for the payment of the principal of and interest on which the full faith, credit and taxing power of the Township is available, and all the taxable real property within the Township is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for such purposes.

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

The Notes are offered when, as and if received by the purchasers and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by GluckWalrath LLP, Trenton, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, is serving as Municipal Advisor to the Township in connection with the issuance of the Notes. It is expected that the Notes, in definitive form, will be available for delivery on or about May 22, 2018.

**BIDS FOR THE NOTES WILL BE RECEIVED BY THE TOWNSHIP ON MAY 9, 2018 IN ACCORDANCE WITH THE NOTICE OF SALE POSTED AT MUNIHUB.COM.**

This is a Preliminary Official Statement and the information contained herein is subject to completion, amendment or other change without notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

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

**TOWNSHIP ADMINISTRATOR**  
David Kenny

**CHIEF FINANCIAL OFFICER**  
John Barrett

**TAX COLLECTOR**  
Danielle Peacock

**TOWNSHIP CLERK**  
Eileen Gore, RMC

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

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

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

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

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

References in this document to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein.

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

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE NOTES .....	1
General Description .....	1
Optional Redemption .....	1
AUTHORIZATION AND USE OF PROCEEDS.....	2
Tax-Exempt Notes .....	2
Taxable Notes .....	3
Payment of Notes .....	4
SECURITY FOR THE NOTES .....	4
The Township .....	4
BOOK-ENTRY-ONLY SYSTEM.....	4
Discontinuance of Book-Entry Only System .....	6
MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES.....	6
Local Bond Law (N.J.S.A. 40A:2-1 et seq.) .....	6
Debt Limits .....	7
Exceptions to Debt Limits - Extensions of Credit.....	7
Short Term Financing .....	7
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.) .....	7
Appropriation "CAP" .....	9
Tax Appeals .....	9
The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.) .....	10
School Debt Subject to Voter Approval.....	10
TAX MATTERS .....	10
Federal Income Taxes .....	10
State Taxes .....	11
Original Issue Premium.....	11
Certain Federal Tax Considerations.....	11
Backup Withholding .....	12
Section 265 Qualification.....	12
LEGALITY FOR INVESTMENT .....	12
CONTINUING DISCLOSURE .....	12
LITIGATION .....	13
MUNICIPAL BANKRUPTCY .....	13
CERTAIN REFERENCES.....	14
CERTIFICATION OF OFFICIAL STATEMENT .....	14
RATING.....	15
UNDERWRITING .....	15
Tax-Exempt Notes .....	15
Taxable Notes .....	15
MUNICIPAL ADVISOR.....	15
APPROVAL OF LEGAL PROCEEDINGS .....	15
FINANCIAL STATEMENTS.....	16
ADDITIONAL INFORMATION .....	16
MISCELLANEOUS.....	16
APPENDIX A: GENERAL INFORMATION REGARDING THE TOWNSHIP	
APPENDIX B: FINANCIAL INFORMATION REGARDING THE TOWNSHIP	
APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE	
APPENDIX D: FORM OF BOND COUNSEL’S OPINION	

**Official Statement  
of  
TOWNSHIP OF HAMILTON  
in the County of Mercer, New Jersey**

**\$38,238,000  
NOTES**

**consisting of:**

**\$15,302,000 General Improvement Bond Anticipation Notes, Series 2018A (Tax-Exempt),  
\$19,045,000 Sewer Utility Bond Anticipation Notes, Series 2018B (Tax-Exempt),  
\$440,000 Special Emergency Notes, Series 2018C (Tax-Exempt),  
\$339,000 General Improvement Bond Anticipation Notes, Series 2018D (Federally Taxable) and  
\$3,112,000 Sewer Utility Bond Anticipation Notes, Series 2018E (Federally Taxable)**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Hamilton (the “Township”), in the County of Mercer (the “County”), New Jersey (the “State”) in connection with the sale and issuance of the Township’s \$38,238,000 Notes consisting of (i) \$15,302,000 General Improvement Bond Anticipation Notes, Series 2018A (Tax-Exempt) (the “Series 2018A Notes”); (ii) \$19,045,000 Sewer Utility Bond Anticipation Notes, Series 2018B (Tax-Exempt) (the “Series 2018B Notes”); (iii) \$440,000 Special Emergency Notes, Series 2018C (Tax-Exempt) (the “Series 2018C Notes”, and together with the Series 2018A Notes and the Series 2018B Notes, the “Tax-Exempt Notes”); (iv) \$339,000 General Improvement Bond Anticipation Notes, Series 2018D (Federally Taxable) (the “Series 2018D Notes”), and (v) \$3,112,000 Sewer Utility Bond Anticipation Notes, Series 2018E (Federally Taxable) (the “Series 2018E Notes”, together with the Series 2018D Notes, the “Taxable Notes”, and together with the Tax-Exempt Notes, the “Notes”).

**THE NOTES**

**General Description**

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

The Notes will be issued as fully registered notes in book-entry only form, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000 or any integral multiple thereof, except that those Notes in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations of \$1,000 or any integral multiple thereof, through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

**Optional Redemption**

The Notes are not subject to redemption prior to maturity.

**AUTHORIZATION AND USE OF PROCEEDS**

The Series 2018A Notes, the Series 2018B Notes, the Series 2018D Notes and the Series 2018E Notes are authorized and being issued pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1 et seq.), and the acts amendatory thereof and supplemental thereto, and the various bond ordinances of the Township set forth below. The Series 2018C Notes are issued under the provisions of the Local Budget Law of the State of New Jersey (N.J.S.A. 40A:4-1 et seq.) and the acts amendatory thereof and supplemental thereto and an ordinance of the Township described below.

**Tax-Exempt Notes**

The Tax-Exempt Notes are being issued, along with other available funds of the Township in the amount of \$535,524, to (i) currently refund the outstanding tax-exempt bond anticipation notes of the Township in the aggregate principal amount of \$21,241,476, dated May 24, 2017 and maturing May 23, 2018 (the “Prior Tax-Exempt Notes”); (ii) provide \$14,081,048 of new money to fund various general and sewer capital improvements; and (iii) provide for the costs associated with the authorization, sale and issuance of the Tax-Exempt Notes. The Tax-Exempt Notes and the improvements or purposes for which the Tax-Exempt Notes are to be issued have been authorized by bond ordinances or ordinance (as the case may be) duly adopted by the Township, which ordinances are described in the following tables:

**General Improvement Bond Anticipation Notes, Series 2018A (Tax-Exempt)**

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount of Prior Tax- Exempt Notes being refunded with the Series 2018A Notes</u>	<u>Amount of New Money</u>
15-020	Various capital improvements	\$7,600,000	\$0
16-022	Various capital improvements	0	7,702,000
<b>Sub-Total:</b>		<u>\$7,600,000</u>	<u>\$7,702,000</u>
<b>Total:</b>			<u>\$15,302,000</u>

**Sewer Utility Bond Anticipation Notes, Series 2018B (Tax-Exempt)**

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount of Prior Tax- Exempt Notes being refunded with the Series 2018B Notes</u>	<u>Amount of New Money</u>
14-030	Various sewer utility improvements	\$6,708,952	\$0
15-019	Various sewer utility improvements	5,957,000	0
16-023	Various sewer utility improvements	<u>0</u>	<u>6,379,048</u>
<b>Sub-Total:</b>		<u>\$12,665,952</u>	<u>\$6,379,048</u>
<b>Total:</b>			<u>\$19,045,000</u>

**Special Emergency Notes, Series 2018C (Tax-Exempt)**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Tax-Exempt Notes being refunded with the Series 2018C Notes</u></b>	<b><u>Amount of New Money</u></b>
14-032	Revaluation project	<u>\$440,000</u>	<u>\$0</u>
<b>Sub-Total:</b>		<u>\$440,000</u>	<u>\$0</u>
<b>Total:</b>			<u>\$440,000</u>
<b>Grand Total Tax-Exempt Notes:</b>			<b><u>\$ 34,787,000</u></b>

**Taxable Notes**

The Taxable Notes are being issued, along with other available funds of the Township in the amount of \$44,296, to: (i) currently refund the outstanding taxable bond anticipation notes of the Township in the aggregate principal amount of \$3,495,296, dated May 24, 2017 and maturing May 23, 2018 (the "Prior Taxable Notes"); and (ii) provide for the costs associated with the authorization, sale and issuance of the Taxable Notes. The Taxable Notes and the improvements or purposes for which the Taxable Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which bond ordinances are described in the following tables:

**General Improvement Bond Anticipation Notes, Series 2018D (Federally Taxable)**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Taxable Notes being refunded with the Series 2018D Notes</u></b>	<b><u>Amount of New Money</u></b>
05-049	Various capital improvements	317,030	\$0
09-031	Various capital improvements	870	0
10-032	Various road improvements	<u>21,100</u>	<u>0</u>
<b>Sub-Total:</b>		<u>\$339,000</u>	<u>\$0</u>
<b>Total:</b>			<u>\$339,000</u>

**Sewer Utility Bond Anticipation Notes, Series 2018E (Federally Taxable)**

<b><u>Ordinance No.</u></b>	<b><u>Purpose</u></b>	<b><u>Amount of Prior Taxable Notes being refunded with the Series 2018E Notes</u></b>	<b><u>Amount of New Money</u></b>
10-031	Various sewer utility improvements	<u>\$3,112,000</u>	<u>\$0</u>
<b>Sub-Total:</b>		<u>\$3,112,000</u>	<u>\$0</u>
<b>Total:</b>			<u>\$3,112,000</u>
<b>Grand Total Taxable Notes:</b>			<b><u>\$3,451,000</u></b>
<b>GRAND TOTAL FOR NOTES:</b>			<b><u>\$38,238,000</u></b>

## **Payment of Notes**

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

## **SECURITY FOR THE NOTES**

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

## **The Township**

The Township is located in Mercer County, New Jersey. See Appendix "A" for demographic and statistical information concerning the Township.

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

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

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued in the aggregate principal amount of each maturity of the Notes, 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

Redemption proceeds and distributions on the 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 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, Note certificates are required to be printed and delivered.

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

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

**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 NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 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 Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of 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 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 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 Notes. Interest on the 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.

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

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

The Local Bond Law generally governs the issuance of bonds to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for municipal

purposes, except for the issuance of refunding bonds. All bonds issued by the Township are general full faith and credit obligations.

### **Debt Limits**

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

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

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

### **Short Term Financing**

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

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

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

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

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

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

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

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

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

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

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

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations

regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

### **Appropriation "CAP"**

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

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

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

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

### **Tax Appeals**

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County

Tax Board on or before the April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

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

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

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

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

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

## **TAX MATTERS**

### **Federal Income Taxes**

#### **Tax-Exempt Notes**

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Tax-Exempt Notes for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Tax-Exempt Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Notes. The Township has covenanted to comply with the provisions of the Code applicable to the Tax-Exempt Notes, and has covenanted not to take any action or permit any action that would cause the interest on the Tax-Exempt Notes to be included in gross income under Section 103 of the Code or cause interest on the Tax-Exempt Notes to be treated as an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals. Bond Counsel will not independently verify the accuracy of those certifications and representations.

Assuming the Township observes its covenants with respect to compliance with the Code, GluckWalrath LLP, Bond Counsel to the Township, is of the opinion that, under statutes and court decisions existing on the date of original delivery of the Tax-Exempt Notes, interest on the Tax-Exempt Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of

the Code. Bond Counsel is further of the opinion that interest on the Tax-Exempt Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals or corporations but that for taxable years that began on or before December 31, 2017, interest on the Tax-Exempt Notes will be included in "adjusted current earnings" in computing alternative minimum taxable income for purposes of the alternative minimum tax imposed by the Code on certain corporations. The corporate alternative minimum tax has been repealed for taxable years beginning on or after January 1, 2018. See "Certain Federal Tax Considerations" below.

### **Taxable Notes**

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

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

### **State Taxes**

In the opinion of Bond Counsel, under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Notes, interest on the Notes and any gains from the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act.

### **Original Issue Premium**

The initial public offering price of the Notes may be greater than the stated redemption price thereof at maturity (the "Premium Notes"). The difference between the initial public offering price for the Premium Note and the stated redemption price at maturity is "original issue premium." For federal income tax purposes original issue premium is amortizable periodically over the term of the Premium Notes through reductions in the holder's tax basis for the Premium Notes for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Notes rather than creating a deductible expense or loss. Purchasers of the Notes should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of the Premium Notes.

### **Certain Federal Tax Considerations**

Ownership of the Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property

and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Notes will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Notes.

### **Backup Withholding**

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Notes is subject to information reporting to the IRs in a manner similar to interest paid on taxable obligations. In addition, interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

### **Section 265 Qualification**

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

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

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS". Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

## **LEGALITY FOR INVESTMENT**

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

## **CONTINUING DISCLOSURE**

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Township will deliver



concurrently with the delivery of the Notes a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix "C" (the "Form of Continuing Disclosure Certificate for the Notes"). The Township has covenanted in the Form of Continuing Disclosure Certificate for the Notes to provide notices of the occurrence of certain enumerated events, as set forth in section (b)(5)(i)(c) of the Rule (the "Notices"), to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") dataport or to any other designated nationally recognized municipal securities information repository (the "National Repository") and to the appropriate State information depository, if any (as defined in the Form of Continuing Disclosure Certificate for the Notes).

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

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

## **LITIGATION**

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

## **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or

continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

#### **CERTAIN REFERENCES**

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

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

#### **CERTIFICATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein relating to the Township are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Notes, by certificates signed by the Chief Financial Officer of the Township, that to his knowledge such descriptions and statements, as of the date hereof, and as of Closing, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

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

## RATING

The Notes have not been rated.

## UNDERWRITING

### Tax-Exempt Notes

The Tax-Exempt Notes have been purchased from the Township at a public sale by \_\_\_\_\_, \_\_\_\_\_ (the "Tax-Exempt Notes Underwriter") at a price of \_\_\_\_\_.

The Tax-Exempt Notes Underwriter may offer and sell the Tax-Exempt Notes to certain dealers (including dealers depositing the Tax-Exempt Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover page hereof.

### Taxable Notes

The Taxable Notes have been purchased from the Township at a public sale by \_\_\_\_\_, \_\_\_\_\_ (the "Taxable Notes Underwriter" and together with the Tax-Exempt Notes Underwriter, the "Underwriters") at a price of \$\_\_\_\_\_.

The Taxable Notes Underwriter may offer and sell the Taxable Notes to certain dealers (including dealers depositing the Taxable Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover page hereof.

## MUNICIPAL ADVISOR

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

## APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of Bond Counsel, whose approving legal opinions will be delivered with the Notes substantially in the form set forth as Appendix "D". Certain legal matters will be passed on for the Township by the Township Attorney.

## FINANCIAL STATEMENTS

Appendix B contains certain unaudited financial data of the Township extracted from the Annual Financial Statement for the fiscal year ending December 31, 2017 and certain audited financial data of the Township for the fiscal year ending December 31, 2016. The audited financial data was extracted from the report prepared by PKF O'Connor Davies, LLP, Cranford, New Jersey (the "Auditor") to the extent and for the period set forth in their report appearing in Appendix B to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix B hereto) and, accordingly, will express no opinion with respect thereto. See "APPENDIX B - Financial Information Regarding the Township".

## ADDITIONAL INFORMATION

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

## MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

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

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

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

**Dated:** May \_\_, 2018

**APPENDIX A**  
**GENERAL INFORMATION REGARDING THE TOWNSHIP**

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

## **Introduction**

Hamilton Township (the “Township”) 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 of Mercer (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 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.

---

<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	\$71,276	\$73,966	\$73,702
Median Family Income	90,631	95,533	90,757
Per Capita Income	33,496	38,652	37,538

Source: US Bureau of the Census, 2016 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>
2016 Estimate	88,400	-0.07%	371,023	1.23%	8,958,013	1.89%
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>2017</u>	<u>% of Total</u>
	<u>Assessed Valuation</u>	<u>Assessed Valuation</u>
JDN	\$90,929,950	1.07%
PSEG	61,050,700	0.72%
QB Partners	44,002,000	0.52%
Cabot Dr. LLC	39,100,000	0.46%
Horizon Bus. Park	33,742,900	0.40%
Bell Atlantic	33,054,196	0.39%
Levin Properties	31,589,500	0.37%
Reckson-Matrix	28,800,600	0.34%
Hamilton Station Apartments	24,588,900	0.29%
Kuser Village	23,369,000	0.27%
<b>Total</b>	<b><u>\$410,227,746</u></b>	<b><u>4.82%</u></b>

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>
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
2013	5,139,254,035	8,404,340,204	61.15	18,516,361	8,422,856,565

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>
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
2013	48,771,459	3,859,025,150	15,326,476	958,686,350	98,337,900	159,106,700	5,139,254,035

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>County Open Space</u>	<u>Total</u>
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
2013	1.149	0.054	1.950	0.923	0.032	4.108

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>
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
2012	0.170	0.360	0.850	0.610	0.780	0.230	0.220	0.440	0.490

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

**Tax Levy and Tax Collection Data**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2017U	\$259,244,976	\$258,637,600	99.77%
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%
2013	233,598,623	232,774,294	99.65%

U=Unaudited  
Source: Township Audited Financial Statements and 2017 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>
2017U	\$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%
2013	1,695,034	532,327	2,227,361	0.95%

U=Unaudited

Source: Township Audited Financial Statements and 2017 Annual Financial Statement

**Property Acquired by Tax Title Lien Liquidation**

<u>Year</u>	<u>Amount</u>
2017U	\$367,045
2016	367,045
2015	367,045
2014	367,045
2013	367,045

U=Unaudited

Source: Township Audited Financial Statements and 2017 Annual Financial Statement

**Sewer Collections**

<u>Year</u>	<u>Sewer Levy</u>	<u>Current Year Collection</u>	<u>% of Current Year Collection</u>
2017U	\$15,255,390	\$16,105,622	105.57%
2016	15,980,606	15,158,471	94.86%
2015	15,256,183	15,255,120	100.07%
2014	15,212,397	15,223,836	100.08%
2013	15,078,900	15,091,976	100.09%

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>
2017U	\$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
2013	3,787,513	2,400,000

U=Unaudited

Source: Township Audited Financial Statements and 2017 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>
2017U	\$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
2013	2,944,600	700,000

U=Unaudited

Source: Township Audited Financial Statements and 2017 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>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018*</u></b>
Fund Balance Utilized	\$2,400,000	\$3,200,000	\$4,500,000	\$4,500,000	\$5,100,000
Miscellaneous Revenues	27,351,135	27,570,554	28,787,562	29,251,811	29,698,142
Receipts from Delinquent Taxes	437,741	417,000	200,000	30,000	180,000
Amount to be Raised by Taxation	<u>65,955,369</u>	<u>66,092,513</u>	<u>67,261,184</u>	<u>68,327,099</u>	<u>70,085,101</u>
Total Revenue:	<u>\$96,144,245</u>	<u>\$97,280,067</u>	<u>\$100,748,746</u>	<u>\$102,108,910</u>	<u>\$105,063,244</u>
<b><u>Appropriations</u></b>					
General Appropriations	\$83,674,775	\$85,130,624	\$86,637,685	\$86,032,527	\$88,017,370
Operations (Excluded from CAPS)	5,083,587	4,170,726	4,439,905	4,677,327	5,094,522
Deferred Charges and Statutory Expenditures	0	550,000	550,000	550,000	700,000
Capital Improvement Fund	394,860	419,175	410,000	415,000	325,000
Municipal Debt Service	6,090,783	6,120,100	7,454,850	9,333,766	10,039,682
Reserve for Uncollected Taxes	<u>900,240</u>	<u>889,442</u>	<u>1,256,306</u>	<u>1,100,290</u>	<u>886,669</u>
Total Appropriations:	<u>\$96,144,245</u>	<u>\$97,280,067</u>	<u>\$100,748,746</u>	<u>\$102,108,910</u>	<u>\$105,063,244</u>

\*: Introduced

Source: Annual Adopted Budgets of the Township

[Remainder of Page Intentionally Left Blank]

**Statement of Statutory Net Debt for the Township (as of December 31, 2017)**

**General Purpose Debt**

Serial Bonds	\$65,046,000
Bond Anticipation Notes	7,939,000
Bonds and Notes Authorized but Not Issued	24,024,848
Other Bonds, Notes and Loans	<u>2,576,898</u>
Total:	\$99,586,746

**Local School District Debt**

Serial Bonds	\$84,473,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$84,473,000

**Self-Liquidating Debt**

Serial Bonds	\$58,049,000
Bond Anticipation Notes	15,917,772
Bonds and Notes Authorized but Not Issued	12,588,022
Other Bonds, Notes and Loans	<u>0</u>
Total:	\$86,554,794

**TOTAL GROSS DEBT**

**\$270,614,540**

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	84,473,000
Self-Liquidating Debt	<u>86,554,794</u>
Total:	\$171,027,794

**TOTAL NET DEBT**

**\$99,586,746**

Source: Township Annual Debt Statement

**Debt Limit (as of December 31, 2017)**

Average Equalized Valuation Basis (2015, 2016, 2017)	\$8,617,061,160
Permitted Debt Limitation (3 1/2%)	301,597,141
Less: Net Debt	<u>96,794,266</u>
Remaining Borrowing Power	<u>\$204,802,875</u>
Percentage of Net Debt to Average Equalized Valuation	1.123%
Gross Debt Per Capita based on 2010 population of 88,464	\$3,027
Net Debt Per Capita based on 2010 population of 88,464	\$1,094

Source: Township Annual Debt Statement

**Overlapping Debt (as of December 31, 2017)<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	\$84,473,000	100.00%	\$84,473,000
County	531,752,113	19.73%	<u>104,915,720</u>
Net Indirect Debt			\$189,388,720
Net Direct Debt			<u>99,586,746</u>
Total Net Direct and Indirect Debt			<u>\$288,975,466</u>

---

<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 INFORMATION REGARDING THE TOWNSHIP**

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**UNAUDITED FINANCIAL DATA OF THE TOWNSHIP  
FOR THE YEAR ENDED DECEMBER 31, 2017**



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, 2017 AND 2016

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31 .2017</u>	<u>BALANCE</u> <u>DEC. 31 .2016</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> <u>DEC. 31 .2017</u>	<u>BALANCE</u> <u>DEC. 31 .2016</u>
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
	<u>25,243,964.02</u>	<u>17,772,319.88</u>	Due to General Capital	1,498,072.50	
			Due to Trust	534,500.00	
			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 Expenses	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		<u>599.82</u>			
	<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 Fund Balance	3,434,673.57	3,370,627.57
				<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>

**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, 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	23,762,076.00	22,673,160.58
County Taxes	53,855,200.13	52,808,619.74
Local District School Taxes	112,320,655.00	109,354,340.00
Other	70,347.55	
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>

**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, 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>

UNAUDITED

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	

UNAUDITED

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.):				
Recycling Tonnage Grant				
Small Grants Program				
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	
Drunk Driving Enforcement Grant				
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	
	<u>29,251,810.59</u>	<u>651,088.22</u>	<u>30,146,929.73</u>	<u>244,030.92</u>
Total Miscellaneous Revenues				
Receipts from Delinquent Taxes	30,000.00		366,115.73	336,115.73
	<u>30,000.00</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		66,628,694.03	1,186,204.84
Local Tax for Municipal Library	2,884,609.80		2,884,609.80	
	<u>68,327,098.99</u>		<u>69,513,303.83</u>	<u>1,186,204.84</u>
Total Amount to be Raised By Taxation				
Budget Totals	102,108,909.58	651,088.22	104,526,349.29	1,766,351.49
	<u>102,108,909.58</u>	<u>651,088.22</u>	<u>104,526,349.29</u>	<u>1,766,351.49</u>
Non-Budget Revenues			1,343,077.29	1,343,077.29
			<u>1,343,077.29</u>	<u>1,343,077.29</u>
	<u>\$ 102,108,909.58</u>	<u>\$ 651,088.22</u>	<u>\$ 105,869,426.58</u>	<u>\$ 3,109,428.78</u>

UNAUDITED

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
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
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>

UNAUDITED

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:

Year 2017	\$ 255,228,074.78
Year 2016	2,141,232.05
Homestead Rebate	

258,350,944.77

Allocated to:

School, County and Special  
District Taxes

189,937,931.13

68,413,013.64

Add: Reserve for Uncollected Taxes

1,100,290.19

\$ 69,513,303.83

Receipts from Delinquent Taxes:

Delinquent Tax Collection  
Tax Title Lien Collection

\$ 73,297.83

292,817.90

\$ 366,115.73

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, 2017

	2017 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	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	



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, 2017

	2017 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			UNEXPENDED BALANCE <u>CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
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 Vehciles	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	

UNAUDITED

Exhibit - A-3  
Page 3 of 7

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 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	

UNAUDITED

Exhibit - A-3  
Page 4 of 7

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

	2017 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			UNEXPENDED BALANCE <u>CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
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			

UNAUDITED

Exhibit - A-3  
Page 5 of 7

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	
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	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
<b>Total Operations Within "CAPS"</b>	<b>76,318,726.76</b>	<b>76,225,121.76</b>	<b>69,890,038.82</b>	<b>1,639,548.87</b>	<b>4,695,534.07</b>
<u>DETAIL:</u>					
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
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":</u>					
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		
<b>Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"</b>	<b>9,713,800.00</b>	<b>9,807,405.00</b>	<b>9,675,556.88</b>		<b>131,848.12</b>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>86,032,526.76</b>	<b>86,032,526.76</b>	<b>79,565,595.70</b>	<b>1,639,548.87</b>	<b>4,827,382.19</b>

UNAUDITED

Exhibit - A-3  
Page 6 of 7

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	

UNAUDITED

Exhibit - A-3  
Page 7 of 7

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>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	\$415,000.00	\$415,000.00	\$415,000.00			
Total Capital Improvements Excluded from "CAPS"	415,000.00	415,000.00	415,000.00			
<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	36,000.00	36,000.00	29,542.04		6,457.96	
Total Municipal Debt Service Excluded from "CAPS"	9,333,765.98	9,333,765.98	9,324,602.40		9,163.58	
Total General Appropriations for Municipal Excluded from "CAPS"	14,976,092.63	15,627,180.85	15,495,812.36	\$ 1,620.00	\$ 120,584.91	9,163.58
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	1,100,290.19	1,100,290.19	1,100,290.19			
Total General Appropriations	\$ 102,108,909.58	102,759,997.80	\$ 96,161,698.25	\$ 1,641,168.87	\$ 4,947,967.10	\$ 9,163.58
Adopted Budget		102,108,909.58				
Appropriated N.J.S.A. 40A:4-87		651,088.22				
		102,759,997.80				
Cash Disbursed			\$ 93,967,024.19			
State & Federal Grants Appropriated			1,094,383.87			
Reserve for Uncollected Taxes			1,100,290.19			
			\$ 96,161,698.25			

UNAUDITED

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

ASSETS	BALANCE DEC. 31, 2017	BALANCE DEC. 31, 2016	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2017	BALANCE DEC. 31, 2016
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
	<u>24,311,129.75</u>		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>

UNAUDITED

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

	BALANCE <u>DEC. 31, 2017</u>	BALANCE <u>DEC. 31, 2016</u>		BALANCE <u>DEC. 31, 2017</u>	BALANCE <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	\$ <u>915,850.56</u>	\$ <u>1,029,510.42</u>
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:		
Total Self Insurance Trust Fund	<u>7,720.12</u>	<u>8,286.65</u>	Worker's Compensation	<u>7,720.12</u>	<u>8,286.65</u>
HUD Housing Voucher Trust Fund:			Total Self Insurance Trust Fund	<u>7,720.12</u>	<u>8,286.65</u>
Cash and Investments - Treasurer	350,721.30	520,874.04	HUD Housing Voucher Trust Fund:		
Accounts Receivable	<u>53,904.00</u>	<u>53,904.00</u>	Reserve for HUD Housing Voucher Program Expenditures	404,625.30	520,874.04
Total HUD Housing Voucher Trust Fund	<u>404,625.30</u>	<u>574,778.04</u>	Accounts Payable	<u>53,904.00</u>	<u>53,904.00</u>
Total Trust Funds	\$ <u><u>29,206,930.36</u></u>	\$ <u><u>29,505,196.43</u></u>	Total Trust Funds	\$ <u><u>29,206,930.36</u></u>	\$ <u><u>29,505,196.43</u></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, 2017

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

UNAUDITED

Exhibit - B-2

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	<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, 2017 AND 2016

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2017</u>	<u>BALANCE 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	31,963,848.40	45,122,865.40
	<u>\$ 113,090,020.88</u>	<u>\$ 115,648,320.11</u>
 <u>LIABILITIES, RESERVES 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.

**UNAUDITED**

Exhibit - C-1

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

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

Balance - December 31, 2017 and 2016	\$ <u>2,472.97</u>
--------------------------------------	--------------------

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, 2017 AND 2016

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>BALANCE</u> <u>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	
			Appropriation Reserves	871,209.53	1,280,718.87
Receivables With Offsetting Reserves:			Reserve for Encumbrances	650,471.88	568,371.58
Sewer Rents Receivable	624.00	850,855.93	Reserve for Future Debt Service	569,370.61	531,183.25
Sewer Rent Liens Receivable	<u>72,334.28</u>	<u>67,818.86</u>	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	11,972,429.83	1,617,857.92
			Unfunded	20,147,383.48	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.

**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, 2017 AND 2016

**REVENUE AND OTHER  
INCOME REALIZED**

	<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>

**EXPENDITURES**

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

**FUND BALANCE**

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>

**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, 2017

Balance - December 31, 2017 and 2016

\$ 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, 2017

Balance - December 31, 2017 and 2016

\$ 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, 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>



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, 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.)	354,839.00	354,839.00	305,580.99		49,258.01
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>		

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY DATA AND INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015**

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

**TABLE OF CONTENTS**  
**YEAR ENDED DECEMBER 31, 2016**

<b><u>FINANCIAL SECTION</u></b>	<b><u>PAGE</u></b>
Independent Auditors' Report	1
Basic Financial Statements:	
I. Combined Financial Statements	
Combined Statement of Assets, Liabilities, Reserves and Fund Balance - All Fund Types and Account Groups - Regulatory Basis	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Regulatory Basis - Current and Utility Operating Funds	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Regulatory Basis - Budget and Actual - Current Fund	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Regulatory Basis - Budget and Actual - Utility Operating Fund	10
II. Individual Fund Financial Statements	
A Current Fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	11
A- 1 Current Fund Statement of Revenues, Expenditures and Change in Fund Balance - Regulatory Basis	12
A- 2 Current Fund Statement of Revenues - Regulatory Basis	14
A- 3 Current Fund Statement of Expenditures - Regulatory Basis	18
B Trust Fund - Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	25
B- 1 Trust Assessment Fund - Statement of Revenues	27
B- 2 Trust Assessment Fund - Statement of Expenditures	27
C General Capital Fund - Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	28

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

**TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2016**

	<b><u>PAGE</u></b>
IL Individual Fund Financial Statements (Cont'd.)	
C- 1 General Capital Fund - Statement of Revenues, Change in Fund Balance - Regulatory Basis	29
D Sewer Utility Fund - Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis	30
D- 1 Sewer Utility Operating Fund - Statement of Revenues, Expenditures, Operations and Change in Fund Balance Regulatory Basis	31
D- 2 Sewer Utility Capital Fund - Statement of Revenues, Expenditures and Change in Fund Balance- Regulatory Basis	32
D- 3 Sewer Utility Assessment Fund - Statement of Revenues, Expenditures and Change in Fund Balance - Regulatory Basis	33
D- 4 Sewer Utility Operating Fund - Statement of Revenues - Regulatory Basis	34
D- 5 Sewer Utility Operating Fund - Statement of Expenditures Regulatory Basis	35
Notes to Financial Statements	36

## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying basic financial statements – regulatory basis of the Township of Hamilton (“Township”), County of Mercer, State of New Jersey, which comprise the statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group, as of December 31, 2016 and the related statements of revenues, expenditures and changes in fund balance - regulatory basis, the statements of fund balance – regulatory basis, the statements of operations and changes in operating fund balance – regulatory basis, the statements of revenues – regulatory basis, the statements of expenditures – regulatory basis of the various funds and the related notes to the financial statements for the year then ended as listed in the basic financial statements section of the accompanying table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“Division”). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors’ Responsibility**

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

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

**Honorable Mayor and Members  
of the Township Council  
Township of Hamilton**  
Page 2

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, 2016, or the results of its operations and changes in fund balances for the year then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

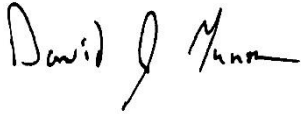
In our opinion, the financial statements referred to above present fairly, in all material respects the statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township as of December 31, 2016, and the results of its operations and changes in fund balances of such funds - regulatory basis for the year then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds for the year ended December 31, 2016 in accordance with the financial reporting provisions of the Division, as described in Note 2 to the financial statements.

### **Prior Period Financial Statements**

The regulatory-basis financial statements of the Township of Hamilton as of December 31, 2015, were audited by other auditors whose report dated September 8, 2016, expressed an unmodified opinion on those statements in accordance the financial reporting provisions of the Division. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



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



David J. Gannon  
Registered Municipal Accountant  
No. 520

*PKF O'Connor Davies, LLP*

PKF O'CONNOR DAVIES, LLP  
Cranford, New Jersey  
September 21, 2017

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, 2016

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	UTILITY ASSESSMENT FUND	GOVERNMENTAL FIXED ASSET ACCOUNT GROUP	TOTAL Dec. 31, 2016	MEMORANDUM ONLY TOTAL Dec. 31, 2015
<u>ASSETS</u>									
Cash and Investments	\$ 18,380,170.95	\$ 25,193,338.81	\$ 17,112,334.95	\$ 7,742,420.30	\$ 25,459,299.68	\$ 467.10		\$ 93,888,031.79	\$ 85,053,665.79
Federal and State Grant Receivable	1,448,072.80	1,081,980.75	189,581.78		8,650.65			2,728,285.98	3,561,608.45
Receivables and Other Assets:									
Delinquent Property Taxes and Utility Charges	55,674.15			850,855.93				906,530.08	28,720.81
Other Receivables	128,814.64							128,814.64	133,929.57
Assessments Receivable		961,903.88						961,903.88	1,028,689.88
Tax Title, Sewer and Assessment Liens Rec.	2,818,493.96	899.49		67,818.86				2,887,212.31	3,136,273.88
Prepaid School Tax								-	1,654,153.50
Interfunds Receivable	103,444.56							103,444.56	20,478.32
Property Acquired for Taxes	367,045.00							367,045.00	367,045.00
Due from State	267,964.65							267,964.65	426,097.48
Prospective Assessments Funded		2,267,073.50						2,267,073.50	2,267,073.50
Deferred Charges	1,320,000.00		98,346,403.38					99,666,403.38	97,853,069.97
Fixed Capital					134,159,873.33			134,159,873.33	134,005,871.92
Fixed Capital Authorized and Uncompleted					59,375,285.82			59,375,285.82	52,996,235.82
Fixed Assets							\$ 106,342,688.23	106,342,688.23	104,743,230.85
	<u>\$ 24,889,680.71</u>	<u>\$ 29,505,196.43</u>	<u>\$ 115,648,320.11</u>	<u>\$ 8,661,095.09</u>	<u>\$ 219,003,109.48</u>	<u>\$ 467.10</u>	<u>\$ 106,342,688.23</u>	<u>\$ 504,050,557.15</u>	<u>\$ 487,276,144.74</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, 2016

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	UTILITY ASSESSMENT FUND	GOVERNMENTAL FIXED ASSET ACCOUNT GROUP	TOTAL Dec. 31, 2016	MEMORANDUM ONLY TOTAL Dec. 31, 2015
LIABILITIES, RESERVES AND FUND BALANCE									
Overpayments	\$ 274,146.91			\$ 13,616.58				\$ 287,763.49	\$ 3,391.85
Appropriation Reserves	4,923,421.83			1,280,718.87				6,204,140.70	6,119,703.05
Prepaid Taxes, Assessments and Utility Charges	2,141,232.05	\$ 9,332.15		609,731.85				2,760,296.05	3,030,315.87
Federal and State Grants:									
Appropriated Reserves	2,310,582.03							2,310,582.03	2,757,121.51
Unappropriated Reserves	9,656.90							9,656.90	22,940.90
Encumbrances	106,494.33							106,494.33	2,112,641.25
Other Liabilities and Reserves:									
Due to State of New Jersey	47,136.00							47,136.00	40,624.80
Reserve for Future Debt Service			\$ 35,702.09	531,183.25				566,885.34	1,100,930.43
Capital Improvement Fund			37,284.58		\$ 192,775.00			230,059.58	225,474.58
Due to Current		599.82						599.82	719.52
Due to Dog Trust								-	50.80
Due to Grant Fund								-	19,708.00
Other Liabilities and Reserves	410,431.40	28,323,689.03	125,000.00		109,232,335.67			138,091,456.10	132,783,748.68
Improvement Authorizations			27,633,480.81		29,364,788.37			56,998,269.18	52,192,957.02
Reserve for Encumbrances/ Accounts Payable	1,648,957.84	198,573.43	3,261,841.68	568,371.58	2,381,002.25			8,058,746.78	7,994,379.22
Reserve for Tax title Liens	2,818,493.96							2,818,493.96	2,969,389.82
Interfunds Payable	102,844.74							102,844.74	-
Serial Bonds Payable		973,000.00	50,265,000.00		37,954,000.00			89,192,000.00	96,832,000.00
Bond Anticipation Notes Payable			31,329,000.00		39,537,000.00			70,866,000.00	56,475,000.00
Special Emergency Notes Payable	1,320,000.00							1,320,000.00	1,760,000.00
Green Trust Loan Payable			271,769.34					271,769.34	318,064.80
Environmental Infrastructure Loans			2,686,768.64		340,501.81			3,027,270.45	3,335,374.83
Reserve for Receivables	552,133.61			918,674.79				1,470,808.40	329,354.47
Accrued Interest on Bonds and Notes				832,689.57				832,689.57	698,619.04
County and School Taxes Payable	631,224.39							631,224.39	249,364.68
Investment in Fixed Assets							\$ 106,342,688.23	106,342,688.23	104,743,230.85
Fund Balance	7,592,924.72	2.00	2,472.97	3,906,108.60	706.38	\$ 467.10		11,502,681.77	11,161,038.77
	<u>\$ 24,889,680.71</u>	<u>\$ 29,505,196.43</u>	<u>\$ 115,648,320.11</u>	<u>\$ 8,661,095.09</u>	<u>\$ 219,003,109.48</u>	<u>\$ 467.10</u>	<u>\$ 106,342,688.23</u>	<u>\$ 504,050,557.15</u>	<u>\$ 487,276,144.74</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, 2016

	CURRENT FUND	UTILITY OPERATING FUND	Total Dec. 31, 2016
<u>Revenues:</u>			
Fund Balance Appropriated	\$ 4,500,000.00	\$ 1,000,000.00	\$ 5,500,000.00
Sewer Rents and Connection Fees		15,158,471.20	15,158,471.20
Reserve to Pay Debt Service		307,754.37	307,754.37
Miscellaneous Revenue	10,661,398.58	855,133.54	11,516,532.12
State Aid	19,166,830.00		19,166,830.00
State and Federal Grants	301,139.47		301,139.47
Special Items	600,413.57		600,413.57
Receipts from Delinquent Taxes	37,004.87		37,004.87
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	66,255,293.55		66,255,293.55
Local Library Tax	2,833,194.00		2,833,194.00
Total Budget Revenue	<u>104,355,274.04</u>	<u>17,321,359.11</u>	<u>121,676,633.15</u>
Other Credits to Income	<u>1,940,379.39</u>	<u>1,081,060.09</u>	<u>3,021,439.48</u>
Total Revenues	<u>106,295,653.43</u>	<u>18,402,419.20</u>	<u>124,698,072.63</u>
<u>Expenditures:</u>			
Current Fund Within CAPS:			
General Government	780,609.00	12,020,459.00	12,801,068.00
Department of Administration	1,104,698.00		1,104,698.00
Department of Finance	1,732,794.00		1,732,794.00
Department of Law	1,729,915.00		1,729,915.00
Department of Engineering, Planning and Inspection	3,697,371.00		3,697,371.00
Department of Economic Development/Technology	755,483.00		755,483.00
Department of Public Safety	23,376,300.00		23,376,300.00
Department of Public Works	21,279,500.76		21,279,500.76
Department of Health, Recreation and Welfare	3,270,273.00		3,270,273.00
Separate Boards and Agencies	186,368.00		186,368.00
Unclassified Purposes	19,160,066.00		19,160,066.00
Deferred Charges and Statutory Expenditures	9,564,307.00	787,082.00	10,351,389.00
Current Fund Excluded From CAPS:			
General Government	4,663,766.00		4,663,766.00
Public and Private Programs	926,553.04		926,553.04
Capital Improvements	410,000.00	250,000.00	660,000.00
Debt Service	7,444,188.38	4,350,212.81	11,794,401.19
Reserve for Uncollected Taxes	1,256,305.92		1,256,305.92
Total Budget Expenditures	<u>101,338,498.10</u>	<u>17,407,753.81</u>	<u>118,746,251.91</u>
Other Charges	<u>110,177.72</u>		<u>110,177.72</u>
Total Expenditures	<u>101,448,675.82</u>	<u>17,407,753.81</u>	<u>118,856,429.63</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, 2016

	CURRENT FUND	UTILITY OPERATING FUND	Total <u>Dec. 31, 2016</u>
Excess in Revenues	\$ 4,846,977.61	\$ 994,665.39	\$ 5,841,643.00
Fund Balance January 1, 2016	<u>7,245,947.11</u>	<u>3,911,443.21</u>	<u>11,157,390.32</u>
	12,092,924.72	4,906,108.60	16,999,033.32
Decreased by:			
Utilized as Anticipated Revenue	<u>4,500,000.00</u>	<u>1,000,000.00</u>	<u>5,500,000.00</u>
Fund Balance December 31, 2016	<u>\$ 7,592,924.72</u>	<u>\$ 3,906,108.60</u>	<u>\$ 11,499,033.32</u>

TOWNSHIP OF HAMILTON  
COUNTY OF MERCER  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE- REGULATORY BASIS  
BUDGET AND ACTUAL-CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016

	BUDGET AS <u>MODIFIED</u>	2016 <u>ACTUAL</u>	EXCESS <u>(DEFICIT)</u>
Revenues:			
Fund Balance Appropriated	\$ 4,500,000.00	\$ 4,500,000.00	
Miscellaneous Revenue	9,319,592.71	10,661,398.58	\$ 1,341,805.87
State Aid	19,166,830.00	19,166,830.00	
State and Federal Grants	301,139.47	301,139.47	
Special Items	600,413.57	600,413.57	
Receipts from Delinquent Taxes	200,000.00	37,004.87	(162,995.13)
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	64,427,989.97	66,255,293.55	1,827,303.58
Local Library Tax	<u>2,833,194.00</u>	<u>2,833,194.00</u>	
Total Budget Revenue	<u>101,349,159.72</u>	<u>104,355,274.04</u>	<u>3,006,114.32</u>
Other Credits to Income		<u>1,940,379.39</u>	<u>1,940,379.39</u>
Total Revenues	<u>101,349,159.72</u>	<u>106,295,653.43</u>	<u>4,946,493.71</u>
Expenditures:			
Current Fund Within CAPS:			
General Government	780,609.00	780,609.00	
Department of Administration	1,104,698.00	1,104,698.00	
Department of Finance	1,732,794.00	1,732,794.00	
Department of Law	1,729,915.00	1,729,915.00	
Department of Engineering, Planning and Inspection	3,697,371.00	3,697,371.00	
Department of Economic Development/Technology	755,483.00	755,483.00	
Department of Public Safety	23,376,300.00	23,376,300.00	
Department of Public Works	21,279,500.76	21,279,500.76	
Department of Health, Recreation and Welfare	3,270,273.00	3,270,273.00	
Separate Boards and Agencies	186,368.00	186,368.00	
Unclassified Purposes	19,160,066.00	19,160,066.00	
Deferred Charges and Statutory Expenditures	9,564,307.00	9,564,307.00	
Current Fund Excluded From CAPS:			
General Government	4,663,766.00	4,663,766.00	
Public and Private Programs	926,553.04	926,553.04	
Capital Improvements	410,000.00	410,000.00	
Debt Service	7,454,850.00	7,444,188.38	10,661.62
Reserve for Uncollected Taxes	<u>1,256,305.92</u>	<u>1,256,305.92</u>	
Total Budget Expenditures	<u>101,349,159.72</u>	<u>101,338,498.10</u>	<u>10,661.62</u>
Other Charges		<u>110,177.72</u>	<u>(110,177.72)</u>
Total Expenditures	<u>101,349,159.72</u>	<u>101,448,675.82</u>	<u>(99,516.10)</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, 2016

	BUDGET AS <u>MODIFIED</u>	2016 <u>ACTUAL</u>	<u>EXCESS</u>
Excess in Revenues	\$ -	\$ 4,846,977.61	\$ 4,846,977.61
Fund Balance January 1, 2016	<u>7,245,947.11</u>	<u>7,245,947.11</u>	<u>                    </u>
Decreased by:	7,245,947.11	12,092,924.72	4,846,977.61
Utilized as Anticipated Revenue	<u>4,500,000.00</u>	<u>4,500,000.00</u>	<u>                    </u>
Fund Balance December 31, 2016	<u>\$ 2,745,947.11</u>	<u>\$ 7,592,924.72</u>	<u>\$ 4,846,977.61</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, 2016

	BUDGET AS <u>MODIFIED</u>	2016 <u>ACTUAL</u>	<u>EXCESS</u>
Revenues:			
Fund Balance Appropriated	\$ 1,000,000.00	\$ 1,000,000.00	
Sewer Rents	15,000,000.00	15,158,471.20	\$ 158,471.20
Reserve for Debt Service	307,754.37	307,754.37	
Miscellaneous	<u>1,100,000.00</u>	<u>855,133.54</u>	<u>(244,866.46)</u>
Total Budget Revenue	<u>17,407,754.37</u>	<u>17,321,359.11</u>	<u>(86,395.26)</u>
Other Credits to Income		<u>1,081,060.09</u>	<u>1,081,060.09</u>
Total Revenues	<u>17,407,754.37</u>	<u>18,402,419.20</u>	<u>994,664.83</u>
Expenditures:			
Operating Expenses	12,020,459.00	12,020,459.00	
Capital Improvements	250,000.00	250,000.00	
Debt Service	4,350,213.37	4,350,212.81	0.56
Statutory Expenditures	<u>787,082.00</u>	<u>787,082.00</u>	<u>-</u>
Total Expenditures	<u>17,407,754.37</u>	<u>17,407,753.81</u>	<u>0.56</u>
Excess in Revenues / Statutory Excess to Fund Balance		<u>994,665.39</u>	<u>994,665.39</u>
Fund Balance January I, 2016	<u>3,911,443.00</u>	<u>3,911,443.21</u>	<u>(0.21)</u>
	<u>3,911,443.00</u>	<u>4,906,108.60</u>	<u>994,665.60</u>
Decreased by:			
Utilized in Sewer Operating Budget	<u>1,000,000.00</u>	<u>1,000,000.00</u>	<u>-</u>
Fund Balance December 31, 2016	<u>\$ 2,911,443.00</u>	<u>\$ 3,906,108.60</u>	<u>\$ 994,665.60</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, 2016 AND 2015

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31 ,2016</u>	<u>BALANCE</u> <u>DEC. 31 ,2015</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> <u>DEC. 31 ,2016</u>	<u>BALANCE</u> <u>DEC. 31 ,2015</u>
Cash and Investments - Treasurer	\$ 17,501,474.23	\$ 15,760,266.36	Liabilities:		
Cash - Change Fund	2,881.00	2,481.00	Prepaid Taxes	\$ 2,141,232.05	\$ 1,579,809.48
Prepaid School Tax		1,654,153.50	Tax Overpayments	274,146.91	2,496.55
Due from State of N.J. Per Chap. 73, P.L. 1976	<u>267,964.65</u>	<u>227,865.05</u>	Accounts Payable	52,274.41	330,387.07
			Appropriation Reserves	4,923,421.83	4,732,639.71
			Other Prepaid Fees		
	<u>17,772,319.88</u>	<u>17,644,765.91</u>	Special Emergency Notes Payable	1,320,000.00	1,760,000.00
Receivables and Other Assets With Full Reserves:			Due to State of New Jersey:		
Taxes Receivable	55,674.15		State Marriage License Fees	3,750.00	2,905.00
Tax Title Liens Receivable	2,818,493.96	2,969,389.82	DCA Training Fees	43,386.00	35,699.00
Property Acquired for Taxes at Assessed Value	367,045.00	367,045.00	Due County for Added Taxes	362,627.89	249,364.68
Revenue Accounts Receivable	74,718.90	79,833.83	Due to Grant Fund	102,844.74	19,708.00
Other Accounts Receivable	54,095.74	54,095.74	Due to Animal Control Fund		50.80
Due from General Capital Fund		658.00	PILOT Payable		617,009.00
Due from Trust Other Fund	<u>599.82</u>	<u>61.52</u>	Reserve for Encumbrances	1,596,683.43	2,004,313.51
	<u>3,370,627.57</u>	<u>3,471,083.91</u>	Reserve for 2014 Revaluation Expenses	410,431.40	824,436.00
			Due Local School District	<u>268,596.50</u>	
Deferred Charges:				11,499,395.16	12,158,818.80
Special Emergency Authorization	<u>1,320,000.00</u>	<u>1,760,000.00</u>	Reserve for Receivables Fund Balance	3,370,627.57	3,471,083.91
				<u>7,592,924.72</u>	<u>7,245,947.11</u>
Total Regular Fund	<u>22,462,947.45</u>	<u>22,875,849.82</u>	Total Regular Fund	<u>22,462,947.45</u>	<u>22,875,849.82</u>
Grant Fund:			Grant Fund:		
Cash and Investments - Treasurer	875,815.72	149,556.66	Reserve for Encumbrances	106,494.33	108,327.74
Due from Current Fund	102,844.74	19,708.00	Reserve for State & Federal Grants:		
State & Federal Grants Receivable	<u>1,448,072.80</u>	<u>2,719,125.49</u>	Appropriated	2,310,582.03	2,757,121.51
			Unappropriated	<u>9,656.90</u>	<u>22,940.90</u>
Total Grant Fund	<u>2,426,733.26</u>	<u>2,888,390.15</u>	Total Grant Fund	<u>2,426,733.26</u>	<u>2,888,390.15</u>
Total Current Fund	<u>\$ 24,889,680.71</u>	<u>\$ 25,764,239.97</u>	Total Current Fund	<u>\$ 24,889,680.71</u>	<u>\$ 25,764,239.97</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, 2016 AND 2015

<u>REVENUE AND OTHER INCOME</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Fund Balance Utilized	\$ 4,500,000.00	\$ 3,200,000.00
Miscellaneous Revenues Anticipated	30,729,781.62	28,811,977.54
Receipts from Delinquent Taxes	37,004.87	156,578.90
Receipts from Current Taxes	252,668,301.95	247,291,629.31
Interfunds Returned		44,752.15
Non-Budget Revenue	901,113.48	1,656,241.97
Other Credits to Income:		
Prior Year Interfunds Returned	119.66	
Unexpended Balance of Prior Year Approp. Res. Lapsed	<u>1,039,146.25</u>	<u>1,848,366.51</u>
 Total Revenue and Other Income	 <u>289,875,467.83</u>	 <u>283,009,546.38</u>
 <u>EXPENDITURES</u>		
Budget Appropriations:		
Operations:		
Salaries and Wages	43,686,186.00	42,998,023.00
Other Expenses	38,977,510.80	38,428,152.83
Deferred Charges and Statutory		
Expenditures	9,564,307.00	9,029,569.00
Capital Improvements	410,000.00	419,175.00
Municipal Debt Service	7,444,188.38	6,140,276.55
Special District Taxes	22,673,160.58	22,129,925.00
County Taxes	52,808,619.74	52,801,888.56
Local District School Taxes	109,354,340.00	105,974,326.00
Amounts Due Under PILOT Agreement		617,009.00
Other		88,757.43
Interfunds Advanced	102,844.74	
Prior Years Senior Citizens/Veterans Deductions	<u>7,332.98</u>	<u>19,813.80</u>
 Total Expenditures	 <u>285,028,490.22</u>	 <u>278,646,916.17</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, 2016 AND 2015

	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Statutory Excess to Fund Balance	\$ 4,846,977.61	\$ 4,362,630.21
 <u>FUND BALANCE</u>		
Balance - January 1	<u>7,245,947.11</u>	<u>6,083,316.90</u>
	12,092,924.72	10,445,947.11
Decreased by:		
Utilized as Anticipated Revenue	<u>4,500,000.00</u>	<u>3,200,000.00</u>
Balance - December 31	<u><u>\$ 7,592,924.72</u></u>	<u><u>\$ 7,245,947.11</u></u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY  
  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>ANTICIPATED</u>		<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
	2016 <u>BUDGET</u>	N.J.S.A. <u>40A:4-87</u>		
Surplus Anticipated	\$ 4,500,000.00		\$ 4,500,000.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverage	90,300.00		132,150.00	\$ 41,850.00
Other	168,000.00		187,740.69	19,740.69
Fees and Permits:				
Other	265,000.00		282,182.65	17,182.65
Fines and Costs:				
Municipal Court	892,000.00		954,810.07	62,810.07
Interest and Costs on Taxes	489,000.00		833,424.57	344,424.57
Interest on Investments and Deposits	352,397.89		396,730.28	44,332.39
Cable Franchise Fees	1,300,455.65		1,324,227.82	23,772.17
Housing, Site and Contractor Fees	500,000.00		525,390.00	25,390.00
Energy Receipts Tax	19,166,830.00		19,166,830.00	
Payments in Lieu of Taxes - Low Cost Housing	223,000.00		261,190.68	38,190.68
Reimbursement for Administrative Service:				
Free Public Library	271,496.00		218,553.25	(52,942.75)
Sewer Operating Fund	874,067.00		874,067.00	
Uniform Construction Code Fees	2,500,000.00		3,024,442.00	524,442.00
Developers Escrow - Engineering & Planning Staff	100,000.00		169,011.37	69,011.37
Special Items:				
Alcohol Education & Rehab		\$ 9,427.30	9,427.30	
Click It or Ticket Grant		5,000.00	5,000.00	
Recreational Trails	24,000.00		24,000.00	
Edward Byrne JAG 2015	17,984.00		17,984.00	
Edward Byrne JAG 2016	16,208.00		16,208.00	
Recycling Tonnage	144,115.47		144,115.47	
Emergency Management Assistance	20,000.00		20,000.00	
Clean Communities		217,544.71	217,544.71	
State DOT Whitehorse-Hamilton Sq Rd		275,000.00	275,000.00	
NJDOT Safe Streets to Schools		47,250.00	47,250.00	
Municipal Alliance	78,832.00		78,832.00	
Drive Sober Get Pulled Over		5,000.00	5,000.00	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	ANTICIPATED		REALIZED	EXCESS (DEFICIT)
	2016 BUDGET	N.J.S.A. 40A:4-87		
Miscellaneous Revenues (Cont'd):				
Special Items (cont'd):				
Drunk Driving Enforcement		\$ 13,234.55	\$ 13,234.55	
Bulletproof Vest Program		13,903.45	13,903.45	
State Body Armor Grant		14,053.56	14,053.56	
Septemberfest Sponsorships and Vendor Fees	\$ 90,000.00		130,970.00	\$ 40,970.00
Ecological Facility & Various Leases	100,000.00		149,450.44	49,450.44
Reserve for Future Debt Service Gen Capital	562,876.17		562,876.17	
HUD Administrative Reimbursements & HCVP	150,000.00		150,000.00	
American Metro - Payment in Lieu of Taxes	391,000.00		484,181.59	93,181.59
	<u>28,787,562.18</u>	<u>600,413.57</u>	<u>30,729,781.62</u>	<u>1,341,805.87</u>
Total Miscellaneous Revenues				
Receipts from Delinquent Taxes	200,000.00		37,004.87	(162,995.13)
	<u>200,000.00</u>		<u>37,004.87</u>	<u>(162,995.13)</u>
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	64,427,989.97		66,255,293.55	1,827,303.58
Local Tax for Municipal Library	2,833,194.00		2,833,194.00	
	<u>67,261,183.97</u>		<u>69,088,487.55</u>	<u>1,827,303.58</u>
Total Amount to be Raised By Taxation				
Budget Totals	100,748,746.15	600,413.57	104,355,274.04	3,006,114.32
	<u>100,748,746.15</u>	<u>600,413.57</u>	<u>104,355,274.04</u>	<u>3,006,114.32</u>
Non-Budget Revenues			901,113.48	901,113.48
	<u>100,748,746.15</u>	<u>600,413.57</u>	<u>105,256,387.52</u>	<u>3,907,227.80</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Analysis of Non-Budget Revenues:

Hotel Occupancy Fees	\$	300,069.23
Interlocal Agreements		6,800.00
Special Event Reimbursements		10,818.76
Recycling		1,281.80
Homestead Rebate Admin Fee		5,607.60
NFS Bad Checks		1,599.99
Tax Office		79,457.26
Other		88,293.60
Restitution		1,113.68
Plans/Specifications		4,286.48
Golf Center		116,880.72
Sayen House and Gardens, Kuser, and Bromley		113,568.53
Sale of Municipal Assets		<u>171,335.83</u>
	\$	<u>901,113.48</u>



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection:

Revenue from Collection:

Collections by Cash:

Year 2016	\$	250,011,396.45	
Year 2015		1,579,809.48	
Sr. Cit. & Vet. Deduction			
Reimbursement		<u>1,077,096.02</u>	\$ 252,668,301.95

School, County and Special

District Taxes 184,836,120.32

67,832,181.63

Add: Reserve for Uncollected Taxes

1,256,305.92

\$ 69,088,487.55

Receipts from Delinquent Taxes:

Tax Title Lien Collection 37,004.87

\$ 37,004.87

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			UNEXPENDED BALANCE <u>CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
Operations Within "CAPS"						
<u>GENERAL GOVERNMENT:</u>						
Office of the Mayor						
Salaries and Wages	\$ 343,045.00	\$ 343,045.00	\$ 332,916.83		\$ 10,128.17	
Other Expenses	18,274.00	18,274.00	14,659.41	\$ 886.05	2,728.54	
Township Council						
Salaries and Wages	78,332.00	78,332.00	78,332.00			
Other Expenses	10,550.00	10,550.00	7,082.10	1,369.16	2,098.74	
Office of the Municipal Clerk						
Salaries and Wages	264,153.00	264,153.00	248,348.62		15,804.38	
Other Expenses	66,255.00	66,255.00	52,029.57	9,701.61	4,523.82	
<u>DEPARTMENT OF ADMINISTRATION:</u>						
Business Administrator						
Salaries and Wages	226,290.00	226,290.00	214,218.73		12,071.27	
Other Expenses	7,101.00	7,101.00	6,502.50	97.28	501.22	
Human Resources						
Salaries and Wages	204,695.00	204,695.00	193,110.61		11,584.39	
Other Expenses	30,670.00	30,670.00	27,919.35	1,080.64	1,670.01	
Training	10,000.00	10,000.00	4,108.76		5,891.24	
Division of Budget and Purchasing						
Salaries and Wages	418,397.00	418,397.00	397,162.12		21,234.88	
Other Expenses	28,495.00	28,495.00	23,199.26	2,723.57	2,572.17	
Postage Costs	179,050.00	179,050.00	176,680.80	255.00	2,114.20	
<u>DEPARTMENT OF FINANCE:</u>						
Financial Administration:						
Salaries and Wages	310,918.00	310,918.00	281,105.54		29,812.46	
Other Expenses	212,570.00	212,570.00	176,640.05	9,853.50	26,076.45	
Annual Audit	65,793.00	65,793.00	64,299.00		1,494.00	
Division of Assessments						
Salaries and Wages	432,300.00	432,300.00	386,508.87		45,791.13	
Other Expenses	44,325.00	44,325.00	26,813.86	350.12	17,161.02	
Division of Revenue Collection						
Salaries and Wages	499,188.00	499,188.00	456,691.40		42,496.60	
Other Expenses	167,700.00	167,700.00	126,187.59	4,614.93	36,897.48	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			<u>UNEXPENDED BALANCE CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
Operations Within "CAPS" (Cont'd.)						
<u>DEPARTMENT OF LAW:</u>						
Legal Services						
Salaries and Wages	\$ 321,780.00	\$ 321,780.00	\$ 308,881.20		\$ 12,898.80	
Other Expenses	164,050.00	164,050.00	86,549.22	\$ 14,048.60		63,452.18
Municipal Prosecutor						
Salaries and Wages	88,176.00	88,176.00	83,544.35			4,631.65
Municipal Court						
Salaries and Wages	1,046,865.00	1,046,865.00	930,290.15			116,574.85
Other Expenses	109,043.00	109,043.00	70,838.04	5,145.29		33,059.67
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	463,610.00	463,610.00	447,082.85			16,527.15
Other Expenses	120,434.00	120,434.00	39,398.58	2,564.00		78,471.42
Community Planning & Compliance						
Salaries and Wages	539,746.00	539,746.00	519,858.31			19,887.69
Other Expenses	32,285.00	32,285.00	5,530.36			26,754.64
Zoning Board						
Salaries and Wages	90,826.00	90,826.00	83,378.89			7,447.11
Other Expenses	15,450.00	15,450.00	14,846.67			603.33
Affordable Housing						
Salaries and Wages	232,788.00	232,788.00	150,000.00			82,788.00
Office on Housing Inspecti						
Salaries and Wages	345,055.00	345,055.00	330,847.95			14,207.05
Other Expenses	4,292.00	4,292.00	898.58	662.58		2,730.84
Uniform Construction Code						
Salaries and Wages	1,194,740.00	1,194,740.00	1,136,218.69			58,521.31
Other Expenses	658,145.00	658,145.00	598,963.60	51,713.25		7,468.15
<u>DEPARTMENT OF ECONOMIC DEVELOPMENT</u>						
Salaries and Wages	451,967.00	451,967.00	387,378.94			64,588.06
Other Expenses	303,516.00	303,516.00	190,393.85	81,698.25		31,423.90
<u>DEPARTMENT OF PUBLIC SAFETY:</u>						
Police Division						
Salaries and Wages	22,053,314.00	22,053,314.00	21,366,755.15			686,558.85
Other Expenses	965,268.00	965,268.00	638,270.31	286,864.38		40,133.31
Purchase of Police Vehicles	325,000.00	325,000.00		325,000.00		
Office of Emergency Management						
Other Expenses	32,718.00	32,718.00	9,251.29	6,009.54		17,457.17

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			UNEXPENDED BALANCE <u>CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
Operations Within "CAPS" (Cont'd.)						
<u>DEPARTMENT OF PUBLIC WORKS:</u>						
Public Works						
Salaries and Wages	\$ 4,011,236.00	\$ 4,011,236.00	\$ 3,897,374.75		\$ 113,861.25	
Other Expenses	1,030,142.84	930,992.84	597,633.89	\$ 64,316.83	269,042.12	
Other Public Works Functions						
Salaries and Wages	93,280.00	93,280.00	78,267.50		15,012.50	
Other Expenses	18,530.00	18,530.00	4,836.44	5,794.86	7,898.70	
Division of Buildings and Grounds						
Salaries and Wages	1,987,177.00	1,907,177.00	1,733,852.39		173,324.61	
Other Expenses	473,785.00	473,785.00	357,742.76	70,017.59	46,024.65	
Solid Waste Collection & Recycling						
Salaries and Wages	104,560.00	104,560.00	94,313.53		10,246.47	
Other Expenses	3,500,000.00	3,600,000.00	3,330,746.94	108,542.54	160,710.52	
Maintenance of Motor Vehicles						
Salaries and Wages	1,248,503.00	1,248,503.00	1,079,961.89		168,541.11	
Other Expenses	602,128.00	602,128.00	508,662.36	41,895.95	51,569.69	
Landfill/Solid Waste Disposal Costs	4,825,000.00	4,925,000.00	4,472,763.48	352,236.52	100,000.00	
Maintenance of Parks						
Salaries and Wages	2,845,377.00	2,820,377.00	2,416,100.62		404,276.38	
Other Expenses	317,128.92	317,128.92	215,582.24	42,611.91	58,934.77	
Division of Citizen Response						
Salaries and Wages	225,061.00	225,061.00	190,316.12		34,744.88	
Other Expenses	1,742.00	1,742.00	848.92	523.93	369.15	
<u>DEPARTMENT OF HEALTH, RECREATION AND WELFARE:</u>						
Public Health Services						
Salaries and Wages	634,795.00	634,795.00	590,448.89		44,346.11	
Other Expenses	188,104.00	188,104.00	128,462.65	21,867.36	37,773.99	
Environmental Health Services						
Salaries and Wages	403,500.00	407,500.00	388,566.12		18,933.88	
Other Expenses	17,844.00	17,844.00	6,207.99	3,604.01	8,032.00	
Animal Control Services						
Salaries and Wages	356,081.00	356,081.00	342,710.66		13,370.34	
Other Expenses	115,230.00	115,230.00	103,149.59	9,113.00	2,967.41	
Division of Recreation						
Salaries and Wages	533,961.00	533,961.00	508,931.73		25,029.27	
Other Expenses	470,058.00	470,058.00	375,967.10	45,281.60	48,809.30	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 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 (CONTD.):</u>						
Office of Sr. Citizens Programs						
Salaries and Wages	\$ 414,360.00	\$ 414,360.00	\$ 374,595.71		\$ 39,764.29	
Other Expenses	132,340.00	132,340.00	112,194.12	\$ 13,099.28	7,046.60	
<u>SEPARATE BOARDS AND AGENCIES:</u>						
Environmental Commission (N.J.S.A. 40:56A-81 et seq.)						
Salaries and Wages	700.00	700.00	292.95		407.05	
Other Expenses	1,030.00	1,030.00	360.00		670.00	
Zoning Board of Adjustment						
Other Expenses	46,500.00	46,500.00	15,983.82	164.88	30,351.30	
Economic Development Commission						
Salaries and Wages	1,000.00	1,000.00	1,000.00			
Other Expenses	3,280.00	3,280.00	3,280.00			
Planning Board						
Other Expenses	45,932.00	45,932.00	8,882.58	50.76	36,998.66	
Board of Public Officers						
Salaries and Wages	250.00	325.00	325.00			
Other Expenses	650.00	575.00			575.00	
Aid to Museum (N.J.S.A. 40:23-6.22)						
Center for the Physically Limited (N.J.S.A. 40:13)	19,396.00	19,396.00	19,396.00			
First Aid Organizations - Contributions	40,000.00	40,000.00	40,000.00			
Neighborhood Service Center - Contributions	10,000.00	10,000.00	10,000.00			
Redevelopment Board						
Salaries and Wages	250.00	250.00	150.00		100.00	
Other Expenses	8,280.00	8,280.00			8,280.00	
Shade Tree Commission						
Salaries and Wages	250.00	400.00	375.00		25.00	
Other Expenses	300.00	300.00	240.88		59.12	
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, 2016

	2016 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	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	400.00		200.00	
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	3,102,618.00	3,102,618.00	2,223,109.54	\$ 12,924.66	866,583.80	
Retirement Payouts	250,000.00	250,000.00	122,157.66		127,842.34	
Payments to Fire Districts	29,102.00	29,102.00	29,102.00			
Other Insurance General Liability	491,172.00	491,172.00	491,172.00			
Group Insurance	14,149,724.00	14,149,724.00	14,149,724.00			
Self Insurance	1,072,450.00	1,072,450.00	1,072,450.00			
Condominium Services Act	50,000.00	50,000.00			50,000.00	
Total Operations Within "CAPS"	<u>77,073,377.76</u>	<u>77,073,377.76</u>	<u>70,814,683.77</u>	<u>1,596,683.43</u>	<u>4,662,010.56</u>	
<u>DETAIL:</u>						
Salaries and Wages	42,718,127.00	42,617,352.00	40,153,571.72		2,463,780.28	
Other Expenses	34,355,250.76	34,456,025.76	30,661,112.05	1,596,683.43	2,198,230.28	
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":</u>						
Statutory Expenditures:						
Contributions to:						
Public Employees Retirement System	2,814,608.00	2,814,608.00	2,814,607.61		0.39	
Social Security System (O.A.S.I.)	2,098,888.00	2,098,888.00	1,941,007.21		157,880.79	
DCRP	22,050.00	22,050.00	7,991.49		14,058.51	
Police and Firemen's Retirement Sys. of NJ	4,628,761.00	4,628,761.00	4,628,761.00			
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	<u>9,564,307.00</u>	<u>9,564,307.00</u>	<u>9,392,367.31</u>		<u>171,939.69</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>86,637,684.76</u>	<u>86,637,684.76</u>	<u>80,207,051.08</u>	<u>1,596,683.43</u>	<u>4,833,950.25</u>	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	
<u>Operations Excluded from "CAPS"</u>					
Maintenance of Free Public Library	\$ 2,833,194.00	\$ 2,833,194.00	\$ 2,833,194.00		
Police Dispatch/911					
Salaries and Wages	1,068,834.00	1,068,834.00	985,822.52		\$ 83,011.48
Other Expenses	113,050.00	113,050.00	111,881.90		1,168.10
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		9,427.30	9,427.30		
Edward Byrne JAG 2015	17,984.00	17,984.00	17,984.00		
Edward Byrne JAG 2016	16,208.00	16,208.00	16,208.00		
Click It or Ticket Grant		5,000.00	5,000.00		
Clean Communities		217,544.71	217,544.71		
State DOT Whitehorse Hamilton Square Road		275,000.00	275,000.00		
State DOT Safe Streets to Schools		47,250.00	47,250.00		
Emergency Management	20,000.00	20,000.00	20,000.00		
Recreational Trails	24,000.00	24,000.00	24,000.00		
Municipal Alliance	78,832.00	78,832.00	78,832.00		
Drive Sober Get Pulled Over		5,000.00	5,000.00		
Bulletproof Vest Program		13,903.45	13,903.45		
Drunk Driving Enforcement Grant		13,234.55	13,234.55		
State Body Armor		14,053.56	14,053.56		
Recycling Tonnage	144,115.47	144,115.47	144,115.47		
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"	4,989,905.47	5,590,319.04	5,500,847.46		89,471.58
<u>DETAIL:</u>					
Salaries and Wages	1,068,834.00	1,068,834.00	985,822.52		83,011.48
Other Expenses	3,921,071.47	4,521,485.04	4,515,024.94		6,460.10

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED	
			PAID OR CHARGED	ENCUMBERED		RESERVED
<b>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS":</b>						
Capital Improvement Fund	\$ 410,000.00	\$ 410,000.00	\$ 410,000.00			
Total Capital Improvements Excluded from "CAPS"	410,000.00	410,000.00	410,000.00			
<b>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS":</b>						
Payment of Bond Principal	5,120,000.00	5,120,000.00	5,120,000.00			
Interest on Bonds	1,550,000.00	1,550,000.00	1,550,000.00			
Principal Payment BANS	1,000.00	1,000.00			\$ 1,000.00	
Interest on Notes	343,000.00	343,000.00	342,471.04		528.96	
Special Emergency Note Interest	26,350.00	26,350.00	26,326.67		23.33	
Special Assessment Interest	37,000.00	37,000.00	37,000.00			
Green Trust Loan Program						
Payment of Principal	46,300.00	46,300.00	46,295.46		4.54	
Payment of Interest	6,200.00	6,200.00	6,130.96		69.04	
NJEITF:						
Payment of Principal	285,000.00	285,000.00	283,321.13		1,678.87	
Payment of Interest	40,000.00	40,000.00	32,643.12		7,356.88	
Total Municipal Debt Service Excluded from "CAPS"	7,454,850.00	7,454,850.00	7,444,188.38		10,661.62	
Total General Appropriations for Municipal Excluded from "CAPS"	12,854,755.47	13,455,169.04	13,355,035.84		\$ 89,471.58	10,661.62
Subtotal General Appropriations	99,492,440.23	100,092,853.80	93,562,086.92	\$ 1,596,683.43	4,923,421.83	10,661.62
Reserve for Uncollected Taxes	1,256,305.92	1,256,305.92	1,256,305.92			
Total General Appropriations	\$ 100,748,746.15	\$ 101,349,159.72	\$ 94,818,392.84	\$ 1,596,683.43	\$ 4,923,421.83	\$ 10,661.62
Adopted Budget		\$ 100,748,746.15				
Appropriated N.J.S.A. 40A:4-87		600,413.57				
		\$ 101,349,159.72				
Cash Disbursed			\$ 92,640,825.88			
State & Federal Grants Appropriated			921,261.04			
Reserve for Uncollected Taxes			1,256,305.92			
			\$ 94,818,392.84			



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, 2016 AND 2015

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Trust Assessment Fund:			Trust Assessment Fund:		
Cash and Investments - Treasurer	\$ 249,385.95	\$ 182,599.95	Prepaid Assessments	\$ 9,332.15	\$ 9,332.15
Assessments Receivable	961,903.88	1,028,689.88	Reserve for Assessments, Liens and		
Assessment Lien, Interest & Costs	899.49	899.49	Assessment Lien Interest and Costs	2,496,928.67	2,386,928.67
Prospective Assessments Funded	<u>2,267,073.50</u>	<u>2,267,073.50</u>	Serial Bonds Payable	973,000.00	1,083,000.00
			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	44,778.75	14,036.96	Due to State of New Jersey		2,020.80
Due from Current Fund	<u>                    </u>	<u>50.80</u>	Due to Current Fund		
			Reserve for Animal Control	41,571.96	1,744.21
			Escrow	2,857.00	7,542.00
			Reserve for Encumbrances	<u>349.79</u>	<u>2,780.75</u>
Total Animal Control Trust Fund	<u>44,778.75</u>	<u>14,087.76</u>	Total Animal Control Trust Fund	<u>44,778.75</u>	<u>14,087.76</u>
Trust-Other Fund:			Trust-Other Fund:		
Cash and Investments - Treasurer	<u>24,368,579.75</u>	<u>20,478,167.08</u>	Reserve for Encumbrances	194,123.64	59,689.73
			Escrow Funds	7,037,492.30	6,052,364.47
			Performance Guarantees	1,305,235.05	1,305,235.05
			Due to Current Fund	599.82	
			Deposits for Tax Sale Redemp./Premiums	4,827,463.86	4,930,254.89
			Utilities Trust Reserve	5,094.74	
			Developers Escrow	1,227,348.65	1,223,548.96
			Dedicated Law Enfor. Trust Fund	61,328.71	97,286.44
			Affordable Housing	4,839,204.62	3,141,648.80
			Flexible Spending Account	17,318.83	20,609.99
			Unemployment Trust	25,447.59	75,938.60
			Insurance Trust Reserve	3,154,656.78	2,132,762.87
			Off-Duty Police	686,581.20	469,734.52
			Storm Recovery	500,000.00	500,000.00
			Payroll Deductions Payable	<u>486,683.96</u>	<u>469,092.76</u>
Total Trust-Other Fund	<u>24,368,579.75</u>	<u>20,478,167.08</u>	Total Trust-Other Fund	<u>24,368,579.75</u>	<u>20,478,167.08</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, 2016 AND 2015

	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>		<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Housing and Community Development Act of 1974:			Housing & Community Development Act of 1974:		
Cash and Investments - Treasurer	\$ 1,433.67	\$ 136,239.86	Reserve for Commun. Develop. Blk.		
Accounts Receivable	<u>1,028,076.75</u>	<u>842,482.96</u>	Grant Projects	\$ 1,029,510.42	\$ 978,661.30
			Due to Current Fund		<u>61.52</u>
Total Housing and Community Development Act of 1974	<u>1,029,510.42</u>	<u>978,722.82</u>	Total Housing & Community Development Act of 1974	<u>1,029,510.42</u>	<u>978,722.82</u>
Self-Insurance Trust Fund:			Self-Insurance Trust Fund:		
Cash and Investments - Treasurer	<u>8,286.65</u>	<u>17,095.23</u>	Reserve for Insurance Claims:		
			Worker's Compensation	<u>8,286.65</u>	<u>17,095.23</u>
Total Self Insurance Trust Fund	<u>8,286.65</u>	<u>17,095.23</u>	Total Self Insurance Trust Fund	<u>8,286.65</u>	<u>17,095.23</u>
HUD Housing Voucher Trust Fund:			HUD Housing Voucher Trust Fund:		
Cash and Investments - Treasurer	520,874.04	461,623.91	Reserve for HUD Housing Voucher		
Accounts Receivable	<u>53,904.00</u>	<u>461,623.91</u>	Program Expenditures	425,125.04	461,623.91
			Accounts Payable	4,100.00	
			Unearned Revenue	<u>145,553.00</u>	
Total HUD Housing Voucher Trust Fund	<u>574,778.04</u>	<u>461,623.91</u>	Total HUD Housing Voucher Trust Fund	<u>574,778.04</u>	<u>461,623.91</u>
Total Trust Funds	<u>\$ 29,505,196.43</u>	<u>\$ 25,428,959.62</u>	Total Trust Funds	<u>\$ 29,505,196.43</u>	<u>\$ 25,428,959.62</u>

TOWNSHIP OF HAMILTON  
 MERCER COUNTY, NEW JERSEY  
 TRUST ASSESSMENT FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECMEBER 31, 2016

	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 DECMEBER 31, 2016

	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, 2016 AND 2015

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Cash and Investments - Treasurer	\$ 17,112,334.95	\$ 16,554,638.82
Due from State of NJ DOT	189,581.78	189,581.78
Deferred Charges to Future Taxation:		
Funded	45,122,865.40	58,673,154.57
Unfunded	<u>53,223,537.98</u>	<u>37,419,915.40</u>
	<u>\$ 115,648,320.11</u>	<u>\$ 112,837,290.57</u>
<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>		
General Serial Bonds	\$ 50,265,000.00	\$ 55,385,000.00
Bond Anticipation Notes	31,329,000.00	22,895,000.00
Environmental Infrastructure Loan	2,686,768.64	2,970,089.77
Due to Current Fund		658.00
Green Trust Project Loan Payable	271,769.34	318,064.80
Reserve for Encumbrances	3,261,841.68	4,608,386.71
Improvement Authorizations:		
Funded	4,837,016.62	6,758,054.57
Unfunded	22,796,464.19	19,303,988.00
Reserve For:		
Unallocated Grant Receipts	125,000.00	
Capital Improvement Fund	37,284.58	32,699.58
Future Debt Service	35,702.09	562,876.17
Fund Balance	<u>2,472.97</u>	<u>2,472.97</u>
	<u>\$ 115,648,320.11</u>	<u>\$ 112,837,290.57</u>

There were Bonds and Notes Authorized but not Issued for the years ended December 31, 2016 and 2015 in the amounts of \$13,793,865.40 and \$14,524,915.40, respectively.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance - December 31, 2016 and 2015	\$ <u>2,472.97</u>
--------------------------------------	--------------------

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, 2016 AND 2015

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> <u>DEC. 31, 2016</u>	<u>BALANCE</u> <u>DEC. 31, 2015</u>
Operating Fund:			Operating Fund:		
Cash and Investments - Treasurer	\$ 7,742,420.30	\$ 8,411,941.40	Liabilities:		
	<u>7,742,420.30</u>	<u>8,411,941.40</u>	Sewer Rents Overpayments	\$ 13,616.58	\$ 895.30
			Prepaid Sewer Rents	609,731.85	1,441,174.24
			Accounts Payable		59,635.00
			Appropriation Reserves	1,280,718.87	1,387,063.34
Receivables With Offsetting Reserves:			Reserve for Encumbrances	568,371.58	375,057.01
Sewer Rents Receivable	850,855.93	28,720.81	Reserve for Future Debt Service	531,183.25	538,054.26
Sewer Rent Liens Receivable	<u>67,818.86</u>	<u>165,984.57</u>	Accrued Interest on Bonds & Notes	<u>832,689.57</u>	<u>698,619.04</u>
	<u>918,674.79</u>	<u>194,705.38</u>		<u>3,836,311.70</u>	<u>4,500,498.19</u>
			Reserve for Receivables	918,674.79	194,705.38
			Fund Balance	<u>3,906,108.60</u>	<u>3,911,443.21</u>
Total Operating Fund	<u>8,661,095.09</u>	<u>8,606,646.78</u>	Total Operating Fund	<u>8,661,095.09</u>	<u>8,606,646.78</u>
Capital Fund:			Capital Fund:		
Cash and Investments - Treasurer	25,459,299.68	22,884,551.46	Serial Bonds	37,954,000.00	40,364,000.00
Account Receivable - State	8,650.65	8,650.65	Bond Anticipation Notes	39,537,000.00	33,580,000.00
Fixed Capital	134,159,873.33	134,005,871.92	NJ EIT Loan Payable	340,501.81	365,285.06
Fixed Capital - Auth. and Uncompl.	<u>59,375,285.82</u>	<u>52,996,235.82</u>	Reserve for Encumbrances	2,381,002.25	2,618,077.95
			Improvement Authorizations:		
			Funded	1,617,857.92	1,695,665.38
			Unfunded	27,746,930.45	24,435,249.07
			Reserve for:		
			Capital Improvement Fund	192,775.00	192,775.00
			Reserve for Amortization	109,232,335.67	106,643,551.01
			Fund Balance	<u>706.38</u>	<u>706.38</u>
Total Capital Fund	<u>219,003,109.48</u>	<u>209,895,309.85</u>	Total Capital Fund	<u>219,003,109.48</u>	<u>209,895,309.85</u>
Assessment Fund:			Assessment Fund:		
Cash and Investments - Treasurer	467.10	467.10	Fund Balance	467.10	467.10
Total Sewer Assessment Fund	<u>467.10</u>	<u>467.10</u>	Total Sewer Assessment Fund	<u>467.10</u>	<u>467.10</u>
Total Sewer Utility Fund	\$ <u>227,664,671.67</u>	\$ <u>218,502,423.73</u>	Total Sewer Utility Fund	\$ <u>227,664,671.67</u>	\$ <u>218,502,423.73</u>

There were Bonds and Notes Authorized but not Issued for the years ended December 31, 2016 and 2015 in the amounts of \$6,471,321.67 and \$6,049,271.67, respectively.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
 STATEMENT OF REVENUES, EXPENDITURES, OPERATIONS AND CHANGE IN  
 FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>YEAR 2016</u>	<u>YEAR 2015</u>
Fund Balance Utilized	\$ 1,000,000.00	
Sewer Rents	15,158,471.20	\$ 15,237,718.91
Fees and Permits	701,322.00	908,150.00
Reserve for Future Debt Service	307,754.37	1,644,145.79
Miscellaneous	153,811.54	346,941.60
Miscellaneous Revenue Not Anticipated	55,280.55	
Other Credits to Income:		
Unexpended Balance of Appropriation		
Reserves Lapsed	<u>1,025,779.54</u>	<u>638,675.61</u>
 Total Revenues	 <u>18,402,419.20</u>	 <u>18,775,631.91</u>
 <u>EXPENDITURES</u>		
Budget Appropriations:		
Operating	12,020,459.00	12,571,579.00
Capital Improvements	250,000.00	250,000.00
Debt Service	4,350,212.81	4,286,607.27
Deferred Charges		110,000.00
Statutory Expenditures	<u>787,082.00</u>	<u>757,268.00</u>
 Total Expenditures	 <u>17,407,753.81</u>	 <u>17,975,454.27</u>
 Excess in Revenues Over Expenditures	 994,665.39	 800,177.64
 <u>FUND BALANCE</u>		
Balance - January 1	<u>3,911,443.21</u>	<u>3,111,265.57</u>
	4,906,108.60	3,911,443.21
Decreased by:		
Utilized in Sewer Operating Budget	<u>1,000,000.00</u>	
 Balance - December 31	 <u><u>\$ 3,906,108.60</u></u>	 <u><u>\$ 3,911,443.21</u></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, 2016

Balance - December 31, 2016 and 2015

\$ 706.38



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

SEWER UTILITY ASSESSMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Balance - December 31, 2016 and 2015

\$ 467.10

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Operating Fund Balance			
Anticipated	\$ 1,000,000.00	\$ 1,000,000.00	
Sewer Rents	15,000,000.00	15,158,471.20	\$ 158,471.20
Sewer Connection Fees	800,000.00	701,322.00	(98,678.00)
Reserve for Debt Service	307,754.37	307,754.37	
Miscellaneous	<u>300,000.00</u>	<u>153,811.54</u>	<u>(146,188.46)</u>
	<u>\$ 17,407,754.37</u>	<u>\$ 17,321,359.11</u>	<u>\$ (86,395.26)</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			UNEXPENDED BALANCE <u>CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
Operating:						
Salaries and Wages	\$ 4,465,482.00	\$ 4,465,482.00	\$ 3,806,777.08		\$ 658,704.92	
Other Expenses	4,563,572.00	4,563,572.00	3,540,161.52	\$ 511,190.09	512,220.39	
Group Insurance Plan for Employees	2,627,182.00	2,627,182.00	2,627,182.00			
Self-Insurance Program N.J.S.A. 40A:10-1 et seq.	275,000.00	275,000.00	275,000.00			
Other Insurance and Surety Bond Premiums	89,223.00	89,223.00	89,223.00			
Capital Improvements:						
Capital Outlay	250,000.00	250,000.00	112,954.51	57,181.49	79,864.00	
Debt Service:						
Payment of Bond Principal	2,410,000.00	2,410,000.00	2,410,000.00			
Interest on Bonds	1,417,663.00	1,417,663.00	1,417,662.44			\$ 0.56
Interest on Notes	494,323.06	494,323.06	494,323.06			
EIT Loan Principal	24,783.25	24,783.25	24,783.25			
EIT Loan Interest	3,444.06	3,444.06	3,444.06			
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	445,472.00	445,472.00	445,472.00			
Social Security System (O.A.S.I.)	341,610.00	341,610.00	311,680.44		29,929.56	
Total Sewer Utility Appropriations	\$ <u>17,407,754.37</u>	\$ <u>17,407,754.37</u>	\$ <u>15,558,663.36</u>	\$ <u>568,371.58</u>	\$ <u>1,280,718.87</u>	\$ <u>0.56</u>
Cash Disbursed			\$ 13,643,233.80			
Accrued Interest on Bonds and Notes			<u>1,915,429.56</u>			
			\$ <u>15,558,663.36</u>			

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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
- Affordable Housing Fund
- Other Dedicated Funds

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

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

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Description of Funds

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.

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.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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

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.

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

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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

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.

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.

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

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

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 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.



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

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

The GASB issued Statement 77, Tax Abatement Disclosures in August 2015. This Statement is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 31, 2015. The Township has implemented this standard in the current year, but has no tax abatement arrangements to disclose at December 31, 2016.

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, 2016 and 2015, the amounts held in trust amounted to \$26,733,566.04 and \$27,556,212.80, respectively.

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. Summary of Municipal Debt:

	<u>2016</u>	<u>2015</u>
Issued:		
General Capital:		
Bonds and notes	\$ 81,594,000.00	\$ 78,280,000.00
Green trust program loans	271,769.34	318,064.80
Infrastructure loan	2,686,768.64	2,970,089.77
Trust Assessment:		
Bonds and notes	973,000.00	1,083,000.00
Sewer Utility:		
Bonds and notes	77,491,000.00	73,944,000.00
Infrastructure loan	<u>340,501.81</u>	<u>365,285.06</u>
Total Debt Issued	\$ 163,357,039.79	\$ 156,960,439.63
Less:		
Funds temporarily held to pay		
Bonds or Notes:		
General Capital	35,702.09	562,876.17
Sewer Utility - General	<u>531,183.25</u>	<u>538,054.26</u>
	<u>566,885.34</u>	<u>1,100,930.43</u>
Net Debt Issued	<u>\$ 162,790,154.45</u>	<u>\$ 155,859,509.20</u>
Authorized But Not Issued		
General Capital:		
Bonds and Notes	\$ 13,793,770.40	\$ 14,524,820.40
Trust Assessment:		
Bonds and Notes	95.00	95.00
Sewer Utility:		
Bonds and Notes	<u>6,471,321.67</u>	<u>6,049,271.67</u>
Total authorized but not issued	<u>20,265,187.07</u>	<u>20,574,187.07</u>
Net bonds and notes issued and authorized but not issued	<u>\$ 183,055,341.52</u>	<u>\$ 176,433,696.27</u>

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

A. Summary of Municipal Debt (Cont'd)

<b>Changes in Long-Term Municipal Debt</b>	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		\$ 110,000	\$ 973,000.00
Sewer Utility Capital Fund	\$ 40,364,000.00	\$ -	\$ 2,410,000.00	\$ 37,954,000.00
Total	\$ 96,832,000.00	\$ -	\$ 7,640,000.00	\$ 89,192,000.00
<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
	\$ 3,335,374.83	\$ -	\$ 308,104.38	\$ 3,027,270.45
<b>Green Trust Loans Payable</b>				
General Capital Fund	\$ 318,064.80	\$ -	\$ 46,295.46	\$ 271,769.34
Total Long-Term Debt	\$ 58,355,089.77	\$ -	\$ 5,403,321.13	\$ 52,951,768.64
<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
	\$ 20,574,187.07	\$ 36,977,000.00	\$ 37,286,000.00	\$ 20,265,187.07
	Balance, December 31, 2014	Additions	Reductions	Balance, December 31, 2015
<b>Bonds Payable</b>				
General Capital Fund	\$ 44,577,000.00	\$ 14,703,000.00	\$ 3,895,000.00	\$ 55,385,000.00
Trust Assessment Fund	\$ 1,193,000.00	\$ -	\$ 110,000.00	\$ 1,083,000.00
Sewer Utility Capital Fund	\$ 42,731,000.00	\$ 3,035,000.00	\$ 5,402,000.00	\$ 40,364,000.00
Total	\$ 88,501,000.00	\$ 17,738,000.00	\$ 9,407,000.00	\$ 96,832,000.00
<b>Infrastructure Loans Payable</b>				
General Capital Fund	\$ 3,244,380.51		\$ 274,290.74	\$ 2,970,089.77
Sewer Utility Capital Fund	\$ 389,958.59		\$ 24,673.53	\$ 365,285.06
	\$ 3,634,339.10		\$ 298,964.27	\$ 3,335,374.83
<b>Green Trust Loans Payable</b>				
General Capital Fund	\$ 363,448.04		\$ 45,383.24	\$ 318,064.80
Total Long-Term Debt	\$ 47,821,380.51		\$ 4,169,290.74	\$ 58,355,089.77
<b>Bonds and Notes Authorized But Not Issued</b>				
General Capital Fund*	\$ 6,924,631.40	\$ 45,198,942.00	\$ 37,598,658.00	\$ 14,524,915.40
Sewer Utility Capital Fund	\$ 92,271.67	\$ 5,957,000.00		\$ 6,049,271.67
	\$ 7,016,903.07	\$ 51,155,942.00	\$ 37,598,658.00	\$ 20,574,187.07

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

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

A. Summary of Municipal Debt (Cont'd)

**Changes in Short-Term Debt**

	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>

	Balance, December 31, 2014	Additions	Reductions	Balance, December 31, 2015
Bond Anticipation Notes				
General Capital Fund	\$ 37,598,658.00	\$ 22,895,000.00	\$37,598,658.00	\$ 22,895,000.00
Sewer Utility Capital Fund	33,580,000.00	33,580,000.00	33,580,000.00	33,580,000.00
Total	<u>\$ 71,178,658.00</u>	<u>\$ 56,475,000.00</u>	<u>\$71,178,658.00</u>	<u>\$ 56,475,000.00</u>

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2016 and 2015:

General Debt	2016	2015
\$17,425,000 General Improvement Refunding Bonds of 2013, due in annual installments of \$1,510,000 through \$2,050,000 through August 1, 2025, interest at 3.00% through 4.00%.	\$ 15,830,000.00	\$ 17,300,000.00
\$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 1.55% through 3.12%.	3,490,000.00	3,895,000.00
\$17,716,000 General Improvement Bonds of 2010, due in annual installments of \$1,696,000 through \$1,700,000 through February 1, 2022, interest at 3.00% through 3.25%.	10,196,000.00	11,891,000.00
\$8,046,000 General Improvement Bonds of 2014, due in annual installments of \$790,000 through \$900,000 through June 1, 2024, interest at 2.00% through 4.00%.	6,846,000.00	7,596,000.00
\$14,703,000 General Improvement Bonds of 2015 due in annual installments of \$1,410,000 through \$1,600,000 through June 1, 2025, interest at 2.00% through 4.00%	<u>13,903,000.00</u>	<u>14,703,000.00</u>

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

A. Summary of Municipal Debt (Cont'd)

General Debt (cont'd)

Green Trust Loans	2016	2015
\$115,841.25 Issac Pearson Acq., due in semi-annual installments of \$7,203.38 through March 6, 2022, interest at 2.00%.	\$ 37,340.96	\$ 43,701.95
\$461,600 Veterans Park., due in semi-annual installments of \$28,703.76 through March 6, 2022, interest at 2.00%.	148,795.67	174,142.70
\$265,655 Tyndale Farm Acq., due in semi-annual installments of \$16,519.28 through March 6, 2022, interest at 2.00%.	85,632.71	100,220.15
<u>New Jersey Environmental Infrastructure Trust</u>		
\$1,435,000 Infrastructure Loan, due in annual installments of \$75,000 through \$110,000 through August 1, 2025 interest at 4.000% to 4.375%	825,000.00	900,000.00
\$4,028,778 Infrastructure Loan, Principal Only- due in semi-annual installments of \$4,408.24 to \$205,928.39 through August 1, 2025.	1,861,768.64	2,070,089.77
Bond Anticipation Notes, date of original issue August 28 2014, due date June 8, 2017, interest rate at 2.00%	22,895,000.00	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 2.00%	8,434,000.00	
\$1,523,000 Assessment Bonds of 2010, due in annual installments of \$103,000 through \$110,000 through Februray 1, 2025, interest at 3.00% through 3.625%	973,000.00	1,083,000.00
Total General Debt	<u>\$ 85,525,537.98</u>	<u>\$ 82,651,154.57</u>

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

A. Summary of Municipal Debt (Cont'd)

Utility Debt

	<u>2016</u>	<u>2015</u>
\$5,142,000 Sewer Utility Bonds of 2010, due in annual installments of \$160,000 through \$290,000 through March 1, 2035, interest at 3.00% through 4.30% .	\$ 4,242,000.00	\$ 4,397,000.00
\$16,505,000 Sewer Utility Refunding Bonds of 2013, due in annual installments of \$1,435,000 through \$1,935,000 through Aug 1, 2025, interest at 3.00% through 4.00% .	14,995,000.00	16,395,000.00
\$14,687,000 Sewer Utility Improvement Bonds of 2014, due in annual installments of \$475,000 through \$650,000 through June 1, 2039, interest at 2.00% through 4.00% .	13,887,000.00	14,362,000.00
\$2,300,000 Sewer Utility Improvement Bonds of 2014, due in annual installments of \$125,000 through \$200,000 through June 1, 2028, interest at 2.00% through 4.00% .	2,075,000.00	2,200,000.00
\$3,035,000 Sewer Utility Refunding Series Bonds of 2015 due in annual installments of \$265,000 through \$360,000 through August 1, 2025, interest at 2.00% through 5.00% .	2,755,000.00	3,010,000.00
Bond Anticipation Notes (Series 2014 C), date of original issue June 11, 2014 due date June 10, 2016, interest rate of 1.50% .		30,380,000.00
Bond Anticipation Notes (Series 2016 B), date of original issue August 28, 2018 and June 11, 2016 due date June 8, 2017, interest rate at 1.50% through 2.00% .	36,337,000.00	
Bond Anticipation Notes (Series 2014 E), date of original issue June 11, 2014 due date June 10, 2016, interest rate of 1.25% .		3,200,000.00
Bond Anticipation Notes (Series 2016 E), date of original issue June 10, 2016 due date June 8, 2017, interest rate at 2.00% .	3,200,000.00	
\$126,650.65 Infrastructure Loan, due in annual installments of \$5,896.86 through \$8,841.65 through August 1, 2029, interest at 2.57% to 4.16%	93,269.63	99,035.03
\$4,028,778 Infrastructure Loan, Principal Only- due in semi-annual installments totaling \$19,017.85 through August 1, 2029	<u>247,232.18</u>	<u>266,250.03</u>
Total utility debt	<u>\$ 77,831,501.81</u>	<u>\$ 74,309,285.06</u>
Total debt issued and outstanding	<u>\$ 163,357,039.70</u>	<u>\$ 156,960,439.63</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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

Year	General*		Sewer Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 5,965,000.00	\$ 1,579,243.90	\$ 2,460,000.00	\$ 1,341,787.26	\$ 8,425,000.00	\$ 2,921,031.16
2018	6,115,000.00	1,396,644.61	2,535,000.00	1,261,237.26	8,650,000.00	2,657,881.87
2019	6,285,000.00	1,192,639.45	2,630,000.00	1,170,409.14	8,915,000.00	2,363,048.59
2020	6,460,000.00	974,249.15	2,715,000.00	1,072,996.64	9,175,000.00	2,047,245.79
2021	6,475,000.00	755,632.35	2,840,000.00	971,724.76	9,315,000.00	1,727,357.11
2022-2026	19,938,000.00	1,284,960.07	13,535,000.00	3,250,055.05	33,473,000.00	4,535,015.12
2027-2031			4,890,000.00	1,533,801.88	4,890,000.00	1,533,801.88
2032-2036			4,402,000.00	716,988.50	4,402,000.00	716,988.50
2037-2039			1,947,000.00	102,112.50	1,947,000.00	102,112.50
Total	<u>\$ 51,238,000.00</u>	<u>\$ 7,183,369.53</u>	<u>\$ 37,954,000.00</u>	<u>\$ 11,421,112.99</u>	<u>\$ 89,192,000.00</u>	<u>\$ 18,604,482.52</u>

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:

2016

	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
	<u>\$ 215,547,226.86</u>	<u>\$ 116,263,525.57</u>	<u>\$ 99,283,701.29</u>

Net Debt \$99,283,701.29 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	<u>8,626,133,807.00</u>
Average equalization value	<u>\$ 8,590,301,552.67</u>

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

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

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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

2015

	Gross Debt	Deductions	Net Debt
Local School District	\$ 37,255,000.00	\$ 37,255,000.00	
Sewer Utility	80,358,556.73	80,358,556.73	
General Capital	97,176,069.97	562,876.17	\$ 96,613,193.80
	\$ 214,789,626.70	\$ 118,176,432.90	\$ 96,613,193.80

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

Equalized Valuation Basis

2013 Equalized valuation basis of real property	\$ 8,404,340,204.00
2014 Equalized valuation basis of real property	8,661,186,874.00
2015 Equalized valuation basis of real property	8,483,583,977.00
Average equalization value	\$ 8,516,370,351.67

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

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

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, 2016, 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  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

D. Loan Agreements: (Cont'd.)

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

Schedule of Annual Debt Service of Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2016.

<u>Year</u>	NJ Environmental Infrastructure Trust	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 75,000.00	\$ 35,712.50
2018	80,000.00	32,712.50
2019	85,000.00	29,312.50
2020	85,000.00	25,700.00
2021	90,000.00	21,875.00
2022-2025	410,000.00	45,937.52
Total	\$ 825,000.00	\$ 191,250.02

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

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, 2016, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$208,321.13.

<u>Year</u>	NJ Environmental
	Infrastructure Trust Principal
2017	\$ 202,825.13
2018	206,489.13
2019	209,420.32
2020	202,802.23
2021	204,954.83
2022-2025	835,277.00
Total	\$ 1,861,768.64

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 \$2,686,768.64 has been included in the calculation of the Township's statutory debt condition.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

D. Loan Agreements: (Cont'd.)

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

The Township has entered into a loan financing with the State of New Jersey Department of Environmental Protection Trust. The improvement programs are financed through debt issued by the New Jersey Environmental Infrastructure Trust. During the year ended December 31, 2016, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$5,765.40.

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2016:

<u>Year</u>	<u>NJ Environmental Infrastructure Trust</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 5,896.86	\$ 3,312.60
2018	6,048.41	3,161.06
2019	6,214.74	2,994.72
2020	6,398.07	2,811.38
2021	6,598.97	2,149.10
2022-2026	36,606.78	9,856.30
2027-2029	25,505.80	2,168.24
Total	\$ 93,269.63	\$ 26,453.40

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, 2016:

<u>Year</u>	<u>NJ Environmental Infrastructure Trust Principal only</u>	
	2017	\$ 19,017.85
2018	19,017.85	
2019	19,017.85	
2020	19,017.85	
2021	19,017.85	
2022-2026	95,089.25	
2027-2029	57,053.68	
Total	\$ 247,232.18	

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 \$340,501.81 has been included in the calculation of the Township's statutory debt condition.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

D. Loan Agreements: (Cont'd.)

Loan Agreements – Green Trust Loan

The Township has entered into a loan financing with the State of New Jersey Department of Environmental Protection Trust. The improvement programs are financed through debt issued under the Green Acres Bond Act of 1978. During the year ended December 31, 2016, 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, 2016:

<u>Year</u>	<u>Green Trust Loan - Issac Pearson Acquisition</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 6,488.84	\$ 714.54
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	3,566.03	35.66
Total	\$ 37,340.96	\$ 2,277.62

Loan Agreements – Veterans Park Extension

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2016:

<u>Year</u>	<u>Green Trust Loan - Veterans Park Extension</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 25,856.50	\$ 2,847.26
2018	26,376.22	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	\$ 148,795.67	\$ 9,075.73

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

Loan Agreements – Tyndale Farm Acquisition

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2016:

<u>Year</u>	<u>Green Trust Loan - Tyndale Farm Acquisition</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 14,880.65	\$ 1,638.63
2018	15,179.76	1,339.52
2019	15,484.86	1,034.41
2020	15,796.11	723.17
2021	16,113.61	405.66
2022	<u>8,177.72</u>	<u>81.78</u>
Total	<u>\$ 85,632.71</u>	<u>\$ 5,223.17</u>

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

Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the combined outstanding principal of these loans, in the amount of \$271,769.34 has been included in the calculation of the Township's statutory debt condition.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

E. Summary of Regulatory Debt Condition - Annual Debt Statements

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

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

2016

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	<u>4,350,212.81</u>	
		<u>17,157,753.81</u>
Excess in Revenue		<u>\$ 218,885.85</u>

2015

Cash Receipts from Fees, Rents or Other Charges and Surplus Anticipated		\$ 18,136,956.30
Deductions:		
Operating and Maintenance Cost	\$ 13,438,847.00	
Debt Service per Utility Operating Fund	<u>4,286,607.27</u>	
		<u>17,725,454.27</u>
Excess in Revenue		<u>\$ 411,502.03</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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

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

<u>2016</u>	
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 per Debt Statement	<u>\$ 218,885.85</u>
<u>2015</u>	
Excess in Revenues - Cash Basis (D-1)	\$ 800,177.64
Add: Capital Outlay	<u>250,000.00</u>
	\$ 1,050,177.64
Deduct: Other Credits to Income	<u>638,675.61</u>
Excess in Revenues per Debt Statement	<u>\$ 411,502.03</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 5: FIXED ASSETS

Capital asset activity for the year ended December 31, 2016 and 2015 was as follows:

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2016</u>
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>

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2015</u>
Land and Buildings	\$ 83,711,576.00	\$ 643,259.64		\$ 84,354,835.64
Equipment	7,413,591.27	434,945.90	\$ 83,584.42	7,764,952.75
Vehicles	13,505,728.82	1,634,262.50	251,654.86	12,623,442.46
	<u>\$ 104,630,896.09</u>	<u>\$ 2,712,468.04</u>	<u>\$2,600,133.28</u>	<u>\$104,743,230.85</u>

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

Note 6: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2016, December 31, 2015, and December 31, 2014 were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, as follows:

		Balance <u>December 31,</u>	Anticipated <u>Succeeding Year</u>
Current Fund:	2016	\$ 7,592,924.72	\$ 4,500,000.00
	2015	7,245,947.11	4,500,000.00
	2014	6,083,316.90	3,200,000.00
Sewer Utility Operating Fund:	2016	3,906,108.60	2,275,000.00
	2015	3,911,443.21	1,000,000.00
	2014	3,111,265.57	

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 7: DEPOSITS AND INVESTMENTS

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

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At December 31, 2016 and 2015 the Township had the following depository accounts. All deposits are carried at cost. \$68,564.72 and \$314,671.45 held in agency and payroll accounts for the year ended December 31, 2016 and 2015 respectively are not covered by GUDPA.

<u>Depository Account</u>	Book Balance	
	December 31, 2016	December 31, 2015
	Cash (Demand Accounts)	\$ 93,885,150.79
Change Funds (On-Hand)	2,881.00	2,481.00
	\$ 93,888,031.79	\$ 85,053,667.11

<u>Depository Account</u>	Bank Balance	
	December 31, 2016	December 31, 2015
	FDIC Insured	\$ 1,250,000.00
GUPDA Insured	94,601,857.35	86,674,088.57
	\$ 95,851,857.35	\$ 87,674,088.57



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 7: DEPOSITS AND INVESTMENTS (CONT'D)

At December 31, 2016, 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 not in the depositor-governments name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Township's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty's trust department or agent but not in the Township's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of the investment or collateral securities that in possession of an outside party.
- (b) Concentration of Credit Risk — This is the risk associated with the amount of investments that Township has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.
- (c) Credit Risk — GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township's investment policy.
- (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,

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 7: DEPOSITS AND INVESTMENTS (CONT'D)

4. Bonds or other obligation of the Township or bonds or other obligations of school districts of which the Township is a part and within the school district is located,
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c.281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is more than 30 days; and
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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%.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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

Accelerated Tax Sale

Commencing with the year ended June 30, 2003 the Township of Hamilton held an accelerated tax sale as allowed by Chapter 99, P.L. 1996. An accelerated tax sale must be held for each subsequent year to keep tax revenues and cash flows consistent from year to year. The tax sale was held on December 16, 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, 2016 and 2015:

	2016	2015
Inactive plan members or beneficiaries currently receiving benefits	\$ 170,685	\$ 166,637
Inactive plan members entitled to but not yet receiving benefits	650	703
Active plan members	254,685	259,161
Total	\$ 426,020	\$ 426,501

Contributing Employers – 1,710

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.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 9: PENSION PLANS (CONT'D)

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, 2016 and 2015 the Township's total payroll for all employees was \$44,946,171.32 and \$43,983,391.24, respectively. Total PERS covered payroll was \$23,522,663 and \$23,077,632, 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 43:15 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 2015 and increased to 7.20% for State fiscal year 2016, commencing July 1, 2016. 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, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Total Regular Billing	\$3,007,673	\$2,941,177

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 8, 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

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 9: PENSION PLANS (CONT'D)

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.

At June 30, 2016, the PERS reported a net pension liability of \$29,617,131,759 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 \$100,270,238 or 0.03385548577%, which was a decrease of 0.0035491550% from its proportion measured as of June 30, 2015.

The pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016.

At June 30, 2015, the PERS reported a net pension liability of \$22,447,996,119 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 \$76,795,495 or 0.03421040127%.

At December 31, 2016, 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 expended and actual experience	\$ 1,864,722	
Changes in assumptions	20,770,638	\$ 1,377,673
Net difference between projected and actual earnings on pension plan investments	3,823,395	
Changes in proportion and differences between Township contributions and proportionate share of contributions	75,587	
Township contributions subsequent to the measurement date	3,007,673	
	\$ 29,542,015	\$ 1,377,673

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 9: PENSION PLANS (CONT'D)

\$3,007,673 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</u> <u>December 31,</u>	<u>Amount</u>
2017	\$ 5,632,936
2018	5,632,938
2019	6,605,022
2020	5,522,703
2021	<u>1,763,070</u>
 Total	 <u>\$25,156,669</u>

*Actuarial Assumptions-* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Inflation	3.08%	3.04%
Salary Increases (2012-2026)	1.65-4.15% Based on age	2.15-4.40% Based on age
Thereafter	2.65-5.15% Based on age	3.15-5.40% Based on age
Investment rate of return	7.65%	7.90%

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, 2015 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.



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 9: PENSION PLANS (CONT'D)

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 and 2015 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2016</u>		<u>June 30, 2015</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	5.00%	0.87%	5.00%	1.04%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad U.S. Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Markets	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Returns	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
U.S. Treasuries	1.50%	1.64%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	<u>100.00%</u>		<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 30% 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 2034.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 9: PENSION PLANS (CONT'D)

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of Net Pension Liability* – the following presents the 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</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
PERS	\$122,869,473	\$100,270,238	\$81,612,610

*Plan Fiduciary Net Position* – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2016 and 2015 were \$26,762,070,610 and \$28,553,566,906 respectively. The portion of the Plan Fiduciary Net Position was allocable to the Local (Non-Sate) Groups at June 30, 2016 and 2015 was \$19,857,566,387 and \$20,661,583,919, respectively.

*Additional Information*

Collective balances at June 30, 2016 are as follows:

Collective deferred outflows of resources	\$ 8,685,338,380
Collective deferred inflows of resources	870,133,595
Collective net pension liability – Local group	29,617,131,759
 Township’s Proportion	 0.3385548577%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 and 2015 was \$2,830,763,540 and \$1,481,308,816, respectively. The average of the expected remaining service lives of all plan members if 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014, respectively.

**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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Inactive plan members or beneficiaries currently receiving benefits	40,789	44,252
Inactive plan members entitled to but not yet receiving benefits	47	51
Active plan members	<u>45,625</u>	<u>40,359</u>
 Total	 <u>86,461</u>	 <u>84,662</u>



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 9: PENSION PLANS (CONT'D)

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 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.

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, 2016 and 2015 the Township's total payroll for all employees was \$44,946,171.32 and \$43,983,391.24, respectively. Total PFRS covered payroll was \$18,631,147 and \$18,453,698, 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 payments to PFRS for the years ending December 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Total Regular Billing	\$4,644,495	\$4,628,761

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

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 9: PENSION PLANS (CONT'D)

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, 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% which was an increase of 0.0001908626% from its proportion measured as of June 30, 2015. Then pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016.

At June 30, 2015, the PFRS reported a net pension liability of \$18,117,234,618 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 \$94,850,149, or 0.5694477694%.

At December 31, 2016, 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 expended and actual experience		\$ 713,302
Changes in assumptions	\$ 15,071,848	
Net difference between projected and actual earnings on pension plan investments	7,624,487	
Changes in proportion and differences between Township contributions and proportionate share of contributions	1,513,116	1,499,553
Township contributions subsequent to the measurement date	4,644,495	
	<u>\$ 28,853,946</u>	<u>\$ 2,212,855</u>

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 9: PENSION PLANS (CONT'D)

\$4,644,495 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>
2017	\$ 5,232,260
2018	5,232,261
2019	7,003,710
2020	4,349,540
2021	<u>178,825</u>
Total	<u>\$21,996,596</u>

*Actuarial Assumptions-* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Inflation	3.08%	3.04%
Salary Increases (2012-2026)	2.10-8.98% based on age	2.60-9.48% based on age
Thereafter	3.10-9.98% based on age	3.60-10.48% based on age
Investment rate of return	7.65%	7.90%

Pre-retirement mortality rates were based on the RP-2000 Pre-Retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and 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, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 and 2015 are summarized in the following table:

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 9: PENSION PLANS (CONT'D)

<u>Asset Class</u>	<u>June 30, 2016</u>		<u>June 30, 2015</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	5.00%	0.87%	5.00%	1.04%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad U.S. Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Markets	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Returns	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
U.S. Treasuries	1.50%	1.64%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	<u>100.00%</u>		<u>100.00%</u>	

*Discount Rate* – The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% 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 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 9: PENSION PLANS (CONT'D)

*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:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
PFRS	<u>\$140,309,673</u>	<u>\$108,815,550</u>	<u>\$83,133,987</u>

*Plan Fiduciary Net Position* – The plan fiduciary net position for PFRS at June 30, 2016 and 2015 was \$23,984,726,664 and \$25,106,858,921, respectively.

*Additional Information*

Collective balances at June 30, 2016 are as follows:

Collective deferred outflows of resources	\$ 4,547,316,543
Collective deferred inflows of resources	688,197,590
Collective net pension liability – Local group	20,706,699,056
 Township's Proportion	 0.569638632%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 and 2015 was \$2,255,296,958 and \$1,645,612,699, respectively. The average of the expected remaining service lives of all plan members if 5.58, 5.53 and 6.17 years for 2016, 2015 and 2014, respectively.

Special Funding Situation- Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and 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, 2016 and 2015 for police and fire is 0.5696386320% and 0.05694477694%, respectively. The non-employer contributing entities' contribution for the year ended June 30, 2016 and 2015 was \$350,134 and \$432,997, respectively. The state's proportionate share of net pension liability attributable to the Township as of June 30, 2016 and 2015 was \$9,137,807 and \$8,318,040, 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:

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 9: PENSION PLANS (CONT'D)

*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, 2016 and 2015, the membership in the DCRP, based on the information within the Division's database, was 36,808 and 28,270.

*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.

**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.

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

The Township of Hamilton provides its retirees with health benefits which are fully funded by the Township. These benefits are negotiated for through each bargaining unit's contract. Retirees receive the same type of health insurance coverage that they were receiving prior to retirement. There are currently 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



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 10: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS —  
 HEALTH CARE BENEFITS (CONT'D)

At December 31, 2016, approximately 389 retirees and 622 active employees were receiving non-contributory health coverage benefits. The health benefit cost attributable to retirees at December 31, 2016 was \$7,266,533.35.

At December 31, 2015, approximately 389 retirees and 548 active employees were receiving non-contributory health coverage benefits. The health benefit cost at December 31, 2015 was \$8,001,672.04.

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

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

The Township's annual postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if 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 2016 and 2015, the Township's annual OPEB cost (expense) (GAAP Basis) of \$23,800,000.00 and \$24,130,000.00, respectively were equal to the ARC.

	2016	2015
Net OPB obligation - beginning of year	\$ 116,120,000.00	\$ 97,580,000.00
Annual required contribution (ARC)	25,400,000.00	25,470,000.00
Interest on OPEB obligation	5,220,000.00	4,390,000.00
Adjustment to annual required contribution	(6,820,000.00)	(5,730,000.00)
Less: Contributions	(5,850,000.00)	(5,590,000.00)
Net OPEB obligation - end of year	\$ 134,070,000.00	\$ 116,120,000.00

Under the regulatory basis of accounting utilized by the Township financial statement recognition of the ARC and Net OPEB obligation is not required and these amounts are not reflected in the reported expenditures and liabilities at December 31, 2016.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 10: POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS —  
 HEALTH CARE BENEFITS (CONT'D)

The funded status of the plan for the Township as of December 31, 2016 and 2015, is as follows:

	2016	2015
Actuarial accrued liability (AAL)	292,580,000.00	297,690,000.00
Actuarial value of plan assets	-	-
Unfunded actuarial liability (UAAL)	<u>\$ 292,580,000.00</u>	<u>\$ 297,690,000.00</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	\$ 51,580,000.00	\$ 42,000,000.00
UAAL as a percentage of covered payroll	567%	709%

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

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, 2016 actuarial valuation, the projected unit credit method was used. A rate of 4.50% was utilized as the discount rate and the amount of increase in the normal cost amount. The unfunded accrued liability is being amortized as a level dollar amount using an open period of thirty (30) years.

Note 11: RISK MANAGEMENT

A Garden State Municipal Joint Insurance Fund

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

Summary of Risk Management Program

The GSMJIF Provides the following coverages to its participants:

1. Workers Compensation

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



TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 11: RISK MANAGEMENT (CONT'D.)

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)

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 coverages 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.

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 11: RISK MANAGEMENT (CONT'D.)

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.

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).

TOWNSHIP OF HAMILTON  
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 12: ACCRUED SICK AND VACATION BENEFITS (CONT'D)

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 \$72,838,198.24 and \$12,862,762.02, respectively. This amount represents a full costing of the value of compensated absences payable earned at December 31, 2016 and 2015 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, 2016 and 2015:

Fund	2016		2015	
	Interfunds Receivable	Interfunds Payable	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 599.82	\$ 102,844.74	\$ 719.52	\$ 19,758.80
Federal and State Grant Fund	102,844.74		19,708.00	
Animal Control Trust Fund			50.80	
General Trust Fund		599.82		61.52
General Capital Fund				658.00
	<u>\$ 103,444.56</u>	<u>\$ 103,444.56</u>	<u>\$ 20,478.32</u>	<u>\$ 20,478.32</u>

The 2016 interfund receivable in the current fund and the correlated interfund payable in the trust fund was the direct result of a short-term loan made by the current fund to fund the payroll deduction payment. The interfund receivable represents cancellation of certain grant balances that were deemed uncollectible at December 31, 2016. Consequently, the current fund will owe the grant fund for the charges that should have been recognized in the current fund.

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

Note 14: CONTINGENT LIABILITIES

A. Pending or Threatened Litigation

As at the date of this report, the Township had litigation pending. The majority of this litigation involves claims against the Township relating to matters that traditionally would be covered through the procurement of workers' compensation, automobile and liability insurance policy coverages. As more fully described in Note 11, the Township currently manages its risks through participation in the Garden State Municipal Joint Insurance Fund. For GSMJIF covered claims incurred subsequent to February 1, 2002, there are no claims currently outstanding that are anticipated to exceed the combined coverages provided by the GSMJIF through self-insured retention and excess insurance coverages.

Note 14: CONTINGENT LIABILITIES (CONT'D)

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 and 2015 the amounts of the premium deferrals for one month and three months were \$840,348.35 and \$3,187,023.00, respectively. The deferred premiums are payable upon the non-renewal of the Amerihealth coverage.

Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

The following deferred charges are shown on the December 31, 2016 and 2015 balance sheet of the Township's Current Fund.

	December 31, 2016		December 31, 2015	
	Amount	Raised in Succeeding Year Budget	Amount	Raised in Succeeding Year Budget
Current Fund	<u>\$ 1,320,000.00</u>	<u>\$ 1,320,000.00</u>	<u>\$ 1,760,000.00</u>	<u>\$ 1,760,000.00</u>

Note 16: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from December 31, 2016 through September 21, 2017.

Based on this review and evaluation, the Township entered into the following debt obligations:

On May 10, 2017, the Township purchased general obligation bonds in the amount of \$42,328,000 consisting of \$19,733,000 in general improvement bonds and \$22,555,000 in sewer utility improvement bonds. These bonds commence in 2018 and mature in 2047. Interest rates range from 3.00% to 5.00%.

On May 10, 2017, the Township also purchased \$24,736,772 in bond anticipation notes consisting of \$7,939,000 in general improvements, \$15,917,772 in sewer utility and \$880,000 in special emergency bond anticipation notes. These notes are dated June 9, 2016 and mature on June 8, 2017 at an interest rate of 2.00%.

**APPENDIX C**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Hamilton, in the County of Mercer, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its \$38,238,000 Notes consisting of \$15,302,000 General Improvement Bond Anticipation Notes, Series 2018A (Tax-Exempt) (the "Series 2018A Notes"), \$19,045,000 Sewer Utility Bond Anticipation Notes, Series 2018B (Tax-Exempt) (the "Series 2018B Notes"), \$440,000 Special Emergency Notes, Series 2018C (Tax-Exempt) (the "Series 2018C Notes", and together with the Series 2018A Notes and the Series 2018B Notes, for a total amount of \$34,787,000, the "Tax-Exempt Notes"), \$339,000 General Improvement Bond Anticipation Notes, Series 2018D (Federally Taxable) (the "Series 2018D Notes") and \$3,112,000 Sewer Utility Bond Anticipation Notes, Series 2018E (Federally Taxable) (the "Series 2018E Notes" and together with the Series 2018D Notes, for a total amount of \$3,451,000, the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"). The Notes are being issued pursuant to ordinances duly adopted by the Township Council. The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

"State" shall mean the State of New Jersey.

**SECTION 3. Reporting of Significant Events.**

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;
7. modifications to rights of Noteholders, if material;
8. Note calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Notes, if material;
11. rating changes;

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

Date: \_\_\_\_\_, 2018

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

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

**APPENDIX D**  
**FORM OF BOND COUNSEL'S OPINION**

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

\_\_\_\_\_, 2018

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

Re: Township of Hamilton, in the County of Mercer, New Jersey  
\$15,302,000 General Improvement Bond Anticipation Notes, Series  
2018A (Tax-Exempt), \$19,045,000 Sewer Utility Bond Anticipation  
Notes, Series 2018B (Tax-Exempt), \$440,000 Special Emergency Notes,  
Series 2018C (Tax-Exempt), \$339,000 General Improvement Bond  
Anticipation Notes, Series 2018D (Federally Taxable) and \$3,112,000  
Sewer Utility Bond Anticipation Notes, Series 2018E (Federally Taxable)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Hamilton, in the County of Mercer, New Jersey (the "Issuer") of its \$15,302,000 General Improvement Bond Anticipation Notes, Series 2018A (Tax-Exempt) (the "Series 2018A Notes"), \$19,045,000 Sewer Utility Bond Anticipation Notes, Series 2018B (Tax-Exempt) (the "Series 2018B Notes"), \$440,000 Special Emergency Notes, Series 2018C (Tax-Exempt) (the "Series 2018C Notes", and together with the Series 2018A Notes and the Series 2018B Notes, the "Tax-Exempt Notes"), \$339,000 General Improvement Bond Anticipation Notes, Series 2018D (Federally Taxable) (the "Series 2018D Notes") and \$3,112,000 Sewer Utility Bond Anticipation Notes, Series 2018E (Federally Taxable) (the "Series 2018E Notes", and together with the Series 2018D Notes, the "Taxable Notes", and together with the Tax-Exempt Notes, the "Notes"). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer

are available to pay the principal of and the interest on the Notes. The Notes are each dated their date of delivery, mature on May 21, 2019 and are not subject to redemption prior to maturity. The Tax-Exempt Notes bear interest at a rate of \_\_\_\_ percent per annum payable at maturity and the Taxable Notes bear interest at a rate of \_\_\_\_ percent per annum payable at maturity.

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

The Series 2018A Notes, the Series 2018B Notes, the Series 2018D Notes and the Series 2018E Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Local Bond Law") and, by the following bond ordinances of the Issuer: (i) in the case of the Series 2018A Notes, bond ordinances numbered 15-020 and 2016-022; (ii) in the case of the Series 2018B Notes, bond ordinances numbered 14-030, 15-019 and 2016-023; (iii) in the case of the Series 2018D Notes, bond ordinances numbered 05-049, 09-031 and 10-032; and (iv) in the case of the Series 2018E Notes, a bond ordinance numbered 10-031 (collectively, the "Bond Ordinances"). The Series 2018C Notes are issued under the provisions of the Local Budget Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Local Budget Law" and together with the Local Bond Law, the "Act") together with an Ordinance numbered 14-032 (the "SEN Ordinance" and, collectively with the Bond Ordinances, the "Ordinances") and a resolution of the Issuer adopted by the Issuer on July 15, 2014 (the "Resolution"). The Series 2018A Notes, the Series 2018B Notes, the Series 2018D Notes and the Series 2018E Notes are issued for the purpose of providing funds to finance and refinance capital and sewer utility improvements as described in the Bond Ordinances (collectively, the "Project"). The Project was authorized by the Bond Ordinances. The Series 2018C Notes are issued for the purpose of refinancing a revaluation project as described in the SEN Ordinance (the "SEN Project"). The SEN Project was authorized by the SEN Ordinance and the Resolution.

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

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

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

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

2. Assuming continuing compliance by the Township with certain covenants and with the provisions of the Code applicable to the Tax-Exempt Notes, under statutes and court decisions existing on the date of original delivery of the Tax-Exempt Notes, interest on the Tax-Exempt Notes is excluded from gross income of the holders of the Tax-Exempt Notes for federal income tax purposes under Section 103 of the Code. In addition, interest on the Tax-Exempt Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals or corporations, but for the taxable years that began on or before December 31, 2017, interest on the Tax-Exempt Notes will be included in "adjusted current earnings" in computing alternative minimum taxable income for purposes of the alternative maximum tax imposed by the Code on certain corporations.

3. Under the laws of the State of New Jersey as enacted and construed on the date of original issuance of the Notes, interest on the Notes and any gain from the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act.

4. Interest on the Taxable Notes is includable in gross income for federal income tax purposes.

5. The power and obligation of the Issuer to pay the Notes is unlimited, and the Issuer shall have the power and be obligated to levy ad valorem taxes upon all the taxable real

Township Council of the  
Township of Hamilton, in the  
County of Mercer, New Jersey  
\_\_\_\_\_, 2018

Page 4

property within the Township for the payment of the Notes and interest thereon, without limitation of rate or amount.

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

Other than as set forth in Paragraphs 2, 3 and 4 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

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

GLUCKWALRATH LLP