

**NEW ISSUE
BOOK-ENTRY ONLY**

NOT RATED

In the opinion of Malamut & Associates, LLC, Bond Counsel to the Township, based on certifications of the Township (as hereinafter defined) and assuming continuing compliance with its covenants pertaining to provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Notes (as hereinafter defined), interest on the Notes is excludable from gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. For certain corporate holders, interest on the Notes may indirectly be subject to federal alternate minimum tax for tax years beginning after January 1, 2018. In the opinion of Bond Counsel, interest on the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a full discussion.

**\$10,285,000
TOWNSHIP OF HAMILTON
IN THE COUNTY OF MERCER, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2020B**

Consisting of:
**\$3,906,000 General Improvement Notes; and
\$6,379,000 Sewer Utility Notes
(Non-Callable) (Not Bank Qualified)**

Dated: May 18, 2020
Maturing: February 17, 2021
Interest Rate: ____%
Reoffered to Yield: ____%
CUSIP: 408054 ____

The \$10,285,000 Bond Anticipation Notes, Series 2020B of the Township, consisting of \$3,906,000 General Improvement Notes (the "General Improvement Notes") and \$6,379,000 Sewer Utility Notes (the "Sewer Utility Notes" and together with the General Improvement Notes, the "Notes"), dated the date of delivery, are general obligations of the Township and the full faith and credit and unlimited ad valorem taxing power of the Township are pledged to the payment of the principal thereof and the interest thereon.

The 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 Notes. Individual purchases of the Notes will be made in book-entry form in the principal amount of \$5,000 or more.

The Notes will bear interest at the rates per annum and reoffering yields, as shown above, commencing from their date of delivery, as shown below. Interest on the Notes will be payable at maturity, as shown above. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent at the date of maturity. While DTC is acting as securities depository for the Notes, the principal of and interest on 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 Notes. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Notes 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 various bond ordinances duly adopted by the Township Council as set forth herein.

The Notes are being issued to: (i) refund, on a current basis, the \$14,081,000 outstanding tax-exempt bond anticipation notes of the Township dated May 20, 2019 and maturing May 19, 2020; and (ii) pay the costs associated with the issuance of the Notes. The balance of the prior tax-exempt notes will be funded through a separate negotiated note sale scheduled to close on May 18, 2020.

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 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 Notes are offered when, as and if issued and delivered to the Underwriter, subject to withdrawal or modification of the offer without notice, to the prior approval of legality by the law firm of Malamut & Associates, LLC, Cherry Hill, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its counsel. Phoenix Advisors, LLC, Bordentown, New Jersey, served as Municipal Advisor to the Township in connection with the Notes. It is expected that delivery of the Notes in book-entry only form will be made at DTC, on or about May 18, 2020.

Bids for the Notes, in accordance with the Notice of Sale for the Notes, will be received on May 7, 2020.

**TOWNSHIP OF HAMILTON
IN THE COUNTY OF MERCER, NEW JERSEY
2090 Greenwood Avenue
Hamilton, NJ 08609
(609) 890-3687**

MAYOR
Jeff Martin

TOWNSHIP COUNCIL
Richard Tighe, President
Pasquale Papero, Jr., Vice President
Anthony Carabelli, Jr.
Nancy Phillips
Charles F. Whalen

INTERIM BUSINESS ADMINISTRATOR
Mark Murranko

INTERIM CHIEF FINANCIAL OFFICER
Ulrich Steinberg

TAX COLLECTOR
Danielle Peacock

TOWNSHIP CLERK
Eileen Gore

AUDITOR
Mercadien, P.C.
Hamilton, New Jersey

2018 AUDITOR
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BOND COUNSEL
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Cherry Hill, New Jersey

MUNICIPAL ADVISOR
Phoenix Advisors, LLC
Bordentown, New Jersey

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

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriter. The Underwriter has reviewed the information in this official statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE. THE PUBLIC OFFERING YIELDS STATED ON THE COVER HEREOF MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER WITHOUT PRIOR NOTICE.

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

THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE NOTES, AND MAY NOT BE REPRODUCED OR BE USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE.

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**OFFICIAL STATEMENT
RELATING TO**

**\$10,285,000
TOWNSHIP OF HAMILTON
IN THE COUNTY OF MERCER, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2020B
(TAX EXEMPT)**

**Consisting of:
\$3,906,000 General Improvement Notes; and
\$6,379,000 Sewer Utility Notes**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Hamilton (the “Township”), in the County of Mercer, in the State of New Jersey (the “State”) in connection with the sale and issuance of \$10,285,000 Bond Anticipation Notes, Series 2020B of the Township, consisting of \$3,906,000 General Improvement Notes (the “General Improvement Notes”) and \$6,379,000 Sewer Utility Notes (the “Sewer Utility Notes” and together with the General Improvement Notes, the “Notes”), of the Township.

THE NOTES

General Description

The Notes shall be dated and shall bear interest from their dated date, and will mature on the date and in the amount, as shown on the front cover page hereof. The Notes shall bear interest, which is payable at maturity, at the interest rate set forth on the front cover page hereof. The Notes may be purchased in book-entry-only form in the amount of \$5,000 or any integral multiple thereof, through book-entries made on the books and the records of DTC and its participants. See “Book-Entry-Only System”. The Township will act as the “Note Registrar/Paying Agent” for the Notes.

Redemption

The Notes are not subject to redemption prior to maturity.

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are being issued to: (i) refund, on a current basis, \$10,285,000 of the \$14,081,000 outstanding tax-exempt bond anticipation notes of the Township dated May 20, 2019 and maturing May 19, 2020 (the “Tax-Exempt Prior Notes”) and (ii) pay the costs associated with the issuance of the Notes. 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 ordinances are described in the following table by ordinance number, description and amount of Tax-Exempt Prior Notes being refunded with the Notes:

General Improvement Notes

<u>Ordinance No.</u>	<u>Purpose</u>	Amount of Tax-Exempt Prior Notes Being Refunded with the <u>Notes</u>
2016-22	Various Capital Improvements	<u>\$3,906,000</u>
Total General Improvement Notes:		<u>\$3,906,000</u>

Sewer Utility Notes

<u>Ordinance No.</u>	<u>Purpose</u>	Amount of Tax-Exempt Prior Notes Being Refunded with the <u>Notes</u>
2016-023	Various Sewer Utility Improvements	<u>\$6,379,000</u>
Total Sewer Utility Notes:		<u>\$6,379,000</u>
Total Notes:		<u>\$10,285,000</u>

The balance of the Tax-Exempt Prior Notes, in the amount of \$3,796,000, will be funded through a separate negotiated sale scheduled to close on May 18, 2020. The Township's \$320,333 outstanding taxable bond anticipation notes dated May 20, 2019 and maturing May 19, 2020 (the "Taxable Prior Notes") will be funded through available Township funds and a separate negotiated sale schedule to close on May 18, 2020.

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.

MARKET PROTECTION

In addition to the Notes, the Township, closed on a private sale of \$13,000,000 bond anticipation notes on April 17, 2020, which notes will mature on February 17, 2021. A portion of the Tax-Exempt Prior Notes, in the amount of \$3,796,000, will be funded through a separate negotiated sale, which is scheduled to close on May 18, 2020 and mature on February 17, 2021. The Township is also selling \$302,536 of taxable bond anticipation notes through a separate negotiated sale, which is scheduled to close on May 18, 2020 and mature on February 17, 2021. The Township may issue additional bond anticipation notes and tax anticipation notes, as necessary, during calendar year 2020.

BOOK-ENTRY-ONLY SYSTEM*

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the

* Source: The Depository Trust Company

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.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for the maturity of the Notes, in the aggregate principal amount of such issue, and will be 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.

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

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

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

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

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

Redemption proceeds and distributions on the Notes 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, 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, or the Township, 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, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but neither the Township nor the Underwriter take any responsibility for the accuracy thereof.

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

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

Discontinuation of Book-Entry-Only System

If the Township, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Township will attempt to locate another qualified Securities Depository. If the Township fails to find such a Securities Depository, or if the Township determines, in its sole discretion, that it is in the best interest of the Township or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the Township undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the Township shall notify DTC of the termination of the book-entry-only system.

SECURITY FOR THE NOTES

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

The Township

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

DISCLOSURE REGARDING COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a Pandemic by the World Health Organization on March 11, 2020. States of emergency have been declared by Governor Murphy on March 9, 2020 and by President Trump on March 13, 2020. The outbreak of this disease has severely affected travel, commerce and financial markets globally, and is expected to alter the behavior of people and businesses in a manner that will likely have significant negative impacts on the global, national and local economies.

In New Jersey, residents and businesses have been advised to take pro-active measures, including use of “social distancing” to reduce interpersonal contacts. All large-scale public events have been canceled, schools have been closed, and some businesses are encouraging employees to work remotely whenever possible. Persons exposed to, or having close contact with persons exposed to, the COVID-19 virus are generally being encouraged, or required, to self-isolate for extended periods of time.

The acute phase of the COVID-19 pandemic in New Jersey is expected to last several months. The federal and state governments are expected to enact legislation to mitigate the financial impacts on people and businesses. While its potential impact cannot be predicted at this time, the COVID-19 pandemic could have a material adverse impact on the Township and its finances.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

Local Bond Law

General - The Local Bond Law governs the issuance of bonds and notes by counties and municipalities for the financing of capital improvements. Among its provisions are the following: (i) the

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

Debt Limits - The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements as annually determined by the New Jersey State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Bonds, notes and long-term loans are included in the computation of debt for the statutory debt limit. As shown in Appendix “A”, as of December 31, 2019, the Township has not exceeded its statutory debt limit. The Township will not exceed its statutory debt limit with the issuance of the Notes.

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

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

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

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

Local Fiscal Affairs Law

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

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

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

The Local Fiscal Affairs Law also requires that the chief financial officer of the municipality file annually with the Director a verified statement of the financial condition of the municipality as of the close of the fiscal year to be made not later than February 10 for December 31 fiscal year end municipalities and August 10 for June 30 fiscal year end municipalities. The Annual Compiled Financial Statement for the most recent fiscal year ended is on file with the Township Clerk and is available for review during business hours.

Local Budget Law

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

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

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

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

A statute passed in 1976, as amended (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". Since its inception, the "Cap Law" has been amended and modified several times, most

recently on July 13, 2010. While the revised "Cap Law" is more restrictive on the ability of a municipality to increase its overall appropriations, it does not limit the obligation of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on the Notes. The Cap Law provides that a municipality shall limit any increase of its budget to 2.5% or the index rate, whichever is less, over the previous year's final appropriations subject to certain exceptions. The "index rate" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services computed by the United States, Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

Additionally, legislation constituting P.L. 2010, c. 44, was adopted on July 13, 2010, which, among other things, imposes a two percent (2%) cap on the tax levy that municipalities, counties, fire districts and solid waste collection districts may impose, with very limited exceptions and subject to certain adjustments.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy sections of the "Cap Law" (specifically, N.J.S.A. 40A:4-45-46) in 2011 no longer permit Municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

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

Miscellaneous Revenues

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

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

Real Estate Taxes

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

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

Deferral of Current Expenses

Emergency appropriations (i.e., those made after the adoption of the budget and determination of the tax rate for an unforeseen event or purpose) may be authorized by the governing body of the local governmental units. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director of Local Government Services must be obtained.

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

Budget Transfers

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

Capital Budget

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

Related Constitutional and Statutory Provisions

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

No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal income be levied on payments received under the Federal Social Security Act, the Federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

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

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

Rights and Remedies of Owners of Notes

The State Municipal Finance Commission Act, Chapter 27 of Title 52 of the State Statutes, as amended and supplemented ("Act"), provides that when it has been established, by court proceedings, that a municipality has defaulted for over sixty days in the payment of the principal of or interest on any of its outstanding bonds or notes, the Local Finance Board of the State Department of Community Affairs (which, pursuant to the Act, is constituted the Municipal Finance Commission and shall hereinafter be referred to as the "Commission") shall take control of the fiscal affairs of the defaulting municipality.

The Act provides that the Commission shall remain in control of the municipality until all bonds or notes of the municipality that have fallen due and all bonds or notes that will fall due within one year, and the interest thereon, have been paid, funded or refunded, or the payment thereof in cash shall have been adequately provided for by a cash reserve.

The Act empowers the Commission to direct the municipality to provide for the funding or refunding of bonds or notes of the municipality and the interest thereon, which the Commission shall have found to be outstanding and unpaid and to be due or become due. The Act further authorizes the Commission to bring and maintain an appropriate proceeding for the assessment, levy or collection of taxes by the municipality for the payment of principal or of interest on such indebtedness.

Under Article 6 of the Act, while the Commission functions in the municipality, no judgment, levy, or execution against the municipality or its property for the recovery of the amount due on any bonds, notes or other obligations of the municipality in the payment of which it has defaulted, shall be enforced unless otherwise directed by Court Order. However, Article 6 of the Act also provides that upon application of any creditor made upon notice to the municipality and the Commission, a court may vacate, modify or restrict any such statutory right contained therein.

Limitation of Remedies Under Federal Bankruptcy Code

The rights and remedies of the registered owners of the Notes are subject to the provisions of Chapter 9 of the Federal Bankruptcy Code of the United States ("Bankruptcy Code"). In general, Chapter 9 permits, under prescribed circumstances, but only after an authorization by the applicable state legislature or by a governmental officer or organization empowered by state law to give such authorization, a political subdivision of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature and desires to effect a plan to adjust its debts.

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

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

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

TAX MATTERS

Exclusion of Interest on the Notes from Gross Income for Federal Tax Purposes#

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

Assuming the Township observes its covenants with respect to compliance with the Code, Malamut & Associates, LLC, Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes

pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax

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

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

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

Original Issue Premium

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

Bank-Qualification

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

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

Additional Federal Income Tax Consequences of Holding the Notes

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

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code and interest on the Notes not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

Changes in Federal Tax Law Regarding the Notes

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

State Taxation

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

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE NOTES ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE NOTES, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY

LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

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 obligations of the Township including the Notes, and such Notes are authorized security for any and all public deposits.

LITIGATION

Upon delivery of the Notes, the Township shall furnish a certification of its counsel, Elissa Grodd Schragger, Esq. (the "Township Counsel"), dated the date of delivery of the Notes, to the effect that to the Township's Counsel's knowledge there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such certification shall state that, to the Township Counsel's knowledge and information, 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 and adverse impact on the Township's ability to meet its obligations for the payment of the Notes.

SECONDARY MARKET DISCLOSURE

The Township has agreed to undertake for the benefit of the Noteholders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to Rule 15c2-12. Specifically, the Township will do the following for the benefit of the holders of the Notes and the beneficial owners thereof:

A) Provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") notice of the occurrence of any of the following events within 10 business days of such occurrence with respect to the Notes:

- (i) Principal or interest payment delinquencies on the Notes.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) 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 of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes.
- (vii) Modifications to the rights of Noteholders, if material.
- (viii) Note calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Notes, if material.

- (xi) Rating changes.
- (xii) Bankruptcy, insolvency, receivership or similar event of the Township.
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) Incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Notes, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Township, if any such event reflects financial difficulties; and

If the Township fails to comply with the above-described undertaking, any Noteholder or beneficial owner of the Notes may pursue an action for specific performance to enforce the rights of all Noteholders and beneficial owners with respect to such undertaking; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Notes or any liability by the Township for monetary damages. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Noteholders and beneficial owners of the Notes.

The undertaking may be amended by the Township from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements or change in law, or a change in identity, nature, type of operation or status of the Township, which in the opinion of nationally recognized bond counsel complies with Rule 15c2-12 and does not, in such bond counsel's opinion, materially impair the interest of the Noteholders and the beneficial owners of the Notes.

The Township has previously entered into continuing disclosure undertakings under the Rule. Certain filings inadvertently omitted some of the required CUSIPs associated with the Township's outstanding bonds. The Township appointed Phoenix Advisors, LLC, Bordentown, New Jersey, in June of 2013 to act as Continuing Disclosure Agent to assist in the filing of certain information on EMMA as required under its obligations.

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

APPROVAL OF LEGAL PROCEEDINGS

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

The various legal opinions to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that

expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

NO DEFAULT

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

RATING

The Notes have not been rated. Currently, the Township has a long-term credit rating of “AA” from Standard & Poor’s Global Ratings (“S&P”) on its outstanding bonds. The rating reflects only the view of S&P and an explanation of the significance of the ratings may be obtained from S&P.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____ (the “Underwriter”) at a price of \$_____. The purchase price reflects the part amount of the Notes plus a bid premium of \$_____.

The 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 page hereof.

MUNICIPAL ADVISOR#

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

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm same to the purchasers of the Notes, by certificates signed by various Township officials.

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

Bond Counsel has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

The Municipal Advisor has compiled this Official Statement from information obtained from Township management and other various sources they consider to be reliable and makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

Mercadien, P.C., Hamilton, New Jersey (the “Auditor”), has not participated in the compilation of this Official Statement and takes no responsibility for the information contained herein. Information has been obtained from Township management and other various sources they consider to be reliable and make no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

FINANCIAL STATEMENTS

Appendix “B” contains certain unaudited financial data of the Township for the Township’s fiscal year ending December 31, 2019 and certain audited financial data of the Township for the Township’s fiscal year ending December 31, 2018. The unaudited financial data was extracted from the Annual Financial Statement prepared by the Township and the audited financial data was extracted from the report prepared by the PKF O’Connor Davies, LLP, Cranford, New Jersey (the “2018 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. The “Auditor” has not participated in the preparation of the financial or statistical information contained in this Official Statement, and does not take responsibility for the audited financial statements contained in Appendix “B”. The 2018 Auditor has not participated in the preparation of the Official Statement, Appendix A, and the unaudited financial data appearing in Appendix B and only takes responsibility for the audited financial statements to the extent specified in the Independent Auditor’s Report appearing in Appendix B hereto.

CERTIFICATES OF THE TOWNSHIP

Upon the delivery of the Notes, the original purchaser shall receive a certificate, in form satisfactory to Bond Counsel and signed by officials of the Township, stating to the best knowledge of said officials, that this Official Statement as of its date did not contain any untrue statement of a material fact, or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and stating, to the best knowledge of said officials, that there has been no material adverse change in the condition, financial or otherwise, of the Township from that set forth in or contemplated by this Official Statement. In addition, the original purchaser of the Notes shall also receive certificates in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Notes and receipt of payment therefore, and a certificate dated as of the date of the delivery of the Notes and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes, are issued, and that neither the corporate existence or boundaries of the Township, nor the title of any of the said officers to the respective offices, is being contested.

ADDITIONAL INFORMATION#

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Ulrich Steinberg, Interim Chief Financial Officer, Township of Hamilton, 2090 Greenwood Avenue, Hamilton, NJ 08609, (609) 890-3687 or Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey, (609) 291-0130.

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

MISCELLANEOUS

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

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

By: _____
Ulrich Steinberg,
Interim Chief Financial Officer

Dated: May __, 2020

APPENDIX A
CERTAIN ECONOMIC, FINANCIAL AND DEMOGRAPHIC INFORMATION
REGARDING THE TOWNSHIP

CERTAIN ECONOMIC, DEMOGRAPHIC AND OPERATING DATA REGARDING THE TOWNSHIP¹

Introduction

The Township of Hamilton (the “Township”), in the County of Mercer (the “County”), New Jersey was formally incorporated in 1842. It is located in west-central New Jersey and is served by rail and major arteries, including the New Jersey Turnpike. The Township is the largest municipality in the County in terms of population and accounts for approximately one-fourth of the taxable property of the County.

Governmental Structure

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

Governmental Services

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

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

GENERAL SERVICES. The Township maintains a police force consisting of officers, clerical support staff and dispatchers. Currently, there are nine (9) volunteer fire companies in the Township and one (1) volunteer ambulance squad. In December of 2017, the Township Council voted to authorize the consolidation of all nine (9) fire districts into one municipal fire department. The consolidation is still under review and has not been implemented. The main branch of the municipal library has a capacity of 180,000 volumes in addition to pamphlets, recordings, films and microfilm reference material.

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

¹ Source: The Township, unless otherwise indicated.

Economy

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

Labor Force Data

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
2019	50,923	49,398	1,525	3.0%
2018	49,965	48,209	1,756	3.5%
2017	49,672	47,707	1,965	4.0%
2016	50,024	47,942	2,082	4.2%
2015	50,167	47,738	2,429	4.8%
<u>County</u>				
2019	202,885	196,458	6,427	3.2%
2018	198,876	191,729	7,147	3.6%
2017	197,039	188,988	8,051	4.1%
2016	198,103	189,516	8,587	4.3%
2015	197,409	187,578	9,831	5.0%
<u>State</u>				
2019	4,493,127	4,333,334	159,793	3.6%
2018	4,432,520	4,250,795	181,725	4.1%
2017	4,454,681	4,248,741	205,940	4.6%
2016	4,473,780	4,251,209	222,571	5.0%
2015	4,487,309	4,227,640	259,669	5.8%

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

Income Information (as of 2017)

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

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

Population

<u>Year</u>	<u>Township</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2018 Estimate	87,552	-1.03%	369,811	0.90%	8,908,520	1.33%
2010	88,464	1.56	366,513	4.49	8,791,894	4.49
2000	87,109	0.64	350,761	7.65	8,414,350	8.85
1990	86,553	4.53	325,824	5.83	7,730,188	4.96
1980	82,801	4.01	307,863	1.23	7,365,001	2.75

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

Ten Largest Taxpayers

<u>Taxpayers</u>	<u>2019 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
JDN	\$91,379,800	1.06%
QB Partners	44,718,500	0.52%
RAR2-401 Cabor Dr. LLC	39,528,500	0.46%
Hamilton Station Apartments	32,785,200	0.38%
Bell Atlantic	32,783,084	0.38%
Homestead Sr. Living	31,816,500	0.37%
Levin Properties	30,865,500	0.36%
HRP Mercer	28,678,700	0.33%
MREIC Trenton NJ LLC	27,560,000	0.32%
Reckson-Matrix	<u>25,149,800</u>	<u>0.29%</u>
Total	<u>\$385,265,584</u>	<u>4.46%</u>

Source: Comprehensive Annual Financial Report of the School District

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2019	\$8,605,171,510	\$9,092,964,387	94.60%	\$27,035,685	\$9,120,000,072
2018	8,489,887,260	8,901,118,956	95.38	27,164,069	8,928,283,025
2017	8,482,718,310	8,741,465,695	97.04	27,366,795	8,768,832,490
2016R	8,445,847,610	8,626,133,807	97.91	27,704,237	8,653,838,044
2015	5,149,535,474	8,483,583,977	60.70	16,005,511	8,499,589,488

R: Revaluation

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

Assessed Value Classification

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2019	\$77,291,300	\$6,264,476,480	\$20,105,800	\$1,648,975,530	\$240,420,100	\$353,902,300	\$8,605,171,510
2018	78,463,500	6,233,102,980	20,673,500	1,607,280,480	204,889,500	345,477,300	8,489,887,260
2017	79,265,400	6,225,112,730	19,916,500	1,590,421,780	221,089,500	346,912,400	8,482,718,310
2016R	73,092,200	6,209,343,980	19,851,500	1,599,341,130	193,334,800	350,884,000	8,445,847,610
2015	50,937,959	3,874,408,400	14,815,615	935,126,700	93,188,700	181,058,100	5,149,535,474

R: Revaluation

Source: County of Mercer Abstract of Ratables

Comparative Tax Rate Information

	<u>Municipal</u>		<u>Local</u>		<u>County</u>		
<u>Year</u>	<u>Municipal</u>	<u>Library</u>	<u>School</u>	<u>County</u>	<u>Open Space</u>	<u>Total</u>	
2019	\$0.776	\$0.034	\$1.381	\$0.618	\$0.026	\$2.835	
2018	0.789	0.034	1.357	0.612	0.026	2.818	
2017	0.769	0.033	1.320	0.604	0.026	2.752	
2016R	0.760	0.034	1.291	0.594	0.025	2.704	
2015	1.224	0.056	2.052	0.975	0.042	4.349	

R: Revaluation

Source: Mercer County Board of Taxation, Abstract of Ratables

Special Fire District Tax Rates

	<u>District</u>	<u>District</u>	<u>District</u>	<u>District</u>	<u>District</u>	<u>District</u>	<u>District</u>	<u>District</u>	<u>District</u>
<u>Year</u>	<u>#1</u>	<u>#2</u>	<u>#3</u>	<u>#4</u>	<u>#5</u>	<u>#6</u>	<u>#7</u>	<u>#8</u>	<u>#9</u>
2019	\$0.090	\$0.290	\$0.720	\$0.560	\$0.730	\$0.230	\$0.160	\$0.450	\$0.330
2018	0.120	0.270	0.690	0.490	0.720	0.220	0.160	0.430	0.320
2017	0.110	0.270	0.600	0.470	0.600	0.210	0.150	0.330	0.290
2016R	0.110	0.250	0.550	0.440	0.550	0.180	0.150	0.330	0.310
2015	0.170	0.400	0.860	0.690	0.880	0.290	0.240	0.610	0.520
2014	0.160	0.400	0.860	0.660	0.840	0.280	0.230	0.500	0.520

R: Revaluation

Source: Mercer County Board of Taxation, Abstract of Ratables

Tax Levy and Tax Collection Data

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year</u>	<u>Current Year</u>
		<u>Collection</u>	<u>% of Collection</u>
2019U	\$272,892,606	\$272,319,267	99.79%
2018	268,686,505	268,006,319	99.75%
2017	259,244,976	258,350,945	99.66%
2016	253,376,027	252,668,302	99.72%
2015	248,120,112	247,291,629	99.67%

U: Unaudited

Source: Township Audited Financial Statements and 2019 Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2019U	\$3,145,508	\$57,026	\$3,202,534	1.17%
2018	3,110,850	21,206	3,132,056	1.17%
2017	2,939,673	63,065	3,002,738	1.16%
2016	2,818,494	55,674	2,874,168	1.13%
2015	2,969,390	0	2,969,390	1.20%

U: Unaudited

Source: Township Audited Financial Statements and 2019 Annual Financial Statement

Property Acquired by Tax Title Lien Liquidation

<u>Year</u>	<u>Amount</u>
2019U	\$367,045
2018	367,045
2017	367,045
2016	367,045
2015	367,045

U: Unaudited

Source: Township Audited Financial Statements and 2019 Annual Financial Statement

Comparative Schedule of Fund Balances (Current Fund)

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2019U	\$6,130,576	N/A
2018	8,052,392	6,600,000
2017	8,217,241	5,100,000
2016	7,592,925	4,500,000
2015	7,245,947	4,500,000

U: Unaudited

Source: Township Audited Financial Statements and 2019 Annual Financial Statement

Comparative Schedule of Fund Balances (Sewer Utility Operating Fund)

Fund Balance - Sewer Utility Operating Fund

<u>Year</u>	<u>Balance 12/31</u>	<u>Utilized in Budget of Succeeding Year</u>
2019U	\$1,758,752	N/A
2018	1,341,506	1,099,900
2017	3,534,267	3,000,000
2016	3,906,109	2,275,000
2015	3,911,443	1,000,000

U: Unaudited

Source: Township Audited Financial Statements and 2019 Annual Financial Statement

Financial Operations

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

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fund Balance Utilized	\$3,200,000	\$4,500,000	\$4,500,000	\$5,100,000	\$6,600,000
Miscellaneous Revenues	27,570,554	28,787,562	29,251,811	29,698,142	30,531,916
Receipts from Delinquent Taxes	417,000	200,000	30,000	180,000	180,000
Amount to be Raised by Taxation	<u>66,092,513</u>	<u>67,261,184</u>	<u>68,327,099</u>	<u>70,085,101</u>	<u>69,948,650</u>
Total Revenue:	<u>\$97,280,067</u>	<u>\$100,748,746</u>	<u>\$102,108,910</u>	<u>\$105,063,244</u>	<u>\$107,260,565</u>
<u>Appropriations</u>					
General Appropriations	\$85,130,624	\$86,637,685	\$86,032,527	\$88,017,370	\$91,018,068
Operations (Excluded from CAPS)	4,170,726	4,439,905	4,677,327	5,094,522	4,595,318
Deferred Charges and Statutory Expenditures	550,000	550,000	550,000	700,000	550,000
Capital Improvement Fund	419,175	410,000	415,000	325,000	125,000
Municipal Debt Service	6,120,100	7,454,850	9,333,766	10,039,682	10,292,078
Reserve for Uncollected Taxes	<u>889,442</u>	<u>1,256,306</u>	<u>1,100,290</u>	<u>886,669</u>	<u>680,102</u>
Total Appropriations:	<u>\$97,280,067</u>	<u>\$100,748,746</u>	<u>\$102,108,910</u>	<u>\$105,063,244</u>	<u>\$107,260,565</u>

Source: Annual Adopted Budgets of the Township

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Statement of Statutory Net Debt for the Township (as of December 31, 2019)

General Purpose Debt

Serial Bonds	\$57,394,000
Bond Anticipation Notes	8,022,333
Bonds and Notes Authorized but Not Issued	21,872,848
Other Bonds, Notes and Loans	<u>1,903,906</u>
Total:	\$89,193,087

Local School District Debt

Serial Bonds	\$74,870,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	<u>0</u>
Total:	\$74,870,000

Self-Liquidating Debt

Serial Bonds	\$58,490,000
Bond Anticipation Notes	6,379,000
Bonds and Notes Authorized but Not Issued	13,008,974
Other Bonds, Notes and Loans	<u>265,288</u>
Total:	\$78,143,262

TOTAL GROSS DEBT \$242,206,349

Less: Statutory Deductions	
General Purpose Debt	\$0
Local School District Debt	74,870,000
Self-Liquidating Debt	<u>78,143,262</u>
Total:	\$153,013,262

TOTAL NET DEBT \$89,193,087

Source: Township Annual Debt Statement

Debt Limit (as of December 31, 2019)

Average Equalized Valuation Basis (2017, 2018, 2019)	\$8,911,849,679
Permitted Debt Limitation (3 1/2%)	311,914,739
Less: Net Debt	<u>89,193,087</u>
Remaining Borrowing Power	<u><u>\$222,721,651</u></u>
Percentage of Net Debt to Average Equalized Valuation	1.001%

Gross Debt Per Capita based on 2010 population of 88,464	\$2,738
Net Debt Per Capita based on 2010 population of 88,464	\$1,008

Source: Township Annual Debt Statement

Overlapping Debt (as of December 31, 2019) ²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$74,870,000	100.00%	\$74,870,000
County (2018)	821,053,241	19.67%	<u>161,510,065</u>
Net Indirect Debt			\$236,380,065
Net Direct Debt			<u>89,193,087</u>
Total Net Direct and Indirect Debt			<u><u>\$325,573,153</u></u>

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

APPENDIX B
FINANCIAL DATA OF THE TOWNSHIP

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**UNAUDITED FINANCIAL DATA OF THE TOWNSHIP
FOR THE YEAR ENDED DECEMBER 31, 2019**

**ANNUAL FINANCIAL STATEMENT FOR THE YEAR 2019
(UNAUDITED)**

POPULATION LAST CENSUS 88,464
NET VALUATION TAXABLE 2019 8,601,944,310
MUNICODE 1103
FIVE DOLLARS PER DAY PENALTY IF NOT FILED BY:
COUNTIES - JANUARY 26, 2020
MUNICIPALITIES - FEBRUARY 10, 2020

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

TOWNSHIP of HAMILTON, County of MERCER

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

	Date	Examined By:	
1			Preliminary Check
2			Examined

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

Signature *Ulrich Steinberg*
Title INTERIM CFO

(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, ULRICH STEINBERG, am the Chief Financial Officer, License # N-586, 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, 2019, completely in compliance with N.J.S. 40A:5-12, as amended. I also give complete assurance 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, 2019.

Signature *Ulrich Steinberg*
Title INTERIM CHIEF FINANCIAL OFFICER
Address 2090 GREENWOOD AVENUE
Phone Number 609-890-3691
Fax Number 609-890-4418



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.

Sheet 1

STATEMENT OF GENERAL BUDGET REVENUES 2019

Source	Budget -01	Realized -02	Excess or Deficit* -03
Surplus Anticipated 80101-	6,600,000.00	6,600,000.00	-
Surplus Anticipated with Prior Written Consent of Director of Local Government 80102-			-
Miscellaneous Revenue Anticipated:	xxxxxxxx	xxxxxxxx	xxxxxxxx
Adopted Budget	30,531,915.75	31,290,852.32	758,936.57
Added by N.J.S. 40A:4-87 (List on 17a)	729,923.88	729,923.88	-
			-
			-
Total Miscellaneous Revenue Anticipated 80103-	31,261,839.63	32,020,776.20	758,936.57
Receipts from Delinquent Taxes 80104-	180,000.00	326,212.07	146,212.07
Amount to be Raised by Taxation:	xxxxxxxx	xxxxxxxx	xxxxxxxx
(a) Local Tax for Municipal Purposes 80105-	66,972,558.73	xxxxxxxx	xxxxxxxx
(b) Addition to Local District School Tax 80106-		xxxxxxxx	xxxxxxxx
(c) Minimum Library Tax 80121-	2,976,091.00	xxxxxxxx	xxxxxxxx
Total Amount to be Raised by Taxation 80107-	69,948,649.73	70,637,648.50	688,998.77
	107,990,489.36	109,584,636.77	1,594,147.41

ALLOCATION OF CURRENT TAX COLLECTIONS

	Debit	Credit
Current Taxes Realized in Cash (Total of Item 10 or 14 on Sheet 22) 80108-00	xxxxxxxx	272,319,266.59
Amount to be Raised by Taxation	xxxxxxxx	xxxxxxxx
Local District School Tax 80109-00	119,128,856.00	xxxxxxxx
Regional School Tax 80119-00	-	xxxxxxxx
Regional High School Tax 80110-00	-	xxxxxxxx
County Taxes 80111-00	55,546,394.42	xxxxxxxx
Due County for Added and Omitted Taxes 80112-00	171,336.30	xxxxxxxx
Special District Taxes 80113-00	27,515,133.00	xxxxxxxx
Municipal Open Space Tax 80120-00	-	xxxxxxxx
Reserve for Uncollected Taxes 80114-00	xxxxxxxx	680,101.63
Deficit in Required Collection of Current Taxes (or) 80115-00	xxxxxxxx	-
Balance for Support of Municipal Budget (or) 80116-00	70,637,648.50	xxxxxxxx
*Excess Non-Budget Revenue (see footnote) 80117-00		xxxxxxxx
*Deficit Non-Budget Revenue (see footnote) 80118-00	xxxxxxxx	
*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.	272,999,368.22	272,999,368.22

(Continued)

Source	Budget	Realized	Excess or Deficit
Alcohol Ed & Rehab	17,682.44	17,682.44	-
Click it or Ticket	5,500.00	5,500.00	-
Safe Routes to Schools	342,000.00	342,000.00	-
Drive Sober GPO	5,500.00	5,500.00	-
Clean Communities	197,511.76	197,511.76	-
Drunk Driving Enforcement	11,010.43	11,010.43	-
Recycling Tonnage	150,719.25	150,719.25	-
		-	-
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PAGE TOTALS	729,923.88	729,923.88	-

CFO Signature:

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STATEMENT OF GENERAL BUDGET APPROPRIATIONS 2019

2019 Budget as Adopted	80012-01	107,260,565.48
2019 Budget - Added by N.J.S. 40A:4-87	80012-02	729,923.88
Appropriated for 2019 (Budget Statement Item 9)	80012-03	107,990,489.36
Appropriated for 2019 by Emergency Appropriation (Budget Statement Item 9)	80012-04	
Total General Appropriations (Budget Statement Item 9)	80012-05	107,990,489.36
Add: Overexpenditures (see footnote)	80012-06	
Total Appropriations and Overexpenditures	80012-07	107,990,489.36
Deduct Expenditures:		
Paid or Charged [Budget Statement Item (L)]	80012-08	102,231,465.43
Paid or Charged - Reserve for Uncollected Taxes	80012-09	680,101.63
Reserved	80012-10	5,070,327.48
Total Expenditures	80012-11	107,981,894.54
Unexpended Balances Canceled (see footnote)	80012-12	8,594.82

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)

2019 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 2019 OPERATION

CURRENT FUND

		Debit	Credit
Excess of Anticipated Revenues:		XXXXXXXXXX	XXXXXXXXXX
Miscellaneous Revenues anticipated	80013-01	XXXXXXXXXX	758,936.57
Delinquent Tax Collections	80013-02	XXXXXXXXXX	146,212.07
		XXXXXXXXXX	
Required Collection of Current Taxes	80013-03	XXXXXXXXXX	688,998.77
Unexpended Balances of 2019 Budget Appropriations	80013-04	XXXXXXXXXX	8,594.82
Miscellaneous Revenue Not Anticipated	81113-	XXXXXXXXXX	507,338.75
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 2018 Appropriation Reserves	80013-05	XXXXXXXXXX	1,996,542.13
Prior Years Interfunds Returned in 2019	80013-06	XXXXXXXXXX	
Prior Year Prepaid School Tax Adjustment		XXXXXXXXXX	1,035,070.02
		XXXXXXXXXX	
		XXXXXXXXXX	
Deferred School Tax Revenue: (See School Taxes, Sheets 13 & 14)		XXXXXXXXXX	XXXXXXXXXX
Balance - January 1, 2019	80013-07	-	XXXXXXXXXX
Balance - December 31, 2019	80013-08	XXXXXXXXXX	-
Deficit in Anticipated Revenues:		XXXXXXXXXX	XXXXXXXXXX
Miscellaneous Revenues Anticipated	80013-09	-	XXXXXXXXXX
Delinquent Tax Collections	80013-10	-	XXXXXXXXXX
			XXXXXXXXXX
Required Collection on Current Taxes	80013-11	-	XXXXXXXXXX
Interfund Advances Originating in 2019	80013-12		XXXXXXXXXX
Refund of Prior Year Revenue		350,381.95	XXXXXXXXXX
Other Refunds		111,877.30	XXXXXXXXXX
Prior Year Senior & Vet Deductions		1,250.00	
			XXXXXXXXXX
			XXXXXXXXXX
Deficit Balance - To Trial Balance (Sheet 3)	80013-13	XXXXXXXXXX	-
Surplus Balance - To Surplus (Sheet 21)	80013-14	4,678,183.88	XXXXXXXXXX
		5,141,693.13	5,141,693.13

SCHEDULE OF MISCELLANEOUS REVENUES NOT ANTICIPATED

[illegible]

SCHEDULE OF MISCELLANEOUS REVENUES NOT ANTICIPATED

[illegible]

SURPLUS - CURRENT FUND YEAR - 2019

		Debit	Credit
1. Balance - January 1, 2019	80014-01	xxxxxxxxxx	8,052,392.41
2.		xxxxxxxxxx	
3. Excess Resulting from 2019 Operations	80014-02	xxxxxxxxxx	4,678,183.88
4. Amount Appropriated in the 2019 Budget - Cash	80014-03	6,600,000.00	xxxxxxxxxx
5. Amount Appropriated in 2019 Budget - with Prior Written-Consent of Director of Local Government Services	80014-04	-	xxxxxxxxxx
6.			xxxxxxxxxx
7. Balance - December 31, 2019	80014-05	6,130,576.29	xxxxxxxxxx
		12,730,576.29	12,730,576.29

ANALYSIS OF BALANCE DECEMBER 31, 2019 (FROM CURRENT FUND - TRIAL BALANCE)

Cash	80014-06	15,213,943.06
Investments	80014-07	
Change Fund		3,681.00
Sub Total		15,217,624.06
Deduct Cash Liabilities Marked with "C" on Trial Balance	80014-08	9,361,276.25
Cash Surplus	80014-09	5,856,347.81
Deficit in Cash Surplus	80014-10	
Other Assets Pledged to Surplus:*		
(1) Due from State of N.J. Senior Citizens and Veterans Deduction	80014-16	274,228.48
Deferred Charges #	80014-12	
Cash Deficit #	80014-13	
Total Other Assets	80014-14	274,228.48
* IN THE CASE OF A "DEFICIT IN CASH SURPLUS", "OTHER ASSETS"	80014-15	6,130,576.29

WOULD ALSO BE PLEDGED TO CASH LIABILITIES.

MAY NOT BE ANTICIPATED AS NON-CASH SURPLUS IN 2020 BUDGET.

(1) MAY BE ALLOWED UNDER CERTAIN CONDITIONS.

NOTE: Deferred charges for authorizations under N.J.S. 40A:4-55 (Tax Map, etc.), N.J.S. 40A:4-55 (Flood Damage, etc.), N.J.S. 40A:4-55.1 (Roads and Bridges, etc.) and N.J.S. 40A:4-55.13 (Public Exigencies, etc.) to the extent of emergency notes issued and outstanding for such purposes, together with such emergency notes, may be omitted from this analysis.

(FOR MUNICIPALITIES ONLY)
CURRENT TAXES - 2019 LEVY

1. Amount of Levy as per Duplicate (Analysis) # or (Abstract of Ratables)	82101-00 \$	244,556,830.83
	82113-00 \$	
2. Amount of Levy Special District Taxes	82102-00 \$	27,515,133.00
3. Amount Levied for Omitted Taxes under N.J.S.A. 54:4-63.12 et seq.	82103-00 \$	
4. Amount Levied for Added Taxes under N.J.S.A. 54:4-63.1 et seq.	82104-00 \$	820,642.27
5a. Subtotal 2019 Levy	\$	272,892,606.10
5b. Reductions due to tax appeals **	\$	
5c. Total 2019 Tax Levy	82106-00 \$	272,892,606.10
6. Transferred to Tax Title Liens	82107-00 \$	340,745.53
7. Transferred to Foreclosed Property	82108-00 \$	
8. Remitted, Abated or Canceled	82108-00 \$	187,754.19
9. Discount Allowed	82108-00 \$	
10. Collected in Cash: In 2018	82121-00 \$	2,590,737.18
In 2019 *	82122-00 \$	265,547,155.73
Homestead Benefit Credit	\$	3,320,855.88
State's Share of 2019 Senior Citizens and Veterans Deductions Allowed	82123-00 \$	860,517.80
Total To Line 14	82111-00 \$	272,319,266.59
11. Total Credits	\$	272,847,766.31
12. Amount Outstanding December 31, 2019	82120-00 \$	44,839.79
13. Percentage of Cash Collections to Total 2019 Levy, (Item 10 divided by Item 5c) is 99.78%	82112-00	

Note: If municipality conducted Accelerated Tax Sale or Tax Levy Sale check here ☒ and complete sheet 22a.

14. Calculation of Current Taxes Realized in Cash:

Total of Line 10	\$	272,319,266.59
Less: Reserve for Tax Appeals Pending State Division of Tax Appeals	\$	
To Current Taxes Realized in Cash (Sheet 17)	\$	272,319,266.59

Note A: In showing the above percentage the following should be noted:
Where Item 5 shows \$1,500,000.00, and Item 10 shows \$1,049,977.50,
the percentage represented by the cash collections would be
\$1,049,977.50 divided by \$1,500,000, or .699985. The correct percentage to
be shown as Item 13 is 69.99% and not 70.00%, nor 69.999%.

Note: On Item 1 if Duplicate (Analysis) Figure is used; be sure to include
Senior Citizens and Veterans Deductions.

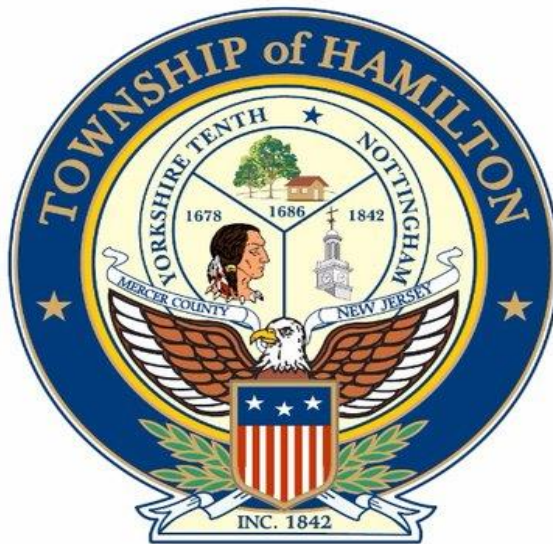
* Include overpayments applied as part of 2019 collections.

** Tax appeals pursuant to R.S. 54:3-21 et seq and/or R.S. 54:48-1 et seq approved by resolution of the governing
body prior to introduction of municipal budget

Sheet 22

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**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP
FOR THE YEAR ENDED DECEMBER 31, 2018**



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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY DATA AND INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**



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

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying basic financial statements – regulatory basis of the Township of Hamilton ("Township"), County of Mercer, State of New Jersey, which comprise the statements of assets, liabilities, reserves and fund balance of the various funds and the governmental fixed assets, as of and for the years ended December 31, 2018 and 2017, and the related statements of revenues, expenditures and changes in fund balance for the years then ended and the related notes to the financial statements, the combining financial statements, the statements of fund balance, the statements of revenues and the statements of expenditures of the various funds for the year ended December 31, 2018, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), as described in Note 2. 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division. Those standards and requirements prescribed by the Division 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 Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 2, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division to demonstrate compliance with the Division's regulatory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters 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, 2018 and 2017, the changes in its financial position, and, where applicable, its cash flows for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the statements of assets, liabilities, reserves and fund balance – regulatory basis of the various funds and the governmental fixed assets of the Township as of December 31, 2018 and 2017, and the results of its operations and changes in fund balances of such funds for the years then ended, and the combining financial statements, the statements of fund balance, the statements of revenues and the statements of expenditures of the various funds and related notes to the financial statements for the year end December 31, 2018 in accordance with the financial reporting provisions of the Division, as described in Note 2 to the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 2019 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Cranford, New Jersey
August 26, 2019

David J. Gannon

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

COMBINED FINANCIAL STATEMENTS

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE- ALL FUND TYPES AND ACCOUNT GROUPS
REGULATORY BASIS
DECEMBER 31, 2018

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	UTILITY ASSESSMENT FUND	GOVERNMENTAL FIXED ASSET ACCOUNT GROUP	TOTAL Dec. 31, 2018	MEMORANDUM ONLY TOTAL Dec. 31, 2017
ASSETS									
Cash and Investments	\$ 18,444,381.09	\$ 22,829,381.49	\$ 19,763,838.47	\$ 1,410,710.78	\$ 18,942,039.24	\$ 467.10		\$ 81,390,818.17	\$ 87,175,490.77
Federal and State Grant Receivable	1,708,921.52				8,650.65			1,717,572.17	2,152,409.28
Receivables and Other Assets:									
Delinquent Property Taxes and Utility Charges	21,206.09							21,206.09	63,688.58
Other Receivables	67,188.67	948,154.82						1,015,343.49	929,979.33
Assessments Receivable		828,331.88		1,150,471.94				1,978,803.82	896,017.37
Tax Title, Sewer and Assessment Liens Rec.	3,110,849.78	899.49		101,970.14				3,213,719.41	3,012,007.62
Prepaid School Tax	1,035,070.02							1,035,070.02	211,898.50
Interfunds Receivable	7,966.13		177,712.25	4,025,539.86	6,379,048.00			10,590,266.24	6,585,592.42
Property Acquired for Taxes	367,045.00							367,045.00	367,045.00
Due from State	259,577.25		494,581.78					754,159.03	
Due from County			157,500.00					157,500.00	
Prospective Assessments Funded		2,267,073.50						2,267,073.50	2,267,073.50
Deferred Charges	440,000.00		96,771,082.15					97,211,082.15	99,603,746.53
Fixed Capital					134,215,182.90			134,215,182.90	134,215,182.90
Fixed Capital Authorized and Uncompleted					72,291,393.82			72,291,393.82	65,491,985.82
Fixed Assets							\$ 109,252,213.32	109,252,213.32	107,484,678.72
	<u>\$ 25,462,205.55</u>	<u>\$ 26,873,841.18</u>	<u>\$ 117,364,714.65</u>	<u>\$ 6,688,692.72</u>	<u>\$ 231,836,314.61</u>	<u>\$ 467.10</u>	<u>\$ 109,252,213.32</u>	<u>\$ 517,478,449.13</u>	<u>\$ 510,456,796.34</u>

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE- ALL FUND TYPES AND ACCOUNT GROUPS
REGULATORY BASIS
DECEMBER 31, 2018

	CURRENT FUND	TRUST FUND	GENERAL CAPITAL FUND	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	UTILITY ASSESSMENT FUND	GOVERNMENTAL FIXED ASSET ACCOUNT GROUP	TOTAL Dec. 31, 2018	MEMORANDUM ONLY TOTAL Dec. 31, 2017
LIABILITIES, RESERVES AND FUND BALANCE									
Overpayments	\$ 65,296.78			\$ 33,756.66				\$ 99,053.44	\$ 21,515.50
Appropriation Reserves	4,292,337.06			1,482,615.25				5,774,952.31	5,819,176.63
Prepaid Taxes, Assessments and Utility Charges	2,590,737.18	\$ 9,332.15		169,052.78				2,769,122.11	8,039,065.98
Federal and State Grants:									
Appropriated Reserves	2,384,056.25							2,384,056.25	2,211,244.81
Unappropriated Reserves									133,846.07
Encumbrances	344,452.32							344,452.32	87,697.23
Other Liabilities and Reserves:									
Due to State of New Jersey	26,434.00							26,434.00	32,082.00
Reserve for Future Debt Service			\$ 195,855.94	781,137.41				976,993.35	741,060.40
Capital Improvement Fund					\$ 192,775.00			192,775.00	265,783.74
Due to Current		7,341.48						7,341.48	
Due to Sewer Operating			4,025,539.86					4,025,539.86	
Due to Sewer Capital			6,379,048.00					6,379,048.00	141,295,987.66
Due to General Capital									61,095,869.01
Due to Dog Trust									9,247,502.23
Due to Grant Fund									
Other Liabilities and Reserves	589,908.35	11,444,821.41	223,008.74		116,011,082.21			128,268,820.71	6,585,592.42
Improvement Authorizations			29,683,840.91		34,406,503.28			64,090,344.19	123,095,000.00
Reserve for Encumbrances/ Accounts Payable	1,307,000.89	272,382.44	1,956,714.48	356,958.91	3,738,726.90			7,631,783.62	23,856,772.00
Reserve for Tax title Liens		2,716,928.67						2,716,928.67	880,000.00
Interfunds Payable	177,712.25							177,712.25	225,473.88
Serial Bonds Payable		753,000.00	57,015,000.00		55,039,000.00			112,807,000.00	2,667,011.35
Bond Anticipation Notes Payable			15,641,000.00		22,157,000.00			37,798,000.00	3,507,631.85
Special Emergency Notes Payable	440,000.00							440,000.00	1,090,642.99
Green Trust Loan Payable			177,298.63					177,298.63	318,005.06
Reserve for Receivables	4,609,325.69			1,252,442.08				5,861,767.77	107,484,678.72
Environmental Infrastructure Loans			2,064,935.12		290,520.84			2,355,455.96	
Accrued Interest on Bonds and Notes				1,271,223.27				1,271,223.27	
County and School Taxes Payable	582,552.37							582,552.37	
Investment in Fixed Assets							\$ 109,252,213.32	109,252,213.32	
Deposits for Tax Sale Redemp./Premiums		3,353,014.42						3,353,014.42	
Escrow		8,317,018.61						8,317,018.61	
Fund Balance	8,052,392.41	2.00	2,472.97	1,341,506.36	706.38	\$ 467.10		9,397,547.22	11,755,156.81
	<u>\$ 25,462,205.55</u>	<u>\$ 26,873,841.18</u>	<u>\$ 117,364,714.65</u>	<u>\$ 6,688,692.72</u>	<u>\$ 231,836,314.61</u>	<u>\$ 467.10</u>	<u>\$ 109,252,213.32</u>	<u>\$ 517,478,449.13</u>	<u>\$ 510,456,796.34</u>

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	CURRENT FUND	UTILITY OPERATING FUND	Total <u>Dec. 31, 2018</u>
<u>Revenues:</u>			
Fund Balance Appropriated	\$ 5,100,000.00	\$ 3,000,000.00	\$ 8,100,000.00
Sewer Rents and Connection Fees		15,901,126.15	15,901,126.15
Miscellaneous Revenue	10,438,807.56	152,737.78	10,591,545.34
State Aid	19,166,830.00		19,166,830.00
State and Federal Grants	764,364.07		764,364.07
Special Items	242,707.48		242,707.48
Receipts from Delinquent Taxes	271,874.91		271,874.91
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	69,519,792.91		69,519,792.91
Local Library Tax	2,922,941.00		2,922,941.00
Total Revenue	108,427,317.93	19,053,863.93	127,481,181.86
Other Credits to Income	3,302,757.46	882,279.97	4,185,037.43
Total Revenues	111,730,075.39	19,936,143.90	131,666,219.29
<u>Expenditures:</u>			
Current Fund Within CAPS:			
General Government	871,794.00	12,643,874.00	13,515,668.00
Department of Administration	1,090,538.00		1,090,538.00
Department of Finance	1,747,444.00		1,747,444.00
Department of Law	1,828,979.00		1,828,979.00
Department of Engineering, Planning and Inspection	4,234,075.00		4,234,075.00
Department of Economic Development/Technology	712,525.00		712,525.00
Department of Public Safety	23,195,486.00		23,195,486.00
Department of Public Works	22,324,601.00		22,324,601.00
Department of Health, Recreation and Welfare	3,540,213.00		3,540,213.00
Separate Boards and Agencies	168,858.00		168,858.00
Unclassified Purposes	18,035,038.00		18,035,038.00
Deferred Charges and Statutory Expenditures	10,323,819.22	875,042.00	11,198,861.22
Current Fund Excluded From CAPS:			
General Government	4,809,158.00		4,809,158.00
Public and Private Programs	1,062,071.55		1,062,071.55
Capital Improvements	325,000.00		325,000.00
Debt Service	10,141,588.86	5,609,988.78	15,751,577.64
Reserve for Uncollected Taxes	886,669.34		886,669.34
Total Budget Expenditures	105,297,857.97	19,128,904.78	124,426,762.75
Other Charges	1,497,066.13		1,497,066.13
Total Expenditures	106,794,924.10	19,128,904.78	125,923,828.88

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	CURRENT FUND	UTILITY OPERATING FUND	Total <u>Dec. 31, 2018</u>
Statutory Excess to Fund Balance	\$ 4,935,151.29	\$ 807,239.12	\$ 5,742,390.41
Fund Balance January 1, 2018	<u>8,217,241.12</u>	<u>3,534,267.24</u>	<u>11,751,508.36</u>
	13,152,392.41	4,341,506.36	17,493,898.77
Decreased by:			
Utilized as Anticipated Revenue	<u>5,100,000.00</u>	<u>3,000,000.00</u>	<u>8,100,000.00</u>
Fund Balance December 31, 2018	<u>\$ 8,052,392.41</u>	<u>\$ 1,341,506.36</u>	<u>\$ 9,393,898.77</u>

See accompanying notes to the 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, 2018

	BUDGET AS <u>MODIFIED</u>	2018 <u>ACTUAL</u>	EXCESS <u>(DEFICIT)</u>
Revenues:			
Fund Balance Appropriated	\$ 5,100,000.00	\$ 5,100,000.00	
Miscellaneous Revenue	9,766,948.15	10,438,807.56	\$ 671,859.41
State Aid	19,166,830.00	19,166,830.00	
State and Federal Grants	242,707.48	242,707.48	
Special Items	764,364.07	764,364.07	
Receipts from Delinquent Taxes	180,000.00	271,874.91	91,874.91
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	67,162,160.42	69,519,792.91	2,357,632.49
Local Library Tax	<u>2,922,941.00</u>	<u>2,922,941.00</u>	
Total Budget Revenue	<u>105,455,951.12</u>	<u>108,427,317.93</u>	<u>2,971,366.81</u>
Other Credits to Income		<u>3,302,757.46</u>	<u>3,302,757.46</u>
Total Revenues	<u>105,455,951.12</u>	<u>111,730,075.39</u>	<u>6,274,124.27</u>
Expenditures:			
Current Fund Within CAPS:			
General Government	871,794.00	871,794.00	
Department of Administration	1,090,538.00	1,090,538.00	
Department of Finance	1,747,444.00	1,747,444.00	
Department of Law	1,828,979.00	1,828,979.00	
Department of Engineering, Planning and Inspection	4,234,075.00	4,234,075.00	
Department of Economic Development/Technology	712,525.00	712,525.00	
Department of Public Safety	23,195,486.00	23,195,486.00	
Department of Public Works	22,324,601.00	22,324,601.00	
Department of Health, Recreation and Welfare	3,540,213.00	3,540,213.00	
Separate Boards and Agencies	168,858.00	168,858.00	
Unclassified Purposes	18,035,038.00	18,035,038.00	
Deferred Charges and Statutory Expenditures	10,323,819.22	10,323,819.22	
Current Fund Excluded From CAPS:	-		
General Government	4,809,158.00	4,809,158.00	
Public and Private Programs	1,062,071.55	1,062,071.55	
Capital Improvements	325,000.00	325,000.00	
Debt Service	10,141,588.86	10,141,588.86	
Reserve for Uncollected Taxes	<u>886,669.34</u>	<u>886,669.34</u>	
Total Budget Expenditures	<u>105,297,857.97</u>	<u>105,297,857.97</u>	
Other Charges		<u>1,497,066.13</u>	<u>(1,497,066.13)</u>
Total Expenditures	<u>105,297,857.97</u>	<u>106,794,924.10</u>	<u>(1,497,066.13)</u>

See accompanying notes to the 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, 2018

	<u>BUDGET AS MODIFIED</u>	<u>2018 ACTUAL</u>	<u>EXCESS</u>
Excess in Revenues	\$ 158,093.15	\$ 4,935,151.29	\$ 4,777,058.14
Fund Balance January 1, 2018	<u>8,217,241.12</u>	<u>8,217,241.12</u>	<u> </u>
	8,375,334.27	13,152,392.41	4,777,058.14
Decreased by:			
Utilized as Anticipated Revenue	<u>5,100,000.00</u>	<u>5,100,000.00</u>	<u> </u>
Fund Balance December 31, 2018	<u><u>\$ 3,275,334.27</u></u>	<u><u>\$ 8,052,392.41</u></u>	<u><u>\$ 4,777,058.14</u></u>

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- REGULATORY BASIS
BUDGET AND ACTUAL-UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>BUDGET AS MODIFIED</u>	<u>2018 ACTUAL</u>	<u>EXCESS</u>
Revenues:			
Fund Balance Appropriated	\$ 3,000,000.00	\$ 3,000,000.00	
Sewer Rents	16,028,905.44	15,901,126.15	\$ (127,779.29)
Miscellaneous	<u>100,000.00</u>	<u>152,737.78</u>	<u>52,737.78</u>
Total Budget Revenue	<u>19,128,905.44</u>	<u>19,053,863.93</u>	<u>(75,041.51)</u>
Other Credits to Income		<u>882,279.97</u>	<u>882,279.97</u>
Total Revenues	<u>19,128,905.44</u>	<u>19,936,143.90</u>	<u>807,238.46</u>
Expenditures:			
Operating Expenses	12,643,874.00	12,643,874.00	
Debt Service	5,609,988.78	5,609,988.78	
Statutory Expenditures	<u>875,042.00</u>	<u>875,042.00</u>	
Total Expenditures	<u>19,128,904.78</u>	<u>19,128,904.78</u>	<u>-</u>
Excess in Revenues / Statutory Excess to Fund Balance		<u>807,239.12</u>	<u>807,239.12</u>
Fund Balance January 1, 2018	<u>3,534,267.24</u>	<u>3,534,267.24</u>	<u>-</u>
	<u>3,534,267.24</u>	<u>4,341,506.36</u>	<u>807,239.12</u>
Decreased by:			
Utilized in Sewer Operating Budget	<u>3,000,000.00</u>	<u>3,000,000.00</u>	<u>-</u>
Fund Balance December 31, 2018	<u><u>\$ 534,267.24</u></u>	<u><u>\$ 1,341,506.36</u></u>	<u><u>\$ 807,239.12</u></u>

See accompanying notes to the financial statements

INDIVIDUAL FUND FINANCIAL STATEMENTS

CURRENT FUND

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>BALANCE DEC. 31 ,2018</u>	<u>BALANCE DEC. 31 ,2017</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31 ,2018</u>	<u>BALANCE DEC. 31 ,2017</u>
Cash and Investments - Treasurer	\$ 17,421,513.04	\$ 24,746,277.40	Liabilities:		
Cash - Change Fund	3,281.00	2,881.00	Prepaid Taxes	\$ 2,590,737.18	\$ 7,279,203.53
Prepaid School Tax		211,898.50	Tax Overpayments	65,296.78	2,813.28
			Accounts Payable	15,477.03	130,744.57
Due from State of N.J. Per Chap. 73, P.L. 1976	<u>259,577.25</u>	<u>282,907.12</u>	Appropriation Reserves	4,292,337.06	4,947,967.10
			Special Emergency Notes Payable	440,000.00	880,000.00
			Due to General Capital	177,712.25	1,498,072.50
			Due to Trust		534,500.00
	<u>17,684,371.29</u>	<u>25,243,964.02</u>	Due to State of New Jersey:		
			State Marriage License Fees	2,975.00	2,800.00
			DCA Training Fees	23,459.00	29,282.00
			Due County for Added Taxes	582,552.37	318,005.06
			Due to Grant Fund		122,547.74
Receivables and Other Assets With			PILOT Payable	211,850.95	141,560.85
Full Reserves:			Reserve for Encumbrances	1,291,523.86	1,641,168.87
Taxes Receivable	21,206.09	63,064.58	Reserve for 2014 Revaluation Exp	378,057.40	378,057.40
Tax Title Liens Receivable	3,110,849.78	2,939,673.34			
Prepaid School Tax	1,035,070.02				
Property Acquired for Taxes at					
Assessed Value	367,045.00	367,045.00		10,071,978.88	17,906,722.90
Revenue Accounts Receivable	67,188.67	64,890.65			
Due from Library	624.65				
Due from Trust Other Fund	7,341.48				
	<u>4,609,325.69</u>	<u>3,434,673.57</u>			
Deferred Charges:					
Special Emergency Authorization	<u>440,000.00</u>	<u>880,000.00</u>			
			Reserve for Receivables	4,609,325.69	3,434,673.57
			Fund Balance	<u>8,052,392.41</u>	<u>8,217,241.12</u>
Total Regular Fund	<u>22,733,696.98</u>	<u>29,558,637.59</u>	Total Regular Fund	<u>22,733,696.98</u>	<u>29,558,637.59</u>
Grant Fund:			Grant Fund:		
Cash and Investments - Treasurer	1,019,587.05	796,470.64	Reserve for Encumbrances	344,452.32	87,697.23
Due from Current Fund		122,547.74	Reserve for State & Federal Grants:		
State & Federal Grants Receivable	<u>1,708,921.52</u>	<u>1,513,769.73</u>	Appropriated	2,384,056.25	2,211,244.81
			Unappropriated		133,846.07
Total Grant Fund	<u>2,728,508.57</u>	<u>2,432,788.11</u>	Total Grant Fund	<u>2,728,508.57</u>	<u>2,432,788.11</u>
Total Current Fund	<u>\$ 25,462,205.55</u>	<u>\$ 31,991,425.70</u>	Total Current Fund	<u>\$ 25,462,205.55</u>	<u>\$ 31,991,425.70</u>

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

<u>REVENUE AND OTHER INCOME</u>	<u>YEAR 2018</u>	<u>YEAR 2017</u>
Fund Balance Utilized	\$ 5,100,000.00	\$ 4,500,000.00
Miscellaneous Revenues Anticipated	30,612,709.11	30,146,929.73
Receipts from Delinquent Taxes	271,874.91	366,115.73
Receipts from Current Taxes	268,006,319.05	258,350,944.77
Non-Budget Revenue	599,413.51	1,343,077.29
Unexpended Balance of Prior Year Approp. Res. Lapsed	<u>2,703,343.95</u>	<u>2,083,321.59</u>
Total Revenue and Other Income	<u>307,293,660.53</u>	<u>296,790,389.11</u>
<u>EXPENDITURES</u>		
Budget Appropriations:		
Operations:		
Salaries and Wages	45,088,709.00	44,693,300.00
Other Expenses	38,532,071.55	37,410,236.63
Deferred Charges and Statutory Expenditures	10,323,819.22	9,807,405.00
Capital Improvements	325,000.00	415,000.00
Municipal Debt Service	10,141,588.86	9,324,602.40
Special District Taxes Levied	25,979,746.00	23,762,073.00
County Taxes Levied	54,946,059.59	53,855,199.13
Local District School Taxes Levied	115,534,757.00	112,320,655.00
Local District School Taxes Prepaid	1,035,070.02	
Refund of Prior Year Revenue	353,726.17	
Other	92,961.83	70,351.55
Prior Years Senior Citizens/Veterans Deductions	<u>5,000.00</u>	<u>7,250.00</u>
Total Expenditures	<u>302,358,509.24</u>	<u>291,666,072.71</u>
Excess in Revenues	4,935,151.29	5,124,316.40
<u>FUND BALANCE</u>		
Balance - January 1	<u>8,217,241.12</u>	<u>7,592,924.72</u>
	13,152,392.41	12,717,241.12
Decreased by:		
Utilized as Anticipated Revenue	<u>5,100,000.00</u>	<u>4,500,000.00</u>
Balance - December 31	<u>\$ 8,052,392.41</u>	<u>\$ 8,217,241.12</u>

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

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

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

	ANTICIPATED		REALIZED	EXCESS (DEFICIT)
	2018 BUDGET	N.J.S.A. 40A:4-87		
Miscellaneous Revenues (Cont'd.):				
Special Items (cont'd):				
Drunk Driving Enforcement		\$ 8,048.51	\$ 8,048.51	
Justice Assistance		15,288.00	15,288.00	
Justice Assistance		16,792.00	16,792.00	
Distracted Driving		6,600.00	6,600.00	
Septemberfest Sponsorships and Vendor Fees	\$ 50,000.00		55,996.17	\$ 5,996.17
Ecological Facility & Various Leases	135,000.00		160,859.82	25,859.82
HUD Administrative Reimbursements & HCVP	175,000.00		175,000.00	
Housing Inspection Fees				
American Metro - Payment in Lieu of Taxes	475,000.00		404,994.26	(70,005.74)
Golf Center	90,000.00		89,261.58	(738.42)
Sayen House/Gardens, Kuser Rental Fees	90,000.00		122,478.32	32,478.32
Hotel Fees	350,000.00		370,491.54	20,491.54
Capital Fund - Reserve for Debt Service	150,000.00		150,000.00	
Total Miscellaneous Revenues	29,698,142.32	242,707.48	30,612,709.11	671,859.31
Receipts from Delinquent Taxes	180,000.00		271,874.91	91,874.91
Amount to be Raised by Taxation for Support of Municipal Budget:				
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	67,162,160.42		69,509,484.80	2,347,324.38
Local Tax for Municipal Library	2,922,941.00		2,922,941.00	0.00
Total Amount to be Raised By Taxation	70,085,101.42	0.00	72,432,425.80	2,347,324.38
Budget Totals	105,063,243.74	242,707.48	108,417,009.82	3,111,058.60
Non-Budget Revenues			599,413.51	599,413.51
	\$ 105,063,243.74	\$ 242,707.48	\$ 109,016,423.33	\$ 3,710,472.11

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

Analysis of Non-Budget Revenues:

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

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection:

Revenue from Collection:

Collections by Cash:

Year 2018	\$ 259,787,054.84	
Year 2017	7,279,203.53	
Sr. Cit. & Vet. Deduction		
Reimbursement	<u>940,060.68</u>	\$ 268,006,319.05

School, County and Special
District Taxes

196,460,562.59

71,545,756.46

Add: Reserve for Uncollected Taxes

886,669.34

\$ 72,432,425.80

Receipts from Delinquent Taxes:

Delinquent Tax Collection

\$ 65,765.63

Tax Title Lien Collection

206,109.28

\$ 271,874.91

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

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

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

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

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

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

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

	2018 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	PAID OR <u>CHARGED</u>	<u>EXPENDED</u>		UNEXPENDED BALANCE <u>CANCELLED</u>
				<u>ENCUMBERED</u>	<u>RESERVED</u>	
Operations Within "CAPS" (Cont'd.)						
DEPARTMENT OF HEALTH, <u>RECREATION AND WELFARE (CONT'D.):</u>						
Office of Sr. Citizens Programs						
Salaries and Wages	\$ 446,176.00	\$ 446,176.00	\$ 410,154.14		\$ 36,021.86	
Other Expenses	140,665.00	140,665.00	103,328.79	\$ 6,310.62	31,025.59	
<u>SEPARATE BOARDS AND AGENCIES:</u>						
Environmental Commission (N.J.S.A. 40:56A-81 et seq.)						
Salaries and Wages	700.00	700.00	700.00			
Other Expenses	2,200.00	2,200.00	2,114.64		85.36	
Zoning Board of Adjustment						
Other Expenses	38,000.00	38,000.00	13,481.40	355.85	24,162.75	
Economic Development Commission						
Salaries and Wages	1,000.00	1,000.00	1,000.00			
Other Expenses	2,700.00	2,700.00	2,434.48	265.52		
Planning Board						
Other Expenses	38,932.00	38,932.00	16,745.83	624.10	21,562.07	
Board of Public Officers						
Salaries and Wages	400.00	400.00	250.00		150.00	
Other Expenses	100.00	100.00			100.00	
Municipal Alliance						
Salaries and Wages	450.00	450.00	200.00		250.00	
Aid to Museum (N.J.S.A. 40:23-6.22)	6,550.00	6,550.00	6,550.00			
Center for the Physically Limited (N.J.S.A. 40:13)	19,396.00	19,396.00	19,396.00			
First Aid Organizations - Contributions	40,000.00	40,000.00	30,000.00	10,000.00		
Cultural and Arts Commission						
Salaries and Wages	150.00	150.00			150.00	
Other Expenses	850.00	850.00			850.00	
Construction Board of Appeals						
Salaries and Wages						
Other Expenses						
Neighborhood Service Center - Contributions	10,000.00	10,000.00	10,000.00			
Redevelopment Board						
Salaries and Wages	250.00	250.00	75.00		175.00	
Other Expenses	4,580.00	4,580.00			4,580.00	
Shade Tree Commission						
Salaries and Wages	450.00	450.00	350.00		100.00	
Other Expenses	300.00	300.00	273.49		26.51	
Parks and Recreation Commission						
Salaries and Wages	100.00	100.00	25.00		75.00	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

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

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

	2018 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>EXPENDED</u>			<u>UNEXPENDED BALANCE CANCELLED</u>
			<u>PAID OR CHARGED</u>	<u>ENCUMBERED</u>	<u>RESERVED</u>	
<u>Operations Excluded from "CAPS"</u>						
Maintenance of Free Public Library	\$2,922,941.00	\$2,922,941.00	\$2,922,941.00			
Police Dispatch/911						
Salaries and Wages	1,141,879.00	1,235,879.00	1,177,090.58		\$ 58,788.42	
Other Expenses	111,650.00	111,650.00	106,999.15		4,650.85	
Supplemental Fire Services Program	98,688.00	98,688.00	98,688.00			
Special Emergency Revaluation	440,000.00	440,000.00	440,000.00			
<u>STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES:</u>						
Alcohol Ed. And Rehab		13,474.84	13,474.84			
NJDHSS Lead Abatement	46,386.00	46,386.00	46,386.00			
Click It or Ticket Grant		5,500.00	5,500.00			
Clean Communities		177,004.13	177,004.13			
State DOT Yardville Hamilton Square Road	505,300.00	505,300.00	505,300.00			
Distracted Driving		6,600.00	6,600.00			
Municipal Alliance	78,832.00	78,832.00	78,832.00			
Div of Law & Public Safety	4,700.00	4,700.00	4,700.00			
Dept of Justice	4,956.90	4,956.90	4,956.90			
Justice Assistance		15,288.00	15,288.00			
Justice Assistance		16,792.00	16,792.00			
Drunk Driving Enforcement Grant		8,048.51	8,048.51			
Recycling Tonnage	124,189.17	124,189.17	124,189.17			
Mathing Funds for Historical Society	30,000.00	30,000.00			30,000.00	
Matching Funds for Municipal Alliance	19,708.00	19,708.00	19,708.00			
Matching Funds for Grants	5,292.00	5,292.00			5,292.00	
Total Operations Excluded from "CAPS"	<u>5,534,522.07</u>	<u>5,871,229.55</u>	<u>5,772,498.28</u>		<u>98,731.27</u>	
<u>DETAIL:</u>						
Salaries and Wages	1,141,879.00	1,235,879.00	1,177,090.58		58,788.42	
Other Expenses	<u>4,392,643.07</u>	<u>4,635,350.55</u>	<u>4,595,407.70</u>		<u>39,942.85</u>	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

	2018 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS":</u>						
Capital Improvement Fund	\$ 325,000.00	\$ 325,000.00	\$ 325,000.00			
Total Capital Improvements Excluded from "CAPS"	325,000.00	325,000.00	325,000.00			
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS":</u>						
Payment of Bond Principal	7,278,000.00	7,278,000.00	7,278,000.00			
Interest on Bonds	2,294,730.86	2,294,730.86	2,294,730.86			
Interest on Notes	158,340.00	158,340.00	158,340.00			
Special Emergency Note Interest	17,552.00	17,552.00	17,552.00			
Special Assessment Interest	28,379.00	28,379.00	28,379.00			
Green Trust Loan Program						
Payment of Principal	48,175.25	48,175.25	48,175.25			
Payment of Interest	5,300.00	5,300.00	4,251.17			\$ 1,048.83
NJEITF:						
Payment of Principal	286,490.00	286,490.00	286,489.13			0.87
Payment of Interest	32,715.00	32,715.00	25,671.45			7,043.55
Total Municipal Debt Service Excluded from "CAPS"	10,149,682.11	10,149,682.11	10,141,588.86			8,093.25
<u>DEFERRED CHARGES EXCLUDED FROM "CAPS"</u>						
Deferred Charges Other Fund	150,000.00	150,000.00	150,000.00			
Total Deferred Charges - Municipal - Excluded from "CAPS"	150,000.00	150,000.00	150,000.00			
Total General Appropriations for Municipal Excluded from "CAPS"	16,159,204.18	16,495,911.66	16,389,087.14	-	\$ 98,731.27	8,093.25
Subtotal General Appropriations	104,176,574.40	104,419,281.88	98,827,327.71	\$ 1,291,523.86	4,292,337.06	8,093.25
Reserve for Uncollected Taxes	886,669.34	886,669.34	886,669.34			-
Total General Appropriations	\$ 105,063,243.74	\$ 105,305,951.22	\$ 99,713,997.05	\$ 1,291,523.86	\$ 4,292,337.06	\$ 8,093.25
Adopted Budget		\$ 105,063,243.74				
Appropriated N.J.S.A. 40A:4-87		242,707.48				
		\$ 105,305,951.22				
Cash Disbursed			\$ 97,800,548.16			
State & Federal Grants Appropriated			1,026,779.55			
Reserve for Uncollected Taxes			886,669.34			
			\$ 99,713,997.05			

TRUST FUND

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

TRUST FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>	<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	<u>BALANCE</u> <u>DEC. 31, 2018</u>	<u>BALANCE</u> <u>DEC. 31, 2017</u>
Trust Assessment Fund:			Trust Assessment Fund:		
Cash and Investments - Treasurer	\$ 382,957.95	\$ 316,171.95	Prepaid Assessments	\$ 9,332.15	\$ 9,332.15
Assessments Receivable	828,331.88	895,117.88	Reserve for Assessments, Liens and		
Assessment Lien, Interest & Costs	899.49	899.49	Assessment Lien Interest and Costs	2,716,928.67	2,606,928.67
Prospective Assessments Funded	<u>2,267,073.50</u>	<u>2,267,073.50</u>	Serial Bonds Payable	753,000.00	863,000.00
			Fund Balance	<u>2.00</u>	<u>2.00</u>
Total Trust Assessment Fund	<u>3,479,262.82</u>	<u>3,479,262.82</u>	Total Trust Assessment Fund	<u>3,479,262.82</u>	<u>3,479,262.82</u>
Animal Control Trust Fund:			Animal Control Trust Fund:		
Cash and Investments - Treasurer	96,883.40	88,341.81	Reserve for Animal Control	68,033.58	83,210.02
			Escrow	5,937.00	4,782.00
			Reserve for Encumbrances	22,891.22	349.79
			Due to State of NJ	<u>21.60</u>	
Total Animal Control Trust Fund	<u>96,883.40</u>	<u>88,341.81</u>	Total Animal Control Trust Fund	<u>96,883.40</u>	<u>88,341.81</u>
Trust-Other Fund:			Trust-Other Fund:		
Cash and Investments - Treasurer	21,836,622.36	23,776,629.75	Reserve for Encumbrances	248,038.22	305,760.96
Due from Current Fund	<u>21,836,622.36</u>	<u>534,500.00</u>	Escrow Funds	7,193,092.13	7,456,800.50
		<u>24,311,129.75</u>	Performance Guarantees	1,305,235.05	1,305,235.05
			Due to Current Fund	7,341.48	
			Deposits for Tax Sale Redemp./Premiums	3,353,014.42	3,838,765.44
			Utilities Trust Reserve	208,265.64	40,195.69
			Developers Escrow	1,117,989.48	1,130,024.58
			Dedicated Law Enfor. Trust Fund	18,064.67	52,426.57
			Affordable Housing	5,196,491.35	6,148,724.44
			Flexible Spending Account	24,568.65	25,917.13
			Unemployment Trust	100,143.08	92,974.75
			Insurance Trust Reserve	816,884.30	1,843,681.31
			Off-Duty Police	1,473,036.75	1,010,768.32
			Storm Recovery	268,604.64	413,451.98
			Payroll Deductions Payable	505,752.50	486,403.03
			Green Trust Reserve	100.00	
			Due to General Capital Fund		<u>160,000.00</u>
Total Trust-Other Fund	<u>\$ 21,836,622.36</u>	<u>\$ 24,311,129.75</u>	Total Trust-Other Fund	<u>\$ 21,836,622.36</u>	<u>\$ 24,311,129.75</u>

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

TRUST FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	BALANCE DEC. 31, 2018	BALANCE DEC. 31, 2017		BALANCE DEC. 31, 2018	BALANCE DEC. 31, 2017
Housing and Community Development Act of 1974:			Housing & Community Development Act of 1974:		
Cash and Investments - Treasurer	\$ 86,098.72	\$ 50,761.88	Reserve for Commun. Develop. Blk.		
Accounts Receivable	<u>948,154.82</u>	<u>865,088.68</u>	Grant Projects	\$ <u>1,034,253.54</u>	\$ <u>915,850.56</u>
Total Housing and Community Development Act of 1974	<u>1,034,253.54</u>	<u>915,850.56</u>	Total Housing & Community Development Act of 1974	<u>1,034,253.54</u>	<u>915,850.56</u>
Self-Insurance Trust Fund:			Self-Insurance Trust Fund:		
Cash and Investments - Treasurer	<u>23,379.65</u>	<u>7,720.12</u>	Reserve for Insurance Claims: Worker's Compensation	<u>23,379.65</u>	<u>7,720.12</u>
Total Self Insurance Trust Fund	<u>23,379.65</u>	<u>7,720.12</u>	Total Self Insurance Trust Fund	<u>23,379.65</u>	<u>7,720.12</u>
HUD Housing Voucher Trust Fund:			HUD Housing Voucher Trust Fund:		
Cash and Investments - Treasurer	403,439.41	350,721.30	Reserve for HUD Housing Voucher Program Expenditures	341,551.05	349,268.30
			Accrued Payroll	60,435.36	
			Accounts Payable	<u>1,453.00</u>	<u>1,453.00</u>
Total HUD Housing Voucher Trust Fund	<u>403,439.41</u>	<u>350,721.30</u>	Total HUD Housing Voucher Trust Fund	<u>403,439.41</u>	<u>350,721.30</u>
Total Trust Funds	\$ <u><u>26,873,841.18</u></u>	\$ <u><u>29,153,026.36</u></u>	Total Trust Funds	\$ <u><u>26,873,841.18</u></u>	\$ <u><u>29,153,026.36</u></u>

See accompanying notes to the financial statements

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

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

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

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

See accompanying notes to the financial statements

GENERAL CAPITAL FUND

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

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

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

Balance - December 31, 2018 and 2017

\$ 2,472.97

See accompanying notes to the financial statements

SEWER UTILITY FUND

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

<u>ASSETS</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2017</u>	<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>BALANCE DEC. 31, 2018</u>	<u>BALANCE DEC. 31, 2017</u>
Operating Fund:			Operating Fund:		
Cash and Investments - Treasurer	\$ 1,410,710.78	\$ 3,223,120.59	Liabilities:		
Due from General Capital	<u>4,025,539.86</u>	<u>4,270,472.18</u>	Sewer Rents Overpayments	\$ 33,756.66	\$ 18,702.22
	<u>5,436,250.64</u>	<u>7,493,592.77</u>	Prepaid Sewer Rents	169,052.78	750,530.30
			Accounts Payable		8,398.00
			Appropriation Reserves	1,482,615.25	871,209.53
			Reserve for Encumbrances	356,958.91	650,471.88
			Reserve for Future Debt Service	781,137.41	569,370.61
			Accrued Interest on Bonds & Notes	<u>1,271,223.27</u>	<u>1,090,642.99</u>
Receivables With Offsetting Reserves:				<u>4,094,744.28</u>	<u>3,959,325.53</u>
Sewer Rents Receivable	1,150,471.94	624.00			
Sewer Rent Liens Receivable	<u>101,970.14</u>	<u>72,334.28</u>			
	<u>1,252,442.08</u>	<u>72,958.28</u>			
			Reserve for Receivables	1,252,442.08	72,958.28
			Fund Balance	<u>1,341,506.36</u>	<u>3,534,267.24</u>
Total Operating Fund	<u>6,688,692.72</u>	<u>7,566,551.05</u>	Total Operating Fund	<u>6,688,692.72</u>	<u>7,566,551.05</u>
Capital Fund:			Capital Fund:		
Cash and Investments - Treasurer	18,942,039.24	21,454,807.16	Serial Bonds	55,039,000.00	58,049,000.00
Account Receivable - State	8,650.65	8,650.65	Bond Anticipation Notes	22,157,000.00	15,917,772.00
Due from General Capital	6,379,048.00		NJ EIT Loan Payable	290,520.84	315,587.10
Fixed Capital	134,215,182.90	134,215,182.90	Reserve for Encumbrances	3,738,726.90	1,738,184.79
Fixed Capital - Auth. and Uncompl.	<u>72,291,393.82</u>	<u>65,491,985.82</u>	Improvement Authorizations:		
			Funded	8,492,536.70	9,833,546.34
			Unfunded	25,913,966.58	22,286,266.97
			Reserve for:		
			Capital Improvement Fund	192,775.00	192,775.00
			Reserve for Amortization	116,011,082.21	112,836,787.95
			Fund Balance	<u>706.38</u>	<u>706.38</u>
Total Capital Fund	<u>231,836,314.61</u>	<u>221,170,626.53</u>	Total Capital Fund	<u>231,836,314.61</u>	<u>221,170,626.53</u>
Assessment Fund:			Assessment Fund:		
Cash and Investments - Treasurer	<u>467.10</u>	<u>467.10</u>	Fund Balance	<u>467.10</u>	<u>467.10</u>
Total Sewer Assessment Fund	<u>467.10</u>	<u>467.10</u>	Total Sewer Assessment Fund	<u>467.10</u>	<u>467.10</u>
Total Sewer Utility Fund	<u>\$ 238,525,474.43</u>	<u>\$ 228,737,644.68</u>	Total Sewer Utility Fund	<u>\$ 238,525,474.43</u>	<u>\$ 228,737,644.68</u>

There were Bonds and Notes Authorized but not Issued for the years ended December 31, 2018 and 2017 in the amounts of \$13,008,973.67 and \$12,588,021.67, respectively.

See accompanying notes to the 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 YEARS ENDED DECEMBER 31, 2018 AND 2017

REVENUE AND OTHER
INCOME REALIZED

	<u>YEAR 2018</u>	<u>YEAR 2017</u>
Fund Balance Utilized	\$ 3,000,000.00	\$ 2,275,000.00
Sewer Rents	15,407,731.97	16,105,621.79
Sewer Connection Fees	493,394.18	331,745.05
Miscellaneous Revenue Not Anticipated	152,737.78	129,046.89
Other Credits to Income:		
Unexpended Balance of Appropriation		
Reserves Lapsed	<u>882,279.97</u>	<u>1,189,004.72</u>
Total Revenues	<u>19,936,143.90</u>	<u>20,030,418.45</u>

EXPENDITURES

Budget Appropriations:		
Operating	12,643,874.00	12,049,034.00
Debt Service	5,609,988.78	5,265,014.81
Statutory Expenditures	<u>875,042.00</u>	<u>813,211.00</u>
Total Expenditures	<u>19,128,904.78</u>	<u>18,127,259.81</u>
Excess in Revenues Over Expenditures	807,239.12	1,903,158.64

FUND BALANCE

Balance - January 1	<u>3,534,267.24</u>	<u>3,906,108.60</u>
	4,341,506.36	5,809,267.24
Decreased by:		
Utilized in Sewer Operating Budget	<u>3,000,000.00</u>	<u>2,275,000.00</u>
Balance - December 31	<u>\$ 1,341,506.36</u>	<u>\$ 3,534,267.24</u>

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Balance - December 31, 2018 and 2017

\$ 706.38

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY ASSESSMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Balance - December 31, 2018 and 2017

\$ 467.10

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

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

See accompanying notes to the financial statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

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

See accompanying notes to the financial statements

NOTE 1: FORM OF GOVERNMENT

The Township is managed under the Mayor - Council form of government authorized under Plan F of the "Faulkner Act of 1950". This form of government, adopted in 1976 by Township voters, provides for the direct election of the Mayor and five council members for four-year terms. This form of government provides for the administrative function of government under the Mayor, supported by a Business Administrator and various department heads and for the legislative function under the Township Council.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

- Animal Control Trust Fund
- Assessment Trust Fund
- Unemployment Compensation Trust Fund
- Dedicated Law Enforcement Trust Fund,
- Self-Insurance Trust Fund
- HUD Housing Vouchers
- Other Dedicated Funds

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Description of Funds (continued)

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

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

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

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

Codification of Governmental Accounting and Financial Reporting Standards recognizes three fund categories as appropriate for the accounting and reporting of the financial position and results of operations in accordance with generally accepted accounting principles. This structure for external financial reporting differs from the organization of funds prescribed under the regulatory basis of accounting utilized by the Township. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to present the basic financial statements required by GAAP.

C. Basis of Accounting and Measurement Focus

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

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

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

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

C. Basis of Accounting and Measurement Focus (continued)

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

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

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

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

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

C. Basis of Accounting and Measurement Focus (continued)

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

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

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

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

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

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

Governmental Fixed Assets - Property and equipment acquired by the Current, Trust and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds, with the exception of equipment acquired by the H.U.D. Housing Assistance Fund which is capitalized. The H.U.D. Housing Assistance Fund does not record depreciation on fixed assets. Property and equipment acquired by the Sewer Utility Fund are accumulated in their respective capital accounts at cost. Detailed records of accumulated capitalized costs, by project and/or location are not maintained. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvement and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

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

C. Basis of Accounting and Measurement Focus (continued)

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

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

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

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

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

Disclosures about Fair Value of Financial Instruments

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

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

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

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

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

Recent Pronouncements

The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in June 2015. This Statement replaces the requirements of Statement 45 and the primary objective of this Statement is to improve accounting and reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**C. Basis of Accounting and Measurement Focus (continued)**

by state and local government employers about financial support for OPEB that is provided by other entities. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 30, 2017 and has been implemented for the Township's December 31, 2018 financial statements. Refer to Note 10 – Postemployment Benefit Plans other than Pension Plans – Health Care Benefits.

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

Comparative Data

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

NOTE 3: DEFERRED COMPENSATION PLAN

The Hamilton Township Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; and P.L. 1980, C. 78 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The deferred compensation plans are administered by MetLife, Mass Mutual, and Axa Equitable. The Township does not make any contributions to the plan and the deferred compensation is not available to employees until termination, retirement, death or unforeseeable hardship.

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

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

As of December 31, 2018 and 2017, the amounts held in trust amounted to \$29,035,659.78 and \$30,148,074.40, respectively.

NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION**A. Summary of Municipal Debt:****Summary of Municipal Debt**

	<u>2018</u>	<u>2017</u>
Issued:		
General Capital:		
Bonds and notes	\$ 72,656,000.00	\$ 72,122,000.00
Green trust program loans	177,298.63	225,473.88
Infrastructure loan	2,064,935.11	2,351,424.25
Trust Assessment:		
Bonds and notes	753,000.00	863,000.00
Sewer Utility:		
Bonds and notes	77,196,000.00	73,966,772.00
Infrastructure loan	<u>290,520.84</u>	<u>315,587.10</u>
Total Debt Issued	\$ 153,137,754.58	\$ 149,844,257.23
Less:		
Funds temporarily held to pay		
Bonds or Notes:		
General Capital	195,855.94	171,689.79
Sewer Utility	<u>781,137.41</u>	<u>569,370.61</u>
	<u>976,993.35</u>	<u>741,060.40</u>
Net Debt Issued	<u>\$ 152,160,761.23</u>	<u>\$ 149,103,196.83</u>
Authorized But Not Issued		
General Capital:		
Bonds and Notes	\$ 21,872,753.40	\$ 24,024,753.40
Trust Assessment:		
Bonds and Notes	95.00	95.00
Sewer Utility:		
Bonds and Notes	<u>13,008,973.67</u>	<u>12,588,021.67</u>
Total authorized but not issued	<u>34,881,822.07</u>	<u>36,612,870.07</u>
Net bonds and notes issued and authorized but not issued	<u><u>\$ 187,042,583.30</u></u>	<u><u>\$ 185,716,066.90</u></u>

NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**A. Summary of Municipal Debt (continued)**

Changes in Long-Term Municipal Debt	Balance, December 31, 2017	Additions	Reductions	Balance, December 31, 2018
Bonds Payable				
General Capital Fund	\$ 64,183,000.00		\$ 7,168,000.00	\$ 57,015,000.00
Trust Assessment Fund	863,000.00		110,000.00	753,000.00
Sewer Utility Capital Fund	58,049,000.00		3,010,000.00	55,039,000.00
Total	\$ 123,095,000.00		\$ 10,288,000.00	\$ 112,807,000.00
Infrastructure Loans Payable				
General Capital Fund	\$ 2,351,424.25		\$ 286,489.13	\$ 2,064,935.12
Sewer Utility Capital Fund	315,587.10		25,066.26	290,520.84
	\$ 2,667,011.35		\$ 311,555.39	\$ 2,355,455.96
Green Trust Loans Payable				
General Capital Fund	\$ 225,473.88		\$ 48,175.25	\$ 177,298.63
Total Long-Term Debt	\$ 125,987,485.23	\$ -	\$ 10,647,730.64	\$ 115,339,754.59
Bonds and Notes Authorized But Not Issued				
General Capital Fund*	\$ 24,024,848.40	\$ 13,639,000.00	\$ 15,791,000.00	\$ 21,872,848.40
Sewer Utility Capital Fund	12,588,021.67	6,800,000.00	6,379,048.00	13,008,973.67
	\$ 36,612,870.07	\$ 20,439,000.00	\$ 22,170,048.00	\$ 34,881,822.07
	Balance, December 31, 2016	Additions	Reductions	Balance, December 31, 2017
Bonds Payable				
General Capital Fund	\$ 50,265,000.00	\$ 19,773,000.00	\$ 5,855,000.00	\$ 64,183,000.00
Trust Assessment Fund	973,000.00		110,000.00	863,000.00
Sewer Utility Capital Fund	37,954,000.00	22,555,000.00	2,460,000.00	58,049,000.00
Total	\$ 89,192,000.00	\$ 42,328,000.00	\$ 8,425,000.00	\$ 123,095,000.00
Infrastructure Loans Payable				
General Capital Fund	\$ 2,686,768.64		\$ 335,344.39	\$ 2,351,424.25
Sewer Utility Capital Fund	340,501.81		24,914.71	315,587.10
	\$ 3,027,270.45	\$	\$ 360,259.10	\$ 2,667,011.35
Green Trust Loans Payable				
General Capital Fund	\$ 271,769.34		\$ 46,295.46	\$ 225,473.88
Total Long-Term Debt	\$ 92,491,039.79	\$ 42,328,000.00	\$ 8,831,554.56	\$ 125,987,485.23
Bonds and Notes Authorized But Not Issued				
General Capital Fund*	\$ 13,793,865.40	\$ 15,930,983.00	\$ 5,700,000.00	\$ 24,024,848.40
Sewer Utility Capital Fund	6,471,321.67	6,116,700.00		12,588,021.67
	\$ 20,265,187.07	\$ 22,047,683.00	\$ 5,700,000.00	\$ 36,612,870.07

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

NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**A. Summary of Municipal Debt (continued)**

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2018 and 2017:

Changes in Short-Term Debt

	Balance, December 31, 2017	Additions	Reductions	Balance, December 31, 2018
Bond Anticipation Notes				
General Capital Fund	\$ 7,939,000.00	\$ 15,641,000.00	\$ 7,939,000.00	\$ 15,641,000.00
Sewer Utility Capital Fund	15,917,772.00	22,157,000.00	15,917,772.00	22,157,000.00
Total	<u>\$ 23,856,772.00</u>	<u>\$ 37,798,000.00</u>	<u>\$ 23,856,772.00</u>	<u>\$ 37,798,000.00</u>
	Balance, December 31, 2016	Additions	Reductions	Balance, December 31, 2017
Bond Anticipation Notes				
General Capital Fund	\$ 31,329,000.00	\$ 7,939,000.00	\$ 31,329,000.00	\$ 7,939,000.00
Sewer Utility Capital Fund	39,537,000.00	15,917,772.00	39,537,000.00	15,917,772.00
Total	<u>\$ 70,866,000.00</u>	<u>\$ 23,856,772.00</u>	<u>\$ 70,866,000.00</u>	<u>\$ 23,856,772.00</u>

General Debt	2018	2017
\$17,425,000 General Improvement Refunding Bonds of 2013, due in annual installments of \$1,615,000 through \$2,050,000 through August 1, 2025, interest at 4.00%	\$ 12,765,000.00	\$ 14,320,000.00
\$4,630,000 Pension Obligation Refunding Bonds of 2013, due in annual installments of \$535,000 through \$585,000 through August 1, 2023, interest at 2.11% through 3.12%.	2,560,000.00	3,045,000.00
\$17,716,000 General Improvement Bonds of 2010, due in annual installments \$1,696,000 through \$1,700,000 February 1, 2022, interest at 3.13% through 3.25%	6,796,000.00	8,496,000.00
\$8,046,000 General Improvement Bonds of 2014, due in annual installments of \$825,000 through \$900,000 through June 1, 2024, interest at 2.00% through 4.00%.	5,246,000.00	6,056,000.00
\$14,703,000 General Improvement Bonds of 2015 due in annual installments of \$1,500,000 through \$1,600,000 through June 1, 2025, interest at 2.00% through 4.00%	11,038,000.00	12,493,000.00
\$19,773,000 General Improvement Bonds of 2017 due in annual installments of \$1,165,000 through \$2,325,000 through June 1, 2028, interest at 4.00% through 5.00%	<u>18,610,000.00</u>	<u>19,773,000.00</u>

NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**A. Summary of Municipal Debt (continued)****General Debt (continued)**

Green Trust Loans	2018	2017
\$115,841.25 Issac Pearson Acq., due in semi-annual installments of \$7,203.38 through March 6, 2022, interest at 2.00%.	\$ 24,360.70	\$ 30,979.97
\$461,600 Veterans Park., due in semi-annual installments of \$28,703.76 through March 6, 2022, interest at 2.00%.	97,072.42	123,448.64
\$265,655 Tyndale Farm Acq., due in semi-annual installments of \$16,519.28 through March 6, 2022, interest at 2.00%.	55,865.51	71,045.27
New Jersey Environmental Infrastructure Trust		
\$1,435,000 Infrastructure Loan, due in annual installments of \$85,000 through \$110,000 through August 1, 2025 interest at 4.250% to 4.375%	612,480.74	692,480.74
\$4,028,778 Infrastructure Loan, Principal Only- due in semi-annual installments of \$4,408.24 to \$205,928.39 through August 1, 2025.	1,452,454.38	1,658,943.51
Bond Anticipation Notes		
Bond Anticipation Notes, date of original issue May 22, 2018, due date May 21, 2019, interest rate at 2.875% through 3.000%.	15,641,000.00	7,939,000.00
Assessment Bonds		
\$1,523,000 Assessment Bonds of 2010, due in annual installments of \$103,000 through \$110,000 through February 1, 2025, interest at 3.125% through 3.625%.	753,000.00	863,000.00
Total General Debt	\$ 75,651,233.75	\$ 75,561,898.13

NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**A. Summary of Municipal Debt (continued)****Utility Debt**

	<u>2018</u>	<u>2017</u>
\$5,142,000 Sewer Utility Bonds of 2010, due in annual installments of \$165,000 through \$290,000 through March 1, 2035, interest at 3.125% through 4.300%.	\$ 3,922,000.00	\$ 4,082,000.00
\$16,505,000 Sewer Utility Refunding Bonds of 2013, due in annual installments of \$1,535,000 through \$1,935,000 through Aug 1, 2025, interest of 4.00%	12,085,000.00	13,560,000.00
\$14,687,000 Sewer Utility Improvement Bonds of 2014, due in annual installments of \$500,000 through \$650,000 through June 1, 2039, interest at 2.00% through 4.00%.	12,912,000.00	13,412,000.00
\$2,300,000 Sewer Utility Improvement Bonds of 2014, due in annual installments of \$150,000 through \$200,000 through June 1, 2028, interest at 3.00% through 4.00%.	1,825,000.00	1,950,000.00
\$3,035,000 Sewer Utility Refunding Series Bonds of 2015 due in annual installments of \$280,000 through \$360,000 through August 1, 2025, interest at 4.00% through 5.00%.	2,215,000.00	2,490,000.00
\$23,480,000 Sewer Utility Improvement Bonds of 2017 (series B) due in annual installments of \$475,000 to \$940,000 through May 15, 2047, interest at 4.00% through 5.00%.	22,080,000.00	22,555,000.00
Bond Anticipation Notes, date of original issue August 28, 2014 and June 11, 2016, due date May 21, 2019, interest rate at 2.88% to 3.00%.	9,820,952.00	9,960,772.00
Bond Anticipation Notes, date of original issue June 11, 2016, due date May 21, 2019, interest rate at 3.00%	5,957,000.00	5,957,000.00
Bond Anticipation Notes, date of original issue May 22, 2018, due date May 21, 2019, interest rate at 3.00%	6,379,048.00	
\$126,650.65 Infrastructure Loan, due in annual installments of \$6,214.74 through \$8,841.65 through August 1, 2029, interest at 2.95% to 4.16%	81,324.36	87,372.77
\$4,028,778 Infrastructure Loan, Principal Only- due in semi-annual installments totaling \$19,017.85 through August 1, 2029	<u>209,196.48</u>	<u>228,214.33</u>
Total utility debt	<u>\$ 77,486,520.84</u>	<u>\$ 74,282,359.10</u>
Total debt issued and outstanding	<u>\$ 153,137,754.59</u>	<u>\$ 74,282,359.10</u>

NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**B. Schedule of Annual Debt Service for Principal and Interest for the Bonded Debt Issued and Outstanding**Schedule of Annual Debt Service for Principal and Interest for the Bonded Debt Issues and Outstanding

Year	General*		Sewer Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 7,450,000.00	\$ 2,076,539.45	\$ 3,105,000.00	\$ 2,007,609.88	\$ 10,555,000.00	\$ 4,084,149.33
2020	7,625,000.00	1,811,549.15	3,190,000.00	1,891,197.38	10,815,000.00	3,702,746.53
2021	7,640,000.00	1,540,507.35	3,315,000.00	1,768,550.50	10,955,000.00	3,309,057.85
2022	7,766,000.00	1,284,870.00	3,415,000.00	1,650,463.00	11,181,000.00	2,935,333.00
2023	7,340,000.00	1,026,846.93	3,575,000.00	1,517,456.01	10,915,000.00	2,544,302.94
2024-2028	19,947,000.00	1,792,368.14	13,660,000.00	5,553,580.20	33,607,000.00	7,345,948.34
2029-2033			8,755,000.00	3,478,450.00	8,755,000.00	3,478,450.00
2034-2038			7,952,000.00	2,033,377.76	7,952,000.00	2,033,377.76
2039-2043			4,772,000.00	944,603.76	4,772,000.00	944,603.76
2044-2048			3,300,000.00	231,000.00	3,300,000.00	231,000.00
Total	<u>\$ 57,768,000.00</u>	<u>\$ 9,532,681.02</u>	<u>\$ 55,039,000.00</u>	<u>\$ 21,076,288.49</u>	<u>\$ 109,507,000.00</u>	<u>\$ 30,377,969.51</u>

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

C. Summary of Statutory Debt Condition – Annual Debt Statements

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

2018	Gross Debt	Deductions	Net Debt
Local School District	\$ 78,618,000.00	\$ 78,618,000.00	
Sewer Utility	90,495,494.51	89,775,824.71	\$ 719,669.80
General Capital	97,524,082.15	195,855.94	97,328,226.21
	<u>\$ 266,637,576.66</u>	<u>\$ 168,589,680.65</u>	<u>\$ 98,047,896.01</u>

A revised annual debt statement should be filed by the chief financial officer.

Net Debt \$98,047,896.01 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$8,756,239,486.00 equals 1.11%.

Equalized Valuation Basis

2016 Equalized valuation basis of real property	\$ 8,626,133,807.00
2017 Equalized valuation basis of real property	8,741,465,695.00
2018 Equalized valuation basis of real property	<u>8,901,118,956.00</u>
Average equalization value	<u>\$ 8,756,239,486.00</u>

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

C. Summary of Statutory Debt Condition – Annual Debt Statements (continued)

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

3½ % of Equalized Valuation	\$ 306,468,382.01
Net Debt	<u>98,047,896.01</u>
Remaining Borrowing Power	<u>\$ 208,420,486.00</u>

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

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

Equalized Valuation Basis

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

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

3½ % of Equalized Valuation	\$ 301,597,140.59
Net Debt	<u>99,415,056.74</u>
Remaining Borrowing Power	<u>\$ 202,182,083.85</u>

Loan Agreements:

Loan Agreements – NJ Environment Infrastructure Trust

The Township has entered into a loan financing with the State of New Jersey Department of Environmental Protection Trust. The improvement programs are financed through debt issued by the New Jersey Infrastructure Trust. During the year ended December 31, 2018, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$75,000.00

NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)D. Loan Agreements: (continued)Loan Agreements – NJ Environmental Infrastructure Trust (continued)

Schedule of Annual Debt Service of Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2018.

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

NJ Environmental Infrastructure Trust			
<u>Year</u>	<u>Principal</u>		<u>Interest</u>
2019	\$	79,221.11	\$ 24,708.74
2020		79,096.47	21,539.88
2021		83,341.58	18,376.02
2022		87,649.22	15,042.34
2023		74,763.93	13,781.26
2024-2026		208,408.43	9,629.88
Total	\$	<u>612,480.74</u>	\$ <u>103,078.12</u>

The Township has entered into a loan financing with the State of New Jersey Department of Environmental Protection Trust. The improvement programs are financed through debt issued by the New Jersey Environmental Infrastructure Trust. During the year ended December 31, 2018, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$286,489.13.

NJ Environmental Infrastructure Trust Principal		
<u>Year</u>		
2019	\$	209,420.32
2020		202,802.23
2021		204,954.83
2022		206,901.33
2023		208,447.08
2024-2026		419,928.58
Total	\$	<u>1,452,454.37</u>

The payment schedules for this loan agreement is set forth in the General Capital Fund section of this report. Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the combined outstanding principal of these loans, in the amount of \$2,064,935.12 has been included in the calculation of the Township's statutory debt condition.

NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**D. Loan Agreements: (continued)****Loan Agreements – NJ Environmental Infrastructure Trust (continued)**

The Township has entered into a loan financing with the State of New Jersey Department of Environmental Protection Trust. The improvement programs are financed through debt issued by the New Jersey Environmental Infrastructure Trust. During the year ended December 31, 2018, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$6,048.41.

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2018:

NJ Environmental Infrastructure Trust			
<u>Year</u>	<u>Principal</u>		<u>Interest</u>
2019	\$	6,214.74	\$ 2,994.72
2020		6,398.07	2,811.38
2021		6,598.97	2,610.48
2022		6,814.76	2,394.70
2023		7,050.55	2,158.92
2024-2028		39,405.62	6,641.72
2029		8,841.65	367.82
Total	\$	81,324.36	\$ 19,979.74

The payment schedules for this loan agreement is set forth in the Sewer Utility Capital Fund section of this report. Schedule of Annual Debt Service for Principal Only for the Loan Agreements Issued and Outstanding at December 31, 2018:

NJ Environmental Infrastructure Trust Principal Only		
<u>Year</u>		
2019	\$	19,017.85
2020		19,017.85
2021		19,017.85
2022		19,017.85
2023		19,017.85
2024-2028		95,089.25
2029		19,017.98
Total	\$	209,196.48

The payment schedules for this loan agreement is set forth in the Sewer Utility Capital Fund section of this report. Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the combined outstanding principal of these loans, in the amount of \$290,520.84 has been included in the calculation of the Township's statutory debt condition.

NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)**D. Loan Agreements: (continued)****Loan Agreements – Green Trust Loan**

The Township has entered into a loan financing with the State of New Jersey Department of Environmental Protection Trust. The improvement programs are financed through debt issued under the Green Acres Bond Act of 1978. During the year ended December 31, 2018, the Township made payments-with respect to the Green Trust Program Loans in the amount of \$48,175.25.

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2018:

Green Trust Loan - Issac Pearson Acquisition		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 6,752.31	\$ 451.06
2020	6,888.03	315.35
2021	7,026.48	176.90
2022	3,693.88	35.66
Total	\$ 24,360.70	\$ 978.97

Loan Agreements – Veterans Park Extension

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2018:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 26,906.38	\$ 1,797.38
2020	27,447.20	1,256.57
2021	27,998.88	704.88
2022	14,719.96	142.10
Total	\$ 97,072.42	\$ 3,900.93

NOTE 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)Loan Agreements – Tyndale Farm Acquisition

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2018:

Green Trust Loan - Tyndale Farm Acquisition			
<u>Year</u>	<u>Principal</u>		<u>Interest</u>
2019	\$	15,484.86	\$ 1,034.41
2020		15,796.11	723.17
2021		16,113.61	405.66
2022		8,470.93	81.78
Total	\$	55,865.51	\$ 2,245.02

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

Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the combined outstanding principal of these loans, in the amount of \$177,298.63 has been included in the calculation of the Township's statutory debt condition.

E. Summary of Regulatory Debt Condition - Annual Debt StatementsDeduction of Self-Liquidating Utility Debt for Statutory Net Debt (N.J.S.A. 40:2-45)

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

<u>2018</u>			
Cash Receipts from Fees, Rents or Other			
Charges and Surplus Anticipated		\$	19,053,863.93
Deductions:			
Operating and Maintenance Cost	\$	13,518,916.66	
Debt Service per Utility			
Operating Fund		5,609,988.78	
			19,128,904.78
Deficit in Revenue		\$	(75,040.85)
<u>2017</u>			
Cash Receipts from Fees, Rents or Other			
Charges and Surplus Anticipated		\$	18,841,413.73
Deductions:			
Operating and Maintenance Cost	\$	12,862,245.00	
Debt Service per Utility			
Operating Fund		5,265,014.81	
			18,127,259.81
Excess in Revenue		\$	714,153.92

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (continued)Deduction of Self-Liquidating Utility Debt for Statutory Net Debt (N.J.S.A. 40:2-45)

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

<u>2018</u>	
Excess in Revenues - Cash Basis (D-1)	\$ 807,239.12
Add Capital Outlay	<u>-</u>
	\$ 807,239.12
Deduct: Other Credits to Income	<u>882,279.97</u>
Deficit in Revenues	<u>\$ (75,040.85)</u>

NOTE 5: FIXED ASSETS

Capital asset activity for the year ended December 31, 2018 and 2017 was as follows:

General Fixed Assets

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018
Land and Buildings	\$ 84,354,835.64	\$ 488,065.00		\$ 84,842,900.64
Equipment	9,555,860.51	1,463,287.59		11,019,148.10
Vehicles	13,573,982.57	459,954.68	\$ 643,772.67	13,390,164.58
	<u>\$ 107,484,678.72</u>	<u>\$ 2,411,307.27</u>	<u>\$ 643,772.67</u>	<u>\$ 109,252,213.32</u>
	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017
Land and Buildings	\$ 84,354,835.64			\$ 84,354,835.64
Equipment	8,384,332.30	\$ 1,417,758.10	\$ 246,229.89	9,555,860.51
Vehicles	13,603,520.69	733,467.15	763,005.27	13,573,982.57
	<u>\$ 106,342,688.63</u>	<u>\$ 2,151,225.25</u>	<u>\$ 1,009,235.16</u>	<u>\$ 107,484,678.72</u>

NOTE 5: FIXED ASSETS (continued)

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

NOTE 6: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2018, December 31, 2017, and December 31, 2016 were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, as follows:

			Balance <u>December 31,</u>	Anticipated <u>Succeeding Year</u>
Current Fund:	2018	\$	8,052,392.41	\$ 6,600,000.00
	2017		8,217,241.12	5,100,000.00
	2016		7,592,924.72	4,500,000.00
Sewer Utility Operating Fund:	2018	\$	1,341,506.36	\$ 1,099,900.00
	2017		3,543,267.24	3,000,000.00
	2016		3,906,108.60	2,275,000.00

NOTE 7: DEPOSITS AND INVESTMENTS

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

Deposits

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

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

NOTE 7: DEPOSITS AND INVESTMENTS (continued)

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

At December 31, 2018 and 2017 the Township had the following depository accounts. All deposits are carried at cost. \$133,505.98 and \$91,892.20 held in agency and payroll accounts for the year ended December 31, 2018 and 2017 respectively are not covered by GUDPA.

<u>Depository Account</u>	Book Balance	
	December 31, 2018	December 31, 2017
Cash (Demand Accounts)	\$ 81,387,126.17	\$ 87,172,409.77
Change Funds (On-Hand)	3,692.00	3,081.00
	<u>\$ 81,390,818.17</u>	<u>\$ 87,175,490.77</u>

<u>Depository Account</u>	Bank Balance	
	December 31, 2018	December 31, 2017
FDIC Insured	\$ 1,250,000.00	\$ 1,250,000.00
GUPDA Insured	81,706,455.54	87,371,285.34
	<u>\$ 82,956,455.54</u>	<u>\$ 88,621,285.34</u>

At December 31, 2018, the Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

- (a) Custodial Credit Risk — The Township's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-governments name. The deposit risk is that, in the event of the failure of a depository financial institution, the Township will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Township's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either: the counterparty or the counterparty's trust department or agent but not in the Township's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Township will not be able to recover the value of the investment or collateral securities that in possession of an outside party.
- (b) Concentration of Credit Risk — This is the risk associated with the amount of investments that Township has with any one issuer that exceeds 5 percent or more of its total investments.

NOTE 7: DEPOSITS AND INVESTMENTS (continued)

Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

- (c) Credit Risk — GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Township does not have an investment policy regarding Credit Risk except to the extent outlined under the Township's investment policy.
- (d) Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Township does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

Investments

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

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor,
4. Bonds or other obligation of the Township or bonds or other obligations of school districts of which the Township is a part and within the school district is located,
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c.281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

NOTE 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

The third and fourth installments, for municipal purposes, would equal one-half of an estimated annual tax levy, plus the balance of the full tax levied during the current tax year for school, county and special district purposes. The balance of the full tax for non-municipal purposes is calculated by subtracting amounts due on a preliminary basis from the full tax requirement for the tax year. The first and second installments, for municipal purposes, will be calculated on a percentage of the previous years billing necessary to bill the amount required to collect the full tax levy, plus the non-municipal portion, which represents the amount payable to each taxing district for the period of January through June 30. If taxes remain delinquent on or after November 11 of the succeeding fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property, and allows the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish property taxes as a lien on real estate as of the first day of the fiscal year of the municipality, even though the full amount due is not known.

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

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

Accelerated Tax Sale

Commencing with the year ended June 30, 2003 the Township of Hamilton held an accelerated tax sale as allowed by Chapter 99, P.L. 1996. An accelerated tax sale must be held for each subsequent year to keep tax revenues and cash flows consistent from year to year. The tax sale was held on December 12, 2018. The underlying tax collection rate for 2018 is 99.75%.

NOTE 9: PENSION PLANS

Public Employee Retirement System

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

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2018 and 2017:

	2018	2017
Inactive plan members or beneficiaries currently receiving benefits	174,904	170,124
Inactive plan members entitled to but not yet receiving benefits	589	650
Active plan members	254,780	254,685
Total	430,273	425,459

Contributing Employers – 1,703

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with full payment and any such amounts were not to be included in their unfunded liability. The actuaries determined the unfunded liability of the System, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets.

Each member contributes a percentage of compensation. Effective October 1, 2011, Chapter 78, P.L. 2011, Chapter 78, P.L. 2011 set the member contribution rate at 6.5% and caused it to increase by 1/7th of 1% each July thereafter. On July 1, 2018, the full rate implemented by this law was achieved, and therefore the full 7.5% will be the required 2018 contribution.

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

For the year ended December 31, 2018 and 2017, the Township's total payroll for all employees was \$44,338,661, and \$44,393,474, respectively. Total PERS covered payroll was \$25,654,947 and \$24,664,786, respectively. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

NOTE 9: PENSION PLANS (continued)

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contributions are based on an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year, 2018, the State's pension contribution was less than the actuarial determined amount.

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. Township contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

It is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 50% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 50% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2018 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2018 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

Township payments to PERS for the years ending December 31, 2018 and 2017 consisted of the following:

	2018	2017
Total Regular Billings	\$ 3,477,401	\$ 3,056,840

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

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

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

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier.

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

NOTE 9: PENSION PLANS (continued)

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

At June 30, 2018, the PERS reported a net pension liability of \$19,689,501,539 for its Non-State Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Township was \$68,834,705 or 0.3496010500%, which was an increase of 0.0196288528% from its proportion measured as of June 30, 2017.

The pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018.

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

At December 31, 2018, the Township's deferred outflows of resources and deferred inflows of resources related to PERS were from the following sources, if GASB #68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,312,688	\$ 354,934
Changes in assumptions	11,342,819	22,009,678
Net difference between projected and actual earnings on pension plan investments		645,672
Changes in proportion and differences between Township contributions and proportionate share of contributions	3,672,484	1,883,097
Township contributions subsequent to the measurement date	<u>3,477,401</u>	
	<u>\$ 19,805,392</u>	<u>\$ 24,893,381</u>

\$3,477,401 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2019	\$ 533,418
2020	(548,901)
2021	(4,308,530)
2022	(3,426,057)
2023	<u>(815,322)</u>
Total	<u>\$ (8,565,392)</u>

NOTE 9: PENSION PLANS (continued)

Actuarial Assumptions- The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2018	June 30, 2017
Inflation	2.25%	3.08%
Salary Increases through 2026	1.65% - 4.15% based on age	1.65% - 4.15% based on age
Thereafter	2.65% - 5.15% based on age	2.65% - 5.15% based on age
Investment rate of return	7.00%	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 and 2017 are summarized in the following table:

NOTE 9: PENSION PLANS (continued)

<u>Asset Class</u>	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Target</u>	<u>Long-Term</u>	<u>Target</u>	<u>Long-Term</u>
	<u>Allocation</u>	<u>Expected Real</u>	<u>Allocation</u>	<u>Expected Real</u>
		<u>Rate of Return</u>		<u>Rate of Return</u>
Cash equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Global diversified credit	5.00%	7.10%	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%	1.00%	6.60%
Debt related private equity	2.00%	10.63%	2.00%	10.63%
Debt related real estate	1.00%	6.61%	1.00%	6.61%
Private real asset	2.50%	11.83%	2.50%	11.83%
Equity related real estate	6.25%	9.23%	6.25%	9.23%
U.S. equity	30.00%	8.19%	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%	11.50%	9.00%
Emerging markets equity	6.50%	11.64%	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%	8.25%	13.08%
Absolute return/risk mitigation	5.00%	5.51%	5.00%	5.51%
Investment grade credit	10.00%	3.78%	10.00%	3.78%
Public high yield	2.50%	6.82%	2.50%	6.82%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018 and 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year.

The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 9: PENSION PLANS (continued)

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

		At 1% Decrease (4.66%)	At Current Discount Rate (5.66%)	At 1% Increase (6.66%)
PERS	\$	86,551,710	\$ 68,834,705	\$ 53,971,271

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2018 and 2017 were \$29,472,374,536 and \$28,464,239,518 respectively. The portion of the Plan Fiduciary Net Position was allocable to the Local (Non-Sate) Groups at June 30, 2018 and 2017 was \$22,742,071,972 and \$21,573,965,463, respectively.

Additional Information

Collective balances at June 30, 2018 are as follows:

Collective deferred outflows of resources	\$	4,684,852,302
Collective deferred inflows of resources		7,646,736,226
Collective net pension liability		19,689,501,539
Township's Proportion		0.3496010500%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 and 2017 was \$1,099,708,157 and \$1,694,305,613, respectively. The average of the expected remaining service lives of all plan members is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

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

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2018 and June 30, 2017 are \$1,017,878,064 and \$1,073,054,740, respectively.

NOTE 9: PENSION PLANS (continued)**Police and Firemen's Retirement System**

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

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2018 and 2017:

	2018	2017
Inactive plan members or beneficiaries currently receiving benefits	43,755	43,011
Inactive plan members entitled to but not yet receiving benefits	39	47
Active plan members	41,517	40,789
Total	85,311	83,847

Contributing Employers – 585

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

For the year ended June 30, 2018, it is assumed that the Local employers will contribute 100% of their actuarially determined contribution and 100% of their Non-Contributory Group Insurance Premium Fund (NCGIPF) contribution while the State will contribute 50% of its actuarially determined contribution and 100% of its NCGIPF contribution. The 50% contribution rate is the actual total State contribution rate paid in fiscal year ending June 30, 2018 with respect to the actuarially determined contribution for the fiscal year ending June 30, 2018 for all State administered retirement systems.

In accordance with Chapter 98, P.L. 2017, PERS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

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

For the year ended December 31, 2018 and 2017, respectively, the Township's total payroll for all employees was \$ 44,338,661 and \$44,393,474, respectively. Total PFRS covered payroll was \$18,683,714 and \$18,605,490, respectively. Covered payroll refers to pensionable compensation, rather than total compensation, paid by the Township to active employees covered by the Plan.

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

NOTE 9: PENSION PLANS (continued)

Township payments to PFRS for the years ending December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Total Regular Billing	\$ 5,545,059	\$ 5,028,155

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

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

The following represents the membership tiers for PFRS:

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

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

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

At June 30, 2018, the PFRS reported a net pension liability of \$15,369,699,278 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$76,749,342 or 0.5671839745% which was a decrease of 0.0009572834% from its proportion measured as of June 30, 2017. Then pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018.

At June 30, 2017, the PFRS reported a net pension liability of \$17,167,260,198 for its Non-State, Non-Special Funding Situation Employer Member Group. The Township's proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$87,710,026 or 0.5681412579%.

NOTE 9: PENSION PLANS (continued)

At December 31, 2018, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS were from the following sources; if GASB #68 was recognized:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 780,824	\$ 317,607
Changes in assumptions	6,587,898	19,669,531
Net difference between projected and actual earnings on pension plan investments		419,888
Changes in proportion and differences between Township contributions and proportionate share of contributions	658,677	824,575
Township contributions subsequent to the measurement date	<u>5,545,059</u>	
	<u>\$ 13,572,458</u>	<u>\$ 21,231,601</u>

\$5,545,059 is reflected above as deferred outflows of resources related to pensions resulting from Township contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2019	\$ 530,508
2020	(2,123,662)
2021	(6,294,377)
2022	(4,046,257)
2023	<u>(1,270,415)</u>
Total	<u>\$ (13,204,203)</u>

Actuarial Assumptions- The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25%	2.25%
Salary Increases through 2026	2.10% - 8.98% based on age	2.10% - 8.98% based on age
Thereafter	3.10% - 9.98% based on age	3.10% - 9.98% based on age
Investment rate of return	7.00%	7.00%

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis using Projection

NOTE 9: PENSION PLANS (continued)

Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Post-retirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017 are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Target</u>	<u>Long-Term</u>	<u>Target</u>	<u>Long-Term</u>
	<u>Allocation</u>	<u>Expected Real</u>	<u>Allocation</u>	<u>Expected Real</u>
		<u>Rate of Return</u>		<u>Rate of Return</u>
Cash equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Global diversified credit	5.00%	7.10%	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%	1.00%	6.60%
Debt related private equity	2.00%	10.63%	2.00%	10.63%
Debt related real estate	1.00%	6.61%	1.00%	6.61%
Private real asset	2.50%	11.83%	2.50%	11.83%
Equity related real estate	6.25%	9.23%	6.25%	9.23%
U.S. equity	30.00%	8.19%	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%	11.50%	9.00%
Emerging markets equity	6.50%	11.64%	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%	8.25%	13.08%
Absolute return/risk mitigation	5.00%	5.51%	5.00%	5.51%
Investment grade credit	10.00%	3.78%	10.00%	3.78%
Public high yield	2.50%	6.82%	2.50%	6.82%
	<u>100.00%</u>		<u>100.00%</u>	

NOTE 9: PENSION PLANS (continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018 and 6.14% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

	At 1% Decrease (5.51%)	At Current Discount Rate (6.51%)	At 1% Increase (7.51%)
PFRS	\$ 102,719,470	\$ 76,749,342	\$ 55,328,717

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2018 and 2017 was \$27,098,556,100 and \$25,847,718,399, respectively.

Additional Information

Collective balances at June 30, 2018 are as follows:

Collective deferred outflows of resources	\$ 1,988,215,695
Collective deferred inflows of resources	4,286,994,294
Collective net pension liability	15,369,699,278
Township's Proportion	0.5671839745%

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 and 2017 was \$1,270,762,352, and \$1,624,455,951, respectively. The average of the expected remaining service lives of all plan members is 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014, respectively.

State Contribution Payable Dates

Effective with the July 1, 2017 valuation Chapter 83 P.L. 2016 requires the State to make pension contributions on a quarterly basis at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30.

NOTE 9: PENSION PLANS (continued)

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2018 and June 30, 2017 are \$1,017,878,064 and \$1,073,054,740, respectively.

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

Special Funding Situation- Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and state is treated as a non-employer entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Township as of June 30, 2018 and 2017 for police and fire is 0.5671839745% and 0.5681412579%, respectively. The non-employer contributing entities' contribution for the year ended June 30, 2018 and 2017 was \$617,419 and \$491,255, respectively. The state's proportionate share of net pension liability attributable to the Township as of June 30, 2018 and 2017 was \$10,425,129 and \$9,824,262, respectively.

Defined Contribution Retirement Plan

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000 to be eligible or to continue participation.

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

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually. The maximum wage limit for 2018 is \$128,400 and is subject to annual adjustment. Members who earn in excess of the annual maximum wage will be enrolled in the DCRP in addition to the PERS. The minimum salary will be increased to \$8,000 for the period ended June 30, 2019. At June 30, 2018 and 2017, the membership in the DCRP, based on the information within the Division's database, was 57,893 and 56,044, respectively.

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

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

10. POST-RETIREMENT BENEFITS

Township's OPEB Plan

General information about the OPEB Plan

The Township provides a single employer post-employment health benefits plan for its employees and retirees through a single employer defined benefit healthcare plan. The Township followed the accounting provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement established guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are calculated based on plan benefits (other than pensions), that the retired employees and their spouses have accrued as a result of their respective years of employment service.

Plan description and benefits provided - The Township's post-employment retirement healthcare benefit plan provides health benefits to all retired Township employees and their spouses. The Plan is a comprehensive health benefits plan which pays for hospital services, doctor expenses and other medical related necessities which include prescription drugs, and mental health/substance abuse services, subject to provisions and limitations. The Plan is not a separate entity or trust and does not issue stand alone financial statements.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Total OPEB Liability

The Township's total OPEB liability of \$381,745,078 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date. There were 410 retirees and surviving spouses and 566 active employees as part of the plan.

Actuarial assumptions and other imputes - The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	3.00%
Salary increases	3.00%
Discount rate	3.64%
Healthcare cost trend rate	Range from 5.0% to 8.0%
Retirees' share of benefit-related costs	Subject to the requirements of Chapter 78

The discount rate was based on the S&P Municipal Bond 20-year High Grade index rate.

Mortality rates were based on the RP-2014 mortality table with MP-2016 projection.

The actuarial assumptions used in the January 1, 2018 valuation were based in the results of an actuarial experience study for the period January 1, 2017 - December 31, 2017.

10. POST-RETIREMENT BENEFITS (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2017	\$ 369,658,538
Changes for the year:	
Interest cost	13,342,305
Service cost	5,770,582
Changes in assumptions or other inputs:	
Benefit payments	(6,223,385)
Actuary changes	(802,962)
Net changes	
Balance at 12/31/18	<u>\$ 381,745,078</u>

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.64%)	Discount Rates (3.64%)	1% Increase (4.64%)
Total OPEB Liability	\$ 445,862,092	\$ 381,745,078	\$ 317,628,062

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the Township, as well as what the Township's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 318,947,710	\$ 381,745,078	\$ 455,983,516

OPEB Expense and Deferred Outflows of resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Township recognized OPEB expense of \$236,006,716. At December 31, 2018, the Township reported \$688,254 of deferred inflows of resources related to OPEB. This amount will be amortized in equal installments of \$114,709 over 6 years starting in 2019.

State of New Jersey's OPEB Plan

The Township of Hamilton provides healthcare to certain retirees through its participation in the State Health Benefits Program (SHBP), a cost sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Only certain retirees are covered by the SHBP.

10. POST-RETIREMENT BENEFITS (continued)

Participating employers are contractually required to provide for their contributions based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

At June 30, 2018 and 2017, Six and seven members (active and retirees) respectively were in the plan.

Plan Description and Benefits Provided:

P.L. 1987, c.384 and P.L. 1990, c.6. required the Public Employees Retirement System (PERS) to fund post-retirement medical benefits for those members who retire after accumulating a minimum of 25 years of credited service or on a disability retirement. Pursuant to P.L 2007, c.103, separate funds outside the pension plans were established for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

Coverage is provided at no cost to members of the PERS that had retired on a disability retirement or retired after accumulating 25 years of creditable service prior to June 28, 2011 and to those who had a minimum of 20 years of creditable service on June 28, 2011 and who subsequently retire after accumulating 25 years of credited service or on a disability retirement. Employees who had less than 20 years of creditable service on June 28, 2011 and subsequently retire after accumulating a minimum of 25 years of creditable service are required by Chapter 78, P.L. 2011 to contribute a percentage of the cost of their health care coverage in retirement. The percentage of the premium that will be the responsibility of the retiree is determined based upon the retiree's annual retirement benefit and level of coverage. Chapter 78 retirees opting for single will make contributions that escalate from 4.5% for annual retirement allowance under \$20,000 to 35.0% for annual retirement allowances exceeding \$110,000 per annum. Chapter 78 retirees opting for family coverage will range from 3.43% for annual retirement allowances under \$25,000 per annum to 35.0% for annual retirement allowances exceeding \$110,000 per annum.

A copy of the Plan's financial reports can be obtained from the State of New Jersey, Department of Treasury's website.

The State of New Jersey's Total OPEB Liability was \$15,666,618,141 and \$20,415,788,739 at June 30, 2018 and 2017, respectively. The Township of Hamilton's proportion was \$907,724 and \$1,362,141 at June 30, 2018 and 2017, respectively. These liabilities represent 0.005794% and 0.006672% of the State's Total OPEB Liability for June 30, 2018 and 2017, respectively.

Components of Net OPEB Liability - The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

	June 30, 2017	June 30, 2018
Total OPEB Liability	\$ 20,629,044,656	\$ 15,981,103,227
Plan Fiduciary Net Position	<u>213,255,917</u>	<u>314,485,086</u>
Net OPEB Liability	<u>\$ 20,415,788,739</u>	<u>\$ 15,666,618,141</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.03%	1.97%

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled

10. POST-RETIREMENT BENEFITS (continued)

in. These actuarial valuations used the following actuarial assumptions, applied to all periods (2017 and 2018) in the measurement:

Inflation	2.50%
Salary Increases*:	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2016 and July 1, 2017 valuations were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Healthcare Trend 2018 Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.00% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate - The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the Township's allocable proportion of the State's Net OPEB Liability to Changes in the Discount Rate - The following presents the township's allocable proportion of the State's Net OPEB liability of the participating employers as of June 30, 2018 and 2017, calculated using the discount rate as disclosed above as well as what the OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	At Discount Rate	1% Increase
Township's Share of State's Net OPEB Liability - 2017	\$ 1,606,685.92	\$ 1,362,141	\$ 1,168,098.73
Township's Share of State's Net OPEB Liability - 2018	\$ 1,065,000.24	\$ 907,724	\$ 782,095.88

Sensitivity of the Township's allocable proportion of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the township's allocable proportion of the State's OPEB liability as of June 30, 2018 and 2017, respectively, calculated using the healthcare trend rate as disclosed above as well as

10. POST-RETIREMENT BENEFITS (continued)

what the OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Township's Share of State's Net OPEB Liability - 2017	\$ 1,131,978.95	\$ 1,362,141	\$ 1,661,838.65
Township's Share of State's Net OPEB Liability - 2018	\$ 757,187.36	\$ 907,724	\$ 1,102,540.78

NOTE 11: RISK MANAGEMENT

A. Garden State Municipal Joint Insurance Fund

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

Summary of Risk Management Program

The GSMJIF provides the following coverage to its participants:

1. Workers Compensation

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

Employers Liability covers \$13,000,000 less various members SIR. The minimum Fund retention shall be \$500,000.

2. General Liability

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

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

3. Auto Liability

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

The Fund provides PIP limits of NJ Statutory amounts.

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

4. Property

The Fund has purchased property insurance with total limits of \$600,000,000 and boiler and machinery coverage at limits of \$100,000,000, subject to a members' deductible of \$25,000 and a Fund retention of \$25,000.

5. Public Officials Liability ("POL")

The Fund covers \$15,000,000 per occurrence, \$30,000,000 in the aggregate per member municipality for each fund year. Fund Retention \$150,000.

6. Employment Practices Liability (EPL)

NOTE 11: RISK MANAGEMENT (continued)

The Fund covers \$15,000,000 per occurrence, \$30,000,000 in the aggregate per member local unit for each Fund year.

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

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

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

1. Workers Compensation: \$50,000 S.I.R.
2. Liability: \$50,000
3. Auto: \$1,000 Deductible (Qualified Vehicles Only)

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

B. Pre-2002 Risk Management

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

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

Reserves available in the Self-Insurance Trust Fund may be utilized to make contributions towards the settlement of the residual claims or the Township may redirect these funds to any other lawful purpose.

C. Employee Health Benefits

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

NOTE 12: ACCRUED SICK AND VACATION BENEFITS

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

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

NOTE 12: ACCRUED SICK AND VACATION BENEFITS

on the effective date of his retirement. Employees who elect a deferred retirement benefit are not eligible for this supplemental compensation payment. Lump sum payments to management employees shall not exceed \$21,000.00.

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

The Personnel Division maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. An estimate of the current cost of such unpaid compensation has been made by the Township in the amount of \$15,157,620.88 and \$15,762,613.25, respectively. This amount represents a full costing of the value of compensated absences payable earned at December 31, 2018 and 2017 respectively, and has not been discounted to reflect the estimated termination payments anticipated by the township. Termination payments are subject to eligibility requirements and payment caps as discussed above. No amounts have been reported as expenditures for any accumulations earned by employees during the current year or any prior periods. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made.

NOTE 13: INTERFUNDS

The following Interfund balances remain on the balance sheets at December 31, 2018 and 2017:

Fund	2018		2017	
	Interfunds Receivable	Interfunds Payable	Interfunds Receivable	Interfunds Payable
Current Fund	\$ 7,341.48	\$ 177,712.25		\$ 2,155,120.24
Federal and State Grant Fund			\$ 122,547.74	
General Trust Fund		7,341.48	534,500.00	160,000.00
General Capital Fund	177,712.25	10,404,587.86	1,658,072.50	4,270,472.18
Sewer Operating Fund	4,025,539.86		4,270,472.18	
Sewer Capital Fund	6,379,048.00			
	<u>\$ 10,589,641.59</u>	<u>\$ 10,589,641.59</u>	<u>\$ 6,585,592.42</u>	<u>\$ 6,585,592.42</u>

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

NOTE 14: CONTINGENT LIABILITIES**A. Pending or Threatened Litigation**

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

The Township provides for its self-insured risk retention on GSMJIF covered claims through an annual budget appropriation. Of the remaining litigation, there are several pending property tax appeals. The merits of this litigation and its potential effects cannot currently be ascertained.

NOTE 14: CONTINGENT LIABILITIES (continued)

The Township provides services to the Township of Robbinsville through its sewer utility. Robbinsville is disputing some of its bill from 2018 and therefore certain amounts included as accounts receivable in the sewer utility operating fund may not be collectible. However, in accordance with the Division's accounting requirements, all accounts receivable are fully reserved.

NOTE 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

The following deferred charges are shown on the December 31, 2018 and 2017 balance sheet of the Township's Current Fund.

	December 31, 2018		December 31, 2017	
	Amount	Raised in Succeeding Year Budget	Amount	Raised in Succeeding Year Budget
Current Fund	<u>\$ 440,000.00</u>	<u>\$ 440,000.00</u>	<u>\$ 880,000.00</u>	<u>\$ 880,000.00</u>

NOTE 16: TAX ABATEMENTS

The Township has entered into several property tax abatement agreements in order to provide incentives to redevelop areas that are in need for improvement or to create economic growth. These agreements are authorized under various New Jersey state statutes. The following represent the Township's most significant tax abatement agreements:

Entity Name	Pilot Billing	Taxes if Billed in Full	Abated Taxes
Pond Run Housing	\$ 136,855.00	\$ 295,476.74	\$ 158,621.74
Alvin E. Gershen	130,547.00	247,768.06	117,221.06
McCorristen Sq.	34,600.00	66,763.52	32,163.52
Project Freedom	10,838.73	112,906.30	102,067.57

NOTE 17: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions from December 31, 2018 through August 26, 2019, which is the date the financial statements were available to be issued. Based on this evaluation, the Township has determined that the only subsequent event that has occurred which require disclosure in the financial statements is the issuance of new debt. On May 7, 2019, the Township acquired \$11,156,000 in new general obligation bonds consisting of \$7,600,000 in general capital bonds and \$3,556,000 in sewer utility bonds and a taxable sewer utility bond in the amount of \$3,112,000.

The Township also acquired bond anticipation notes in the amount of \$14,081,000 consisting of \$7,702,000 in general improvement bond anticipation notes and \$6,379,000 in sewer utility bond anticipation notes and a taxable general improvement bond anticipation note in the amount of \$320,333.

APPENDIX C
FORM OF BOND COUNSEL OPINION

May ____, 2020

Mayor and Township Committee
Township of Hamilton, in the
County of Mercer, New Jersey

Re: Township of Hamilton,
in the County of Mercer, New Jersey
\$10,285,000 Bond Anticipation Notes, Series 2020B

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 \$10,285,000 principal amount of Bond Anticipation Notes, Series 2020B (the "Notes"), consisting of \$3,906,000 General Improvement Notes and \$6,379,000 Sewer Utility Notes. The Notes are general obligations of the Township and the full faith, credit and taxing power of the Township are available to pay the principal of and the interest on the Notes. The Notes are dated May 18, 2020, mature on February 17, 2021, bear interest at a rate of __% per annum payable at maturity, and are not subject to redemption prior to maturity.

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 "Local Bond Law") and Bond Ordinance Nos. 2016-22 and 2016-23 (the "Ordinances"). The Notes are being issued to: (i) refund, on a current basis, \$10,285,000 of the \$14,081,000 outstanding tax-exempt bond anticipation notes of the Township dated May 20, 2019 and maturing May 19, 2020 (the "Prior Notes") and (ii) pay the costs associated with the issuance of the Notes (the "Project").

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined such matters of law, including the Local Bond Law and the Internal Revenue Code of 1986, as amended (the "Code"), such documents, including the Ordinance, and such other statutes, resolutions, certificates, instruments and records of the Township, as we have deemed necessary or appropriate for the purpose of the opinion rendered below. In such examination, we have assumed and relied upon the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

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

1. The Notes have been duly authorized, executed and delivered and constitute legal, valid and binding obligations of the Township enforceable in accordance with their terms.

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

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

Other than as set forth in Paragraph 3 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. This opinion is given as of the date hereof and we assume no obligation to update or supplement the opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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 \$10,285,000 General Obligation Bond Anticipation Notes, Series 2020N (the "2020 Notes"). The 2020 Notes are being issued pursuant to the bond ordinances listed therein (the "Ordinances"). 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 2020 Notes and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, 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 2020 Notes (including persons holding 2020 Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2020 Notes for federal income tax purposes.

"Noteholder" shall mean any person who is the registered owner of any 2020 Note, including Beneficial Owners of the 2020 Notes.

"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, an internet based filing system created and maintained by the MSRB in accordance with Release No. 34-59062, of the Securities and Exchange Commission, dated December 5, 2008, pursuant to which issuers of tax-exempt and taxable bonds, including the 2020 Notes, and other filers on behalf of such issuers shall upload continuing disclosure information to assist underwriters in complying with the Rule and to provide the general public with access to such continuing disclosure information.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii).

"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 via the internet facilities of the Electronic Municipal Market Access System (EMMA).

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

"Participating Underwriter" shall mean the original underwriter of the 2020 Notes required to comply with the Rule in connection with the offering of the 2020 Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

SECTION 3. Reporting of Significant Events.

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

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2020 Notes or other material events affecting the tax status of the 2020 Notes;
- (7) modifications to the rights of Noteholders, if material;
- (8) Note calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the 2020

Notes, if material;

- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Township;
- (13) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a “financial obligation” of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the Township, if any such event reflects financial difficulties.

(b) The Township shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events which are material, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in subsection (a) of this Section 5, the Township may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to provide, or to monitor the Township's obligation to provide, notification of the occurrence of any of the Listed Events which are material.

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

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 2020 Notes. If such termination occurs prior to the final maturity of the 2020 Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

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 Sections 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 2020 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 2020 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 2020 Notes.

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(b), 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 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 information in any Annual Report or 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 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 2020 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 2020 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. Submission of Information to MSRB. Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by the MSRB or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by the MSRB or as may otherwise be required by the Rule.

SECTION 10. Severability. If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 11. Successors and Assigns. All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Township or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 12. Headings for Convenience Only. The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey.

SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the Noteholders and Beneficial Owners from time to time of the 2020 Notes and shall create no rights in any other person or entity.

Date May __, 2020

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

By: _____
Ulrich Steinberg,
Interim Chief Financial Officer