

Rating (Bonds): S&P "AA"
Rating (Notes): NOT RATED
 (See "RATINGS" herein)

NEW ISSUE
BOOK-ENTRY ONLY

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

\$22,733,000*
TOWNSHIP OF HAMILTON
IN THE COUNTY OF MERCER, NEW JERSEY
GENERAL OBLIGATION BONDS
 consisting of:
\$8,046,000* General Improvement Bonds, Series 2014A
\$14,687,000* Sewer Utility Improvement Bonds, Series 2014B
 (Callable)
And
\$2,300,000*
SEWER UTILITY IMPROVEMENT BONDS, SERIES 2014C
(FEDERALLY TAXABLE)
 (Callable)

Dated: Date of Delivery
Due: June 1, as shown on the inside front cover

\$14,703,658*
TOWNSHIP OF HAMILTON
IN THE COUNTY OF MERCER, NEW JERSEY
GENERAL IMPROVEMENT BOND ANTICIPATION NOTES,
SERIES 2014A
(Non-Callable)
 Coupon: ___% Yield: ___%
Dated: Date of Delivery
Due: June 11, 2015

The \$22,733,000* aggregate principal amount of General Obligation Bonds consisting of \$8,046,000* principal amount of General Improvement Bonds, Series 2014A (the "General Improvement Bonds") and \$14,687,000* principal amount of Sewer Utility Improvement Bonds, Series 2014B (the "Sewer Utility Bonds") and, together with the General Improvement Bonds, the "Tax-Exempt Bonds") and \$2,300,000* Sewer Utility Improvement Bonds, Series 2014C (Federally Taxable) (the "Taxable Bonds" and together with the Tax-Exempt Bonds, the "Bonds") are general obligations of the Township of Hamilton, in the County of Mercer, State of New Jersey (the "Township") for which the full faith and credit of the Township are pledged. The Township is authorized and required by law to levy ad valorem taxes on all taxable property within the Township without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The \$14,703,658* aggregate principal amount of the General Improvement Bond Anticipation Notes, Series 2014A (the "Notes"), dated the date of delivery, are also general obligations of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Notes are issued, but if not so paid or if not paid from other sources, are payable ultimately from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount.

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

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2015, at such rates of interest as shown on the inside front cover hereof until maturity or prior redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Township or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Township to the registered owner thereof as of the Record Dates (as defined herein).

The Notes will bear interest at the rate per annum and reoffering yield, as shown above, commencing from their date of delivery. Interest on the Notes will be payable at maturity on June 11, 2015. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent at the date of maturity. While DTC is acting as securities depository for the Bonds and the Notes, the principal of and interest on the Bonds and the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Bonds or the Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

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

The Tax-Exempt Bonds are being issued to: (i) refund, on a current basis, an \$8,046,000 aggregate portion of bond anticipation notes of the Township originally issued in the aggregate principal amount of \$22,749,658, dated June 13, 2013 and maturing June 12, 2014; and (ii) pay the costs associated with the issuance of the Tax-Exempt Bonds.

The Taxable Bonds are being issued to: (i) refund, on a current basis, a \$2,300,000 aggregate portion of bond anticipation notes of the Township originally issued in the aggregate principal amount of \$2,300,000, dated June 13, 2013 and maturing June 12, 2014; and (ii) pay the costs associated with the issuance of the Taxable Bonds.

* Preliminary, subject to change.

This is a Preliminary Official Statement and the information contained herein is subject to 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.

The Notes are being issued to refund, on a current basis, a \$14,703,658 aggregate portion of the outstanding bond anticipation notes of the Township originally issued in the aggregate principal amount of \$22,749,658, dated June 13, 2013 and maturing June 12, 2014.

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

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

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

The Bonds and Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by GluckWalrath, LLP, Trenton, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Financial Advisor to the Township in connection with the issuance of the Bonds and the Notes. Certain legal matters will be passed upon for the Township by the Township Attorney, Lindsay Burbage, Esq., Hamilton, New Jersey. It is anticipated that the Bonds and the Notes will be available for delivery through DTC on or about June 12, 2014.

All bids for the Bonds must be submitted in their entirety via BidCOMP/PARITY Competitive Bidding System ("PARITY") on June 3, 2014, and with respect to the Tax-Exempt Bonds, prior to 11:00 a.m., prevailing New Jersey time and with respect to the Taxable Bonds, prior to 11:15a.m., prevailing New Jersey time. All Bids for the Bonds must be in conformance with the Full Notice of Sale for the Bonds which can be viewed in electronic format, along with this Preliminary Official Statement, on the website located at www.prospectushub.com.

Bids for the Notes, in accordance with the Full Notice of Sale for the Notes, will be received via PARITY or facsimile by the Township, until 11:30 a.m. on June 3, 2014, telecopier: (609) 890-4418.

\$22,733,000* GENERAL OBLIGATION BONDS
consisting of:
\$8,046,000* General Improvement Bonds, Series 2014A
\$14,687,000* Sewer Utility Improvement Bonds, Series 2014B

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

<u>Year</u>	<u>General Improvement Amount*</u>	<u>Sewer Utility Amount*</u>	<u>Combined Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2015	\$450,000	\$325,000	\$775,000	%	%	
2016	750,000	475,000	1,225,000			
2017	790,000	475,000	1,265,000			
2018	810,000	500,000	1,310,000			
2019	825,000	500,000	1,325,000			
2020	840,000	500,000	1,340,000			
2021	885,000	525,000	1,410,000			
2022	900,000	550,000	1,450,000			
2023	900,000	565,000	1,465,000			
2024	896,000	575,000	1,471,000			
2025		600,000	600,000			
2026		650,000	650,000			
2027		650,000	650,000			
2028		650,000	650,000			
2029		650,000	650,000			
2030		650,000	650,000			
2031		650,000	650,000			
2032		650,000	650,000			
2033		650,000	650,000			
2034		650,000	650,000			
2035		650,000	650,000			
2036		650,000	650,000			
2037		650,000	650,000			
2038		650,000	650,000			
2039		647,000	647,000			

\$2,300,000* SEWER UTILITY IMPROVEMENT BONDS, SERIES 2014C
(FEDERALLY TAXABLE)

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

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2015	\$100,000	%	%	
2016	125,000			
2017	125,000			
2018	125,000			
2019	150,000			
2020	150,000			
2021	175,000			
2022	175,000			
2023	175,000			
2024	200,000			
2025	200,000			
2026	200,000			
2027	200,000			
2028	200,000			

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

* Preliminary, subject to change.

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

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

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

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

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

RELATING TO

\$22,733,000*

GENERAL OBLIGATION BONDS

consisting of:

\$8,046,000* General Improvement Bonds, Series 2014A

\$14,687,000* Sewer Utility Improvement Bonds, Series 2014B

(Callable)

and

\$2,300,000*

SEWER UTILITY IMPROVEMENT BONDS, SERIES 2014C (FEDERALLY TAXABLE)

(Callable)

and

\$14,703,658*

GENERAL IMPROVEMENT BOND ANTICIPATION NOTES, SERIES 2014A

(Non-Callable)

INTRODUCTION

This Official Statement, which includes the cover page, inside 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 \$22,733,000* General Obligation Bonds consisting of \$8,046,000* General Improvement Bonds, Series 2014A (the "General Improvement Bonds") and \$14,687,000* Sewer Utility Improvement Bonds, Series 2014B (the "Sewer Utility Bonds" and, together with the General Improvement Bonds, the "Tax-Exempt Bonds") and \$2,300,000* Sewer Utility Improvement Bonds, Series 2014C (Federally Taxable) (the "Taxable Bonds" and together with the Tax-Exempt Bonds, the "Bonds") and \$14,703,658* General Improvement Bond Anticipation Notes, Series 2014A (the "Notes") of the Township.

THE BONDS

General Description

The Bonds will be dated the date of delivery and will mature on June 1 in each of the years and in the principal amounts as shown on the inside cover page hereof. The interest on the Bonds will be payable semi-annually beginning June 1, 2015 and on each December 1 and June 1 thereafter. The record dates for the Bonds is each preceding May 15 and November 15, respectively (the "Record Dates"). The Bonds will be issued in book-entry form only.

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

* Preliminary, subject to change.

Optional Redemption

Tax-Exempt Bonds

The Tax-Exempt Bonds maturing prior to June 1, 2023 are not subject to optional redemption. The Tax-Exempt Bonds maturing on or after June 1, 2023 shall be subject to redemption at the option of the Township, in whole or in part, on any date on or after June 1, 2022 at a price of 100% of the principal amount being redeemed (the "Redemption Price"), plus unpaid accrued interest to the date fixed for redemption.

Taxable Bonds

The Taxable Bonds maturing prior to June 1, 2023 are not subject to optional redemption. The Taxable Bonds maturing on or after June 1, 2023 shall be subject to redemption at the option of the Township, in whole or in part, on any date on or after June 1, 2022 at a price of 100% of the principal amount being redeemed (the "Redemption Price"), plus unpaid accrued interest to the date fixed for redemption.

Notice of Redemption

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

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

Authorization for the Issuance of the Bonds

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

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

Purpose of the Bonds

Tax-Exempt Bonds

The General Improvement Bonds are being issued to: (i) refund, on a current basis, an \$8,046,000 aggregate portion of general improvement bond anticipation notes of the Township originally issued in the aggregate principal amount of \$22,749,658, dated June 13, 2013 and maturing June 12, 2014 (the “June 2013 General Improvement Prior Notes”); and (ii) pay the costs associated with the issuance of the Tax-Exempt Bonds.

The purposes for which the General Improvement Bonds are to be issued have been authorized by a duly adopted, approved and published bond ordinance of the Township, which bond ordinance is described on the following table by ordinance number, description and the amount of the June 2013 General Improvement Prior Notes being refunded with the General Improvement Bonds. The bond ordinance is:

<u>General Improvement Bonds</u>		Amount of June 2013 General Improvement Prior Notes Being Refunded With The General Improvement Bonds
Ordinance Number	Description and Date of Final Adoption	
09-031	Technology equipment and improvements, park improvements, public facilities improvements, capital equipment, vehicle acquisition, road improvements, and drainage improvements.	<u>\$8,046,000</u>
TOTAL GENERAL IMPROVEMENT BONDS:		<u>\$8,046,000</u>

The Sewer Utility Bonds are being issued to: (i) refund, on a current basis, the \$14,687,000 bond anticipation notes of the Township originally issued in the aggregate principal amount of \$14,687,000, dated June 13, 2013 and maturing June 12, 2014 (the “June 2013 Sewer Utility Prior Notes”); and (ii) pay the costs associated with the issuance of the Tax-Exempt Bonds.

The purposes for which the Sewer Utility Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Township, which bond ordinances are described on the following table by ordinance number, description and the amount of the portion of June 2013 Sewer Utility Prior Notes being refunded with the Sewer Utility Bonds. The bond ordinances are:

Sewer Utility Improvement Bonds

Ordinance Number	Description and Date of Final Adoption	Amount of June 2013 Sewer Utility Prior Notes Being Refunded With The Sewer Utility Bonds
06-030	Air filtration project, improvements to digester, treatment plant improvements, pump station improvements, grease trap installation, sewer line repair and replacement, camera inspection of sanitary sewer line, various sewer improvements, computer workstation upgrades, and utility truck and van purchases	\$1,698,000
10-025	Treatment plant improvements, pump station repairs, collection system rehabilitation, vehicle and equipment replacement and improvements, and collection system rehabilitation	<u>12,989,000</u>
TOTAL SEWER UTILITY IMPROVEMENT BONDS:		<u>\$14,687,000</u>
GRAND TOTAL TAX-EXEMPT BONDS:		<u>\$22,733,000</u>

Taxable Bonds

The Taxable Bonds are being issued to: (i) refund, on a current basis, the \$2,300,000 bond anticipation notes of the Township originally issued in the aggregate principal amount of \$2,300,000, dated June 13, 2013 and maturing June 12, 2014 (the “June 2013 Taxable Prior Notes”); and (ii) pay the costs associated with the issuance of the Taxable Bonds.

The purposes for which the Taxable Bonds are to be issued have been authorized by a duly adopted, approved and published bond ordinance of the Township, which bond ordinance is described on the following table by ordinance number, description and the amount of the June 2013 Taxable Prior Notes being refunded with the Bonds. The bond ordinance is:

Taxable Bonds

Ordinance Number	Description and Date of Final Adoption	Amount of June 2013 Taxable Prior Notes Being Refunded With The Taxable Bonds
06-030	Air filtration project, improvements to digester, treatment plant improvements, pump station improvements, grease trap installation, sewer line repair and replacement, camera inspection of sanitary sewer line, various sewer improvements, computer workstation upgrades, and utility truck and van purchases	<u>\$2,300,000</u>
GRAND TOTAL TAXABLE BONDS:		<u>\$2,300,000</u>

Payment of Bonds

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

Denominations and Place of Payment

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

THE NOTES

General Description

The Notes shall be dated and shall bear interest from their date of delivery and shall mature as shown on the cover of this Official Statement. The Notes shall bear interest at the rate 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 for the Issuance of the Notes

The Notes have been authorized and are being issued pursuant to the Local Bond Law. The Notes are authorized by various bond ordinances adopted by the Township Council on the dates set forth under “Purpose of the Notes” herein and published and approved as required by law.

The bond ordinances authorizing the Notes were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all

obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period has concluded as of the date of this Official Statement.

Purpose of the Notes

The Notes are being issued to refund, on a current basis, the \$14,703,658 aggregate portion of the outstanding bond anticipation notes of the Township originally issued in the aggregate principal amount of \$22,749,658, dated June 13, 2013 and maturing June 12, 2014. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which bond ordinances are described on the following tables by ordinance number, description and the amount of June 2013 Prior Notes being refunded with the Notes to be issued for such purposes:

Bond Anticipation Notes, Series 2014		
Ordinance Number	Description	Amount of June 2013 Prior Notes Being Refunded With the Notes
10-032	Technology equipment and improvements, park improvements, public facilities improvements, capital equipment, vehicle acquisition, road improvements, and drainage improvements.	\$7,578,704
11-017	Acquisition of equipment for park improvements, public facilities improvements, capital equipment, vehicle acquisition and road improvements.	<u>7,124,954</u>
TOTAL BOND ANTICIPATION NOTES:		<u>\$14,703,658</u>

Payment of Notes

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

SECURITY FOR THE BONDS AND NOTES

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

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

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

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

Purchases of the Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC's records. The ownership interest of each actual purchaser of the Bonds and Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

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

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

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

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

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

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

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

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

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

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

Discontinuance of Book-Entry Only System

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

MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

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

Debt Limits

The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for

purposes of computing the statutory debt limit. As indicated in Appendix "A", the Township has not exceeded its statutory debt limit.

Exceptions to Debt Limits - Extensions of Credit

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

Short Term Financing

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

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

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

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

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

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

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount

actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

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

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

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

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

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

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

Appropriation "CAP"

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it

permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

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

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

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

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before the April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

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

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

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

School Debt Subject to Voter Approval

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

TAX MATTERS

Federal

Tax-Exempt Bonds and Notes

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

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

Section 55 of the Code provides that an alternative minimum tax is imposed on corporations. For purposes of the corporate alternative minimum tax, the Code includes an increase adjustment for computation of the alternative minimum tax consisting generally of 75% of the amount by which

“adjusted current earnings” exceeds alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction). Thus, to the extent that interest on the Tax-Exempt Bonds and Notes is a component of a corporate holder’s “adjusted current earnings”, such interest may be subject to an alternative minimum tax.

[Original Issue Premium

Tax-Exempt Bonds

The Tax-Exempt Bonds maturing June 1, ___ to ___ (the "Premium Bonds") have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under, Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser’s basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Premium Bond in excess of the owner’s adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bonds and not as interest.

Notes

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

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

In addition, prospective purchasers should be aware that Section 6049 of the Code provides that interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The provision is effective for interest paid on tax-exempt obligations after December 31, 2005, regardless of when the tax-exempt obligations were issued. Pursuant to Notice 2006-93, backup withholding will be required if the bondholder fails to provide a tax identification number. The new reporting requirement does not in and of itself affect or alter the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Ownership of tax-exempt obligations may also result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain foreign corporations doing

business in the United States, certain S corporations with excess passive income, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

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

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

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

Taxable Bonds

The following is a general discussion of certain of the anticipated federal tax consequences of the purchase, ownership and disposition of the Taxable Bonds by the original purchasers of the Taxable Bonds. 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 Bonds. 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 Bonds will be held as "capital assets" under the Code and that the Taxable Bonds 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 Bonds.

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

Interest Income

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

Backup Withholding

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

Disposition and Defeasance

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

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

IRS CIRCULAR 230 DISCLAIMER REGARDING THE TAXABLE BONDS: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, ANY TAX OPINIONS CONTAINED HEREIN WITH RESPECT TO THE TAXABLE BONDS ARE NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE.

State Taxation

Bond Counsel is of the opinion, based upon existing statutes and judicial decisions, that interest on the Bonds and Notes and net gains from the sale of the Bonds and Notes are not included as gross income under the New Jersey Gross Income Tax Act. Potential purchasers of the Bonds and Notes should

consult with their tax advisors in order to understand the tax consequences of ownership of the Bonds and Notes under the laws of other states.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE BONDS AND NOTES. PROSPECTIVE PURCHASERS OF THE BONDS OR NOTES SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS OR NOTES.

LEGALITY FOR INVESTMENT

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

CONTINUING DISCLOSURE FOR THE BONDS

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, the Township will deliver concurrently with the delivery of the Bonds Continuing Disclosure Certificates in substantially the forms annexed hereto as Appendix C (collectively, the "Forms of Continuing Disclosure Certificates"). The Township has covenanted for the benefit of the Bondholders, in accordance with the provisions of the Continuing Disclosure Certificate, to provide or cause to be provided, in accordance with the requirements of the Rule, certain financial information and operating data to Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Access System ("EMMA") dataport or to any other designated nationally recognized municipal securities information depository (the "National Repository") and to the appropriate State information depository, if any (as defined in the Continuing Disclosure Certificate). The Township has also covenanted in the Continuing Disclosure Certificate to provide notices of the occurrence of certain enumerated events, if material. The Township previously failed to file its annual financial information in accordance with SEC Rule 15c2-12 for year-end financials for fiscal years ending June 30, 2008, 2009, 2010 and December 31, 2010 in a timely manner. The Township has appointed Phoenix Advisors, LLC, Bordentown, New Jersey to act as Continuing Disclosure Agent. As of the date hereof, the Township is in compliance with its previous undertakings with regard to continuing disclosure for prior obligations issued, including the filing of any required late notices and material event notices. In addition, on April 9, 2014, Phoenix Advisors, LLC has filed on behalf the Township, its 2013 Unaudited Financial Statements, which include the 2013 Annual Financial Statement and 2013 Annual Debt Statement and on May 16, 2014, its most recently adopted budget.

COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS 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 "D" (the "Form of Continuing Disclosure for the Notes") hereto, such certificate to be delivered concurrently with the delivery of the Notes.

LITIGATION

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

MUNICIPAL BANKRUPTCY

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

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

CERTAIN REFERENCES

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the Ordinances

and the Resolution of the Township and the Bonds and Notes and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entireties by express reference to the complete provisions thereof. Copies of the bond ordinances and the resolution will be furnished by the Township on request.

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

CERTIFICATION OF OFFICIAL STATEMENT

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

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

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

RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned a rating of "AA" to the Bonds. Any desired explanation of the significance of such rating should be obtained from S&P. There is no assurance that the rating will pertain for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of the rating could have an adverse effect on the market price of the Bonds. The Notes have not been rated.

UNDERWRITING

Tax-Exempt Bonds

The Tax-Exempt Bonds have been purchased from the Township at a public sale by _____, _____, _____ (the "Tax-Exempt Bonds Underwriter") at a price of \$_____. The Tax-Exempt Bonds Underwriter has purchased the Tax-Exempt Bonds in accordance with the Notice of Sale. The Tax-Exempt Bonds are being offered for sale at the yields or prices set forth on the front cover page of this Official Statement.

Taxable Bonds

The Taxable Bonds have been purchased from the Township at a public sale by _____, _____, _____ (the "Taxable Bonds Underwriter") at a price of \$_____. The Taxable Bonds Underwriter has

purchased the Taxable Bonds in accordance with the Notice of Sale. The Taxable Bonds are being offered for sale at the yields or prices set forth on the front cover page of this Official Statement.

Notes

The Notes have been purchased from the Township at a public sale by _____ (the "Note Underwriter") at a price of \$_____.

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

FINANCIAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as financial advisor to the Township with respect to the issuance of the Bonds and Notes (the "Financial Advisor"). The Financial 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 Financial 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 Bond and Notes are subject to the approval of GluckWalrath LLP, Trenton, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with the Bonds and Notes substantially in the forms set forth as Appendix "E" and Appendix "F", respectively. Certain legal matters will be passed on for the Township by the Township Attorney.

FINANCIAL STATEMENTS

Appendix "B" contains certain unaudited financial data of the Township extracted from the Township's Annual Financial Statement for the Township's fiscal year ending December 31, 2013 and certain audited financial data of the Township for the Township's fiscal year ending December 31, 2012. The audited financial data was extracted from the report prepared by Hodulik & Morrison, P.A., Highland Park, New Jersey (the "2012 Auditor"), to the extent and for the period set forth in their report appearing in Appendix "B", and are included herein in reliance upon the authority of such firm. Wiss & Company, LLP, Iselin, New Jersey, an independent auditor (the "Auditor"), has not participated in the preparation of the financial or statistical information contained in this Official Statement and does not take responsibility for the financial information contained in Appendix "B".

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township's Chief Financial Officer, 2090 Greenwood Avenue, CN00150, Hamilton, New Jersey 08609, telephone (609) 890-3506 or its Financial Advisor, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey, telephone (609) 291-0130.

MISCELLANEOUS

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

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

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

By: _____
John Barrett,
Chief Financial Officer

Dated: June __, 2014

APPENDIX A
GENERAL INFORMATION REGARDING THE TOWNSHIP

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

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 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 fulltime professional personnel in the Departments of Administration, Finance, Law, Engineering, Planning and Inspections, Public Safety, Public Works, and Health, Recreation and Welfare.

On June 28, 2010, the Township approved an ordinance to change its Fiscal Year End from June 30 to December 31. As a result of such ordinance, the Township’s auditor prepared audited financial statements for the period commencing July 1, 2010 through December 31, 2010. Thereafter, annual audits will be prepared for each twelve (12) month period ending December 31. The data presented herein reflects a June 30 year end through 2010 and a December 31 year end thereafter.

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 located within easy commuting distance.

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

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

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

Economy

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

Labor Force Data

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2013	54,051	50,484	3,567	6.6%
2012	54,716	50,345	4,371	8.0%
2011	53,884	49,664	4,220	7.8%
2010	53,793	49,429	4,364	8.1%
2009	54,615	50,522	4,093	7.5%
<u>County</u>				
2013	208,494	194,564	13,930	6.7%
2012	210,019	193,547	16,472	7.8%
2011	206,945	190,930	16,015	7.7%
2010	206,421	190,171	16,250	7.9%
2009	205,294	189,820	15,474	7.5%
<u>State</u>				
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%
2011	4,556,200	4,131,800	424,400	9.3%
2010	4,502,400	4,076,700	425,700	9.5%
2009	4,536,700	4,118,400	418,300	9.2%

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

Income Information

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

Source: U.S. Census Bureau, 2010 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>
2010	88,464	1.56%	366,513	4.49%	8,791,894	4.49%
2000	87,109	0.64	350,761	7.65	8,414,350	8.85
1990	86,553	4.53	325,824	5.83	7,730,188	4.96
1980	82,801	4.01	307,863	1.23	7,365,001	2.75
1970	79,609	22.41	304,116	14.16	7,168,164	18.15

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

Ten Largest Taxpayers

<u>Taxpayers</u>	<u>2013 Assessed Valuation</u>	<u>% of Total Assessed</u>
JDN	\$52,282,883	1.01%
PSE&G	35,108,100	0.68%
QB Partners	27,905,100	0.54%
Bell Atlantic	22,030,260	0.43%
Mitzen Farms	16,467,500	0.32%
Horizon Business Park	16,362,100	0.32%
Levin Properties	16,074,000	0.31%
Danch Farms	14,534,000	0.28%
Cabot Dr. Holdings	14,500,000	0.28%
EPT Hamilton	13,000,000	0.25%
Total	<u>\$228,263,943</u>	<u>4.43%</u>

Total Assessed Value of the Township (2013): \$5,157,770,396

Source: Township Audited Financial Statements

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Assessed Value of Personal Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Aggregate True Value of Real Property</u>	<u>Equalized Valuation</u>
2013	\$5,139,254,035	\$18,516,361	61.15%	\$8,404,340,204	\$8,422,856,565
2012	5,139,614,851	18,695,945	62.28	8,252,432,323	8,271,128,268
2011	5,139,210,911	17,779,026	56.51	9,094,338,898	9,112,117,924
2010	5,162,599,120	18,661,711	52.66	9,803,644,360	9,822,306,071
2009	5,167,475,795	15,953,486	49.70	10,397,335,604	10,413,289,090

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>
2013	\$48,771,459	\$3,859,025,150	\$15,326,476	\$958,686,350	\$98,337,900	\$159,106,700	\$5,139,254,035
2012	50,915,209	3,856,632,500	15,998,592	960,241,400	99,139,400	156,687,750	5,139,614,851
2011	52,441,009	3,856,470,550	16,093,552	972,705,800	91,370,800	150,129,200	5,139,210,911
2010	53,010,909	3,849,953,450	15,528,161	996,733,500	94,652,000	152,721,100	5,162,599,120
2009	67,175,459	3,848,536,560	17,186,726	981,648,650	96,414,400	156,514,000	5,167,475,795

Source: County of Mercer Abstract of Ratables

Comparative Tax Rate Information

<u>Year</u>	<u>County</u>	<u>County Open Space</u>	<u>Local School</u>	<u>Municipal</u>	<u>Municipal Library</u>	<u>Total Taxes</u>
2013	\$0.923	\$0.032	\$1.950	\$1.149	\$0.054	\$4.108
2012	0.938	0.035	1.901	1.141	0.059	4.074
2011	0.923	0.038	1.864	1.112	0.064	4.001
2010	0.980	0.041	1.864	1.170	0.000	4.055
2009	0.908	0.061	1.857	1.172	0.000	3.998

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>
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
2011	0.180	0.360	0.800	0.530	0.710	0.230	0.210	0.440	0.460
2010	0.190	0.310	0.700	0.500	0.700	0.230	0.210	0.450	0.470
2009	0.180	0.290	0.650	0.490	0.660	0.220	0.180	0.430	0.440

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 Percentage of</u>
2013U	\$233,598,623	\$232,774,294	99.65%
2012	231,280,727	230,042,636	99.46%
2011	229,198,285	227,789,434	99.39%
2010TY	116,027,564	113,375,350	97.71%
2010SFY	226,932,739	226,387,507	99.76%
2009	223,074,759	222,500,216	99.74%

U=Unaudited

TY= Transition Year (July 1, 2010 to December 31, 2010)

SFY= State Fiscal Year Ending June 30, 2010

Source: Township Audited Financial Statements

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2013U	\$1,695,034	\$532,327	\$2,227,361	0.95%
2012	1,635,611	499,004	2,134,616	0.92%
2011	1,291,705	849,342	2,141,047	0.93%
2010TY	718,984	2,592,306	3,311,290	2.85%
2010SFY	587,839	594,231	1,182,071	0.52%
2009	494,032	545,136	1,039,168	0.47%

U=Unaudited
 TY= Transition Year (July 1, 2010 to December 31, 2010)
 SFY= State Fiscal Year Ending June 30, 2010
 Source: Township Audited Financial Statements

Property Acquired by Tax Title Lien Liquidation

<u>Year</u>	<u>Amount</u>
2013U	\$367,045
2012	367,045
2011	367,045
2010TY	367,045
2010SFY	367,045
2009	367,045

U=Unaudited
 TY= Transition Year (July 1, 2010 to December 31, 2010)
 SFY= State Fiscal Year Ending June 30, 2010
 Source: Township Audited Financial Statements

Sewer Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>% of Current Year Collection</u>
2013U	\$15,078,899.73	\$15,079,975.18	100.01%
2012	14,802,602.26	14,822,210.23	100.13%
2011	14,870,369.00	15,261,837.06	102.63%
2010TY	6,628,118.74	6,113,830.43	92.24%
2010SFY	14,988,807.76	14,978,019.18	99.93%
2009	15,038,612.70	15,798,641.89	105.05%

U=Unaudited
 TY= Transition Year (July 1, 2010 to December 31, 2010)
 SFY= State Fiscal Year Ending June 30, 2010
 Source: Township Audited Financial Statements

Comparative Schedule of Fund Balances (Current Fund)

	<u>Fund Balance - Current Fund</u>	
<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2013U	\$3,854,391	\$2,700,000
2012	5,575,216	4,500,000
2011	9,138,023	7,000,000
2010TY	7,921,215	7,856,297
2010SFY	4,974,125	0
2009	4,452,736	3,100,000

U=Unaudited
TY= Transition Year (July 1, 2010 to December 31, 2010)
SFY= State Fiscal Year Ending June 30, 2010
Source: Township Audited Financial Statements

Comparative Schedule of Fund Balances (Sewer Utility Operating Fund)

	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2013U	\$2,804,709	959,606
2012	2,910,546	1,065,443
2011	3,172,483	1,100,000
2010TY	2,218,627	754,053
2010SFY	395,293	876,666
2009	1,837,297	0

U=Unaudited
TY= Transition Year (July 1, 2010 to December 31, 2010)
SFY= State Fiscal Year Ending June 30, 2010
Source: Township Audited Financial Statements

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2010SFY</u>	<u>2010TY</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Fund Balance	\$3,100,000	\$0	\$7,856,297	\$7,000,000	\$4,500,000	\$2,400,000
Miscellaneous Revenues	32,306,078	18,398,028	30,639,903	28,052,508	32,325,621	27,351,135
Receipts from Delinquent Taxes	75,000	0	127,624	913,828	600,000	437,741
Amount to be Raised by Taxes for Support of Municipal Budget	<u>60,634,367</u>	<u>30,381,324</u>	<u>60,634,367</u>	<u>61,878,358</u>	<u>62,011,027</u>	<u>65,955,369</u>
Total Revenue:	<u>\$96,115,445</u>	<u>\$48,779,352</u>	<u>\$99,258,191</u>	<u>\$97,844,694</u>	<u>\$99,436,648</u>	<u>\$96,144,245</u>
<u>Appropriations</u>						
General Appropriations	\$82,552,271	\$40,239,761	\$85,690,745	\$85,891,663	\$86,170,693	\$83,674,775
Operations	6,257,640	2,353,645	6,162,816	4,316,945	6,099,431	5,083,587
Deferred Charges and Statutory Expenditures	0	0	0	0	0	60,973
Judgments	0	0	0	0	0	0
Capital Improvement Fund	400,000	600,000	400,000	379,150	398,677	394,860
Municipal Debt Service	5,605,534	3,585,946	5,740,821	5,956,936	5,384,169	6,029,810
Reserve for Uncollected Taxes	<u>1,300,000</u>	<u>2,000,000</u>	<u>1,263,809</u>	<u>1,300,000</u>	<u>1,383,678</u>	<u>900,240</u>
Total Appropriations:	<u>\$96,115,445</u>	<u>\$48,779,352</u>	<u>\$99,258,191</u>	<u>\$97,844,694</u>	<u>\$99,436,648</u>	<u>\$96,144,245</u>

TY= Transition Year (July 1, 2010 to December 31, 2010)

SFY= State Fiscal Year Ending June 30, 2010

Source: Annual Adopted Budgets of the Township

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Statement of Statutory Net Debt for the Township (as of December 31, 2013)

General Purpose Debt

Serial Bonds	\$41,857,000
Bond Anticipation Notes	22,749,658
Bonds and Notes Authorized but Not Issued	22,124,631
Other Bonds, Notes and Loans	<u>3,933,020</u>
Total:	\$90,664,310

Local School District Debt

Serial Bonds	\$42,870,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$42,870,000

Self-Liquidating Debt

Serial Bonds	\$28,082,000
Bond Anticipation Notes	16,987,000
Bonds and Notes Authorized but Not Issued	26,772,272
Other Bonds, Notes and Loans	<u>414,546</u>
Total:	\$72,255,817

TOTAL GROSS DEBT

\$205,790,127

Less: Statutory Deductions

General Purpose Debt	\$0
Local School District Debt	42,870,000
Self-Liquidating Debt	<u>72,255,817</u>
Total:	\$115,125,817

TOTAL NET DEBT

\$90,664,310

Source: 2013 Township Annual Debt Statement

Debt Limit

Average Equalized Valuation Basis (2011, 2012, 2013)	\$8,583,703,808
Permitted Debt Limitation (3 1/2%)	300,429,633
Less: Net Debt	<u>90,664,310</u>
Remaining Borrowing Power	<u>\$209,765,324</u>
Percentage of Net Debt to Average Equalized Valuation	1.06%
Gross Debt Per Capita based on 2010 population of 88,464	\$2,326
Net Debt Per Capita based on 2010 population of 88,464	\$1,025

Source: 2013 Township Annual Debt Statement

Overlapping Debt (as of December 31, 2013)

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u> ¹	<u>Township Share</u>
Township Net Debt	\$90,664,310	100.00%	\$90,664,310
School District	\$42,870,000	100.00%	\$42,870,000
Mercer County ²	358,506,979	20.07%	71,944,380
Mercer County Improvement Authority	319,181,237 ³	20.07%	<u>64,052,578</u>
Net Indirect Debt			\$135,996,959
Net Direct Debt			<u>90,664,310</u>
Total Net Direct and Indirect Debt			<u>\$226,661,268</u>

¹ Source: State of New Jersey, Department of the Treasury, Division of Taxation, 2012 Table of Equalized Values. Share based on Township's percentage of total equalized valuation in the County.

² Source: Annual Debt Statement of the County

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

APPENDIX B
FINANCIAL STATEMENTS OF THE TOWNSHIP

UNAUDITED FINANCIAL STATEMENTS

TOWNSHIP OF HAMILTON

DECEMBER 31, 2013

**ANNUAL FINANCIAL STATEMENT FOR THE YEAR 2013
(UNAUDITED)**

POPULATION LAST CENSUS	88,461
NET VALUATION TAXABLE 2013	\$5,157,770,396
MUNICODE	1103

**FIVE DOLLARS PER DAY PENALTY IF NOT FILED BY:
COUNTIES - JANUARY 26, 2014
MUNICIPALITIES - FEBRUARY 10, 2014**


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

Township _____ of Hamilton _____, County c Mercer _____

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

Date	Examined By:	
1		Preliminary Check
2		Examined

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


Signature  1/28/14
Title Chief Financial Officer

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

REQUIRED CERTIFICATION BY THE CHIEF FINANCIAL OFFICER:

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

Further, I do hereby certify that I, John E. Barrett, am the Chief Financial Officer, License# N-0477, of the Township of Hamilton, County of Mercer and that the statements annexed hereto and made a part hereof are true statements of the financial condition of the Local Unit as at December 31, 2013, completely in compliance with N.J.S. 40A:5-12, as amended. I also give complete assurances as to the veracity of required information included herein, needed prior to certification by the Director of Local Government Services, including the verification of cash balances as of December 31, 2013.

Signature  1/28/14
Title Chief Financial Officer
Address 2090 Greenwood Avenue Hamilton NJ 08650
Phone Number 609-890-3510
Fax Number 609-890-4418
Email jbarrett@hamiltonnj.com

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

STATEMENT OF GENERAL BUDGET REVENUES 2013

Source	Budget -01	Realized -02	Excess or Deficit* -03
Surplus Anticipated 80101-	4,500,000.00	4,500,000.00	-
Surplus Anticipated with Prior Written Consent of Director of Local Government 80102-	-	-	-
Miscellaneous Revenue Anticipated:	xxxxxxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx
Adopted Budget	32,325,620.88	32,537,685.85	212,064.97
Added by N.J.S. 40A:4-87: (List on 17a)	xxxxxxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx
Totals from Sheet 17a	170,811.21	170,811.21	-
			-
Total Miscellaneous Revenue Anticipated 80103-	32,496,432.09	32,708,497.06	212,064.97
Receipts from Delinquent Taxes 80104-	600,000.00	448,260.99	(151,739.01)
			-
Amount to be Raised by Taxation:	xxxxxxxxxxx	xxxxxxxxxxx	xxxxxxxxxxx
(a) Local Tax for Municipal Purposes 80105-	62,011,027.00	xxxxxxxxxxx	xxxxxxxxxxx
(b) Addition to Local District School Tax 80106-		xxxxxxxxxxx	xxxxxxxxxxx
Total Amount to be Raised by Taxation 80107-	62,011,027.00	63,259,609.86	1,248,582.86
	99,607,459.09	100,916,367.91	1,308,908.82

ALLOCATION OF CURRENT TAX COLLECTIONS

	Debit	Credit
Current Taxes Realized in Cash (Total of Item 10 or 14 on Sheet 22) 80108-00	xxxxxxxxxxx	232,774,294.24
Amount to be Raised by Taxation	xxxxxxxxxxx	xxxxxxxxxxx
Local District School Tax 80109-00	100,594,998.00	xxxxxxxxxxx
Regional School Tax 80119-00	-	xxxxxxxxxxx
Regional High School Tax 80110-00	-	xxxxxxxxxxx
County Taxes 80111-00	49,249,673.04	xxxxxxxxxxx
Due County for Added and Omitted Taxes 80112-00	189,536.46	xxxxxxxxxxx
Special District Taxes 80113-00	20,864,155.00	xxxxxxxxxxx
Municipal Open Space Tax 80120-00	-	xxxxxxxxxxx
Reserve for Uncollected Taxes 80114-00	xxxxxxxxxxx	1,383,678.12
Deficit in Required Collection of Current Taxes (or) 80115-00	xxxxxxxxxxx	-
Balance for Support of Municipal Budget (or) 80116-00	63,259,609.86	xxxxxxxxxxx
*Excess Non-Budget Revenue (see footnote) 80117-00	-	xxxxxxxxxxx
*Deficit Non-Budget Revenue (see footnote) 80118-00	xxxxxxxxxxx	-
	234,157,972.36	234,157,972.36

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

STATEMENT OF GENERAL BUDGET APPROPRIATIONS 2013

2013 Budget as Adopted	80012-01	99,436,647.88
2013 Budget - Added by N.J.S. 40A:4-87	80012-02	170,811.21
Appropriated for 2013 (Budget Statement Item 9)	80012-03	99,607,459.09
Appropriated for 2013 by Emergency Appropriation (Budget Statement Item9)	80012-04	-
Total General Appropriations (Budget Statement Item 9)	80012-05	99,607,459.09
Add: Overexpenditures (see footnote)	80012-06	-
Total Appropriations and Overexpenditures	80012-07	99,607,459.09
Deduct Expenditures:		
Paid or Charged [Budget Statement Item (L)]	80012-08	94,230,345.88
Paid or Charged - Reserve for Uncollected Taxes	80012-09	1,383,678.12
Reserved	80012-10	3,962,052.83
Total Expenditures	80012-11	99,576,076.83
Unexpended Balances Canceled (see footnote)	80012-12	31,382.26

FOOTNOTES - RE: OVEREXPENDITURES:

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

RE: UNEXPENDED BALANCES CANCELED:

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

SCHEDULE OF EMERGENCY APPROPRIATIONS FOR LOCAL DISTRICT SCHOOL PURPOSES**(EXCEPT FOR TYPE I SCHOOL DEBT SERVICE)****NOT APPLICABLE**

2013 Authorizations		
N.J.S. 40A:4-46 (After adoption of Budget)	-	
N.J.S. 40A:4-20 (Prior to adoption of Budget)	-	
Total Authorizations		-
Deduct Expenditures:		
Paid or Charged	-	
Reserved	-	
Total Expenditures		-

RESULTS OF 2013 OPERATION

CURRENT FUND

		Debit	Credit
Excess of anticipated Revenues:		xxxxxxxxxx	xxxxxxxxxx
Miscellaneous Revenues anticipated	80013-01	xxxxxxxxxx	212,064.97
Delinquent Tax Collections	80013-02	xxxxxxxxxx	-
		xxxxxxxxxx	
Required Collection of Current Taxes	80013-03	xxxxxxxxxx	1,248,582.86
Unexpended Balances of 2013 Budget Appropriations	80013-04	xxxxxxxxxx	31,382.26
Miscellaneous Revenue Not Anticipated	81113-	xxxxxxxxxx	1,283,996.08
Miscellaneous Revenue Not Anticipated Proceeds of Sale of Foreclosed Property (Sheet 27)	81114-	xxxxxxxxxx	-
Payments in Lieu of Taxes on Real Property	81120-	xxxxxxxxxx	-
Sale of Municipal Assets		xxxxxxxxxx	-
Unexpended Balances of 2012 Appropriation Reserves	80013-05	xxxxxxxxxx	154,888.13
Prior Years Interfunds Returned in 2013	80013-06	xxxxxxxxxx	-
		xxxxxxxxxx	
		xxxxxxxxxx	
		xxxxxxxxxx	
		xxxxxxxxxx	
		xxxxxxxxxx	
		xxxxxxxxxx	
Deferred School Tax Revenue: (See School Taxes, Sheets 13 & 14)		xxxxxxxxxx	xxxxxxxxxx
Balance January 1, 2013	80013-07	-	xxxxxxxxxx
Balance December 31, 2013	80013-08	xxxxxxxxxx	-
Deficit in Anticipated Revenues:		xxxxxxxxxx	xxxxxxxxxx
Miscellaneous Revenues Anticipated	80013-09	-	xxxxxxxxxx
Delinquent Tax Collections	80013-10	151,739.01	xxxxxxxxxx
			xxxxxxxxxx
Required Collection of Current Taxes	80013-11	-	xxxxxxxxxx
Interfund Advances Originating in 2013	80013-12	-	xxxxxxxxxx
			xxxxxxxxxx
State Tax appeals			xxxxxxxxxx
			xxxxxxxxxx
			xxxxxxxxxx
			xxxxxxxxxx
			xxxxxxxxxx
Deficit Balance - To Trial Balance (Sheet 3)	80013-13	xxxxxxxxxx	-
Surplus Balance - To Surplus (Sheet 21)	80013-14	2,779,175.29	xxxxxxxxxx
		2,930,914.30	2,930,914.30

AUDITED FINANCIAL STATEMENTS

TOWNSHIP OF HAMILTON

DECEMBER 31, 2012

HODULIK & MORRISON, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
PUBLIC SCHOOL ACCOUNTANTS
1102 RARITAN AVENUE, P.O. BOX 1450
HIGHLAND PARK, NJ 08904
(732) 393-1000
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA
ROBERT S. MORRISON, CPA, RMA, PSA

MEMBERS OF:
AMERICAN INSTITUTE OF CPA'S
NEW JERSEY SOCIETY OF CPA'S
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

JO ANN BOOS, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying combined statement of assets, liabilities, reserves and fund balance – regulatory basis of the various funds and governmental fixed assets of the Township of Hamilton, County of Mercer, New Jersey as of December 31, 2012 and 2011 the related statements of combined statement of revenues, expenditures and changes in fund balance – current and utility operating fund – regulatory basis, the statement of revenues, expenditures and changes in fund balance – current fund – regulatory basis and the statement of revenues, expenditures and changes in fund balance – utility fund – regulatory basis for the year ended December 31, 2012, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U. S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Township of Hamilton, County of Mercer, New Jersey, as of December 31, 2012, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined had we audited the Statement of Governmental Fixed Assets, the financial statements – regulatory basis, referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Township of Hamilton, County of Mercer New Jersey as of December 31, 2012 and the results of operations and changes in fund balance – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2012, on the basis of accounting described in Note 2.

Other Matters

Other Information

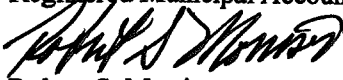
Our audit was made for the purpose of forming an opinion on the financial statements of the Township of Hamilton, County of Mercer, New Jersey. The information included in Part II – Single Audit Section, as required by *Office of Management and Budget Circular A-133, audits of States, Local Governments and Non-Profit Organizations*, Part III – Other Supplementary Information and Part IV – Statistical, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Hamilton, County of Mercer, New Jersey. The Part II – Single Audit Section and Part III - Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements, or to the financials statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis, taken as a whole. The schedules and information contained in Part IV have not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly we do not express an opinion, or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated June 27, 2013 on our consideration of the Township of Hamilton's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the Township of Hamilton's internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

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



Robert S. Morrison
Registered Municipal Accountant
No. 412

Highland Park, New Jersey
June 27, 2013

COMBINED FINANCIAL STATEMENTS

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - ALL FUND TYPES
REGULATORY BASIS
DECEMBER 31, 2012

ASSETS	CURRENT	GENERAL	TRUST	UTILITY	UTILITY	UTILITY	GOVERNMENTAL	TOTAL	MEMORANDUM
	FUND	CAPITAL	FUNDS	OPERATING	CAPITAL	ASSESSMENT	FIXED	DEC. 31.2012	ONLY
		FUND		FUND	FUND	FUND	ASSETS	DEC. 31.2011	TOTAL
								DEC. 31.2011	
Cash and Investments	\$ 11,546,804.83	\$ 12,318,007.64	\$ 14,867,101.30	\$ 6,458,668.22	\$ 5,524,944.28	\$ 467.10	\$	50,715,993.37	55,215,211.74
Federal and State Grants Receivable	2,195,734.24	296,229.42						2,491,963.66	2,165,327.55
Receivables and Other Assets:									
Delinquent Property Taxes and									
Utility Charges	499,004.40			40,173.70				539,178.10	1,033,727.97
Other Receivables	97,261.99							97,261.99	745,744.71
Assessments Receivable			1,229,047.88	109,767.19				1,338,815.07	1,296,733.37
Tax Title and Assessment Liens Rec.	1,635,611.47		899.49					1,636,510.96	1,291,704.91
Prepaid School Tax	1,420,207.50							1,420,207.50	
Interfunds Receivable	106,561.66	300,000.00				173,349.54		579,911.20	977,067.71
Property Acquired for Taxes	367,045.00							367,045.00	367,045.00
Due from State	218,399.69		297,220.24			8,650.65		524,270.58	566,980.66
Prospective Assessments Funded			2,267,073.50					2,267,073.50	2,267,073.50
Deferred Charges		85,979,418.82						85,979,418.82	76,005,377.37
Fixed Capital					124,323,510.98			124,323,510.98	124,323,510.98
Fixed Capital Authorized and Uncompleted					41,827,427.66			41,827,427.66	36,827,427.66
Fixed Assets							62,299,611.42	62,299,611.42	59,274,125.40
	<u>\$ 18,086,630.78</u>	<u>\$ 98,893,655.88</u>	<u>\$ 18,661,342.41</u>	<u>\$ 6,608,609.11</u>	<u>\$ 171,857,883.11</u>	<u>\$ 467.10</u>	<u>\$ 62,299,611.42</u>	<u>\$ 376,408,199.81</u>	<u>\$ 362,357,058.53</u>

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TOWNSHIP OF HAMILTON
 COUNTY OF MERCER
 COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - ALL FUND TYPES
 REGULATORY BASIS
 DECEMBER 31, 2012

LIABILITIES, RESERVES AND FUND BALANCE	CURRENT FUND	GENERAL CAPITAL FUND	TRUST FUNDS	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	UTILITY ASSESSMENT FUND	GOVERNMENTAL FIXED ASSETS	TOTAL DEC. 31, 2012	MEMORANDUM ONLY TOTAL DEC. 31, 2011
Overpayments	\$ 54,870.58			\$ 1,887.15				\$ 56,757.73	94,686.70
Appropriation Reserves	4,287,086.23			935,761.36				5,222,847.59	4,700,622.15
Prepaid Taxes and Utility Charges	1,303,861.07			1,305,333.52				2,618,526.74	2,418,751.39
Federal and State Grants:									
Appropriated Reserves	2,545,195.74							2,545,195.74	1,992,465.38
Unappropriated Reserves	31,734.93							31,734.93	9,109.92
Encumbrances	70,601.67							70,601.67	206,520.10
Other Liabilities and Reserves:									
Due to State of New Jersey	8,075.10		69.00					8,144.10	75.00
Reserve for Future Debt Service					450,945.14			450,945.14	385,208.01
Capital Improvement Fund					192,775.00			192,775.00	193,751.00
Other Reserves	166,796.06		16,263,627.90		101,009,689.73			117,440,113.69	113,501,093.38
Improvement Authorizations		25,316,181.64						45,727,855.07	34,976,805.05
Reserve for Encumbrances/Accounts Payable	1,017,333.86	2,530,024.76		513,492.03	2,849,684.46			6,910,535.11	10,518,062.37
Interfunds Payable	10,573.08	65,189.09	330,799.49	173,349.54				579,911.20	977,067.71
Serial Bonds Payable		43,981,000.00	1,413,000.00			29,510,000.00		74,904,000.00	80,019,000.00
Bond Anticipation Notes Payable		22,749,658.00				16,987,000.00		39,736,658.00	25,033,000.00
Green Trust Loan Payable		451,549.46						451,549.46	494,302.53
Environmental Infrastructure Loans		3,797,579.96				445,408.97		4,242,988.93	4,524,959.32
Reserve for Receivables	2,629,722.35			149,940.89				2,779,663.24	3,318,724.41
Other Payables	385,564.17		644,511.87	618,298.54				1,648,374.58	7,408,542.92
Investment in Fixed Assets							62,299,611.42	62,299,611.42	59,274,125.40
Fund Balance	<u>5,575,215.94</u>	<u>2,472.97</u>	<u>2.00</u>	<u>2,910,546.08</u>	<u>706.38</u>	<u>467.10</u>		<u>8,489,410.47</u>	<u>12,313,185.79</u>
	<u>\$ 18,086,630.78</u>	<u>\$ 98,893,655.88</u>	<u>\$ 18,661,342.41</u>	<u>\$ 6,608,609.11</u>	<u>\$ 171,857,883.11</u>	<u>\$ 467.10</u>	<u>\$ 62,299,611.42</u>	<u>\$ 376,408,199.81</u>	<u>\$ 362,360,058.53</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	CURRENT FUND	UTILITY OPERATING FUNDS	TOTAL
Revenues:			
Fund Balance Appropriated	\$7,029,270.82	\$1,100,000.00	\$1,100,000.00
Sewer Rents		14,891,507.94	14,891,507.94
Miscellaneous Revenue	6,475,004.50	495,589.89	6,970,594.39
State Aid	19,166,830.00		19,166,830.00
State and Federal Grants	1,383,822.64		1,383,822.64
Special Items	1,595,662.48		1,595,662.48
Receipts from Delinquent Taxes	566,516.11		566,516.11
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	59,788,955.72		59,788,955.72
Local Library Tax	3,037,370.00		3,037,370.00
Total Budget Revenue	<u>99,043,432.27</u>	<u>16,487,097.83</u>	<u>108,501,259.28</u>
Other Credits to Income	<u>5,386,848.75</u>	<u>1,063,370.33</u>	<u>6,450,219.08</u>
Total Revenues	<u>104,430,281.02</u>	<u>17,550,468.16</u>	<u>121,980,749.18</u>
Expenditures:			
Current Fund Within CAPS:			
General Government	857,211.00	12,527,902.45	13,385,113.45
Department of Administration	1,141,098.00		1,141,098.00
Department of Finance	1,567,141.00		1,567,141.00
Department of Law	1,646,180.00		1,646,180.00
Department of Engineering, Planning and Inspection	4,124,655.50		4,124,655.50
Department of Economic Development/Technology	642,730.00		642,730.00
Department of Public Safety	22,549,786.00		22,549,786.00
Department of Public Works	21,432,021.40		21,432,021.40
Department of Health, Recreation and Welfare	3,110,778.00		3,110,778.00
Separate Boards and Agencies	192,608.00		192,608.00
Unclassified Purposes	19,766,073.12		19,766,073.12
Deferred Charges and Statutory Expenditures	8,890,651.82	762,075.98	9,652,727.80
Current Fund Excluded From CAPS:			
General Government	4,188,744.00		4,188,744.00
Public and Private Programs	1,409,192.64		1,409,192.64
Capital Improvements	379,150.00	310,000.00	689,150.00
Debt Service	5,939,569.74	3,095,371.21	9,034,940.95
Reserve for Uncollected Taxes	1,300,000.00		1,300,000.00
Total Budget Expenditures	<u>99,137,590.22</u>	<u>16,695,349.64</u>	<u>115,832,939.86</u>
Other Charges	<u>1,826,226.70</u>	<u>17,055.09</u>	<u>1,843,281.79</u>
Total Expenditures	<u>100,963,816.92</u>	<u>16,712,404.73</u>	<u>117,676,221.65</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, 2012

	<u>CURRENT FUND</u>	<u>UTILITY OPERATING FUNDS</u>	<u>TOTAL</u>
Statutory Excess to Fund Balance	3,466,464.10	838,063.43	4,304,527.53
Fund Balance January 1, 2012	<u>9,138,022.66</u>	<u>3,172,482.65</u>	<u>12,310,505.31</u>
	12,604,486.76	4,010,546.08	16,615,032.84
Decreased by:			
Utilized in Budget	<u>7,029,270.82</u>	<u>1,100,000.00</u>	<u>1,100,000.00</u>
Fund Balance December 31, 2012	<u>\$ 5,575,215.94</u>	<u>\$ 2,910,546.08</u>	<u>\$ 15,515,032.84</u>

Note : See Notes to Financial Statements

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 31,2012

	<u>Budget as</u> <u>Modified</u>	<u>2012</u> <u>Actual</u>	<u>Variance</u>
Revenues:			
Fund Balance Appropriated	\$ 7,029,270.82	\$ 7,029,270.82	
Miscellaneous Revenue	7,183,200.00	6,475,004.50	(708,195.50)
State Aid	19,166,830.00	19,166,830.00	
State and Federal Grants	1,383,822.64	1,383,822.64	
Special Items	1,599,647.48	1,595,662.48	(3,985.00)
Receipts from Delinquent Taxes	913,827.91	566,516.11	(347,311.80)
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	58,840,987.63	59,788,955.72	947,968.09
Municipal Library Tax	<u>3,037,370.00</u>	<u>3,037,370.00</u>	
Total Budget Revenue	<u>99,154,956.48</u>	<u>99,043,432.27</u>	<u>(111,524.21)</u>
Other Credits to Income		<u>5,386,848.75</u>	<u>5,386,848.75</u>
Total Revenues	<u>99,154,956.48</u>	<u>104,430,281.02</u>	<u>5,275,324.54</u>
Expenditures:			
Current Fund Within CAPS:			
General Government	857,211.00	857,211.00	
Department of Administration	1,141,098.00	1,141,098.00	
Department of Finance	1,567,141.00	1,567,141.00	
Department of Law	1,646,180.00	1,646,180.00	
Department of Engineering, Planning and Inspection	4,124,655.50	4,124,655.50	
Department of Economic Development/Technology	642,730.00	642,730.00	
Department of Public Safety	22,549,786.00	22,549,786.00	
Department of Public Works	21,432,021.40	21,432,021.40	
Department of Health, Recreation and Welfare	3,110,778.00	3,110,778.00	
Separate Boards and Agencies	192,608.00	192,608.00	
Unclassified Purposes	19,766,073.12	19,766,073.12	
Deferred Charges and Statutory Expenditures	8,890,651.82	8,890,651.82	
Current Fund Excluded From CAPS:			
General Government	4,188,744.00	4,188,744.00	
Public and Private Programs	1,409,192.64	1,409,192.64	
Capital Improvements	379,150.00	379,150.00	
Debt Service	5,956,936.00	5,939,569.74	17,366.26
Reserve for Uncollected Taxes	<u>1,300,000.00</u>	<u>1,300,000.00</u>	
Total Budget Expenditures	<u>99,154,956.48</u>	<u>99,137,590.22</u>	<u>17,366.26</u>
Other Charges		<u>1,826,226.70</u>	<u>(1,826,226.70)</u>
Total Expenditures	<u>99,154,956.48</u>	<u>100,963,816.92</u>	<u>(1,808,860.44)</u>

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

Statutory Excess to Fund Balance	\$	\$ 3,466,464.10	\$
Fund Balance January 1, 2012		<u>9,138,022.66</u>	
		12,604,486.76	
Decreased by: Utilized in Budget		<u>7,029,270.82</u>	
Fund Balance December 31, 2012	<u>\$</u>	<u>\$ 5,575,215.94</u>	<u>\$</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31,2012

	CURRENT FUND	UTILITY OPERATING FUNDS	TOTAL
Revenues:			
Fund Balance Appropriated	\$7,029,270.82	\$1,100,000.00	\$1,100,000.00
Sewer Rents		14,891,507.94	14,891,507.94
Miscellaneous Revenue	6,475,004.50	495,589.89	6,970,594.39
State Aid	19,166,830.00		19,166,830.00
State and Federal Grants	1,383,822.64		1,383,822.64
Special Items	1,595,662.48		1,595,662.48
Receipts from Delinquent Taxes	566,516.11		566,516.11
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	59,788,955.72		59,788,955.72
Local Library Tax	3,037,370.00		3,037,370.00
	<hr/>	<hr/>	<hr/>
Total Budget Revenue	99,043,432.27	16,487,097.83	108,501,259.28
Other Credits to Income	5,386,848.75	1,063,370.33	6,450,219.08
	<hr/>	<hr/>	<hr/>
Total Revenues	104,430,281.02	17,550,468.16	121,980,749.18
Expenditures:			
Current Fund Within CAPS:			
General Government	857,211.00	12,527,902.45	13,385,113.45
Department of Administration	1,141,098.00		1,141,098.00
Department of Finance	1,567,141.00		1,567,141.00
Department of Law	1,646,180.00		1,646,180.00
Department of Engineering, Planning and Inspection	4,124,655.50		4,124,655.50
Department of Economic Development/Technology	642,730.00		642,730.00
Department of Public Safety	22,549,786.00		22,549,786.00
Department of Public Works	21,432,021.40		21,432,021.40
Department of Health, Recreation and Welfare	3,110,778.00		3,110,778.00
Separate Boards and Agencies	192,608.00		192,608.00
Unclassified Purposes	19,766,073.12		19,766,073.12
Deferred Charges and Statutory Expenditures	8,890,651.82	762,075.98	9,652,727.80
Current Fund Excluded From CAPS:			
General Government	4,188,744.00		4,188,744.00
Public and Private Programs	1,409,192.64		1,409,192.64
Capital Improvements	379,150.00	310,000.00	689,150.00
Debt Service	5,939,569.74	3,095,371.21	9,034,940.95
Reserve for Uncollected Taxes	1,300,000.00		1,300,000.00
	<hr/>	<hr/>	<hr/>
Total Budget Expenditures	99,137,590.22	16,695,349.64	115,832,939.86
Other Charges	1,826,226.70	17,055.09	1,843,281.79
	<hr/>	<hr/>	<hr/>
Total Expenditures	100,963,816.92	16,712,404.73	117,676,221.65

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>CURRENT FUND</u>	<u>UTILITY OPERATING FUNDS</u>	<u>TOTAL</u>
Statutory Excess to Fund Balance	3,466,464.10	838,063.43	4,304,527.53
Fund Balance January 1, 2012	<u>9,138,022.66</u>	<u>3,172,482.65</u>	<u>12,310,505.31</u>
Decreased by:			
Utilized in Budget	<u>12,604,486.76</u>	<u>4,010,546.08</u>	<u>16,615,032.84</u>
Fund Balance December 31, 2012	<u>\$ 5,575,215.94</u>	<u>\$ 2,910,546.08</u>	<u>\$ 15,515,032.84</u>

Note : See Notes to Financial Statements

INDIVIDUAL FUND FINANCIAL STATEMENTS

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A

CURRENT FUND
 STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2012</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2012</u>
Cash and Investments - Treasurer	\$ 11,169,008.90	Liabilities:	
Cash - Change Fund	1,760.00	Prepaid Taxes	\$ 1,303,861.07
Prepaid School Tax	1,420,207.50	Tax Overpayments	54,870.58
Due from State of N.J. Per Chap. 73, P.L. 1976	<u>218,399.69</u>	Appropriation Reserves	4,287,086.23
	<u>12,809,376.09</u>	Due to Grant Fund	10,573.08
		Due to State of New Jersey:	
Receivables and Other Assets With Full Reserves:		State Marriage License Fees	8,075.10
Taxes Receivable	499,004.40	Due to School PILOT Payments	160,000.00
Tax Title Liens Receivable	1,635,611.47	Due County for Added Taxes	225,564.17
Property Acquired for Taxes at Assessed Value	367,045.00	Reserve for Encumbrances	1,017,333.86
Revenue Accounts Receivable	59,061.15	Proceeds Sale of Municipal Assets	<u>166,796.06</u>
Other Accounts Receivable	38,200.84		7,234,160.15
Due from Dog Trust	7,979.72	Reserve for Receivables	2,629,722.35
Due from CDBG Fund	5,061.72	Fund Balance	<u>5,575,215.94</u>
Due from Trust Assessment Fund	<u>17,758.05</u>		
	<u>2,629,722.35</u>	Total Regular Fund	<u>15,439,098.44</u>
Total Regular Fund	<u>15,439,098.44</u>	Grant Fund:	
Grant Fund:		Reserve for Encumbrances	70,601.67
Cash and Investments - Treasurer	376,035.93	Reserve for State & Federal Grants:	
Due from General Capital Fund	65,189.09	Appropriated	2,545,195.74
Due from Current Fund	10,573.08	Unappropriated	<u>31,734.93</u>
State & Federal Grants Receivable	<u>2,195,734.24</u>	Total Grant Fund	<u>2,647,532.34</u>
Total Grant Fund	<u>2,647,532.34</u>	Total Current Fund	<u>\$ 18,086,630.78</u>
Total Current Fund	<u>\$ 18,086,630.78</u>		

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>REVENUE AND OTHER INCOME</u>	<u>YEAR 2012</u>
Fund Balance Utilized	\$ 7,029,270.82
Miscellaneous Revenues Anticipated	28,621,319.62
Receipts from Delinquent Taxes	566,516.11
Receipts from Current Taxes	230,042,635.78
Non-Budget Revenue	2,500,135.73
Other Credits to Income:	
Unexpended Balance of Approp.	
Reserves Lapsed	2,224,385.44
Pr. Yr. Sr. Cit. Deduc. Allowed (Net)	17,743.07
Other Accounts Receivable	174,835.77
Refund of Prior Years Expenditures	9,109.92
Interfund Loans Returned (Net)	460,638.82
	<hr/>
	271,646,591.08
	<hr/>
<u>EXPENDITURES</u>	
Budget Appropriations:	
Operations:	
Salaries and Wages	43,207,878.40
Other Expenses	39,420,340.26
Deferred Charges and Statutory	
Expenditures	8,890,651.82
Capital Improvements	379,150.00
Municipal Debt Service	5,939,569.74
Special District Taxes	20,043,357.00
County Taxes	50,431,878.56
Local District School Taxes	98,041,074.50
State Tax Appeals	1,826,226.70
	<hr/>
Total Expenditures	268,180,126.98
	<hr/>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	STATE FISCAL <u>YEAR 2012</u>
Statutory Excess to Fund Balance	\$ 3,466,464.10
<u>FUND BALANCE</u>	
Balance - January 1	<u>9,138,022.66</u>
Balance - December 31	<u>\$ 5,575,215.94</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-2
Page 1 of 4

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	ANTICIPATED				
	2012 BUDGET	N.J.S.A. 40A:4-87	\$	\$	EXCESS OR (DEFICIT)
Surplus Anticipated	\$ 7,029,270.82		\$	7,029,270.82	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverage	91,000.00			93,886.00	2,886.00
Other	150,000.00			161,374.00	11,374.00
Fees and Permits:					
Other	192,000.00			198,655.30	6,655.30
Fines and Costs:					
Municipal Court	985,000.00			993,309.41	8,309.41
Interest and Costs on Taxes	622,000.00			538,760.38	(83,239.62)
Interest on Investments and Deposits	299,000.00			193,906.88	(105,093.12)
Cable Franchise Fees	1,110,000.00			1,160,694.34	50,694.34
Housing, Site and Contractor Fees	246,000.00			336,564.00	90,564.00
Consolidated Municipal Property Tax Relief	266,709.00			266,709.00	
Energy Receipts Tax	18,900,121.00			18,900,121.00	
Payments in Lieu of Taxes - Low Cost Housing	223,000.00			223,000.00	
Reimbursement for Administrative Service:					
Free Public Library	74,000.00			74,000.00	
Sewer Operating Fund	680,000.00			680,331.00	331.00
Uniform Construction Code Fees	2,389,950.00			1,696,081.00	(693,869.00)
Developers Escrow - Engineering & Planning Staff	121,250.00			124,442.19	3,192.19
Special Items:					
Sustainable Jersey Grant		2,000.00		2,000.00	
Safe and Secure Communities	55,415.00			55,415.00	
Recycling Tonnage Grant		127,490.79		127,490.79	
Fugitive Task Force	9,109.92			9,109.92	
2012 Roadway Improvement - Klockner Road		220,000.00		220,000.00	
Regional Trails	19,100.00			19,100.00	
Recycling Tonnage Grant	9.34			9.34	
Clean Communities	142,745.32			142,745.32	
NJ FY 2012 NNL Turnpike Phase II		612,374.00		612,374.00	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-2
Page 2 of 4

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	ANTICIPATED				
	2012 BUDGET	N.J.S.A. 40A:4-87	REALIZED		EXCESS OR (DEFICIT)
Miscellaneous Revenues (Cont'd.):					
Special Items (cont'd):					
Municipal Alliance	\$ 78,731.00	\$	\$ 78,731.00		
Drive Sober or Get Pulled Over	5,000.00	4,400.00	9,400.00		
2011 Emergency Management Performance	5,000.00		5,000.00		
2012 Sustainable Land Use Planning Grant		2,500.00	2,500.00		
Municipal Court Alcohol Education		11,548.09	11,548.09		
Edward Byrne Memorial Justice Grant		29,101.00	29,101.00		
Edward Byrne Memorial Justice Grant		19,692.00	19,692.00		
Edward Byrne Memorial Justice Grant		24,220.00	24,220.00		
State Body Armor		15,386.18	15,386.18		
Septemberfest Sponsorships and Vendor Fees	80,000.00		76,015.00		(3,985.00)
HUD Administrative Reimbursements & HCVP	46,000.00		46,000.00		
Reserve for State Aid Received CY 2011	880,678.00		880,678.00		
Reserve for Proceeds Sale of Municipal Assets	94,357.07		94,357.07		
Reserve for Future Debt Service	107,612.41		107,612.41		
American Metro - Payment in Lieu of Taxes	391,000.00		391,000.00		
	28,264,788.06	1,068,712.06	28,621,319.62		(712,180.50)
Total Miscellaneous Revenues					
Receipts from Delinquent Taxes	913,827.91		566,516.11		(347,311.80)
Amount to be Raised by Taxation for Support of Municipal Budget:					
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	58,840,987.63		59,788,955.72		947,968.09
Local Tax for Municipal Library	3,037,370.00		3,037,370.00		
	61,878,357.63		62,826,325.72		947,968.09
Total Amount to be Raised By Taxation					
Budget Totals	98,086,244.42	1,068,712.06	99,043,432.27		-111,524.21
Non-Budget Revenues			2,500,135.73		
	\$ 98,086,244.42	\$ 1,068,712.06	\$ 101,543,568.00		

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-2
Page 3 of 4

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Analysis of Non-Budget Revenues:

Hotel Fees	\$ 110,986.46
Other Divisions	200,678.61
Copy Fees	3,463.22
Cellular Tower Rentals	1,604,199.56
Rentals	6,300.00
Developers Escrow Reimb. PW Inspections	142,970.88
Recycling	8,120.74
Fall Fest	2,455.00
Winter Wonderland	1,250.00
Ecological Facility Lease payments	95,000.04
FEMA Reimbursement	1,186.50
Health Services	4,113.70
NFS Bad Checks	2,880.00
Other	130,414.49
Restitution	1,887.04
Plans/Specifications	8,870.00
Golf Center	113,020.00
Azalea Fest	4,295.00
Sayen House and Gardens	56,651.91
Kuser, Bromley and Misc. Festivals	<u>1,392.58</u>
	\$ <u><u>2,500,135.73</u></u>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection:

Revenue from Collection:

Collections by Cash:

Year 2012	222,516,971.38
Year 2011	1,195,227.14
Homestead Rebate	4,909,110.65
Sr. Cit. & Vet. Deduction	
Reimbursement	<u>1,421,326.61</u>

\$ 230,042,635.78

Allocated to:

School, County and Special
District Taxes

168,516,310.06

61,526,325.72

Add: Reserve for Uncollected Taxes

1,300,000.00

\$ 62,826,325.72

Receipts from Delinquent Taxes:

Delinquent Tax Collection
Tax Title Lien Collection

\$ 305,975.45

260,540.66

\$ 566,516.11

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 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	\$ 326,100.00	\$ 326,100.00	\$ 288,610.67	\$	\$ 37,489.33	\$
Other Expenses	22,449.00	22,449.00	15,610.88	646.99	6,191.13	
Township Council						
Salaries and Wages	80,015.00	80,015.00	73,099.87		6,915.13	
Other Expenses	10,994.00	52,994.00	10,113.57	25,273.83	17,606.60	
Office of the Municipal Clerk						
Salaries and Wages	312,108.00	312,108.00	299,392.28		12,715.72	
Other Expenses	63,545.00	63,545.00	47,777.51	1,085.08	14,682.41	
<u>DEPARTMENT OF ADMINISTRATION:</u>						
Business Administrator						
Salaries and Wages	212,103.00	212,103.00	204,968.12		7,134.88	
Other Expenses	7,159.00	7,159.00	5,286.47	139.00	1,733.53	
Human Resources						
Salaries and Wages	223,521.00	223,521.00	216,270.55		7,250.45	
Other Expenses	26,860.00	26,860.00	22,547.58	587.81	3,724.61	
Training	25,000.00	3,000.00	1,811.77		1,188.23	
Division of Budget and Purchasing						
Salaries and Wages	463,115.00	465,615.00	454,736.49		10,878.51	
Other Expenses	35,663.00	33,163.00	27,693.33	763.11	4,706.56	
Postage Costs	169,677.00	169,677.00	159,605.42		10,071.58	
<u>DEPARTMENT OF FINANCE:</u>						
Financial Administration:						
Salaries and Wages	279,749.00	279,749.00	267,153.86		12,595.14	
Other Expenses	59,800.00	139,800.00	92,701.13	785.57	46,313.30	
Annual Audit	80,823.00	80,823.00	80,823.00			
Division of Assessments						
Salaries and Wages	401,063.00	401,263.00	391,903.35		9,359.65	
Other Expenses	34,350.00	34,150.00	24,766.96	1,413.02	7,970.02	
Division of Revenue Collection						
Salaries and Wages	526,156.00	526,156.00	504,404.45		21,751.55	
Other Expenses	105,200.00	105,200.00	88,340.20	396.57	16,463.23	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED			UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
<u>DEPARTMENT OF LAW:</u>						
Legal Services						
Salaries and Wages	\$ 279,646.00	\$ 279,646.00	\$ 271,637.63	\$	\$ 8,008.37	\$
Other Expenses	92,600.00	89,100.00	45,504.71	1,049.70	42,545.59	
Municipal Prosecutor						
Salaries and Wages	88,400.00	91,900.00	89,601.58		2,298.42	
Municipal Court						
Salaries and Wages	1,055,534.00	1,055,534.00	987,348.03		68,185.97	
Other Expenses	70,533.00	70,533.00	48,641.31	3,015.52	18,876.17	
Public Defender						
Salaries and Wages	59,467.00	59,467.00			59,467.00	
<u>DEPARTMENT OF ENGINEERING, PLANNING AND INSPECTIONS:</u>						
Division of Engineering						
Salaries and Wages	462,345.00	442,345.00	402,285.51		40,059.49	
Other Expenses	157,495.00	157,495.00	65,985.49	43,109.95	48,399.56	
Community Planning & Compliance						
Salaries and Wages	525,739.00	533,239.00	517,533.51		15,705.49	
Other Expenses	72,042.50	64,542.50	38,049.77	177.50	26,315.23	
Zoning Board						
Salaries and Wages	80,180.00	82,180.00	78,877.65		3,302.35	
Other Expenses	21,300.00	19,300.00	14,880.00		4,420.00	
Affordable Housing						
Salaries and Wages	262,608.00	262,608.00			262,608.00	
Office on Housing Inspections						
Salaries and Wages	373,898.00	373,898.00	342,218.29		31,679.71	
Other Expenses	20,693.00	20,693.00	15,759.64	1,373.00	3,560.36	
Uniform Construction Code						
Salaries and Wages	1,275,971.00	1,275,971.00	1,159,403.18		116,567.82	
Other Expenses	692,384.00	692,384.00	615,869.53	5,530.34	70,984.13	
<u>DEPARTMENT OF ECONOMIC DEVELOPMENT</u>						
Salaries and Wages	426,678.00	426,678.00	396,052.69		30,625.31	
Other Expenses	216,052.00	216,052.00	113,071.94	50,936.54	52,043.52	
<u>DEPARTMENT OF PUBLIC SAFETY:</u>						
Police Division						
Salaries and Wages	21,370,901.00	21,720,901.00	21,247,937.69		472,963.31	
Other Expenses	731,840.00	711,840.00	521,865.52	115,119.87	74,854.61	
Office of Emergency Management						
Other Expenses	11,355.00	11,355.00	5,468.57	897.66	4,988.77	
Purchase of Police Cars (15)	305,690.00	305,690.00		305,690.00		

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 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	\$ 4,208,893.40	\$ 4,033,893.40	\$ 3,789,138.20	\$	\$ 244,755.20	\$
Other Expenses	595,038.00	595,038.00	391,346.29	38,938.66	164,753.05	
Other Public Works Functions						
Salaries and Wages	168,554.00	168,554.00	154,738.14		13,815.86	
Other Expenses	22,210.00	22,210.00	5,800.65	5,534.58	10,874.77	
Division of Buildings and Grounds						
Salaries and Wages	1,994,721.00	1,809,721.00	1,743,036.65		66,684.35	
Other Expenses	444,338.00	474,338.00	407,264.64	30,682.43	36,390.93	
Solid Waste Collection & Recycling						
Salaries and Wages	95,026.00	95,026.00	74,681.47		20,344.53	
Other Expenses	3,873,065.00	3,734,065.00	3,421,525.19	173,837.51	138,702.30	
Maintenance of Motor Vehicles						
Salaries and Wages	1,155,099.00	1,155,099.00	1,092,076.53		63,022.47	
Other Expenses	578,156.00	708,156.00	567,268.63	57,855.50	83,031.87	
Landfill/Solid Waste Disposal Costs	5,318,694.00	5,318,694.00	4,570,623.76		748,070.24	
Maintenance of Parks						
Salaries and Wages	2,757,578.00	2,713,578.00	2,668,381.03		45,196.97	
Other Expenses	274,287.00	324,287.00	230,143.97	40,543.41	53,599.62	
Division of Citizen Response						
Salaries and Wages	264,937.00	264,937.00	245,814.62		19,122.38	
Other Expenses	14,425.00	14,425.00	1,931.48	235.85	12,257.67	
<u>DEPARTMENT OF HEALTH, RECREATION AND WELFARE:</u>						
Public Health Services						
Salaries and Wages	792,693.00	792,693.00	769,306.06		23,386.94	
Other Expenses	175,215.00	175,215.00	130,896.34	8,413.03	35,905.63	
Environmental Health Services						
Salaries and Wages	352,353.00	355,353.00	347,310.02		8,042.98	
Other Expenses	26,750.00	26,750.00	6,741.58	250.00	19,758.42	
Animal Control Services						
Salaries and Wages	249,945.00	244,645.00	229,671.17		14,973.83	
Other Expenses	48,200.00	53,500.00	45,838.66	6,426.81	1,234.53	
Division of Recreation						
Salaries and Wages	601,851.00	601,851.00	573,695.67		28,155.33	
Other Expenses	323,385.00	323,385.00	235,560.30	29,388.46	58,436.24	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
DEPARTMENT OF HEALTH, RECREATION AND WELFARE (CONT'D.):						
Office of Sr. Citizens Programs						
Salaries and Wages	\$ 390,731.00	\$ 390,731.00	\$ 353,185.38	\$	\$ 37,545.62	\$
Other Expenses	146,655.00	146,655.00	107,819.27	27,020.23	11,815.50	
SEPARATE BOARDS AND AGENCIES:						
Environmental Commission (N.J.S.A. 40:56A-81 et seq.)						
Salaries and Wages	750.00	750.00	700.00		50.00	
Other Expenses	5,430.00	5,430.00	280.00	5,000.00	150.00	
Zoning Board of Adjustment						
Other Expenses	31,500.00	31,500.00	17,227.70	320.16	13,952.14	
Economic Development Commission						
Salaries and Wages	750.00	750.00	700.00		50.00	
Other Expenses	3,300.00	3,300.00	2,528.00		772.00	
Planning Board						
Other Expenses	47,532.00	47,532.00	18,230.22	83.32	29,218.46	
Board of Public Officers						
Salaries and Wages	500.00	500.00	200.00		300.00	
Other Expenses	12,070.00	12,070.00	45.82		12,024.18	
Aid to Museum (N.J.S.A. 40:23-6.22)	6,550.00	6,550.00	6,550.00			
Center for the Physically Limited (N.J.S.A. 40:13)	19,396.00	19,396.00	19,396.00			
First Aid Organizations - Contributions	40,000.00	40,000.00	40,000.00			
Construction Board of Appeals						
Salaries and Wages	200.00	200.00	150.00		50.00	
Other Expenses	145.00	145.00			145.00	
Neighborhood Service Center - Contributions	10,000.00	10,000.00	10,000.00			
Redevelopment Board						
Salaries and Wages	200.00	200.00	150.00		50.00	
Other Expenses	11,260.00	11,260.00	900.00		10,360.00	
Shade Tree Commission						
Salaries and Wages	575.00	575.00	300.00		275.00	
Other Expenses	325.00	325.00	123.76		201.24	
Parks and Recreation Commission						
Salaries and Wages	200.00	200.00	100.00		100.00	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 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	575.00	575.00	75.00		500.00
Other Expenses	150.00	150.00			150.00
Cable Television Advisory Commission					
Salaries and Wages	500.00	500.00	100.00		400.00
Public Safety Commission					
Salaries and Wages	200.00	200.00			200.00
Special Needs Commission					
Salaries and Wages	500.00	500.00	300.00		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	3,517,172.00	3,517,172.00	3,180,287.90	34,017.85	302,866.25
Retirement Payouts	400,000.00	400,000.00	400,000.00		
Other Insurance General Liability	391,099.00	391,099.00	391,099.00		
Group Insurance	14,551,721.62	14,471,721.62	14,471,721.62		
Self Insurance	921,080.50	921,080.50	921,080.50		
Condominium Services Act	50,000.00	50,000.00	955.99		49,044.01
Total Operations Within "CAPS"	<u>77,030,282.02</u>	<u>77,030,282.02</u>	<u>71,902,606.91</u>	<u>1,016,538.86</u>	<u>4,111,136.25</u>
 <u>DETAIL:</u>					
Salaries and Wages	42,260,020.40	42,199,420.40	40,637,245.34		1,562,175.06
Other Expenses	<u>34,770,261.62</u>	<u>34,830,861.62</u>	<u>31,265,361.57</u>	<u>1,016,538.86</u>	<u>2,548,961.19</u>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED
			PAID OR CHARGED	ENCUMBERED	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":					
Deferred Charges:					
Deficit in Reserve	29,270.82	29,270.82	29,270.82		
Statutory Expenditures:					
Contributions to:					
Public Employees Retirement System	2,520,395.00	2,520,395.00	2,520,395.00		
Social Security System (O.A.S.I.)	2,067,920.00	2,067,920.00	1,954,651.64		113,268.36
DCRP	15,000.00	15,000.00	12,612.01		2,387.99
Police and Firemen's Retirement Sys. of NJ	4,258,066.00	4,258,066.00	4,258,066.00		
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	8,890,651.82	8,890,651.82	8,774,995.47		115,656.35
Total General Appropriations for Municipal Purposes Within "CAPS"	85,920,933.84	85,920,933.84	80,677,602.38	1,016,538.86	4,226,792.60
<u>Operations Excluded from "CAPS"</u>					
Maintenance of Free Public Library	3,037,370.00	3,037,370.00	3,037,370.00		
Police Dispatch/911					
Salaries and Wages	1,008,454.00	1,008,454.00	955,927.71		52,526.29
Other Expenses	15,500.00	15,500.00	12,254.66	795.00	2,450.34
Supplemental Fire Services Program	127,790.00	127,790.00	127,790.00		
<u>STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES:</u>					
Edward Byrne Memorial Justice Grant		29,101.00	29,101.00		
Edward Byrne Memorial Justice Grant		19,692.00	19,692.00		
Safe and Secure Communities	55,415.00	55,415.00	55,415.00		
Edward Byrne Memorial Justice Grant		24,220.00	24,220.00		
NJ Dot Klockner Rd.		220,000.00	220,000.00		
Recycling Tonnage Grant	9.34	9.34	9.34		
Alcohol Ed. And Rehab		11,548.09	11,548.09		
Municipal Alliance 2012	78,731.00	78,731.00	78,731.00		
Emergency Mgt. Perf. Grant 2011	5,000.00	5,000.00	5,000.00		
NNL Turnpike Phase II		612,374.00	612,374.00		
Recycling Tonnage		127,490.79	127,490.79		
Sustainable Jersey Crop Grant		2,000.00	2,000.00		
Recreational Trails Grant	19,100.00	19,100.00	19,100.00		
Body Armor Grant		15,386.18	15,386.18		
Drive Sober or Get Pulled Over	5,000.00	9,400.00	9,400.00		
Clean Communities	142,745.32	142,745.32	142,745.32		
2012 Sustainable Land Use Planning Grant		2,500.00	2,500.00		
Fugitive Task Force	9,109.92	9,109.92	9,109.92		
Matching Funds for Grants	25,000.00	25,000.00	19,683.00		5,317.00
Total Operations Excluded from "CAPS"	4,529,224.58	5,597,936.64	5,536,848.01	795.00	60,293.63
<u>DETAIL:</u>					
Salaries and Wages	1,008,454.00	1,008,454.00	955,927.71		52,526.29
Other Expenses	3,520,770.58	4,589,482.64	4,580,920.30	795.00	7,767.34

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	EXPENDED		UNEXPENDED BALANCE CANCELLED	
			PAID OR CHARGED	ENCUMBERED		RESERVED
<u>STATE AND FEDERAL PROGRAMS</u>						
<u>OFF-SET BY REVENUES:</u>						
<u>CAPITAL IMPROVEMENTS</u>						
<u>EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	379,150.00	379,150.00	379,150.00			
Total Capital Improvements Excluded from "CAPS"	379,150.00	379,150.00	379,150.00			
<u>MUNICIPAL DEBT SERVICE</u>						
<u>EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	3,537,000.00	3,537,000.00	3,537,000.00			
Interest on Bonds	1,862,527.00	1,862,527.00	1,862,525.36		1.64	
Interest on Notes	160,475.00	160,475.00	160,475.00			
Green Trust Loan Program						
Payment of Principal	42,754.00	42,754.00	42,753.07		0.93	
Payment of Interest	9,674.00	9,674.00	9,673.34		0.66	
NJEITF						
Payment of Principal	288,310.00	288,310.00	271,693.65		16,616.35	
Payment of Interest	56,196.00	56,196.00	55,449.32		746.68	
Total Municipal Debt Service Excluded from "CAPS"	5,956,936.00	5,956,936.00	5,939,569.74		17,366.26	
Total General Appropriations for Municipal Excluded from "CAPS"	10,865,310.58	11,934,022.64	11,855,567.75	795.00	60,293.63	17,366.26
Subtotal General Appropriations	96,786,244.42	97,854,956.48	92,533,170.13	1,017,333.86	4,287,086.23	17,366.26
Reserve for Uncollected Taxes	1,300,000.00	1,300,000.00	1,300,000.00			
Total General Appropriations	\$ 98,086,244.42	\$ 99,154,956.48	\$ 93,833,170.13	\$ 1,017,333.86	\$ 4,287,086.23	\$ 17,366.26
Adopted Budget		\$ 98,086,244.42				
Appropriated N.J.S.A. 40A:4-87		1,068,712.06				
		\$ 99,154,956.48				
Disbursed			\$91,129,664.49			
State & Federal Grants Appropriated			1,403,505.64			
Reserve for Uncollected Taxes			1,300,000.00			
			\$93,833,170.13			

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - B
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TRUST FUND
 STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2012</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2012</u>
Trust Assessment Fund:		Trust Assessment Fund:	
Assessments Receivable	\$ 1,229,047.88	Prepaid Assessments	\$ 9,332.15
Assessment Liens, Interest & Costs	899.49	Due to Current Fund	17,758.05
Prospective Assessments Funded	<u>2,267,073.50</u>	Reserve for Assessments, Liens and Assessment Lien Interest and Costs	2,056,928.67
Total Trust Assessment Fund	<u>3,497,020.87</u>	Serial Bonds Payable	1,413,000.00
		Fund Balance	<u>2.00</u>
		Total Trust Assessment Fund	<u>3,497,020.87</u>
Dog License Trust Fund:		Dog License Trust Fund:	
Cash and Investments - Treasurer	<u>44,296.52</u>	Due to State of New Jersey	69.00
Total Dog License Trust Fund	<u>44,296.52</u>	Due to Current Fund	7,979.72
		Reserve	28,940.80
		Escrow	<u>7,307.00</u>
		Total Dog License Trust Fund	<u>44,296.52</u>
Trust-Other Fund:		Trust-Other Fund:	
Cash and Investments - Treasurer	<u>14,151,438.66</u>	Due to General Capital Fund	300,000.00
Total Trust-Other Fund	<u>14,151,438.66</u>	Escrow Funds	4,772,246.32
Housing and Community Development Act of 1974:		Performance Guarantees	1,815,896.05
Cash and Investments - Treasurer	54,364.19	Reimbursable Temp. CO	62,237.75
Accts. Receivable - U.S. Dept. of Housing and Urban Develop.	<u>297,220.24</u>	Deposits for Tax Sale Redemp./Premiums	1,310,426.82
Total Housing and Community Development Act of 1974	<u>351,584.43</u>	Due to State Marriage Licenses	12,775.00
		Developers Escrow	1,117,537.88
		Dedicated Law Enfor. Trust Fund	106,898.92
		Affordable Housing	2,459,666.59
		Flexible Spending Account	14,212.85
		Unemployment Trust	207,907.79
		Insurance Trust Reserve	217,030.66
		Utilities Trust Reserve	99,625.72
		Off-Duty Police	1,010,464.44
		Payroll Deductions Payable	<u>644,511.87</u>
		Total Trust-Other Fund	<u>14,151,438.66</u>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

TRUST FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2012</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2012</u>
Self-Insurance Trust Fund:		Housing & Community Development	
Cash and Invest. - Treasurer	\$ <u>4,715.91</u>	Act of 1974:	
Total Self Insurance Trust Fund	<u>4,715.91</u>	Due to Current Fund	5,061.72
HUD Housing Voucher Trust Fund:		Reserve for Commun. Develop. Blk.	
Cash and Invest. - Treasurer	<u>612,286.02</u>	Grant Projects	\$ <u>346,522.71</u>
Total HUD Housing Voucher Trust Fund	<u>612,286.02</u>	Total Housing & Community	
		Development Act of 1974	<u>346,522.71</u>
		Self-Insurance Trust Fund:	
		Reserve for Insurance Claims:	
		Worker's Compensation	<u>4,715.91</u>
		Total Self Insurance Trust Fund	<u>4,715.91</u>
		HUD Housing Voucher Trust Fund:	
		Reserve for HUD Housing Voucher	
		Program Expenditures	<u>612,286.02</u>
		Total HUD Housing Voucher Trust Fund	<u>612,286.02</u>
Total Trust Funds	\$ <u><u>18,661,342.41</u></u>	Total Trust Funds	\$ <u><u>18,656,280.69</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

STATEMENT OF REVENUES
TRUST ASSESSMENT FUND

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

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

STATEMENT OF EXPENDITURES
TRUST ASSESSMENT FUND

	<u>BUDGET</u> <u>APPROPRIATION</u>	<u>EXPENDED</u>
Payment of Bond Principle	<u>\$110,000.00</u>	<u>\$110,000.00</u>
Reserve for Prospective Assessment Funded - Ord. 04-036		<u>\$110,000.00</u>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
ANIMAL CONTROL FUND
FOR THE YEAR ENDED DECMEBER 31, 2012

REF.

Balance - December 31, 2011		\$30,616.80
Increased by:		
2012 Dog License Fees	\$25,359.20	
Dog Redemption Fees	2,569.34	
Adoption Fees	4,238.00	
Late Fees	2,441.00	
Miscellaneous Fees	<u>2,726.00</u>	
		<u>37,333.54</u>
		67,950.34
Decreased by:		
Expenditures per R.S. 4:19-15.11	1,759.00	
Due to Current Fund	<u>37,250.54</u>	
		<u>39,009.54</u>
Balance - December 31, 2012		<u><u>\$28,940.80</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
TY 2010	2,250.80
2011	<u>26,690.00</u>
	<u><u>\$28,940.80</u></u>

Note: R.S. 4:19-15.11

". . .there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding".

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2012</u>
Cash and Investments - Treasurer	\$ 12,318,007.64
Due from State of NJ DOT	296,229.42
Due from Open Space Trust Fund	300,000.00
Deferred Charges to Future Taxation:	
Funded	48,230,129.42
Unfunded	<u>37,749,289.40</u>
	<u>\$ 98,893,655.88</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
General Serial Bonds	\$ 43,981,000.00
Bond Anticipation Notes	22,749,658.00
Environmental Infrastructure Loan	3,797,579.96
Green Trust Project Loan Payable	451,549.46
Reserve for Encumbrances	2,530,024.76
Due to Grant Fund	65,189.09
Improvement Authorizations:	
Funded	2,490,067.86
Unfunded	22,826,113.78
Fund Balance	<u>2,472.97</u>
	<u>\$ 98,893,655.88</u>

There were Bonds and Notes Authorized but not Issued
 in the amount of \$14,999,631.40.

Note: See Notes to Financial Statements

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, 2012

	<u>REF.</u>	
Balance - Dec. 31, 2011	C	\$ 1,505.00
Increased by:		
Premium on Sale of BANS	C- 2	<u>41,317.00</u>
		42,822.00
Decreased by:		
Appropriated to Fund Improvement Authorizations		<u>40,349.03</u>
Balance - Dec. 31, 2012	C	<u><u>\$ 2,472.97</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY
 SEWER UTILITY FUND
 STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2012

<u>ASSETS</u>	<u>BALANCE</u> <u>'DEC. 31, 2012</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> <u>'DEC. 31, 2012</u>
Operating Fund:		Operating Fund:	
Cash and Investments - Treasurer	\$ <u>6,458,668.22</u>	Liabilities:	
	<u>6,458,668.22</u>	Sewer Rent Overpayments	\$ 1,887.15
Receivables With Offsetting Reserves:		Prepaid Sewer Rents	1,305,333.52
Sewer Rents Receivable	40,173.70	Appropriation Reserves	935,761.36
Sewer Rent Liens Receivable	<u>109,767.19</u>	Reserve for Encumbrances	513,492.03
	<u>149,940.89</u>	Due to Sewer Capital Fund	173,349.54
		Accrued Interest on Bonds & Notes	<u>618,298.54</u>
Total Operating Fund	<u>6,608,609.11</u>	Reserve for Receivables	149,940.89
Capital Fund:		Fund Balance	<u>2,910,546.08</u>
Cash and Investments - Treasurer	5,524,944.28	Total Operating Fund	<u>6,608,609.11</u>
Due from Sewer Operating Fund	173,349.54	Capital Fund:	
Account Receivable - State	8,650.65	Serial Bonds	29,510,000.00
Fixed Capital	124,323,510.98	Bond Anticipation Notes	16,987,000.00
Fixed Capital - Auth. and Uncompl.	<u>41,827,427.66</u>	EIT Loan Payable	439,069.69
Total Capital Fund	<u>171,857,883.11</u>	Reserve for Encumbrances	2,849,684.46
		Improvement Authorizations:	
		Funded	810,136.62
		Unfunded	19,601,536.81
		Reserve for:	
		Future Debt Service	450,945.14
		Capital Improvement Fund	192,775.00
		Deferred Reserve for Amortization	2,307,834.71
		Reserve for Amortization	98,708,194.30
		Fund Balance	<u>706.38</u>
		Total Capital Fund	<u>171,857,883.11</u>
Sewer Assessment Fund:		Sewer Assessment Fund:	
Cash and Investments - Treasurer	<u>467.10</u>	Fund Balance	<u>467.10</u>
Total Sewer Assessment Fund	<u>467.10</u>	Total Sewer Assessment Fund	<u>467.10</u>
Total Sewer Utility Fund	\$ <u>178,466,959.32</u>	Total Sewer Utility Fund	\$ <u>178,466,959.32</u>

There were Bonds and Notes Authorized but not Issued on December 31, 2012 of \$19,372,271.67.

Note: See Notes to Financial Statements

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 YEAR ENDED DECEMBER 31, 2012

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>YEAR 2012</u>
Fund Balance Utilized	\$ 1,100,000.00
Sewer Rents	14,473,731.88
Fees and Permits	373,637.25
Additional Sewer Rents - Interlocal	417,776.06
Miscellaneous	121,952.64
Unexpended Balance of Approp. Reserves Lapsed	<u>1,063,370.33</u>
Total Revenues	<u>17,550,468.16</u>
<u>EXPENDITURES</u>	
Budget Appropriations:	
Operating	12,527,902.45
Capital Improvements	310,000.00
Debt Service	3,095,371.21
Deferred Charges	38,101.93
Statutory Expenditures	723,974.05
Refund of Prior Years Revenue	<u>17,055.09</u>
Total Expenditures	<u>16,712,404.73</u>
Excess(deficit) in Revenues	<u>838,063.43</u>
<u>FUND BALANCE</u>	
Balance - January 1	<u>3,172,482.65</u>
	4,010,546.08
Decreased by:	
Utilized in Sewer Operating Budget	<u>1,100,000.00</u>
Balance - December 31	<u>\$ 2,910,546.08</u>

Note: See Notes to Financial Statements

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, 2012

Balance - December 31, 2011	\$	706.38
Balance - December 31, 2012	\$	<u>706.38</u>

Exhibit - D-3

SEWER UTILITY ASSESSMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

Balance - December 31, 2011	\$	467.10
Balance - December 31, 2012	\$	<u>467.10</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Operating Fund Balance			
Anticipated	\$ 1,100,000.00	\$ 1,100,000.00	
Sewer Rents	14,473,731.88	14,473,731.88	
Sewer Connection Fees	582,000.00	373,637.25	(208,362.75)
Additional Sewer Rents -Interlocal	592,700.00	417,776.06	(174,923.94)
Miscellaneous	<u>140,000.00</u>	<u>121,952.64</u>	<u>(18,047.36)</u>
	<u>\$ 16,888,431.88</u>	<u>\$ 16,487,097.83</u>	<u>\$ (401,334.05)</u>

Analysis of Realized

Revenues:

Sewer Rents:

Sewer Rents Receivable	\$ 13,193,445.85
Additional Sewer Rents -Interlocal	370,115.77
Sewer Rent Liens	66,093.93
Overpayments Applied	3,521.48
Prepaid Sewer Rents	<u>1,214,192.10</u>
	<u>\$ 14,847,369.13</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - D-5

SEWER UTILITY OPERATING FUND
STATEMENT EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operating:						
Salaries and Wages	\$ 4,446,258.00	\$ 4,446,258.00	\$ 3,961,955.09		\$ 484,302.91	
Other Expenses	5,098,505.00	5,098,505.00	4,407,261.56	403,338.05	287,905.39	
Group Insurance Plan for Employees	2,647,745.95	2,647,745.95	2,647,745.95			
Self-Insurance Program N.J.S.A. 40A:10-1 et seq.	235,428.50	235,428.50	235,428.50			
Other Insurance and Surety Bond Premiums	99,965.00	99,965.00	99,965.00			
Capital Improvements:						
Capital Outlay	310,000.00	310,000.00	61,808.83	110,153.98	138,037.19	
Debt Service:						
Payment of Bond Principal	1,578,000.00	1,578,000.00	1,578,000.00			
Interest on Bonds	1,359,847.00	1,359,847.00	1,231,554.06			128,292.94
Interest on Notes	321,597.00	321,597.00	265,031.84			56,565.16
EIT Loan Principal	24,477.09	24,477.09	18,137.66			6,339.43
Eit Loan Interest	4,532.36	4,532.36	2,647.65			1,884.71
Operating Deficit TY 2010	38,101.93	38,101.93	38,101.93			
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	387,837.00	387,837.00	387,837.00			
Social Security System (O.A.S.I.)	336,137.05	336,137.05	310,621.18		25,515.87	
Total Sewer Utility Appropriations	\$ 16,888,431.88	\$ 16,888,431.88	\$ 15,246,096.25	\$ 513,492.03	\$ 935,761.36	\$ 193,082.24
Disbursed			\$ 13,708,760.77			
Deferred Charges			38,101.93			
Accrued Interest on Bonds			1,499,233.55			
			<u>\$ 15,246,096.25</u>			

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

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

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

B. Description of Funds

The accounting policies of the Township of Hamilton conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Hamilton accounts for its financial transactions through the following separate funds:

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

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

- Dog License Trust Fund
- Unemployment Compensation Trust Fund
- Dedicated Law Enforcement Trust Fund
- Self-Insurance Trust Fund
- Affordable Housing Fund
- Other Dedicated Funds

NOTES TO FINANCIAL STATEMENTS

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

B. Description of Funds (cont'd)

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

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

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

Bond and Interest Fund - status of funds transferred to separate accounts for the purpose of paying matured bonds and notes, together with interest thereon.

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 Governmental Accounting Standards Board (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 general purpose financial statements required by GAAP.

NOTES TO FINANCIAL STATEMENTS

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

C. Basis of Accounting and Measurement Focus

The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus.

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of Management's Discussion and Analysis and government-wide financial statements, which are not presented in the accompanying regulatory basis financial statements prepared in accordance accounting principles prescribed by the Division. The other more significant differences between the reporting of Fund Financial Statements under GAAP and the regulatory basis are as follows:

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

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

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Township "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refers to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. Expenditures for compensated absences, i.e. accumulations of earned but unused vacations and sick leave, are recorded in the period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise fund (Sewer Utility Fund), on a full accrual basis. Expenditures for the costs of post-employment benefits other than pensions (other post-employment benefits or "OPEB") are recorded in the accounting period in which the payments are made. GAAP requires recognition of the actuarially determined estimated OPEB cost during the employment period of each employee, during which any OPEB benefit is earned.

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Compensated Absences - The Township has adopted a written policy procedure manual which sets forth the terms under which an employee may accumulate earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Township records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Sewer Utility) fund on a full accrual basis.

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

Sale of Municipal Assets - Cash proceeds from the sale of Township owned property may be realized as revenue or reserved until utilized as an item of revenue in a subsequent year budget. Year end balances of reserved proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of the sales contracts become legally enforceable.

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

Disclosures About Fair Value of Financial Instruments

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

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

Long-term Debt: The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is disclosed in Note 3 to the financial statements.

Recent Accounting Standards

GASB issued Statement No. 65, "Summary of Statement No. 65 Items Previously Reported as Assets and Liabilities" in March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

GASB issued Statement No. 66, "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62" in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and No. 62, "Codification of accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."

GASB issued Statement No. 67, "Financial Reporting for Pension Plans", and amendment to GASB Statement No. 25 in June 2012. The objective of this Statement is to improve the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assess accountability.

GASB issued Statement NO 68, "Accounting and Financial Reporting for Pensions: which amends GASB Statement No. 27. The objective of the Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations in January 2013. This Statement establishes account and financial reporting standards related to government combinations and disposals of government operations.

The Township does not prepare its financial statements in accordance with generally accepted accounting principles in the United States of America. The adoption of these new standards will not adversely effect the reporting of the Township's financial condition.

NOTES TO FINANCIAL STATEMENTS

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

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

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 not been shown in the financial statements of the Township of Hamilton.

Note 3: DEFERRED COMPENSATION PLAN

The Township of Hamilton, County of Mercer 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; P.L. 1980, C. 78; and P.L. 1997, C. 116 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 contractor to administer the plan.

The Township passed a resolution amending its plan in accordance with the amendments to Section 457 of the Code included in the Small Business Job Protection Act of 1996. This legislation eliminated provisions of the law that required compensation which was deferred under the plan to remain the assets of the employer. The Plan amendment specifies that Plan assets are to be held “for the exclusive benefit of Plan participants and their beneficiaries”. Accordingly, the financial statements of the Plan are not included in the Township’s financial statements for the year ending December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. Summary of Municipal Debt for Capital Projects

	<u>2012</u>	MEMORANDUM ONLY <u>2011</u>
<u>Issued:</u>		
General:		
Bonds & Notes	\$66,730,658.00	\$55,454,000.00
Green Trust Prog. Loans	451,549.46	494,302.53
Infrastructure Loan	3,797,579.96	4,061,412.69
Trust Assessment:		
Bonds & Notes	1,413,000.00	1,523,000.00
Sewer Utility:		
Bonds & Notes	46,497,000.00	48,075,000.00
Infrastructure Loan	<u>439,069.69</u>	<u>463,546.63</u>
 Total Debt Issued	 <u>119,328,857.11</u>	 <u>110,071,261.85</u>
 Less:		
Funds Temp. Held to Pay		
Bonds or Notes:		
General		
Sewer Util. - General	<u>450,945.14</u>	<u>277,595.60</u>
	<u>450,945.14</u>	<u>277,595.60</u>
 Net Debt Issued	 <u>118,877,911.97</u>	 <u>109,793,666.25</u>
 <u>Authorized but not Issued:</u>		
General:		
Bonds & Notes	23,045,536.40	15,928,194.40
Assessment:		
Bonds & Notes	95.00	95.00
Sewer Utility:		
Bonds & Notes	<u>14,999,631.40</u>	<u>14,372,271.67</u>
 Total Authorized but not Issued	 <u>38,045,262.80</u>	 <u>30,300,561.07</u>
 Net Bonds & Notes Issued and Authorized but not Issued	 <u>\$156,923,174.77</u>	 <u>\$140,094,227.32</u>

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

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

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2012:

	<u>2012</u>	MEMORANDUM ONLY <u>2011</u>
<u>General Debt</u>		
\$5,595,000 General Improvement Bonds (Pension Series) of 2003, due in annual installments of \$35,000 through \$575,000 through July 15, 2023, interest at 3.00% through 5.50%.	4,680,000.00	4,865,000.00
\$28,364,000 General Improvement Refunding Bonds of 2006 due in annual installments of \$125,000 through \$2,123,000 through August 1, 2025, interest at 4.00% through 4.125%.	21,875,000.00	23,147,000.00
\$5,041,000 General Improvement Refunding Bonds of 2009 due in annual installments of \$346,000 through \$1,130,000 through August 1, 2025, interest at 1.125% through 3.859%.	1,410,000.00	2,530,000.00
\$17,716,000 General Improvement Bonds of 2010, due in annual installments of \$850,000 through \$1,700,000 through Feb. 1, 2022, interest at 2.50% through 3.25%.	16,016,000.00	16,866,000.00
Green Trust Loans:		
\$115,841.25 Issac Pearson Acq., due in semi-annual installments of \$7,203.38 through March 6, 2022, interest at 2.00%.	62,042.72	67,916.98
\$461,600 Veterans Park., due in semi-annual installments of \$28,703.76 through March 6, 2022, interest at 2.00%.	247,226.31	270,633.86
\$265,655 Tyndale Farm Acq., due in semi-annual installments of \$16,519.28 through March 6, 2022, interest at 2.00%.	142,280.43	155,751.69
\$1,435,000 Infrastructure Loan, due in annual installments of \$50,000 through \$110,000 through August 1, 2025 interest at 4.00% to 4.375%	1,105,000.00	1,165,000.00
\$4,028,778 Infrastructure Loan, Principal Only - due in semi-annual installments of \$4,408.24 to \$205,928.29 through August 1, 2026.	2,692,579.96	2,896,412.69

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

A. <u>Summary of Municipal Debt for Capital Projects (Cont'd.)</u>	MEMORANDUM ONLY	
<u>General Debt (cont.d):</u>		
Bond Anticipation Notes, date of original issue June 15, 2011, due date June 15, 2013, interest rate of 2.00%.	8,046,000.00	8,046,000.00
Bond Anticipation Notes, date of original issue November 20, 2012, due date June 30, 2013, interest rate of 1.00%	14,703,658.00	
\$1,523,000 Assessment Bonds of 2010, due in annual installments of \$103,000 through \$110,000 through Feb. 1, 2025, interest at 3.00% through 3.625%.	<u>1,413,000.00</u>	<u>1,523,000.00</u>
Total General Debt	<u>72,392,787.42</u>	<u>61,532,715.22</u>
<u>Utility Debt</u>		
\$22,815,000 Sewer Utility Bonds of 2005, due in annual installments of \$227,000 through \$2,008,000 through August 1, 2009 interest at 4.00% through 4.25%.	20,392,000.00	21,169,000.00
\$4,320,000 Sewer Utility Refunding Bonds of 2005, due in annual installments of \$41,000 through \$381,000 through August 1, 2009 interest at 4.60% through 4.25%	3,866,000.00	4,012,000.00
\$2,175,000 Sewer Utility Refunding Bonds of 2009, due in annual installments of \$275,000 through \$510,000 through September 1, 2014 interest at 1.125% through 4.00%	400,000.00	910,000.00
\$5,142,000 Sewer Utility Bonds of 2010, due in annual installments of \$145,000 through \$287,000 through March 1, 2035 interest at 2.50% through 4.30%	4,852,000.00	4,997,000.00
Bond Anticipation Notes, date of original issue June 15, 2011, due date June 13, 2013, interest rate of 1.50%.	2,300,000.00	2,300,000.00
Bond Anticipation Notes, date of original issue June 15, 2011, due date June 13, 2013, interest rate of 1.25%.	14,687,000.00	14,687,000.00
\$126,650.65 Infrastructure Loan, due in annual installments of \$5,425.45 through \$8,841.65 through August 1, 2029 interest at 4.00% to 4.375%	115,766.11	121,225.20
\$355,000 Infrastructure Loan, Principal Only - due in semi-annual installments of \$19,017.85 through August 1, 2029	<u>323,303.58</u>	<u>342,321.43</u>
Total Utility Debt	<u>46,936,069.69</u>	<u>48,538,546.63</u>
Total Debt Issued and Outstanding	<u>\$119,328,857.11</u>	<u>\$110,071,261.85</u>

NOTES TO FINANCIAL STATEMENTS

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

SFY Year	GENERAL*		SEWER UTILITY		TOTAL	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2013	\$3,524,109.13	\$1,790,683.28	\$1,452,523.89	\$1,202,931.42	\$4,976,633.02	\$2,993,614.70
2014	4,383,191.74	1,654,850.73	1,922,587.21	1,147,872.10	6,305,778.95	2,802,722.83
2015	3,809,673.97	1,502,828.20	1,782,673.53	1,073,914.78	5,592,347.50	2,576,742.98
2016	3,959,616.60	1,370,868.77	1,847,783.25	1,005,035.06	5,807,399.85	2,375,903.83
2017	4,073,051.13	1,233,363.03	1,913,914.71	933,458.60	5,986,965.84	2,166,821.63
2018	4,198,664.38	189,332.23	1,984,066.26	859,247.06	6,182,730.64	1,048,579.29
2019	4,337,563.88	937,182.58	2,059,232.59	782,042.60	6,396,796.47	1,719,225.18
2020	4,469,933.56	802,965.22	2,149,415.92	697,114.26	6,619,349.48	1,500,079.48
2021	4,419,093.80	612,967.92	2,234,616.82	608,533.98	6,653,710.62	1,221,501.90
2022	4,526,855.55	450,415.49	2,319,832.61	516,266.95	6,846,688.16	966,682.44
2023	2,940,447.08	311,783.31	2,420,068.40	420,101.80	5,360,515.48	731,885.11
2024	2,454,592.07	188,400.11	2,515,322.22	319,599.85	4,969,914.29	507,999.96
2025	2,546,336.53	94,253.13	2,625,592.48	214,740.84	5,171,929.01	308,993.97
2026			246,880.32	104,989.25	246,880.32	104,989.25
2027			252,186.95	96,198.24	252,186.95	96,198.24
2028			262,512.90	86,812.92	262,512.90	86,812.92
2029			277,859.63	76,766.32	277,859.63	76,766.32
2030			260,000.00	66,036.00	260,000.00	66,036.00
2031			270,000.00	55,104.75	270,000.00	55,104.75
2032			285,000.00	43,408.50	285,000.00	43,408.50
2033			290,000.00	31,046.00	290,000.00	31,046.00
2034			290,000.00	18,576.00	290,000.00	18,576.00
2035			287,000.00	6,170.50	287,000.00	6,170.50
TOTAL	<u>\$49,643,129.42</u>	<u>\$11,139,894.00</u>	<u>\$29,949,069.69</u>	<u>\$10,365,967.78</u>	<u>\$79,592,199.11</u>	<u>\$21,505,861.78</u>

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

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

C. Summary of Statutory Debt Condition - Annual Debt Statements

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

2012

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$42,570,000.00	\$42,570,000.00	\$
Sewer Utility Debt	66,314,680.64	66,314,680.64	
General Debt	<u>87,384,557.99</u>		<u>87,384,557.99</u>
	<u>\$196,269,238.63</u>	<u>\$108,884,680.64</u>	<u>\$87,384,557.99</u>

Net Debt \$87,384,557.99 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$9,050,138,527 = 0.966 %.

EQUALIZED VALUATION BASIS

2010 Equalized Valuation Basis of Real Property	\$9,803,644,360.00
2011 Equalized Valuation Basis of Real Property	9,094,338,898.00
2012 Equalized Valuation Basis of Real Property	<u>8,252,432,323.00</u>
Average Equalized Valuation	<u>9,050,138,527.00</u>

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

3 1/2% of Equalized Valuation Basis Municipal Net Debt	316,754,848.45
	<u>87,384,557.99</u>
Remaining Borrowing Power	<u><u>\$229,370,290.46</u></u>

NOTES TO FINANCIAL STATEMENTS

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTD.)

2011

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District			
Debt	\$44,300,000.00	\$44,300,000.00	\$
Sewer Utility Debt	62,447,271.67	62,447,271.67	
General Debt	<u>77,444,504.67</u>		<u>77,444,504.67</u>
	<u>\$184,191,776.34</u>	<u>\$106,747,271.67</u>	<u>\$77,444,504.67</u>

Net Debt \$77,444,504.67 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended \$9,765,106,287.33 = 0.79 %.

EQUALIZED VALUATION BASIS

2009 Equalized Valuation Basis of Real Property	\$10,397,335,604.00
2010 Equalized Valuation Basis of Real Property	9,803,644,360.00
2011 Equalized Valuation Basis of Real Property	<u>9,094,338,898.00</u>

Average Equalized Valuation	<u>9,765,106,287.33</u>
-----------------------------	-------------------------

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

3 1/2% of Equalized Valuation Basis Municipal	341,778,720.06
Net Debt	<u>77,444,504.67</u>
Remaining Borrowing Power	<u><u>\$264,334,215.39</u></u>

NOTES TO FINANCIAL STATEMENTS

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

C. Summary of Regulatory Debt Condition - Annual Debt Statements

Guaranty of Bonds or Notes of the Mercer County Improvement Authority (M.C.I.A.)

On December 15, 1993, the Hamilton Township Board of Education entered into a lease agreement with the M.C.I.A. under which the M.C.I.A. would provide facilities to the Board of Education and finance the costs of these facilities through the issuance of project revenue bonds. The agreement requires annual lease rental payments to the M.C.I.A. equal to debt service requirements and certain administrative expenses. In order to provide inducement to the prospective purchasers of these bonds, which were dated December 15, 1993, issued in the aggregate principal amount of \$11,000,000.00 and mature on December 15 in each of the years from 1995 through 2014 in various amounts, the Township, by ordinance, authorized its unconditional guaranty of the principal, redemption premium, if any, and interest on these project revenue bonds. Pursuant to the provisions of N.J.S.A. 40:37A-80, the principal amount of these bonds has been included in general gross debt and deductions in the calculation of the Township's regulatory debt condition, in the amount of \$2,360,000 which represents the outstanding balance at December 31, 2012.

Green Trust Program Loans

The Township has contracted with the State of New Jersey, Department of Environmental Protection for Green Trust Program Loans under the provisions of the New Jersey Green Acres Bond Act of 1983 (Ch. 354, Laws of 1983), and the Green Acres Bond Act of 1978 (Ch. 444, Laws of 1979). Two separate agreements, dated July 15, 1985 and August 27, 1986, provided for the acquisition of land known as the Sayen Tract and Homestead Gardens Tract, respectively, for recreational purposes. During SFY 2002 the Township of Hamilton contracted with the State of New Jersey, Department of Environmental Protection for additional Green Trust Program Loans. Information relating to these loans is as follows:

	<u>PEARSON FARM</u>	<u>VETERANS PARK EXTENSION</u>
Date of Loan Agreement	June 4, 2002	June 4, 2002
Loan Amount	\$115,841.25	\$461,600.00
Interest Rate	2.00%	2.00%
Semi-Annual Payment (Prin. & Int.) to Amortize Loan Principal	\$ 7,203.38	\$ 28,703.76
Due Dates	Mar. 6 & Sep. 6	Mar. 6 & Sep. 6
Number of Payments	39	39
Final Payment	March 6, 2022	March 6, 2022

NOTES TO FINANCIAL STATEMENTS

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

C. Summary of Regulatory Debt Condition - Annual Debt Statements

Green Trust Program Loans (Cont'd.):

	<u>TYNDALE FARM</u>
Date of Loan Agreement	June 4, 2002
Loan Amount	\$265,655.00
Interest Rate	2.00%
Semi-Annual Payment (Prin. & Int.) to Amortize Loan Principal	\$ 16,519.28
Due Dates	Mar. 6 & Sep. 6
Number of Payments	39
Final Payment	March 6, 2022

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 \$451,541.46 has been included in the calculation of the Township's regulatory debt condition.

Department of Environmental Protection
Environmental Infrastructure Loans

The Township has contracted with the State of New Jersey, Department of Environmental Protection to fund a portion of the costs incurred in the acquisition of open space in the Township of Hamilton and the purchase of Hi-Rate Clarifiers.

	<u>Loan #1</u>	<u>Loan #2</u>
Draw Down Date	8/1/2006	8/1/2006
Loan Amount	\$1,435,000.00	\$4,028,778.00
Interest Rates	Various	0.00%
Due Dates	Aug. 1 & Feb. 1	Aug. 1 & Feb. 1
Number of Payments	39	39
Final Payment Date	Aug. 1, 2025	Aug. 1, 2025

	<u>Loan #3</u>	<u>Loan #4</u>
Draw Down Date	2/18/2010	2/18/2010
Loan Amount	\$126,650.65	\$355,000.00
Interest Rates	Various	0.00%
Due Dates	Aug. 1 & Feb. 1	Aug. 1 & Feb. 1
Number of Payments	39	39
Final Payment Date	Aug. 1, 2029	Aug. 1, 2029

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 \$4,236,649.65 has been included in the calculation of the Township's regulatory debt condition.

NOTES TO FINANCIAL STATEMENTS

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

C. 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:

2012

Cash Receipts from Fees, Rents or Other Charges for Year	\$16,487,097.83
Deductions:	
Operating and Maintenance Costs	13,289,978.43
Debt Service per Sewer Accounts	<u>3,095,371.21</u>
Total Deductions	<u>16,385,349.64</u>
Excess in Revenues	<u>\$101,748.19</u>

2011

Cash Receipts from Fees, Rents or Other Charges for Year	\$16,734,433.03
Deductions:	
Operating and Maintenance Costs	12,635,844.50
Debt Service per Sewer Accounts	<u>2,839,747.36</u>
Total Deductions	<u>15,475,591.86</u>
Excess in Revenues	<u>\$1,258,841.17</u>

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

2012

Excess in Revenues - Cash Basis (D-1)	\$838,063.43
Add: Capital Improvements	310,000.00
Other Debits to Income	<u>17,055.09</u>
	1,165,118.52
Deduct: Other Credits to Income	<u>1,063,370.33</u>
Excess in Revenues per Debt Statement	<u>\$101,748.19</u>

NOTES TO FINANCIAL STATEMENTS

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

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

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

2011

Excess in Revenues - Cash Basis (D-1)	\$1,707,908.49
Add: Capital Improvements	<u>310,000.00</u>
	2,017,908.49
Deduct: Other Credits to Income	<u>759,067.32</u>
Excess in Revenues per Debt Statement	<u>\$1,258,841.17</u>

Note 5: GOVERNMENTAL FIXED ASSETS

Capital asset activity for the year ended Dec. 31, 2011 was as follows:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2012</u>
Land/Buildings	\$44,593,457.00			\$44,593,457.00
Equipment	756,268.54	253,074.35		1,009,342.89
Vehicles	<u>13,924,399.86</u>	<u>2,772,411.67</u>	<u>0.00</u>	<u>16,696,811.53</u>
Total	<u>\$59,274,125.40</u>	<u>\$3,025,486.02</u>	<u>\$0.00</u>	<u>\$62,299,611.42</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.

NOTES TO FINANCIAL STATEMENTS

Note 6: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2012 and December 31, 2011 were appropriated and included as anticipated revenue in their own respective funds for the State Fiscal Year (SFY) Budget ending June 30, as follows:

	Fund Balance Dec. 31, 2012	Appropriated 2013	Fund Balance Dec. 31, 2011	Appropriated 2012
Current Fund	\$5,575,215.94	\$4,500,000.00	\$9,138,022.66	\$7,000,000.00
Sewer Utility Fund	2,910,546.08	1,065,442.75	3,172,482.65	1,100,000.00

Note 7: DEPOSITS AND INVESTMENTS

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

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.

NOTES TO FINANCIAL STATEMENTS

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

Deposits (cont'd.)

At December 31, 2012, the cash and cash equivalents and investments of the Township on deposit and on-hand consisted of the following:

	<u>2012</u>
Cash (Demand Accounts)	\$50,717,044.78
Change Funds (On-Hand)	<u>1,760.00</u>
Total	<u>\$50,718,804.78</u>

Based upon GASB criteria, the Township considers change funds, cash in banks, investments in certificates of deposits and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the carrying amount of the Township's deposits was \$50,717,044.78 and the book balance was \$50,718,103.12. Of the bank balance, \$1,000,246.86 was covered by Federal Depository Insurance and \$49,716,797.92 was covered under the provisions of GUDPA.

At Dec. 31, 2012, the Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

- (a) Custodial Credit Risk – The Township's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but no in the depositor-governments name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Township's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty's trust department or agent but not in the Township's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of the investment or collateral securities that in possession of an outside party.
- (b) Concentration of Credit Risk – This is the risk associated with the amount of investments that Township has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

NOTES TO FINANCIAL STATEMENTS

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

Deposits (cont'd.)

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

As of December 31, 2012, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amounts of the Township's bank balance was considered exposed to custodial credit risk.

Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor,
4. Bonds or other obligation of the Township or bonds or other obligations of school districts of which the Township is a part and within the school district is located,
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c.281 (C.52:18A-90.4); or

NOTES TO FINANCIAL STATEMENTS

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

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.

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

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

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

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

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent. In addition, the law now allows for, and the Township has authorized, the imposition of a penalty of 6% on delinquencies exceeding \$10,000.00 that remain unpaid at the end of a calendar year. If taxes remain delinquent on or after April 1 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.

NOTES TO FINANCIAL STATEMENTS

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 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 19, 2012.

Note 9: PENSION AND RETIREMENT PLANS

Employees of the Township of Hamilton are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of the Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Township who are members of the plans are not available. The contributions for the year ended December 31, 2012 exclusive of contributions from employees were \$2,593,212 and for PERS and \$4,258,066 for PFRS. The contributions for PERS and PFRS for 2013 are \$3,056,848 and \$4,381,101, respectively.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for TPAF and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

NOTES TO FINANCIAL STATEMENTS

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 972 retirees enrolled in health benefits programs, which are fully funded by the Township. Under GASB #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:

1. he or she has 25 or more years of continuous service within the Public Employees Retirement Fund of the Police and Fireman's Retirement Fund

At December 31, 2012, approximately 338 retirees were receiving non-contributory health coverage benefits at an estimated annual cost to the Township of approximately \$13,160,270.

This is the third 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 2012, the Township's annual OPEB cost (expense) (GAAP Basis) of \$24,220,000 was equal to the ARC.

	<u>Total</u>
Net OPEB obligation – beginning of year	\$39,340,000
Annual required contribution (ARC)	24,760,000
Interest on OPEB obligation	1,770,000
Adjustment to annual required contribution	(2,310,000)
Less: Contributions	<u>2,970,000</u>
Net OPEB obligation – end of year	<u>\$60,590,000</u>

Under the regulatory basis of accounting utilized by the Township financial statement recognition of the ARC and Net OPEB obligation is not required and these amounts are not reflected in the reported expenditures and liabilities at December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

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, 2012, is as follows:

	<u>Total</u>
Actuarial accrued liability (AAL)	\$278,580,000
Actuarial value of plan assets	<u>- 0 -</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$278,580,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$49,110,000
UAAL as a percentage of covered payroll	567%

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

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

In the December 31, 2012 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.

NOTES TO FINANCIAL STATEMENTS

Note 11: RISK MANAGEMENT

A. Garden State Municipal Joint Insurance Fund

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

Summary of Risk Management Program

The GSMJIF Provides the following coverages to its participants:

1. Workers Compensation

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

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

2. General Liability

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

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

3. Auto Liability

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

The Fund provides PIP limits of NJ Statutory amounts.

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

3. Property

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

4. Public Officials Liability ("POL")

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

NOTES TO FINANCIAL STATEMENTS

Note 11: RISK MANAGEMENT (CONT'D)

A. Garden State Municipal Joint Insurance Fund (cont'd)

5. Employment Practices Liability (EPL)

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

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

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

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

The Garden State Municipal Joint Insurance Fund, issues publicly available financial reports that include the financial statements and required supplementary information for insurance. The financial reports may be obtained by writing to the Garden State Municipal Joint Insurance Fund, 900 Route 9 North, Suite 503, Woodbridge, New Jersey, 07095-1003.

B. Pre 2002 Risk Management

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

The Township currently operates a risk management program, which included a significant self-insured risk retention, and had established a Self-Insurance Trust Fund to account for this activity. Reserves available in the Self-Insurance Trust Fund may be utilized to make contributions towards the settlement of the residual claims or the Township may redirect these funds to any other lawful purpose. At the end of 2012 there were 81 open cases with a reserve amount of \$836,315.89,

Note 11: RISK MANAGEMENT (CONT'D.)

B. Pre -2002 Risk Management (cont'd)

The status of the Township's Self-Insurance Cash Reserves is as follows:

2012

	Township Cash <u>Reserves</u>
Worker's Compensation	\$4,715.91

Changes in Township Cash Reserves during 2012 were as follows:

	<u>CHANGE IN CASH RESERVES</u>
Cash Reserves – December 31, 2011	\$15,659.15
Add: Interest	<u>9.76</u>
Less: Claims	<u>10,953.00</u>
Cash Reserves December 31, 2012	<u>\$4,715.91</u>

C. Employee Health Benefits

The Township has contracted with CIGNA for the provision of health and prescription to eligible Township employees. The financial arrangements with the insurer provide for payments of administrative fees, excess insurance premiums and actual claims costs, subject to the established self-insured limits. The contract has an individual pooling point of \$300,000. Any claims on an individual over \$300,000 paid in the contract year (7/1 to 6/30) are reimbursed by CIGNA and not charged to the Township. There is also an aggregate limit each year based on enrollment. That amount as of June 30, 2012 for the 11/12 contract year was \$13,833,837. The individual and aggregate protection is unlimited. Claim amounts above the \$300,000 individual pooling point are not recoverable by CIGNA. Contractual amounts above the aggregate limit are limited to 15% and can be recovered in future years if paid claims are less than the aggregate limit. At December 31, 2012 the estimated IBNR is \$3,160,471. As of December 31, 2012 the Insurance Trust Reserves had a balance of \$193,105.07 available to pay claims.

NOTES TO FINANCIAL STATEMENTS

Note 12: ACCRUED SICK AND VACATION BENEFITS

The Township of Hamilton 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 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 their respective units. Vacation days shall be taken during the current year and shall not accumulate, except that vacation time may be carried over to the next succeeding year only (maximum twenty days). An employee who has separated his/her employment shall be entitled in time or in pay to any earned vacation accumulated and not previously used (maximum thirty days for upper-level supervisors and management).

The Personnel Division maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. An estimate of the current cost of such unpaid compensation has been made by the Township in the amount of \$13,160,270.17. This amount represents a full costing of the value of compensated absences payable earned at December 31, 2012, 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 sheet at December 31, 2012:

<u>Fund:</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$30,799.49	\$10,573.08
Grant Fund	75,762.17	
Trust Assessment Fund		17,758.05
Animal Control Fund		7,979.72
Trust Other Fund		300,000.00
CDBG Trust Fund		5,061.72
Sewer Operating Fund		173,349.54
Sewer Capital Fund	173,349.54	
General Capital	<u>300,000.00</u>	<u>65,189.09</u>
Total	<u>\$579,911.20</u>	<u>\$579,911.20</u>

NOTES TO FINANCIAL STATEMENTS

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 10, the Township currently manages its risks through participation in the Garden State Municipal Joint Insurance Fund. For GSMJIF covered claims incurred subsequent to February 1, 2002, there are no claims currently outstanding that are anticipated to exceed the combined coverages provided by the GSMJIF through self-insured retention and excess insurance coverages. The Township provides for its self-insured risk retention on GSMJIF covered claims through an annual budget appropriation.

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

B. Self Insured Risks for Employee Health Insurance

As the direct result of a significant increase in the value of claims made and INBR during 2012, the estimated value of IBNR claims at 12/31/12 of \$3,160,471 exceeded the amount of cash reserves to pay these claims by \$2.94 million. In response to this unbudgeted increase in cost of health insurance the Township has modified its risk management plan (see Note 16). The estimated shortfall in 2012 health insurance appropriations was raised as a component of the Township's 2013 budget.

Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Raised in</u> <u>2012</u>
Animal Control Fund:		
Deficit in Reserve	\$29,270.8	\$29,270.82
Sewer Utility Operating Fund		
Operating Deficit	38,101.93	38,101.93

NOTES TO FINANCIAL STATEMENTS

Note 16: SUBSEQUENT EVENTS

A. The following bond ordinances were authorized:

<u>Description</u>	<u>Bonds/Notes Authorized</u>
Various Sewer Utility Improvements	\$7,400,000
Various Capital Improvements	7,125,000

On April 30, 2013 the Township of Hamilton issued Pension Obligation Refunding Bonds in the amount of \$4,630,000, \$17,425,000 General Improvement Refunding Bonds and \$16,505,000 Sewer Utility Refunding Bonds at interest rates in varying amounts.

On June 13, 2013 the Township of Hamilton issued Bond Anticipation Notes in the amount of \$37,400,000 at an interest rate of .75% due on June 12, 2014.

On June 13, 2013 the Township of Hamilton issued Sewer Utility Bond Anticipation Notes in the amount of \$2,300,000 at an interest rate of 1.5% due on June 12, 2014.

B. Change in Risk Management Plan for 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 that provides for a full transfer of these risks. This contract also provides for a two-month “premium holiday” similar to that offered by the New Jersey State Health Benefits Plan.

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS

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

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Hamilton, in the County of Mercer, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$ _____ principal amount of its General Improvement Bonds, Series 2014A (the "Series A Bonds") and \$ _____ principal amount of its Sewer Utility Improvement Bonds, Series 2014B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to various bond ordinances (the "Ordinances") duly adopted by the Township Council of the Issuer (the "Council") and a resolution duly adopted by the Council on _____, 2014 (the "Resolution"). The Bonds are dated their date of delivery. The Series A Bonds shall mature on June 1 in the years 2015 through 2024, inclusive, and the Series B Bonds shall mature on June 1 in the years 2015 through 2039, inclusive. The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of the such issuers shall upload Continuing Disclosure Information to assist underwriters

in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

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

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

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

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

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

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

"State" shall mean the State of New Jersey.

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

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of its fiscal year, commencing with the report for the fiscal year ending December 31, 2014, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change to MSRB. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on the MSRB's Internet Web site, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for making available or providing the Annual Report, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the

Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A, in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

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

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

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

2. The financial information and operating data set forth in the Official Statement dated _____, 2014 prepared in connection with the sale of the Bonds.

Section 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or others material events affecting the tax status of the Bonds;

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

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

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

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the

Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

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

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

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

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

Dated: _____, 2014

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

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO OF FAILURE TO FILE ANNUAL REPORT

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

Name of Bond Issue: \$ _____ General Improvement Bonds, Series 2014A
\$ _____ Sewer Utility Improvement Bonds, Series 2014B

Date of Issuance: June 12, 2014

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated _____, 2014. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

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

By: _____
Name:
Title:

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

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Hamilton, in the County of Mercer, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$_____ principal amount of its Sewer Utility Improvement Bonds, Series 2014C (Federally Taxable) (the "Bonds"). The Bonds are being issued pursuant to a bond ordinance (the "Ordinance") duly adopted by the Township Council of the Issuer (the "Council") and a resolution duly adopted by the Council on _____, 2014 (the "Resolution"). The Bonds are dated their date of delivery. The shall mature on June 1 in the years 2015 through 2028, inclusive. The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of the such issuers shall upload Continuing Disclosure Information to assist underwriters

in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

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

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

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

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

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

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

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

"State" shall mean the State of New Jersey.

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

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of its fiscal year, commencing with the report for the fiscal year ending December 31, 2014, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change to MSRB. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on the MSRB's Internet Web site, or that has been filed with the SEC.

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

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

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

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

2. The financial information and operating data set forth in the Official Statement dated _____, 2014 prepared in connection with the sale of the Bonds.

Section 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or others material events affecting the tax status of the Bonds;
7. modifications to rights of Bondholders, if material;
8. Bond Calls, if material and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes.
12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

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

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

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form

and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

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

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

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

Dated: _____, 2014

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

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO OF FAILURE TO FILE ANNUAL REPORT

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

Name of Bond Issue: \$ _____ Sewer Utility Improvement Bonds, Series 2014C (Federally Taxable)

Date of Issuance: June 12, 2014

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated _____, 2014. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

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

By: _____
Name:
Title:

APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES

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 \$14,703,658 General Improvement Bond Anticipation Notes, Series 2014A (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: _____, 2013

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

By: _____
John Barrett, Chief Financial Officer

APPENDIX E
FORMS OF BOND COUNSEL'S OPINIONS FOR THE BONDS

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

_____, 2014

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
\$ _____ General Improvement Bonds, Series 2014A
\$ _____ Sewer Utility Improvement Bonds, Series 2014B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Hamilton, in the County of Mercer, New Jersey (the "Township") of its \$ _____ General Improvement Refunding Bonds, Series 2014A (the "Series A Bonds") and its \$ _____ Sewer Utility Improvement Bonds, Series 2014B (the "Series B Bonds" and, collectively with the Series A Bonds, the "Bonds"). The Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Bonds. The Bonds are registered as to principal and interest, are issued in fully registered form, are dated their date of delivery, and mature on June 1, in the amounts and in each of the years, and bear interest at the rates set forth in the tables below:

Township Council of the
 Township of Hamilton, in the
 County of Mercer, New Jersey
 _____, 2014

Page

<u>Year</u>	General Improvement Bonds, <u>Series 2014A</u>	Sewer Utility Improvement Bonds, <u>Series 2014B</u>	<u>Total</u>
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025	-		
2026	-		
2027	-		
2028	-		
2029	-		
2030	-		
2031	-		
2032	-		
2033	-		
2034	-		
2035	-		
2036	-		
2037	-		
2038	-		
2039	-		
TOTAL			

The Bonds are subject to redemption prior to maturity as provided in the Resolution (as hereinafter defined).

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

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Individual purchases may be made in the principal amount of \$1,000 each or any integral multiple thereof, through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the Township Council on _____, 2014 (the "Resolution") and (i) in the case of the Series A Bonds, Bond Ordinance numbered 09-031 (the "General Improvement Ordinance") and, (ii) in the case of the Series B Bonds, Bond Ordinances numbered 06-030 and 10-025 (the "Sewer Ordinances", and together with the General Improvement Ordinance, the "Ordinances"). The Series A Bonds are issued for the purpose of financing general improvements and purposes as set forth in the General Improvement Ordinance, and to pay a portion of the costs of issuing the Bonds. The Series B Bonds are issued for the purpose of financing general sewer utility improvements as set forth in the Sewer Ordinance, and to pay a portion of the costs of issuing the Bonds.

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

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

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

1. The Bonds have been duly authorized, issued, executed and sold by the Township; the Ordinances and the Resolution have been duly authorized and adopted by the Township; and the

Bonds, the Ordinances and the Resolution are legal, valid and binding obligations of the Township enforceable in accordance with their respective terms.

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

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

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

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

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

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

GLUCKWALRATH LLP

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

_____, 2014

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
\$_____ Sewer Utility Improvement Bonds, Series 2014C (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 "Township") of its \$_____ Sewer Utility Improvement Bonds, Series 2014C (Federally Taxable) (the "Taxable Bonds"). The Taxable Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Taxable Bonds. The Taxable Bonds are registered as to principal and interest, are issued in fully registered form, are dated their date of delivery, and mature on June 1, in the amounts and in each of the years, and bear interest at the rates set forth in the tables below:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2015			2022		
2016			2023		
2017			2024		
2018			2025		
2019			2026		
2020			2027		
2021			2028		

The Taxable Bonds will be issued in book-entry form only in the form of one certificate for the aggregate principal amount of Taxable Bonds maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Taxable Bonds. DTC will be

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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 Taxable on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$1,000 each or any integral multiple thereof through book-entries on the books and records of DTC and its participants.

The Taxable Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the Township Council on _____, 2014 (the "Resolution") and Bond Ordinance numbered 06-30 (the "Ordinance"). The Taxable Bonds are issued for the purpose of financing general sewer utility improvements as set forth in the Ordinance, and to pay a portion of the costs of issuing the Taxable Bonds.

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

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

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

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

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

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

Other than as set forth in Paragraph 2 hereof, we express no opinion regarding Federal and other state tax consequences arising with respect to the Taxable Bonds. No opinion is being rendered with respect to the treatment of interest on the Taxable Bonds for Federal income tax purposes.

IRS CIRCULAR 230 DISCLAIMER REGARDING THE TAXABLE BONDS: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, ANY TAX OPINIONS CONTAINED HEREIN WITH RESPECT TO THE TAXABLE BONDS ARE NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE.

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 Taxable Bonds.

GLUCKWALRATH LLP

APPENDIX F
FORM OF BOND COUNSEL'S OPINION FOR THE NOTES

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

_____, 2014

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
\$14,703,658 General Improvement Bond Anticipation Notes, Series
2014A

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 \$14,703,658 General Improvement Bond Anticipation Notes, Series 2014A (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 dated their date of delivery, mature on June 11, 2015, are not subject to redemption prior to maturity and 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, 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 \$1,000 or any integral

multiple in excess thereof through book-entries on the books and records of DTC and its participants.

The 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 "Act") and are further issued pursuant to bond ordinances of the Issuer numbered 10-032 and 11-017 (the "Ordinances"). The Notes are issued for the purpose of providing funds to refinance certain capital improvements as described in the Ordinances (collectively, the "Project"). The Project was authorized by the Ordinances.

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; (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 have been duly authorized and adopted by the Issuer; and the Notes and the Ordinances are legal, valid and binding obligations enforceable in accordance with their respective terms.

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

3. Assuming continuing compliance by the Issuer with the provisions of the Code applicable to the Notes, and subject to certain provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Notes, interest received by a holder of the Notes will be excludable from gross income for federal income tax

purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed on individuals or corporations. Interest on the Notes is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax on such corporations. However, interest on the Notes may become taxable retroactively if certain requirements under the Code are not complied with.

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

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

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

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

GLUCKWALRATH LLP