

**TOWNSHIP OF HAMILTON
MERCER COUNTY
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

HODULIK & MORRISON, P.A.

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS
HIGHLAND PARK, N.J.

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

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INTRODUCTORY SECTION



*The
Township of Hamilton*

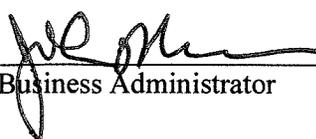
DIRECTOR OF FINANCE

June 17, 2014

The Honorable Mayor
and Township Council
Township of Hamilton
2090 Greenwood Ave.
PO Box 00150
Hamilton, NJ 08650-0150

The Comprehensive Annual Financial Report (the "CAFR") for the Township of Hamilton (the "Township") for the year ended December 31, 2013 is hereby submitted, as mandated by state statute. New Jersey state statutes require that the Township annually issue a report on its financial position and activity and that this report be audited by an independent registered municipal accountant. The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Township.

The Comprehensive Annual Financial Report is presented in five sections: the introductory section, the financial statements, the statistical section, the single audit section and general findings and recommendations. The introductory section, which is unaudited, contains this letter of transmittal and a listing of the Township's principal and elected and appointed officials. The financial section includes the general – purpose financial statements and individual and fund statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information. The single audit section includes the auditor's reports and the schedules of Federal and State financial assistance. The Township is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the US Office of Management and Budget and Budget Circular A-133, "Audits of State and Local Governments" and the State Treasury Circular 04-04 OMB.


Business Administrator


Chief Financial Officer

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



**PART I
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND
NOTES TO FINANCIAL STATEMENTS**

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying combined statement of assets, liabilities, reserves and fund balance – regulatory basis of the various funds and governmental fixed assets of the Township of Hamilton, County of Mercer, New Jersey as of December 31, 2013 and the related combined statement of revenues, expenditures and changes in fund balance – current and utility operating fund – regulatory basis, the statement of revenues, expenditures and changes in fund balance – current fund – regulatory basis and the statement of revenues, expenditures and changes in fund balance – utility fund – regulatory basis for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's financial statements as listed in the table of contents.

Management's Responsibilities for the Financial Statements

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

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 audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U. S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Township of Hamilton, County of Mercer, New Jersey, as of December 31, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion the financial statements – regulatory basis, referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Township of Hamilton, County of Mercer New Jersey as of December 31, 2013 and the results of operations and changes in fund balance – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2013, on the basis of accounting described in Note 2.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated June 17, 2014 on our consideration of the Township of Hamilton's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the Township of Hamilton's internal control over financial reporting and compliance.

Hodulik & Morrison, P.A.

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

Robert S. Morrison
Robert S. Morrison
Registered Municipal Accountant
No. 412

Highland Park, New Jersey
June 17, 2014

COMBINED FINANCIAL STATEMENTS

TOWNSHIP OF HAMILTON
 COUNTY OF MERCER
 COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - ALL FUND TYPES
 REGULATORY BASIS
 DECEMBER 31, 2013

	CURRENT FUND	GENERAL CAPITAL FUND	TRUST FUNDS	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	UTILITY ASSESSMENT FUND	GOVERNMENTAL FIXED ASSETS	TOTAL DEC. 31, 2013	MEMORANDUM ONLY TOTAL DEC. 31, 2012
ASSETS									
Cash and Investments	\$ 10,605,351.63	\$ 5,299,260.40	\$ 17,975,926.75	\$ 5,627,064.67	\$ 1,657,206.95	\$ 467.10	\$	41,165,277.50	50,715,993.37
Federal and State Grants Receivable	2,808,430.34	189,581.78			8,650.65			3,006,662.77	2,491,963.66
Receivables and Other Assets:									
Delinquent Property Taxes and Utility Charges	532,326.85			39,098.25				571,425.10	539,178.10
Other Receivables	108,433.72							108,433.72	97,261.99
Assessments Receivable			1,162,261.88					1,162,261.88	1,338,815.07
Tax Title and Assessment Liens Rec.	1,695,034.38		899.49	99,011.69				1,794,945.56	1,636,510.96
Prepaid School Tax	477,742.50							477,742.50	1,420,207.50
Interfunds Receivable	91,752.13	106,647.64						198,399.77	579,911.20
Property Acquired for Taxes	367,045.00							367,045.00	367,045.00
Due from State	10,300.00							10,300.00	524,270.58
Prospective Assessments Funded		89,361,309.69	2,267,073.50	110,000.00				2,267,073.50	2,267,073.50
Deferred Charges					129,638,074.17			89,471,309.69	85,979,418.82
Fixed Capital					44,057,090.70			129,638,074.17	124,323,510.98
Fixed Capital Authorized and Uncompleted								44,057,090.70	41,827,427.66
Fixed Assets							64,835,641.57	64,835,641.57	62,299,611.42
	<u>\$ 16,696,416.55</u>	<u>\$ 94,956,799.51</u>	<u>\$ 21,406,161.62</u>	<u>\$ 5,875,174.61</u>	<u>\$ 175,361,022.47</u>	<u>\$ 467.10</u>	<u>\$ 64,835,641.57</u>	<u>\$ 379,131,683.43</u>	<u>\$ 376,408,199.81</u>

TOWNSHIP OF HAMILTON
 COUNTY OF MERCER
 COMBINED STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - ALL FUND TYPES
 REGULATORY BASIS
 DECEMBER 31, 2013

	CURRENT FUND	GENERAL CAPITAL FUND	TRUST FUNDS	UTILITY OPERATING FUND	UTILITY CAPITAL FUND	UTILITY ASSESSMENT FUND	GOVERNMENTAL FIXED ASSETS	MEMORANDUM ONLY TOTAL	
								DEC. 31, 2013	DEC. 31, 2012
LIABILITIES, RESERVES AND FUND BALANCE									
Overpayments	\$ 144,371.41			\$ 10,428.84				\$ 154,800.25	\$ 56,757.73
Appropriation Reserves	3,962,052.83			419,123.14				4,381,175.97	5,222,847.59
Prepaid Taxes and Utility Charges	954,785.84		9,332.15	1,318,715.95				2,282,833.94	2,618,526.74
Federal and State Grants:									
Appropriated Reserves	2,809,110.93							2,809,110.93	2,545,195.74
Unappropriated Reserves	41,134.93							41,134.93	31,734.93
Encumbrances	518,395.50							518,395.50	70,601.67
Other Liabilities and Reserves:									
Due to State of New Jersey	23,708.24		1,651.20					25,359.44	8,144.10
Reserve for Future Debt Service		147,219.36			1,624,376.87			1,771,596.23	450,945.14
Capital Improvement Fund		23,677.00			192,775.00			216,452.00	192,775.00
Other Reserves	122,734.76		19,364,852.51	526,329.53	101,879,347.40			121,893,264.20	117,440,113.69
Improvement Authorizations									
Reserve for Encumbrances/Accounts Payable	1,241,832.87	25,071,946.64		488,077.02	21,381,358.70			46,453,305.34	45,727,855.07
Interfunds Payable	126,330.64	2,474,805.25	42,279.36	29,789.77	5,238,912.32			9,633,210.31	6,910,535.11
Serial Bonds Payable		40,554,000.00	1,303,000.00		27,642,000.00			69,499,000.00	74,904,000.00
Bond Anticipation Notes Payable		22,749,658.00			16,987,000.00			39,736,658.00	39,736,658.00
Green Trust Loan Payable		407,937.06						407,937.06	451,549.46
Environmental Infrastructure Loans		3,525,083.23						3,939,629.03	4,242,988.93
Reserve for Receivables	2,774,909.08			138,109.94				2,913,019.02	2,779,663.24
Other Payables	189,536.45		495,461.55					684,998.00	1,648,374.58
Investment in Fixed Assets							64,835,641.57	64,835,641.57	62,299,611.42
Fund Balance	3,787,513.07	2,472.97	2.00	2,944,600.42	706.38	467.10		6,735,761.94	8,489,410.47
	\$ 16,696,416.55	\$ 94,956,799.51	\$ 21,406,161.62	\$ 5,875,174.61	\$ 175,361,022.47	\$ 467.10	\$ 64,835,641.57	\$ 379,131,683.43	\$ 376,408,199.81

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT AND UTILITY OPERATING FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	CURRENT FUND	UTILITY OPERATING FUNDS	TOTAL
Revenues:			
Fund Balance Appropriated	\$4,500,000.00	\$1,065,442.75	\$1,065,442.75
Sewer Rents		15,091,976.08	15,091,976.08
Miscellaneous Revenue	6,789,735.42	1,171,860.30	7,961,595.72
State Aid	19,166,830.00		19,166,830.00
State and Federal Grants	1,777,987.88		1,777,987.88
Special Items	4,973,943.76		4,973,943.76
Receipts from Delinquent Taxes	448,260.99		448,260.99
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	60,502,569.86		60,502,569.86
Local Library Tax	2,757,040.00		2,757,040.00
	<hr/>	<hr/>	<hr/>
Total Budget Revenue	100,916,367.91	17,329,279.13	113,745,647.04
Other Credits to Income	1,648,453.15	268,777.23	1,917,230.38
	<hr/>	<hr/>	<hr/>
Total Revenues	102,564,821.06	17,598,056.36	120,162,877.42
Expenditures:			
Current Fund Within CAPS:			
General Government	784,591.35	12,737,527.64	13,522,118.99
Department of Administration	1,086,571.71		1,086,571.71
Department of Finance	1,630,922.78		1,630,922.78
Department of Law	1,620,070.75		1,620,070.75
Department of Engineering, Planning and Inspection	3,629,526.41		3,629,526.41
Department of Economic Development/Technology	616,983.78		616,983.78
Department of Public Safety	22,294,054.41		22,294,054.41
Department of Public Works	20,170,229.17		20,170,229.17
Department of Health, Recreation and Welfare	2,698,607.36		2,698,607.36
Separate Boards and Agencies	163,863.00		163,863.00
Unclassified Purposes	22,531,702.23		22,531,702.23
Deferred Charges and Statutory Expenditures	8,943,569.89	737,611.11	9,681,181.00
Current Fund Excluded From CAPS:			
General Government	4,467,254.16		4,467,254.16
Public and Private Programs	1,802,987.88		1,802,987.88
Capital Improvements	398,677.00	250,000.00	648,677.00
Debt Service	5,352,786.77	2,698,292.36	8,051,079.13
Reserve for Uncollected Taxes	1,383,678.12		1,383,678.12
	<hr/>	<hr/>	<hr/>
Total Budget Expenditures	99,576,076.77	16,423,431.11	115,999,507.88
Other Charges	276,447.16	185,128.16	461,575.32
	<hr/>	<hr/>	<hr/>
Total Expenditures	99,852,523.93	16,608,559.27	116,461,083.20

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 31,2013

	Budget as <u>Modified</u>	2013 <u>Actual</u>	<u>Variance</u>
Revenues:			
Fund Balance Appropriated	\$ 4,500,000.00	\$ 4,500,000.00	
Miscellaneous Revenue	6,421,818.15	6,789,735.42	367,917.27
State Aid	19,166,830.00	19,166,830.00	
State and Federal Grants	1,777,987.88	1,777,987.88	
Special Items	5,129,796.06	4,973,943.76	(155,852.30)
Receipts from Delinquent Taxes	600,000.00	448,260.99	(151,739.01)
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	59,253,987.00	60,502,569.86	1,248,582.86
Municipal Library Tax	<u>2,757,040.00</u>	<u>2,757,040.00</u>	
Total Budget Revenue	<u>99,607,459.09</u>	<u>100,916,367.91</u>	<u>1,308,908.82</u>
Other Credits to Income		<u>1,648,453.15</u>	<u>1,648,453.15</u>
Total Revenues	<u>99,607,459.09</u>	<u>102,564,821.06</u>	<u>2,957,361.97</u>
Expenditures:			
Current Fund Within CAPS:			
General Government	784,591.35	784,591.35	
Department of Administration	1,086,571.71	1,086,571.71	
Department of Finance	1,630,922.78	1,630,922.78	
Department of Law	1,620,070.75	1,620,070.75	
Department of Engineering, Planning and Inspection	3,629,526.41	3,629,526.41	
Department of Economic Development/Technology	616,983.78	616,983.78	
Department of Public Safety	22,294,054.41	22,294,054.41	
Department of Public Works	20,170,229.17	20,170,229.17	
Department of Health, Recreation and Welfare	2,698,607.36	2,698,607.36	
Separate Boards and Agencies	163,863.00	163,863.00	
Unclassified Purposes	22,531,702.23	22,531,702.23	
Deferred Charges and Statutory Expenditures	8,943,569.89	8,943,569.89	
Current Fund Excluded From CAPS:			
General Government	4,467,254.16	4,467,254.16	
Public and Private Programs	1,802,987.88	1,802,987.88	
Capital Improvements	398,677.00	398,677.00	
Debt Service	5,384,169.03	5,352,786.77	31,382.26
Reserve for Uncollected Taxes	<u>1,383,678.12</u>	<u>1,383,678.12</u>	
Total Budget Expenditures	<u>99,607,459.03</u>	<u>99,576,076.77</u>	<u>31,382.26</u>
Other Charges		<u>276,447.16</u>	<u>(276,447.16)</u>
Total Expenditures	<u>99,607,459.03</u>	<u>99,852,523.93</u>	<u>(245,064.90)</u>

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

Statutory Excess to Fund Balance	\$	\$ 2,712,297.13	\$
Fund Balance January 1, 2013	<u>5,575,215.94</u>	<u>5,575,215.94</u>	<u> </u>
	5,575,215.94	8,287,513.07	
Decreased by: Utilized in Budget	<u>4,500,000.00</u>	<u>4,500,000.00</u>	<u> </u>
Fund Balance December 31, 2013	<u>\$ 1,075,215.94</u>	<u>\$ 3,787,513.07</u>	<u>\$</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
BUDGET AND ACTUAL - UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget as <u>Modified</u>	2013 <u>Actual</u>	<u>Variance</u>
Revenues:			
Fund Balance Appropriated	\$ 1,065,442.75	\$ 1,065,442.75	
Sewer Rents	15,000,000.00	15,091,976.08	91,976.08
Sewer Connection Fees	400,000.00	864,950.00	464,950.00
Miscellaneous	<u>120,000.00</u>	<u>306,910.30</u>	<u>186,910.30</u>
Total Budget Revenue	<u>16,585,442.75</u>	<u>17,329,279.13</u>	<u>743,836.38</u>
Other Credits to Income		<u>268,777.23</u>	<u>268,777.23</u>
Total Revenues	<u>16,585,442.75</u>	<u>17,598,056.36</u>	<u>1,012,613.61</u>
Expenditures:			
Operating Expenses	12,737,527.64	12,737,527.64	
Capital Improvements	250,000.00	250,000.00	
Debt Service	2,860,304.00	2,698,292.36	162,011.64
Statutory Expenditures	<u>737,611.11</u>	<u>737,611.11</u>	
Total Expenditures	<u>16,585,442.75</u>	<u>16,423,431.11</u>	<u>162,011.64</u>
Other Charges to Income		<u>185,128.16</u>	<u>(185,128.16)</u>
Excess (Deficit) in Revenues		<u>989,497.09</u>	<u>989,497.09</u>
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year		<u>110,000.00</u>	<u>110,000.00</u>
Statutory Excess to Fund Balance		<u>1,099,497.09</u>	<u>1,099,497.09</u>
Fund Balance January 1, 2013	<u>2,910,546.08</u>	<u>2,910,546.08</u>	
Decreased by:			
Utilized in Sewer Operating Budget	<u>1,065,442.75</u>	<u>1,065,442.75</u>	
Fund Balance December 31, 2013	<u>\$ 1,845,103.33</u>	<u>\$ 2,944,600.42</u>	<u>\$ 1,099,497.09</u>

Note: See Notes to Financial Statements

INDIVIDUAL FUND SUPPLEMENTARY SCHEDULES

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
CURRENT FUND
DECEMBER 31, 2013

ASSETS	BALANCE DEC. 31, 2013	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2013
Cash and Investments - Treasurer	\$ 9,956,315.97	Liabilities:	
Cash - Change Fund	1,860.00	Prepaid Taxes	954,785.84
Prepaid School Tax	477,742.50	Tax Overpayments	144,371.41
Due from State of N.J. Per Chap. 73, P.L. 1976	<u>10,300.00</u>	Accounts Payable	36,246.09
		Appropriation Reserves	3,962,052.83
		Due to Grant Fund	19,683.00
	<u>10,446,218.47</u>	Due to State of New Jersey:	
		State Marriage License Fees	3,085.00
Receivables and Other Assets With Full Reserves:		DCA Training Fees	20,623.24
Taxes Receivable	532,326.85	Due County for Added Taxes	189,536.45
Tax Title Liens Receivable	1,695,034.38	Reserve for Encumbrances	1,205,586.78
Property Acquired for Taxes at Assessed Value	367,045.00	Proceeds Sale of Municipal Assets	<u>122,734.76</u>
Revenue Accounts Receivable	66,251.39		6,658,705.40
Other Accounts Receivable	42,182.33		
Due from Sewer Operating Fund	29,789.77		
Due from Dog Trust	14,881.60		
Due from CDBG	<u>27,397.76</u>		
	<u>2,774,909.08</u>	Reserve for Receivables Fund Balance	2,774,909.08
			<u>3,787,513.07</u>
Total Regular Fund	<u>13,221,127.55</u>	Total Regular Fund	<u>13,221,127.55</u>
Grant Fund:		Grant Fund:	
Cash and Investments - Treasurer	647,175.66	Reserve for Encumbrances	518,395.50
Due from Current Fund	19,683.00	Due to General Capital Fund	106,647.64
State & Federal Grants Receivable	<u>2,808,430.34</u>	Reserve for State & Federal Grants: Appropriated	2,809,110.93
		Unappropriated	<u>41,134.93</u>
Total Grant Fund	<u>3,475,289.00</u>	Total Grant Fund	<u>3,475,289.00</u>
Total Current Fund	<u>\$ 16,696,416.55</u>	Total Current Fund	<u>\$ 16,696,416.55</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>REVENUE AND OTHER INCOME</u>	<u>YEAR 2013</u>
Fund Balance Utilized	\$ 4,500,000.00
Miscellaneous Revenues Anticipated	32,708,497.06
Receipts from Delinquent Taxes	448,260.99
Receipts from Current Taxes	232,774,294.24
Non-Budget Revenue	1,243,392.56
Other Credits to Income:	
Unexpended Balance of Approp.	
Reserves Lapsed	154,888.13
Other Accounts Receivable	90,172.46
Accounts Payable Cancelled	160,000.00
	<u>272,079,505.44</u>
 <u>EXPENDITURES</u> 	
Budget Appropriations:	
Operations:	
Salaries and Wages	41,965,750.66
Other Expenses	41,531,614.33
Deferred Charges and Statutory	
Expenditures	8,943,569.89
Capital Improvements	398,677.00
Municipal Debt Service	5,352,786.77
Special District Taxes	20,864,155.00
County Taxes	49,439,209.50
Local District School Taxes	100,594,998.00
Interfund Loans Advanced (net)	41,269.64
Adjustment for Senior Citizens Prior Adjustments	226,878.16
Prior Years Senior Citizens/Veterans Deductions	8,299.36
	<u>269,367,208.31</u>
Total Expenditures	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

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

	<u>YEAR 2013</u>
Statutory Excess to Fund Balance	\$ 2,712,297.13
 <u>FUND BALANCE</u>	
Balance - January 1	<u>5,575,215.94</u>
Balance - December 31	\$ <u><u>3,787,513.07</u></u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-2
 Page 1 of 4

CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	ANTICIPATED		EXCESS OR
	2013	N.J.S.A.	(DEFICIT)
	BUDGET	40A:4-87	
	\$	\$	
Surplus Anticipated	4,500,000.00		4,500,000.00
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverage	93,000.00		(2,700.00)
Other	160,000.00		34,249.73
Fees and Permits:			
Other	192,000.00		(8,617.35)
Fines and Costs:			
Municipal Court	990,000.00		(90,664.01)
Interest and Costs on Taxes	526,030.79		62,448.85
Interest on Investments and Deposits	190,000.00		(86,024.66)
Cable Franchise Fees	1,181,488.24		
Housing, Site and Contractor Fees	292,228.12		
Energy Receipts Tax	19,166,830.00		157,806.30
Payments in Lieu of Taxes - Low Cost Housing	223,000.00		
Reimbursement for Administrative Service:			
Free Public Library	74,000.00		
Sewer Operating Fund	680,000.00		
Uniform Construction Code Fees	1,696,071.00		331.00
Developers Escrow - Engineering & Planning Staff	124,000.00		334,941.00
Special Items:			(33,853.59)
Alcohol Education & Rehab	12,613.15		
Safe Streets to Transit	200,000.00		
Safe Streets to Schools	275,000.00		
Click It or Ticket Grant	4,000.00		
Clean Communities	3,000.00		
Recycling Tonnage Grant	167,594.52		
State DOT Whitehorse Hamilton Square Rd.	249,500.00		
Municipal Alliance	78,731.00		
NNL Turnpike Phase III	612,338.00		
			REALIZED
			4,500,000.00

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

Exhibit - A-2
 Page 2 of 4

CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	ANTICIPATED		EXCESS OR
	2013	N.J.S.A. 40A:4-87	(DEFICIT)
	BUDGET		REALIZED
Miscellaneous Revenues (Cont'd.):	\$	\$	
Special Items (cont'd):			
Drive Sober or Get Pulled Over	4,400.00		4,400.00
Recycling Tonnage Grant (Ch. 159)		134,252.79	134,252.79
State Body Armor Grant (Ch. 159)		19,793.90	19,793.90
Drunk Driving Enforcement Grant (Ch. 159)		16,764.52	16,764.52
September Sponsorships and Vendor Fees	76,000.00		88,805.00
HUD Administrative Reimbursements & HCVP	46,000.00		149,049.20
Cancellation of 2012 Appropriation Reserves	2,500,000.00		2,500,000.00
FEMA Hurricane Sandy Reimbursement	950,000.00		678,293.50
Reserve for Proceeds Sale of Municipal Assets	166,796.06		166,796.06
Cancellation of Funded Capital Ordinances	1,000,000.00		1,000,000.00
American Metro - Payment in Lieu of Taxes	391,000.00		391,000.00
Total Miscellaneous Revenues	<u>32,325,620.88</u>	<u>170,811.21</u>	<u>32,708,497.06</u>
Receipts from Delinquent Taxes	600,000.00		448,260.99
Amount to be Raised by Taxation for Support of Municipal Budget:			
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	59,253,987.00		60,502,569.86
Local Tax for Municipal Library	2,757,040.00		2,757,040.00
Total Amount to be Raised By Taxation	<u>62,011,027.00</u>		<u>63,259,609.86</u>
Budget Totals	99,436,647.88	170,811.21	100,916,367.91
Non-Budget Revenues			1,243,392.56
	<u>\$ 99,436,647.88</u>	<u>\$ 170,811.21</u>	<u>\$ 102,159,760.47</u>
			<u>1,248,582.86</u>
			<u>1,308,908.82</u>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Analysis of Non-Budget Revenues:

Hotel Fees	\$ 127,761.87
Other Divisions	33,840.83
Copy Fees	3,826.28
Cellular Tower Rentals	27,854.41
Rentals	6,100.00
Recycling	4,992.56
Ecological Facility Lease payments	95,000.04
Health Services	24,500.60
NFS Bad Checks	2,320.00
Other	692,192.53
Restitution	4,574.47
Plans/Specifications	10,100.00
Golf Center	129,446.60
Azalea Fest	4,035.00
Sayen House and Gardens	63,492.12
Kuser, Bromley and Misc. Festivals	13,355.25
	<hr/>
	\$ 1,243,392.56
	<hr/> <hr/>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collection:

Revenue from Collection:

Collections by Cash:

Year 2013	225,268,585.73
Year 2012	1,303,861.07
Homestead Rebate	4,950,411.65
Sr. Cit. & Vet. Deduction	
Reimbursement	<u>1,251,435.79</u>

\$ 232,774,294.24

Allocated to:

School, County and Special
District Taxes

170,898,362.50

61,875,931.74

Add: Reserve for Uncollected Taxes

1,383,678.12

\$ 63,259,609.86

Receipts from Delinquent Taxes:

Delinquent Tax Collection

\$ 88,811.17

Tax Title Lien Collection

359,449.82

\$ 448,260.99

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2013

	2013 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED			
Operations Within "CAPS"							
<u>GENERAL GOVERNMENT:</u>							
Office of the Mayor	\$ 292,480.58	308,230.58	297,579.46		\$ 10,651.12	\$	
Salaries and Wages	22,449.00	22,449.00	9,670.04	6,812.14	5,966.82		
Other Expenses							
Township Council	78,553.91	79,053.91	74,415.44		4,638.47		
Salaries and Wages	10,300.00	8,300.00	6,605.25	1,229.23	465.52		
Other Expenses							
Office of the Municipal Clerk	291,047.86	262,047.86	252,425.99		9,621.87		
Salaries and Wages	102,510.00	104,510.00	45,312.58	5,073.80	54,123.62		
Other Expenses							
<u>DEPARTMENT OF ADMINISTRATION:</u>							
Business Administrator	213,418.82	216,618.82	208,482.72		8,136.10		
Salaries and Wages	7,248.00	7,248.00	5,889.28		1,358.72		
Other Expenses							
Human Resources	172,975.58	172,975.58	154,791.50		18,184.08		
Salaries and Wages	29,237.00	29,237.00	24,948.97	212.76	4,075.27		
Other Expenses	10,000.00	10,000.00	1,447.36		8,552.64		
Training							
Division of Budget and Purchasing	464,664.31	466,764.31	454,194.36		12,569.95		
Salaries and Wages	33,728.00	33,728.00	24,790.49	3,969.39	4,968.12		
Other Expenses	150,000.00	150,000.00	145,464.53	207.00	4,328.47		
Postage Costs							
<u>DEPARTMENT OF FINANCE:</u>							
Financial Administration:							
Salaries and Wages	298,673.81	278,673.81	261,224.02		17,449.79		
Other Expenses	184,800.00	184,800.00	155,975.75	24,515.00	4,309.25		
Annual Audit	90,823.00	90,823.00	83,500.00		7,323.00		
Division of Assessments	404,038.42	411,738.42	400,879.81		10,858.61		
Salaries and Wages	34,950.00	34,950.00	34,283.47	369.55	296.98		
Other Expenses							
Division of Revenue Collection	519,437.55	519,437.55	496,205.65		23,231.90		
Salaries and Wages	110,500.00	110,500.00	95,538.08	6,811.73	8,130.19		
Other Expenses							

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2013

	2013 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED			
Operations Within "CAPS" (Cont'd.)							
<u>DEPARTMENT OF LAW:</u>							
Legal Services	\$	288,347.46	276,071.05			12,276.41	\$
Salaries and Wages		91,100.00	56,453.70	4,785.91		29,860.39	
Other Expenses							
Municipal Prosecutor		89,913.60	87,501.98			2,411.62	
Salaries and Wages							
Municipal Court		1,081,490.87	983,447.45			38,043.42	
Salaries and Wages		68,733.00	48,238.33	5,204.40		15,290.27	
Other Expenses							
Public Defender		60,485.82	60,485.82			60,485.82	
Salaries and Wages							
<u>DEPARTMENT OF ENGINEERING, PLANNING AND INSPECTIONS:</u>							
Division of Engineering		419,039.32	407,184.00			11,855.32	
Salaries and Wages		155,695.00	84,227.79	46,743.54		24,723.67	
Other Expenses							
Community Planning & Compliance		525,938.44	511,414.72			14,523.72	
Salaries and Wages		53,737.50	23,736.52	3,815.30		26,185.68	
Other Expenses							
Zoning Board		80,265.56	73,478.99			6,786.57	
Salaries and Wages		15,450.00	14,967.98	35.00		447.02	
Other Expenses							
Affordable Housing		266,172.80	266,172.80			266,172.80	
Salaries and Wages							
Office on Housing Inspections		328,474.53	323,662.38			9,412.15	
Salaries and Wages		20,100.00	12,394.23			7,705.77	
Other Expenses							
Uniform Construction Code		1,179,145.60	1,145,087.79			34,057.81	
Salaries and Wages		580,907.66	519,556.13	19,876.28		41,475.25	
Other Expenses							
<u>DEPARTMENT OF ECONOMIC DEVELOPMENT</u>							
Salaries and Wages		430,886.28	420,548.35			13,337.93	
Other Expenses		183,097.50	104,706.40	39,948.06		38,443.04	
<u>DEPARTMENT OF PUBLIC SAFETY:</u>							
Police Division		21,658,517.65	20,521,000.06			617,517.59	
Salaries and Wages		823,493.76	579,074.91	164,762.37		79,656.48	
Other Expenses							
Office of Emergency Management		11,355.00	2,508.06			7,800.04	
Other Expenses		320,688.00	27,128.00	290,974.50		2,585.50	
Purchase of Police Cars (15)							

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2013

	2013 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED			
Operations Within "CAPS" (Cont'd.)							
<u>DEPARTMENT OF PUBLIC WORKS:</u>							
Public Works							
Salaries and Wages	\$ 4,077,831.22	3,839,681.22	3,477,012.94		\$	362,668.28	\$
Other Expenses	594,628.00	594,628.00	310,394.93	218,169.70		66,063.37	
Other Public Works Functions							
Salaries and Wages	89,618.31	24,038.31	24,038.27		0.04		
Other Expenses	21,210.00	21,210.00	8,598.77	4,169.33		8,441.90	
Division of Buildings and Grounds							
Salaries and Wages	1,838,957.83	1,788,957.83	1,734,939.92			54,017.91	
Other Expenses	473,411.00	408,411.00	357,589.37	35,670.29		15,151.34	
Solid Waste Collection & Recycling							
Salaries and Wages	94,373.43	94,373.43	85,091.86			9,281.57	
Other Expenses	3,700,000.00	3,625,000.00	3,214,552.60	129,293.32		281,154.08	
Maintenance of Motor Vehicles							
Salaries and Wages	1,171,022.30	1,071,022.30	1,038,116.17			32,906.13	
Other Expenses	640,156.00	540,156.00	419,650.24	70,510.73		49,995.03	
Landfill/Solid Waste Disposal Costs							
Maintenance of Parks	5,100,000.00	4,925,000.00	4,434,627.21			490,372.79	
Salaries and Wages	2,722,984.59	2,722,984.59	2,626,472.04			96,512.55	
Other Expenses	304,424.00	254,424.00	199,103.92	26,187.05		29,133.03	
Division of Citizen Response							
Salaries and Wages	272,222.49	257,222.49	243,082.02			14,140.47	
Other Expenses	3,120.00	3,120.00	1,867.75	110.95		1,141.30	
<u>DEPARTMENT OF HEALTH, RECREATION AND WELFARE:</u>							
Public Health Services							
Salaries and Wages	806,285.08	606,285.08	578,466.15			27,818.93	
Other Expenses	178,815.00	143,815.00	104,725.61	37,575.99		1,513.40	
Environmental Health Services							
Salaries and Wages	377,022.08	377,022.08	338,186.02			38,836.06	
Other Expenses	11,830.00	11,830.00	5,781.58			6,048.42	
Animal Control Services							
Salaries and Wages	248,691.70	248,691.70	221,836.75			26,854.95	
Other Expenses	68,850.00	68,850.00	39,485.52	2,362.23		27,002.25	
Division of Recreation							
Salaries and Wages	623,532.83	448,532.83	420,458.94			28,073.89	
Other Expenses	356,353.00	296,127.16	271,955.18	18,025.85		6,146.13	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2013

	2013 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operations Within "CAPS" (Cont'd.)						
DEPARTMENT OF HEALTH, RECREATION AND WELFARE (CONT'D.):						
Office of Sr. Citizens Programs						
Salaries and Wages	\$ 386,682.67	371,682.67	356,212.09	\$	15,470.58	\$
Other Expenses	130,545.00	125,770.84	101,492.54	11,987.63	12,290.67	
SEPARATE BOARDS AND AGENCIES:						
Environmental Commission (N.J.S.A. 40:56A-81 et seq.)						
Salaries and Wages	750.00	750.00	600.00		150.00	
Other Expenses	5,030.00	5,030.00	619.94		4,410.06	
Zoning Board of Adjustment						
Other Expenses	31,500.00	45,500.00	27,407.17	2,687.46	15,405.37	
Economic Development Commission						
Salaries and Wages	750.00	750.00	750.00		354.71	
Other Expenses	3,700.00	3,700.00	3,151.29	194.00		
Planning Board						
Other Expenses	30,932.00	16,932.00	15,036.61	494.97	1,400.42	
Board of Public Officers						
Salaries and Wages	500.00	500.00	350.00		150.00	
Other Expenses	3,250.00	3,250.00	6,550.00		3,250.00	
Aid to Museum (N.J.S.A. 40:23-6.22)						
Center for the Physically Limited (N.J.S.A. 40:13)						
First Aid Organizations - Contributions	19,396.00	19,396.00	19,396.00			
Neighborhood Service Center - Contributions	40,000.00	40,000.00	10,000.00		40,000.00	
Redevelopment Board						
Salaries and Wages	200.00	200.00	100.00		100.00	
Other Expenses	8,280.00	8,280.00	1,050.00		7,230.00	
Shade Tree Commission						
Salaries and Wages	575.00	575.00	450.00		125.00	
Other Expenses	325.00	325.00	285.00		40.00	
Parks and Recreation Commission						
Salaries and Wages	200.00	200.00	100.00		100.00	

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2013

	2013 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	RESERVED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED		
Operations Within "CAPS" (Cont'd.)						
<u>SEPARATE BOARDS AND AGENCIES (CONTD.):</u>						
Rent Leveling Board						
Salaries and Wages	575.00	575.00	100.00		475.00	
Other Expenses	150.00	150.00			150.00	
Cable Television Advisory Commission						
Salaries and Wages	500.00	500.00	100.00		400.00	
Public Safety Commission						
Salaries and Wages	200.00	200.00			200.00	
Special Needs Commission						
Salaries and Wages	500.00	500.00	450.00		50.00	
	15,000.00	15,000.00	15,000.00			
	3,051,016.00	3,051,016.00	2,710,838.07	21,754.42	318,423.51	
	810,000.00	810,000.00	787,144.03		22,855.97	
	29,102.00	29,102.00	29,102.00			
	497,016.00	497,016.00	497,016.00			
	15,050,590.44	17,091,470.44	17,091,470.44			
	988,097.79	988,097.79	988,097.79			
	50,000.00	50,000.00	21,771.11		28,228.89	
	<u>77,227,122.95</u>	<u>77,227,122.95</u>	<u>72,296,707.41</u>	<u>1,205,586.78</u>	<u>3,724,828.76</u>	
	42,426,770.50	40,950,890.50	39,283,652.92		1,667,237.58	
	<u>34,800,352.45</u>	<u>36,276,232.45</u>	<u>33,013,054.49</u>	<u>1,205,586.78</u>	<u>2,057,591.18</u>	

UNCLASSIFIED PURPOSES:

Aid to Board of Fire Commissioners
Utility Expense and Bulk Purchase
Retirement Payouts
Payments to Fire Districts
Other Insurance General Liability
Group Insurance
Self Insurance
Condominium Services Act

Total Operations Within "CAPS"

DETAIL:

Salaries and Wages
Other Expenses

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DEC. 31, 2013

	2013 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS":						
Statutory Expenditures:						
Contributions to:						
Public Employees Retirement System	2,518,748.66	2,518,748.60	2,518,748.66		-0.06	
Social Security System (O.A.S.I.)	2,028,720.29	2,028,720.29	1,901,727.68		126,992.61	
DCRP	15,000.00	15,000.00	7,469.56		7,530.44	
Police and Firemen's Retirement Sys. of NJ	4,381,101.00	4,381,101.00	4,381,101.00			
Total Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS"	8,943,569.95	8,943,569.89	8,809,046.90		134,522.99	
Total General Appropriations for Municipal Purposes Within "CAPS"	86,170,692.90	86,170,692.84	81,105,754.31	1,205,586.78	3,859,351.75	
Operations Excluded from "CAPS"						
Maintenance of Free Public Library	2,757,040.00	2,757,040.00	2,757,040.00			
Police Dispatch/911	1,014,860.16	1,014,860.16	924,612.25		90,247.91	
Salaries and Wages	15,500.00	15,500.00	8,363.83		7,136.17	
Other Expenses	581,166.00	581,166.00	581,166.00			
Employee Group Health	98,688.00	98,688.00	98,688.00			
Supplemental Fire Services Program						
STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES:						
Alcohol Ed. And Rehab	12,613.15	12,613.15	12,613.15			
Safe Streets to Transit	200,000.00	200,000.00	200,000.00			
Safe Streets to Schools	275,000.00	275,000.00	275,000.00			
Click It or Ticket Grant	4,000.00	4,000.00	4,000.00			
Green Communities	3,000.00	3,000.00	3,000.00			
State DOT Whitehorse Hamilton Sq. Rd.	167,594.52	167,594.52	167,594.52			
Municipal Alliance	249,500.00	249,500.00	249,500.00			
NNL Turnpike Phase III	78,731.00	78,731.00	78,731.00			
Recycling Tonnage	612,338.00	612,338.00	612,338.00			
State Body Armor	19,793.90	19,793.90	19,793.90			
Recycling Tonnage	134,252.79	134,252.79	134,252.79			
Drunk Driving Enforcement Grant	16,764.52	16,764.52	16,764.52			
Driver Sober or Get Pulled Over	4,400.00	4,400.00	4,400.00			
Matching Funds for Grants	25,000.00	25,000.00	19,683.00		5,317.00	
Total Operations Excluded from "CAPS"	6,099,430.83	6,270,242.04	6,167,540.96		102,701.08	
DETAIL:						
Salaries and Wages	1,014,860.16	1,014,860.16	924,612.25		90,247.91	
Other Expenses	5,084,570.67	5,255,381.88	5,242,928.71		12,453.17	

STATEMENT OF EXPENDITURES - REGULATORY BASIS
 FOR THE YEAR ENDED DEC. 31, 2013

2013 BUDGET	CURRENT FUND BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
			ENCUMBERED	RESERVED	

STATE AND FEDERAL PROGRAMS
 OFF-SET BY REVENUES:

Emergency Mgt. Allocation \$ \$ \$ \$ \$ \$

CAPITAL IMPROVEMENTS
 EXCLUDED FROM "CAPS":

Capital Improvement Fund	398,677.00	398,677.00			
Total Capital Improvements Excluded from "CAPS"	398,677.00	398,677.00			

MUNICIPAL DEBT SERVICE
 EXCLUDED FROM "CAPS":

Payment of Bond Principal	3,363,000.00	3,363,000.00			
Interest on Bonds	1,434,747.00	1,434,747.00			200.74
Interest on Notes	183,775.00	183,775.00			
Green Trust Loan Program					
Payment of Principal	43,612.40	43,612.40			
Payment of Interest	8,814.01	8,814.01			
NJEITF					
Payment of Principal	297,020.62	272,496.73			24,523.89
Payment of Interest	53,200.00	46,542.37			6,657.63
Total Municipal Debt Service Excluded from "CAPS"	5,384,169.03	5,352,786.77			31,382.26

Total General Appropriations for Municipal
 Excluded from "CAPS"

11,882,276.86 12,053,088.07 11,919,004.73 102,701.08 31,382.26

Subtotal General Appropriations

98,052,969.76 98,223,780.91 93,024,759.04 1,205,586.78 3,962,052.83 31,382.26

Reserve for Uncollected Taxes

1,383,678.12 1,383,678.12 1,383,678.12

Total General Appropriations

\$ 99,436,647.88 \$ 99,607,459.03 \$ 94,408,437.16 \$ 3,962,052.83 \$ 31,382.26

Adopted Budget
 Appropriated N.J.S.A. 40A:4-87

\$ 99,436,647.88
 170,811.21
 \$ 99,607,459.09

Disbursed
 State & Federal Grants Appropriated
 Reserve for Uncollected Taxes

\$91,246,771.16
 1,777,987.88
 1,383,678.12
 \$94,408,437.16

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
TRUST FUND
DECEMBER 31, 2013

ASSETS	BALANCE DEC. 31, 2013	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2013
Trust Assessment Fund:			
Cash and Investments - Treasurer	\$ 49,027.95	Trust Assessment Fund:	\$ 9,332.15
Assessments Receivable	1,162,261.88	Prepaid Assessments	2,166,928.67
Assessment Lien, Interest & Costs	899.49	Reserve for Assessments, Liens and	1,303,000.00
Prospective Assessments Funded	2,267,073.50	Assessment Lien Interest and Costs	2.00
		Serial Bonds Payable	
		Fund Balance	
Total Trust Assessment Fund	<u>3,479,262.82</u>	Total Trust Assessment Fund	<u>3,479,262.82</u>
Dog License Trust Fund:		Dog License Trust Fund:	
Cash and Investments - Treasurer	76,124.00	Due to State of New Jersey	1,651.20
		Due to Current Fund	14,881.60
		Reserve	52,049.20
		Escrow	7,542.00
Total Dog License Trust Fund	<u>76,124.00</u>	Total Dog License Trust Fund	<u>76,124.00</u>
Trust-Other Fund:		Trust-Other Fund:	
Cash and Investments - Treasurer	17,205,784.60	Reserve for Encumbrances	189,582.85
		Escrow Funds	4,857,194.03
		Performance Guarantees	1,673,761.05
		Reimbursable Temp. CO	62,237.75
Total Trust-Other Fund	<u>17,205,784.60</u>	Deposits for Tax Sale Redemp./Premiums	3,489,347.56
Housing and Community Development Act of 1974:		Due to State Marriage Licenses	12,775.00
Cash and Investments - Treasurer	62,219.59	Developers Escrow	1,075,081.92
		Dedicated Law Enfor. Trust Fund	53,403.76
		Affordable Housing	2,495,066.07
		Flexible Spending Account	12,837.85
Total Housing and Community Development Act of 1974	<u>62,219.59</u>	Unemployment Trust	153,921.34
		Insurance Trust Reserve	2,149,012.48
		Off-Duty Police	493,643.39
		Payroll Deductions Payable	487,919.55
		Total Trust-Other Fund	<u>17,205,784.60</u>

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

TRUST FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013

<u>ASSETS</u>	BALANCE DEC. 31, 2013	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2013
Self-Insurance Trust Fund:			
Cash and Invest. - Treasurer	\$ 12,266.02	Housing & Community Development Act of 1974:	27,397.76
		Due to Current Fund	
		Reserve for Commun. Develop. Blk. Grant Projects	\$ 34,821.83
Total Self Insurance Trust Fund	<u>12,266.02</u>	Total Housing & Community Development Act of 1974	<u>62,219.59</u>
HUD Housing Voucher Trust Fund:	570,504.59	Self-Insurance Trust Fund:	
Cash and Invest. - Treasurer		Reserve for Insurance Claims: Worker's Compensation	12,266.02
Total HUD Housing Voucher Trust Fund	<u>570,504.59</u>	Total Self Insurance Trust Fund	<u>12,266.02</u>
		HUD Housing Voucher Trust Fund: Reserve for HUD Housing Voucher Program Expenditures	570,504.59
Total Trust Funds	\$ <u>21,406,161.62</u>	Total HUD Housing Voucher Trust Fund	<u>570,504.59</u>
		Total Trust Funds	\$ <u>21,406,161.62</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

STATEMENT OF REVENUES
TRUST ASSESSMENT FUND
DECEMBER 31, 2013

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

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

STATEMENT OF EXPENDITURES
TRUST ASSESSMENT FUND
DECEMBER 31, 2013

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

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - REGULATORY BASIS
ANIMAL CONTROL FUND
FOR THE YEAR ENDED DECMEBER 31, 2013

REF.

Balance - December 31, 2012		\$28,940.80
Increased by:		
2013 Dog License Fees	\$23,425.20	
Dog Redemption Fees	1,771.00	
Adoption Fees	4,510.00	
Kennel Fees	100.00	
Late Fees	2,689.00	
Miscellaneous Fees	<u>5,594.80</u>	
		<u>37,990.00</u>
		66,930.80
Decreased by:		
Due to Current Fund	<u>14,881.60</u>	
		<u>14,881.60</u>
Balance - December 31, 2013		<u><u>\$52,049.20</u></u>

License Fees Collected:

<u>Year</u>	<u>Amount</u>
2011	26,690.00
2012	<u>25,359.20</u>
	<u><u>\$52,049.20</u></u>

Note: R.S. 4:19-15.11

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

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013

<u>ASSETS</u>	<u>BALANCE</u> <u>DEC. 31, 2013</u>
Cash and Investments - Treasurer	\$ 5,299,260.40
Due from State of NJ DOT	189,581.78
Due from Grant Fund	106,647.64
Deferred Charges to Future Taxation:	
Funded	44,487,020.29
Unfunded	<u>44,874,289.40</u>
	<u>\$ 94,956,799.51</u>
<u>LIABILITIES, RESERVES</u> <u>AND FUND BALANCE</u>	
General Serial Bonds	\$ 40,554,000.00
Bond Anticipation Notes	22,749,658.00
Environmental Infrastructure Loan	3,525,083.23
Green Trust Project Loan Payable	407,937.06
Reserve for Encumbrances	2,474,805.25
Improvement Authorizations:	
Funded	1,321,806.58
Unfunded	23,750,140.06
Reserve For:	
Capital Improvement Fund	23,677.00
Future Debt Service	147,219.36
Fund Balance	<u>2,472.97</u>
	<u>\$ 94,956,799.51</u>

There were Bonds and Notes Authorized but not Issued
 in the amount of \$22,124,631.40.

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
 FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>REF.</u>		
Balance - Dec. 31, 2012	C	\$	2,472.97
Balance - Dec. 31, 2013	C	\$	<u>2,472.97</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2013

ASSETS	BALANCE DEC. 31, 2013	LIABILITIES, RESERVES AND FUND BALANCE	BALANCE DEC. 31, 2013
Operating Fund:		Operating Fund:	
Cash and Investments - Treasurer	\$ 5,627,064.67	Liabilities:	
		Sewer Rent Overpayments	\$ 10,428.84
		Prepaid Sewer Rents	1,318,715.95
		Appropriation Reserves	419,123.14
Receivables With Offsetting Reserves:		Reserve for Encumbrances	488,077.02
Sewer Rents Receivable	39,098.25	Due to Current Fund	29,789.77
Sewer Rent Liens Receivable	99,011.69	Accrued Interest on Bonds & Notes	526,329.53
	<u>138,109.94</u>		<u>2,792,464.25</u>
Deferred Charge:		Reserve for Receivables	138,109.94
Overexpenditure of Budget Appropriation	110,000.00	Fund Balance	2,944,600.42
	<u>5,875,174.61</u>	Total Operating Fund	<u>5,875,174.61</u>
Total Operating Fund		Capital Fund:	
Capital Fund:		Cash and Investments - Treasurer	27,642,000.00
Cash and Investments - Treasurer	1,657,206.95	Account Receivable - State	16,987,000.00
Account Receivable - State	8,650.65	Fixed Capital	414,545.80
Fixed Capital	129,638,074.17	Fixed Capital - Auth. and Uncompl.	5,238,912.32
Fixed Capital - Auth. and Uncompl.	44,057,090.70	Total Capital Fund	<u>175,361,022.47</u>
	<u>175,361,022.47</u>		
Total Capital Fund		Sewer Assessment Fund:	
		Cash and Investments - Treasurer	467.10
		Total Sewer Assessment Fund	<u>467.10</u>
		Total Sewer Utility Fund	<u>\$ 181,236,664.18</u>

There were Bonds and Notes Authorized but not Issued on December 31, 2013 of \$26,772,271.67.

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 STATEMENT OF REVENUES, EXPENDITURES, OPERATIONS AND CHANGE IN
 FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>REVENUE AND OTHER INCOME REALIZED</u>	<u>YEAR 2013</u>
Fund Balance Utilized	\$ 1,065,442.75
Sewer Rents	15,091,976.08
Fees and Permits	864,950.00
Miscellaneous	306,910.30
Unexpended Balance of Approp. Reserves Lapsed	<u>268,777.23</u>
Total Revenues	<u>17,598,056.36</u>
<u>EXPENDITURES</u>	
Budget Appropriations:	
Operating	12,737,527.64
Capital Improvements	250,000.00
Debt Service	2,698,292.36
Statutory Expenditures	737,611.11
Refund of Prior Years Revenue	<u>185,128.16</u>
Total Expenditures	<u>16,608,559.27</u>
Excess(deficit) in Revenues	<u>989,497.09</u>
Adjustment to Income Before Fund Balance:	
Expenditures Included Above which are by Statute	
Deferred Charges to Budget of Succeeding Years	110,000.00
<u>FUND BALANCE</u>	
Balance - January 1	<u>2,910,546.08</u>
	4,010,043.17
Decreased by:	
Utilized in Sewer Operating Budget	<u>1,065,442.75</u>
Balance - December 31	<u>\$ 2,944,600.42</u>

Note: See Notes to Financial Statements

Exhibit - D-2

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY CAPITAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Balance - December 31, 2012	\$	706.38
Balance - December 31, 2013	\$	<u>706.38</u>

Exhibit - D-3

SEWER UTILITY ASSESSMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Balance - December 31, 2012	\$	467.10
Balance - December 31, 2013	\$	<u>467.10</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS (DEFICIT)</u>
Operating Fund Balance			
Anticipated	\$ 1,065,442.75	\$ 1,065,442.75	
Sewer Rents	15,000,000.00	15,091,976.08	91,976.08
Sewer Connection Fees	400,000.00	864,950.00	464,950.00
Miscellaneous	<u>120,000.00</u>	<u>306,910.30</u>	<u>186,910.30</u>
	<u>\$ 16,585,442.75</u>	<u>\$ 17,329,279.13</u>	<u>\$ 743,836.38</u>

Analysis of Realized
Revenues:

Sewer Rents:	
Sewer Rents Receivable	\$ 13,747,740.94
Sewer Rent Liens	38,901.62
Prepaid Sewer Rents	<u>1,305,333.52</u>
	<u>\$ 15,091,976.08</u>

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
Operating:						
Salaries and Wages	\$ 4,474,946.93	\$ 4,174,946.93	\$ 4,010,103.73	\$ 357,331.57	\$ 164,843.20	\$
Other Expenses	5,173,198.00	4,973,198.00	4,423,008.95		192,857.48	
Group Insurance Plan for Employees	2,782,605.23	3,282,605.23	3,282,605.23			
Self-Insurance Program N.J.S.A. 40A:10-1 et seq.	204,109.72	204,109.72	204,109.72			
Other Insurance and Surety Bond Premiums	102,667.76	102,667.76	102,667.76			
Capital Improvements:						
Capital Outlay	250,000.00	250,000.00	86,586.46	130,745.45	32,668.09	
Debt Service:						
Payment of Bond Principal	1,428,000.00	1,428,000.00	1,538,000.00			(110,000.00)
Interest on Bonds	1,185,092.00	1,185,092.00	953,365.29			231,726.71
Interest on Notes	218,088.00	218,088.00	177,803.30			40,284.70
EIT Loan Principal	24,524.00	24,524.00	24,523.89			0.11
Eit Loan Interest	4,600.00	4,600.00	4,599.88			0.12
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	399,305.12	399,305.12	399,181.49		123.63	
Social Security System (O.A.S.I.)	338,305.99	338,305.99	309,675.25		28,630.74	
Total Sewer Utility Appropriations	\$ 16,585,442.75	\$ 16,585,442.75	\$ 15,516,230.95	\$ 488,077.02	\$ 419,123.14	\$ 162,011.64
Disbursed			\$ 14,380,462.48			
Accrued Interest on Bonds			1,135,768.47			
			\$ 15,516,230.95			
Overexpenditure						\$ (110,000.00)
Unexpended Balance Cancelled						272,011.64
						\$ 162,011.64

Note: See Notes to Financial Statements

TOWNSHIP OF HAMILTON
MERCER COUNTY, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

Note 1: FORM OF GOVERNMENT

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Description of Funds

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

B. Description of Funds (cont'd)

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

C. Basis of Accounting and Measurement Focus

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

Disclosures About Fair Value of Financial Instruments

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

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

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

Recent Accounting Standards

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

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

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

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

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

GASB issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees" in April 2013. This Statement establishes account and financial reporting standards related to government that extends nonexchange financial guarantees.

NOTES TO FINANCIAL STATEMENTS

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

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

Recent Accounting Standards (Cont'd)

GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68" in November 2013. This Statement address and issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions.

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

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

Comparative Data

Comparative data for the prior year has not been shown in the financial statements of the Township of Hamilton.

Note 3: DEFERRED COMPENSATION PLAN

The Township of Hamilton, County of Mercer Deferred Compensation Plan was established pursuant to section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing contractor to administer the plan.

The Township passed a resolution amending its plan in accordance with the amendments to Section 457 of the Code included in the Small Business Job Protection Act of 1996. This legislation eliminated provisions of the law that required compensation which was deferred under the plan to remain the assets of the employer. The Plan amendment specifies that Plan assets are to be held "for the exclusive benefit of Plan participants and their beneficiaries". Accordingly, the financial statements of the Plan are not included in the Township's financial statements for the year ending December 31, 2013.

NOTES TO FINANCIAL STATEMENTS

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

A. Summary of Municipal Debt for Capital Projects

	<u>2013</u>	MEMORANDUM ONLY <u>2012</u>
<u>Issued:</u>		
General:		
Bonds & Notes	\$63,303,658.00	\$66,730,658.00
Green Trust Prog. Loans	407,937.06	451,549.46
Infrastructure Loan	3,525,083.23	3,797,579.96
Trust Assessment:		
Bonds & Notes	1,303,000.00	1,413,000.00
Sewer Utility:		
Bonds & Notes	44,629,000.00	46,497,000.00
Infrastructure Loan	414,545.80	439,069.69
	<u>113,583,224.09</u>	<u>119,328,857.11</u>
Total Debt Issued		
Less:		
Funds Temp. Held to Pay		
Bonds or Notes:		
General	147,219.36	
Sewer Util. - General	1,624,376.87	450,945.14
	<u>1,771,596.23</u>	<u>450,945.14</u>
	<u>111,811,627.86</u>	<u>118,877,911.97</u>
Net Debt Issued		
<u>Authorized but not Issued:</u>		
General:		
Bonds & Notes	22,124,536.40	23,045,536.40
Assessment:		
Bonds & Notes	95.00	95.00
Sewer Utility:		
Bonds & Notes	26,772,271.67	14,999,631.40
	<u>48,896,903.07</u>	<u>38,045,262.80</u>
Total Authorized but not Issued		
Net Bonds & Notes Issued and Authorized but not Issued	<u>\$160,708,530.93</u>	<u>\$156,923,174.77</u>

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

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

Summarized below are the Township's individual bond and loan issues which were outstanding at December 31, 2013:

	<u>2013</u>	<u>MEMORANDUM ONLY 2012</u>
<u>General Debt</u>		
\$17,425,000 General Improvement Refunding Bonds of 2013, due in annual installments of \$125,000 through \$2,050,000 through Aug 1, 2025, interest at 3.00% through 4.00%.	17,300,000.00	
\$4,630,000 Pension Obligation Refunding Bonds of 2013, due in annual installments of \$30,000 through \$520,000 through July 15, 2023, interest at 0.62% through 3.12%.	4,600,000.00	
\$5,595,000 General Improvement Bonds (Pension Series) of 2003, due in annual installments of \$35,000 through \$575,000 through July 15, 2023, interest at 3.00% through 5.50%.		4,680,000.00
\$28,364,000 General Improvement Refunding Bonds of 2006 due in annual installments of \$125,000 through \$2,123,000 through August 1, 2025, interest at 4.00% through 4.125%.	2,788,000.00	21,875,000.00
\$5,041,000 General Improvement Refunding Bonds of 2009 due in annual installments of \$346,000 through \$1,130,000 through August 1, 2025, interest at 1.125% through 3.859%.	700,000.00	1,410,000.00
\$17,716,000 General Improvement Bonds of 2010, due in annual installments of \$850,000 through \$1,700,000 through Feb. 1, 2022, interest at 2.50% through 3.25%.	15,166,000.00	16,016,000.00
<u>Green Trust Loans:</u>		
\$115,841.25 Issac Pearson Acq., due in semi-annual installments of \$7,203.38 through March 6, 2022, interest at 2.00%.	56,050.39	62,042.72
\$461,600 Veterans Park., due in semi-annual installments of \$28,703.76 through March 6, 2022, interest at 2.00%.	223,348.27	247,226.31
\$265,655 Tyndale Farm Acq., due in semi-annual installments of \$16,519.28 through March 6, 2022, interest at 2.00%.	128,538.40	142,280.43
\$1,435,000 Infrastructure Loan, due in annual installments of \$50,000 through \$110,000 through August 1, 2025 interest at 4.00% to 4.375%	1,040,000.00	1,105,000.00
\$4,028,778 Infrastructure Loan, Principal Only - due in semi-annual installments of \$4,408.24 to \$205,928.29 through August 1, 2026.	2,485,083.23	2,692,579.96

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

A. <u>Summary of Municipal Debt for Capital Projects (Cont'd.)</u>	MEMORANDUM ONLY	
<u>General Debt (cont.d.):</u>		
Bond Anticipation Notes, date of original issue June 15, 2013, due date June 14, 2014, interest rate of 2.00%	8,046,000.00	8,046,000.00
Bond Anticipation Notes, date of original issue November 20, 2013, due date June 13, 2014, interest rate of 1.00%	14,703,658.00	14,703,658.00
\$1,523,000 Assessment Bonds of 2010, due in annual installments of \$103,000 through \$110,000 through Feb. 1, 2025, interest at 3.00% through 3.625%.	<u>1,303,000.00</u>	<u>1,413,000.00</u>
Total General Debt	<u>68,539,678.29</u>	<u>72,392,787.42</u>
<u>Utility Debt</u>		
\$22,815,000 Sewer Utility Bonds of 2005, due in annual installments of \$227,000 through \$2,008,000 through August 1, 2009 interest at 4.00% through 4.25%.	2,650,000.00	20,392,000.00
\$4,320,000 Sewer Utility Refunding Bonds of 2005, due in annual installments of \$41,000 through \$381,000 through August 1, 2009 interest at 4.60% through 4.25%	3,695,000.00	3,866,000.00
\$2,175,000 Sewer Utility Refunding Bonds of 2009, due in annual installments of \$275,000 through \$510,000 through September 1, 2014 interest at 1.125% through 4.00%	200,000.00	400,000.00
\$5,142,000 Sewer Utility Bonds of 2010, due in annual installments of \$145,000 through \$287,000 through March 1, 2035 interest at 2.50% through 4.30%	4,702,000.00	4,852,000.00
\$16,505,000 Sewer Capital Refunding Bonds of 2013, due in annual installments of \$110,000 through \$1,935,000 through Aug 1, 2025, interest at 2.00% through 4.00%.	16,395,000.00	
Bond Anticipation Notes, date of original issue June 15, 2011, due date June 13, 2013, interest rate of 1.50%.	2,300,000.00	2,300,000.00
Bond Anticipation Notes, date of original issue June 15, 2011, due date June 13, 2013, interest rate of 1.25%.	14,687,000.00	14,687,000.00
\$126,650.65 Infrastructure Loan, due in annual installments of \$5,425.45 through \$8,841.65 through August 1, 2029 interest at 4.00% to 4.375%	110,260.07	115,766.11
\$355,000 Infrastructure Loan, Principal Only - due in semi-annual installments of \$19,017.85 through August 1, 2029	<u>304,285.73</u>	<u>323,303.58</u>
Total Utility Debt	<u>45,043,545.80</u>	<u>46,936,069.69</u>
Total Debt Issued and Outstanding	<u>\$113,583,224.09</u>	<u>\$119,328,857.11</u>

NOTES TO FINANCIAL STATEMENTS

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

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

SFY Year	GENERAL*		SEWER UTILITY		TOTAL	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2014	\$4,133,000.00	\$1,380,650.46	\$1,898,000.00	\$1,067,114.50	\$6,031,000.00	\$2,447,764.96
2015	3,555,000.00	1,244,339.76	1,758,000.00	993,243.50	5,313,000.00	2,237,583.26
2016	3,680,000.00	1,128,618.36	1,820,000.00	924,473.50	5,500,000.00	2,053,091.86
2017	3,765,000.00	1,025,558.90	1,871,000.00	867,148.50	5,636,000.00	1,892,707.40
2018	3,850,000.00	917,934.61	1,922,000.00	808,158.50	5,772,000.00	1,726,093.11
2019	3,960,000.00	790,204.45	1,998,000.00	732,600.38	5,958,000.00	1,522,804.83
2020	4,075,000.00	682,201.65	2,081,000.00	653,222.88	6,156,000.00	1,335,424.53
2021	3,995,000.00	519,622.35	2,159,000.00	570,658.50	6,154,000.00	1,090,280.85
2022	4,101,000.00	380,010.00	2,241,000.00	484,869.75	6,342,000.00	864,879.75
2023	2,515,000.00	261,799.40	2,336,000.00	395,492.88	4,851,000.00	657,292.28
2024	2,075,000.00	166,371.25	2,420,000.00	302,184.75	4,495,000.00	468,556.00
2025	2,153,000.00	83,866.88	2,526,000.00	205,166.00	4,679,000.00	289,032.88
2026			220,000.00	103,642.25	220,000.00	103,642.25
2027			225,000.00	95,157.88	225,000.00	95,157.88
2028			235,000.00	86,098.50	235,000.00	86,098.50
2029			250,000.00	76,398.50	250,000.00	76,398.50
2030			260,000.00	66,036.00	260,000.00	66,036.00
2031			270,000.00	55,104.75	270,000.00	55,104.75
2032			285,000.00	43,408.50	285,000.00	43,408.50
2033			290,000.00	31,046.00	290,000.00	31,046.00
2034			290,000.00	18,576.00	290,000.00	18,576.00
2035			287,000.00	6,170.50	287,000.00	6,170.50
TOTAL	<u>\$41,857,000.00</u>	<u>\$8,581,178.07</u>	<u>\$27,642,000.00</u>	<u>\$8,585,972.52</u>	<u>\$69,499,000.00</u>	<u>\$17,167,150.59</u>

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

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

C. Summary of Statutory Debt Condition - Annual Debt Statements

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

2013

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$42,870,000.00	\$42,870,000.00	\$
Sewer Utility Debt	72,255,817.47	72,255,817.47	
General Debt	<u>90,664,309.69</u>		<u>90,664,309.69</u>
	<u>\$205,790,127.16</u>	<u>\$115,125,817.47</u>	<u>\$90,664,309.69</u>

Net Debt \$90,664,309.69 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$8,583,703,808.33 = 1.056%.

EQUALIZED VALUATION BASIS

2011 Equalized Valuation Basis of Real Property	\$9,094,338,898.00
2012 Equalized Valuation Basis of Real Property	8,252,432,323.00
2013 Equalized Valuation Basis of Real Property	<u>8,404,340,204.00</u>

Average Equalized Valuation	<u>8,583,703,808.33</u>
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BORROWING POWER UNDER N.J.S.A. 40A:2-6 AS AMENDED

3 1/2% of Equalized Valuation Basis Municipal Net Debt	300,429,633.29
	<u>90,664,309.69</u>

Remaining Borrowing Power	<u><u>\$209,765,323.60</u></u>
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NOTES TO FINANCIAL STATEMENTS

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

C. 2012

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

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

EQUALIZED VALUATION BASIS

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

Average Equalized Valuation 9,050,138,527.00

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

3 1/2% of Equalized Valuation Basis Municipal	316,754,848.45
Net Debt	<u>87,384,557.99</u>

Remaining Borrowing Power \$229,370,290.46

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

C. Loan Agreements:

Loan Agreements - NJ Environmental Infrastructure Trust

The Township has entered into a loan financing with the State of New Jersey Dept. of Environmental Protection programs. The improvement programs are financed through debt issued by the New Jersey Environmental Infrastructure Trust. During the year ended December 31, 2013, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$113,262.50.

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2013

Calendar Year	NJ Environmental Infrastructure Trust	
	Principal	Interest
2014	70,000.00	45,012.50
2015	70,000.00	41,512.50
2016	75,000.00	38,712.50
2017	75,000.00	35,712.50
2018	80,000.00	32,712.50
2019	85,000.00	29,312.50
2020	85,000.00	25,700.00
2021	90,000.00	21,875.00
2022	95,000.00	17,937.50
2023	100,000.00	13,781.26
2024	105,000.00	9,406.26
2025	110,000.00	4,812.50
Total	<u>\$ 1,040,000.00</u>	<u>\$ 316,487.52</u>

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

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

C. Loan Agreements:

Loan Agreements - NJ Environmental Infrastructure Trust

The Township has entered into a loan financing with the State of New Jersey Dept. of Environmental Protection programs. The improvement programs are financed through debt issued by the New Jersey Environmental Infrastructure Trust. During the year ended December 31, 2013, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$207,496.73.

Schedule of Annual Debt Service for Principal Only for the
Loan Agreements Issued and Outstanding at December 31, 2013

<u>Calendar Year</u>	<u>NJ Environmental Infrastructure Trust Principal Only</u>
2014	210,702.72
2015	204,290.73
2016	208,321.13
2017	202,825.13
2018	206,489.13
2019	209,420.32
2020	202,802.23
2021	204,954.83
2022	206,901.33
2023	208,447.08
2024	209,592.07
2025	<u>210,336.53</u>
Total	<u>\$ 2,485,083.23</u>

The payment schedules for this loan agreement is 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 \$3,525,083.23 has been included in the calculation of the Township's regulatory debt condition.

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

C. Loan Agreements:

Loan Agreements - NJ Environmental Infrastructure Trust

The Township has entered into a loan financing with the State of New Jersey Dept. of Environmental Protection programs. The improvement programs are financed through debt issued by the New Jersey Environmental Infrastructure Trust. During the year ended December 31, 2013, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$9,177.80.

Schedule of Annual Debt Service for Principal and Interest for the
Loan Agreements Issued and Outstanding at December 31, 2013

Calendar Year	NJ Environmental Infrastructure Trust	
	Principal	Interest
2014	5,569.36	3,640.10
2015	5,655.68	3,553.78
2016	5,765.40	3,444.06
2017	5,896.86	3,312.60
2018	6,048.41	3,161.06
2019	6,214.74	2,994.72
2020	6,398.07	2,811.38
2021	6,598.97	2,610.48
2022	6,814.76	2,394.70
2023	7,050.55	2,158.92
2024	7,304.37	1,905.10
2025	7,574.63	1,634.84
2026	7,862.47	1,347.00
2027	8,169.10	1,040.36
2028	8,495.05	714.42
2029	8,841.65	367.82
Total	<u>\$ 110,260.07</u>	<u>\$ 37,091.34</u>

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

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

C. Loan Agreements:

Loan Agreements - NJ Environmental Infrastructure Trust

The Township has entered into a loan financing with the State of New Jersey Dept. of Environmental Protection programs. The improvement programs are financed through debt issued by the New Jersey Environmental Infrastructure Trust. During the year ended December 31, 2013, the Township made payments to the New Jersey Environmental Infrastructure Trust with respect to the loan improvement programs in the amount of \$19,017.85.

Schedule of Annual Debt Service for Principal Only for the
Loan Agreements Issued and Outstanding at December 31, 2013

<u>Calendar Year</u>	<u>NJ Environmental Infrastructure Trust Principal Only</u>
2014	19,017.85
2015	19,017.85
2016	19,017.85
2017	19,017.85
2018	19,017.85
2019	19,017.85
2020	19,017.85
2021	19,017.85
2022	19,017.85
2023	19,017.85
2024	19,017.85
2025	19,017.85
2026	19,017.85
2027	19,017.85
2028	19,017.85
2029	<u>19,017.98</u>
Total	<u>\$ 304,285.73</u>

The payment schedules for this loan agreement is set forth in the Sewer 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 \$414,545.80 has been included in the calculation of the Township's regulatory debt condition.

NOTES TO FINANCIAL STATEMENTS

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

C. Loan Agreements:

Loan Agreements - Green Trust Loans

The Township has entered into a loan financing with the State of New Jersey Dept. of Environmental Protection programs. The improvement programs are financed through debt issued under the Green Acres Bond Act of 1978. During the year ended December 31, 2013, the Township made payments with respect to the Green Trust Program Loans in the amount of \$43,612.40.

Schedule of Annual Debt Service for Principal and Interest for the Loan Agreements Issued and Outstanding at December 31, 2013

Calendar Year	<u>Green Trust Loan - Issac Pearson Acquisition</u>	
	<u>Principal</u>	<u>Interest</u>
2014	6,112.79	1,090.58
2015	6,235.65	967.73
2016	6,360.99	842.39
2017	6,488.84	714.54
2018	6,619.27	584.11
2019	6,752.31	451.07
2020	6,888.03	315.35
2021	7,026.48	176.90
2022	<u>3,566.03</u>	<u>35.66</u>
Total	<u>\$ 56,050.39</u>	<u>\$ 5,178.33</u>

Calendar Year	<u>Green Trust Loan - Veterans Park Extension</u>	
	<u>Principal</u>	<u>Interest</u>
2014	24,357.99	4,345.77
2015	24,847.58	3,856.18
2016	25,347.03	3,356.74
2017	25,856.51	2,847.26
2018	26,376.22	2,327.54
2019	26,906.38	1,797.38
2020	27,447.19	1,256.57
2021	27,998.88	704.88
2022	<u>14,210.49</u>	<u>142.10</u>
Total	<u>\$ 223,348.27</u>	<u>\$ 20,634.42</u>

Calendar Year	<u>Green Trust Loan - Tyndale Farm Acquisition</u>	
	<u>Principal</u>	<u>Interest</u>
2014	14,018.24	2,501.03
2015	14,300.01	2,219.26
2016	14,587.45	1,931.83
2017	14,880.65	1,638.63
2018	15,179.76	1,339.52
2019	15,484.87	1,034.41
2020	15,796.11	723.17
2021	16,113.61	405.66
2022	<u>8,177.70</u>	<u>81.78</u>
Total	<u>\$ 128,538.40</u>	<u>\$ 11,875.29</u>

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

Pursuant to the provisions of N.J.S.A. 40A:2-1 et seq. the combined outstanding principal of these loans, in the amount of \$407,937.06 has been included in the calculation of the Township's regulatory debt condition.

NOTES TO FINANCIAL STATEMENTS

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

C. Summary of Regulatory Debt Condition - Annual Debt Statements

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

On December 15, 1993, the Hamilton Township Board of Education entered into a lease agreement with the M.C.I.A. under which the M.C.I.A. would provide facilities to the Board of Education and finance the costs of these facilities through the issuance of project revenue bonds. The agreement requires annual lease rental payments to the M.C.I.A. equal to debt service requirements and certain administrative expenses. In order to provide inducement to the prospective purchasers of these bonds, which were dated December 15, 1993, issued in the aggregate principal amount of \$11,000,000.00 and mature on December 15 in each of the years from 1995 through 2014 in various amounts, the Township, by ordinance, authorized its unconditional guaranty of the principal, redemption premium, if any, and interest on these project revenue bonds. Pursuant to the provisions of N.J.S.A. 40:37A-80, the principal amount of these bonds has been included in general gross debt and deductions in the calculation of the Township's regulatory debt condition, in the amount of \$1,605,000 which represents the outstanding balance at December 31, 2013.

General Obligation Refunding Bonds, Series 2013

The Township issued \$33,930,000 in General Obligation Refunding Bonds, Series 2013, dated April 4, 2013. Included in the \$33,930,000 aggregate principal amount is \$17,425,000 General Improvement Refunding Bonds, Series 2013 and \$16,505,000 Sewer Utility Refunding Bonds, Series 2013. The plan of refunding and restructuring was to provide level debt service in future years as opposed to the existing payment schedule.

The total amount of the Refunded Bonds equals \$34,604,000 with maturities from 2016 through 2025. The interest rates range from 4.00% to 4.25% for the General Improvement Bonds, Series 2005 and Sewer Utility Refunding Bonds Series 2005.

As a result the Township will realize a total of \$866,452 in debt savings for general improvement bonds and \$937,696 in debt savings for sewer utility bonds through 2025. The debt service savings provided for net present value costs of 5.226% of the refunded principal. The interest rates range from 2.00% to 4.00% for the General Obligation Refunding Bonds, Series 2013 from 2013 to maturity on August 1, 2025.

Pension Refunding Bonds, Taxable Series 2013

The Township issued \$4,630,000 in Pension Refunding Bonds, Taxable Series 2013, dated April 4, 2013. The plan of refunding and restructuring was to provide level debt service in future years as opposed to the existing payment schedule.

The total amount of the Refunded Bonds equals \$4,460,000 with maturities from 2014 through 2023. The interest rates range from 2.25% to 5.50% for the Pension Bonds, Series 2003.

As a result the Township will realize a total of \$688,313 in debt savings for pension bonds through 2023. The debt service savings provided for net present value costs of 15,443% of the refunded principal. The interest rates range from 0.622% to 3.11% for the General Obligation Refunding Bonds, Series 2013 from 2013 to maturity on August 1, 2023.

NOTES TO FINANCIAL STATEMENTS

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

C. Summary of Regulatory Debt Condition - Annual Debt Statements

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

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

2013

Cash Receipts from Fees, Rents or Other Charges for Year	\$17,329,279.13
Deductions:	
Operating and Maintenance Costs	13,475,138.75
Debt Service per Sewer Accounts	<u>2,698,292.36</u>
Total Deductions	<u>16,173,431.11</u>
Excess in Revenues	<u>\$1,155,848.02</u>

2012

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

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

2013

Excess in Revenues - Cash Basis (D-1)	\$989,497.09
Add: Capital Improvements	250,000.00
Other Debits to Income	<u>185,128.16</u>
	1,424,625.25
Deduct: Other Credits to Income	<u>268,777.23</u>
Excess in Revenues per Debt Statement	<u>\$1,155,848.02</u>

NOTES TO FINANCIAL STATEMENTS

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

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

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

2012

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

Note 5: GOVERNMENTAL FIXED ASSETS

Capital asset activity for the year ended Dec. 31, 2013 was as follows:

	<u>Balance</u> <u>Dec. 31, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2013</u>
Land/Buildings	\$44,593,457.00			\$44,593,457.00
Equipment	1,009,342.89			1,009,342.89
Vehicles	<u>16,696,811.53</u>	<u>2,536,030.15</u>	<u>0.00</u>	<u>19,232,841.68</u>
Total	<u>\$62,299,611.42</u>	<u>\$2,536,030.15</u>	<u>\$0.00</u>	<u>\$64,835,641.57</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 6: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2013 and December 31, 2012 were appropriated and included as anticipated revenue in their own respective funds for the State Fiscal Year (SFY) Budget ending June 30, as follows:

	<u>Fund Balance</u> <u>Dec. 31, 2013</u>	<u>Appropriated</u> <u>2014</u>	<u>Fund Balance</u> <u>Dec. 31, 2012</u>	<u>Appropriated</u> <u>2013</u>
Current Fund	\$3,787,513.07	\$2,400,000.00	\$5,575,215.94	\$4,500,000.00
Sewer Utility Fund	2,834,600.42	700,000.00	2,910,546.08	1,065,442.75

Note 7: DEPOSITS AND INVESTMENTS

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

Deposits

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

Deposits (cont'd.)

At December 31, 2013, the cash and cash equivalents and investments of the Township on deposit and on-hand consisted of the following:

	<u>2013</u>
Cash (Demand Accounts)	\$42,976,915.91
Change Funds (On-Hand)	<u>1,860.00</u>
Total	<u>\$42,978,775.91</u>

Based upon GASB criteria, the Township considers change funds, cash in banks, investments in certificates of deposits and State of New Jersey Cash Management Fund as cash and cash equivalents. At year-end, the carrying amount of the Township's deposits was \$42,976,915.91 and the book balance was \$41,163,417.50. Of the bank balance, \$1,000,000.00 was covered by Federal Depository Insurance and \$41,976,915.91 was covered under the provisions of GUDPA.

At Dec. 31, 2013, the Township has implemented the disclosure requirements of Governmental Accounting Standards Board Statement No. 40 "Deposits and Investment Risk Disclosures" (GASB 40) and accordingly the Township has assessed the Custodial Risk, the Concentration of Credit Risk and Interest Rate Risk of its cash and investments.

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

NOTES TO FINANCIAL STATEMENTS

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

Deposits (cont'd.)

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

As of December 31, 2013, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amounts of the Township's bank balance was considered exposed to custodial credit risk.

Investments

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

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

NOTES TO FINANCIAL STATEMENTS

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

8. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

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

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

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

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

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

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

Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amount delinquent. In addition, the law now allows for, and the Township has authorized, the imposition of a penalty of 6% on delinquencies exceeding \$10,000.00 that remain unpaid at the end of a calendar year. If taxes remain delinquent on or after April 1 of the succeeding fiscal year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property, and allows the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish property taxes as a lien on real estate as of the first day of the fiscal year of the municipality, even though the full amount due is not known.

NOTES TO FINANCIAL STATEMENTS

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

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

Accelerated Tax Sale

Commencing with the year ended June 30, 2003 the Township of Hamilton held an accelerated tax as allowed by Chapter 99, P.L. 1996. An accelerated tax sale must be held for each subsequent year to keep tax revenues and cash flows consistent from year to year. The tax sale was held on December 18, 2013.

Note 9: PENSION AND RETIREMENT PLANS

Employees of the Township of Hamilton are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). The Division of Pensions in the Department of the Treasury, State of New Jersey, administers the PERS and PFRS plans. The plans are funded annually based on the projected benefit method with aggregate level normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit and, accordingly, the actuarial data for the employees of the Township who are members of the plans are not available. The contributions for the year ended December 31, 2013 exclusive of contributions from employees were \$3,056,848 and for PERS and \$4,381,101 for PFRS. The contributions for PERS and PFRS for 2014 are \$2,608,894 and \$4,187,464, respectively.

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

NOTES TO FINANCIAL STATEMENTS

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

The Township of Hamilton provides its retirees with health benefits which are fully funded by the Township. These benefits are negotiated for through each bargaining unit's contract. Retirees receive the same type of health insurance coverage that they were receiving prior to retirement. There are currently 972 retirees enrolled in health benefits programs, which are fully funded by the Township. Under GASB #45 the Township is required to report a liability in the notes for payment of health benefits to retirees.

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

The former employer assumes the cost if the retired employee meets certain requirements. The Plan Sponsor has agreed to pay retiree coverage if:

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

At December 31, 2013, approximately 338 retirees were receiving non-contributory health coverage benefits at an estimated annual cost to the Township of approximately \$13,160,270.

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

The contribution requirements of plan members and the participating agencies are established and may be amended by the through the collective bargaining process or by action of the Mayor and/or Township Council. The Township's annual postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Township's annual OPEB cost for the year, any amounts contributed to the plan and the Township's net OPEB obligation. For 2013, the Township's annual OPEB cost (expense) (GAAP Basis) of \$25,000,000 was equal to the ARC.

	<u>Total</u>
Net OPEB obligation – beginning of year	\$60,590,000
Annual required contribution (ARC)	25,830,000
Interest on OPEB obligation	2,730,000
Adjustment to annual required contribution	(3,560,000)
Less: Contributions	<u>3,140,000</u>
Net OPEB obligation – end of year	<u>\$82,450,000</u>

Under the regulatory basis of accounting utilized by the Township financial statement recognition of the ARC and Net OPEB obligation is not required and these amounts are not reflected in the reported expenditures and liabilities at December 31, 2013.

NOTES TO FINANCIAL STATEMENTS

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

The funded status of the plan for the Township as of December 31, 2012, is as follows:

	<u>Total</u>
Actuarial accrued liability (AAL)	\$289,650,000
Actuarial value of plan assets	<u> - 0 -</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$289,650,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$50,840,000
UAAL as a percentage of covered payroll	570%

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

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

In the December 31, 2013 actuarial valuation, the projected unit credit method was used. A rate of 4.50% was utilized as the discount rate and the amount of increase in the normal cost amount. The unfunded accrued liability is being amortized as a level dollar amount using an open period of thirty (30) years.

NOTES TO FINANCIAL STATEMENTS

Note 11: RISK MANAGEMENT

A. Garden State Municipal Joint Insurance Fund

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

Summary of Risk Management Program

The GSMJIF Provides the following coverages to its participants:

1. Workers Compensation

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

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

2. General Liability

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

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

3. Auto Liability

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

The Fund provides PIP limits of NJ Statutory amounts.

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

3. Property

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

4. Public Officials Liability ("POL")

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

NOTES TO FINANCIAL STATEMENTS

Note 11: RISK MANAGEMENT (CONT'D)

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

5. Employment Practices Liability (EPL)

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

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

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

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

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

B. Pre -2002 Risk Management

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

The Township currently operates a risk management program, which included a significant self-insured risk retention, and had established a Self-Insurance Trust Fund to account for this activity. Reserves available in the Self-Insurance Trust Fund may be utilized to make contributions towards the settlement of the residual claims or the Township may redirect these funds to any other lawful purpose. At the end of 2013 there were 81 open cases with a reserve amount of \$836,315.89,

Note 11: RISK MANAGEMENT (CONT'D.)

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

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

2013

	Township Cash <u>Reserves</u>
Worker's Compensation	\$12,266.02

Changes in Township Cash Reserves during 2013 were as follows:

	<u>CHANGE IN CASH RESERVES</u>
Cash Reserves – December 31, 2012	\$4,715.91
Add: Interest	11.71
Budget Appropriation	<u>50,000.00</u>
	54,727.62
Less: Claims	<u>42,461.60</u>
Cash Reserves December 31, 2013	<u>\$12,266.02</u>

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.

NOTES TO FINANCIAL STATEMENTS

Note 12: ACCRUED SICK AND VACATION BENEFITS

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

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

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

The Personnel Division maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. An estimate of the current cost of such unpaid compensation has been made by the Township in the amount of \$12,553,284.34. This amount represents a full costing of the value of compensated absences payable earned at December 31, 2013, and has not been discounted to reflect the estimated termination payments anticipated by the township. Termination payments are subject to eligibility requirements and payment caps as discussed above. No amounts have been reported as expenditures for any accumulations earned by employees during the current year or any prior periods. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made.

Note 13: INTERFUNDS

The following Interfund balances remain on the balance sheet at December 31, 2013:

<u>Fund:</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$72,069.13	\$19,683.00
Grant Fund	19,683.00	106,647.64
Animal Control Fund		14,881.60
General Capital Fund	106,647.64	
Sewer Operating Fund		29,789.77
CDBG Trust Fund	<u>0.00</u>	<u>27,397.76</u>
Total	<u>\$198,399.77</u>	<u>\$198,399.77</u>

NOTES TO FINANCIAL STATEMENTS

Note 14: CONTINGENT LIABILITIES

A. Pending or Threatened Litigation

As at the date of this report, the Township had litigation pending. The majority of this litigation involves claims against the Township relating to matters that traditionally would be covered through the procurement of workers' compensation, automobile and liability insurance policy coverages. As more fully described in Note 10, the Township currently manages its risks through participation in the Garden State Municipal Joint Insurance Fund. For GSMJIF covered claims incurred subsequent to February 1, 2002, there are no claims currently outstanding that are anticipated to exceed the combined coverages provided by the GSMJIF through self-insured retention and excess insurance coverages. The Township provides for its self-insured risk retention on GSMJIF covered claims through an annual budget appropriation.

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

B. Deferred Health Premiums

Effective July 1, 2013, the Township revised its risk management plan for the provision of employee health benefits, by entering into a contract with Amerihealth New Jersey that provides for a full-transfer of these risks. This contract also provides for a three-month "premium holiday". Accordingly at December 31, 2013 the amount of the premium deferral was \$3,366,310.23. The deferred premiums will become payable upon the non-renewal of the Amerihealth coverage.

Note 15: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

	Resulting in <u>2013</u>	Balance to <u>Succeeding Budgets</u>
Sewer Utility Operating Fund Overexpenditure of Budget	\$110,000	\$110,000

NOTES TO FINANCIAL STATEMENTS

Note 16: SUBSEQUENT EVENTS

A. The following bond ordinances were authorized:

<u>Description</u>	<u>Bonds/Notes Authorized</u>
Various Sewer Utility Improvements	\$6,900,000
Various Capital Improvements	7,695,000

On May 20, 2014 the Township of Hamilton passed Ordinance 14-032 providing for a special emergency appropriation in the amount of \$2,200,000 for the Preparation and Execution of a complete program of Revaluation of Real Property.

On June 1, 2014 the Township of Hamilton issued General Obligation Bonds in the amount of \$8,046,000 and \$16,987,000 Sewer Utility Bonds at interest rates in varying amounts.

On June 1, 2014 the Township of Hamilton issued Bond Anticipation Notes in the amount of \$14,703,658 at an interest rate of .75% due on June 11, 2015.

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



**PART II
SINGLE AUDIT SECTION**

SINGLE AUDIT SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, 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 audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of Hamilton as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township of Hamilton's financial statements and have issued our report thereon dated June 17, 2014. Our report was modified due to the departures from accounting principles generally accepted in the United States of America that, as disclosed in Note 2, are embodied in the regulatory basis of accounting that is followed by the auditee.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Hamilton's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Hamilton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Hamilton's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Hamilton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We noted certain matters, including matters relating to the design of the Township's internal control over financial reporting, which we reported to the Township in the General Comments section of this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hodulik & Morrison, P.A.

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

Highland Park, New Jersey
June 17, 2014

HODULIK & MORRISON, P.A.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Hamilton, New Jersey's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey Compliance Manual State Grant Compliance Supplement that are applicable to each of its major federal and state programs for the year ended December 31, 2013. The Township of Hamilton's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Hamilton's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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, audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Hamilton's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion for each major federal and state program. However, our audit does not provide a legal determination on the Township of Hamilton's compliance.

Opinion on each Major Federal and State Program

In our opinion, the Township of Hamilton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-01. Our opinion on each major federal or state program is not modified with respect to these matters.

Township of Hamilton, New Jersey's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Township of Hamilton, State of New Jersey's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Township of Hamilton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township of Hamilton's internal control over compliance with the requirements that could have a direct and material effect on a major federal and state programs to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Hamilton's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hodulik & Morrison, P.A.

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

Highland Park, New Jersey
June 17, 2014

**SCHEDULES OF EXPENDITURES OF
FEDERAL & STATE AWARDS**

TOWNSHIP OF HAMILTON
COUNTY OF MERCER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

Federal CFDA Number	Federal Grantor Program Title	State Account No.	Total Award	Grant Period	Cash Receipts	Expenditures	Cumulative Expenditures at December 31, 2013
Indirect Programs:							
Department of Justice, Office of Justice Programs:							
16.738	Justice Assistance Grant I	N/A	29,101.00	2012	13,101.00	3,024.45	
16.738	Justice Assistance Grant II	N/A	19,692.00	2012	16,000.00	19,692.00	
16.738	Justice Assistance Grant III	N/A	24,220.00	2012		24,220.00	
Department of Law and Public Safety:							
20.602	Child Passenger Safety	066-00-1160-100-113	4,250.00	2011		800.00	850.00
20.602	Child Passenger Safety	066-00-1160-100-113	4,000.00	2011		1,100.00	
20.602	Click It or Ticket Grant	066-00-1160-100-113	4,000.00	2013	4,000.00	4,000.00	
97.042	Emergency Management Grant	1200-100-066-1200-726-YEMR-612C	5,000.00	2009			3,536.77
97.042	Emergency Management Grant	1200-100-726	5,000.00	2012			
20.601	Driver Sober or Get Pulled Over	1160-100-057	5,000.00	2012			5,000.00
20.601	Driver Sober or Get Pulled Over	1160-100-057	4,400.00	2013	4,400.00		
97.036	Public Assistance - Hurricane Irene	1160-100-137	1,186.50	2012			1,186.50
20.601	Over the Limit Under Arrest	066-00-1160-100-113	5,000.00	2008		5,000.00	
20.601	Over the Limit Under Arrest	066-00-1160-100-113	5,000.00	TY2010		4,689.00	5,000.00
20.601	Over the Limit Under Arrest	066-00-1160-100-113	4,400.00	TY2011		4,400.00	
20.601	Over the Limit Under Arrest	066-00-1160-100-113	5,000.00	2011		5,000.00	5,000.00
Direct Programs:							
Department of Energy:							
81.128	Energy Efficiency and Conservation Block Grant - A.R.R.A.	N/A	835,300.00	FY 2010	423,033.24	297,681.19	699,168.58
Department of Homeland Security:							
97.036	Disaster Grants - Public Assistance - Hurricane Sandy	N/A	977,656.57	2012	678,293.50	678,293.50	678,293.50
Department of Housing & Urban Development							
14.218	Community Development Block Grant	N/A	655,284.00	1/1/13-12/31/13		504,206.46	1,021,643.42
14.871	HUD Housing Section 8 Voucher Program	N/A	900,000.00	1/1/13-12/31/13		1,910,917.10	3,944,768.62
Footnotes:							
Grant/Award/Amount Reflects Current Year Awards							

\$ 436,134.24 \$ 3,468,023.70 \$ 6,674,901.15

NOTE: See accompanying Notes to Schedules of Expenditures of Awards.

The Township's federal grants are presented within the Township's overall financial statements on the modified accrual basis of accounting with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

N/A - Not Available

TOWNSHIP OF HAMILTON
COUNTY OF MERCER

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

State Grantor/Program Title	Total Award	State Account Number	Grant Year	Current Year Cash Receipts	Current Year's Program Expenditures	Total Program Expenditures
Department of Community Affairs:						
Recycling Tonnage Grant	382,672.16	4900-752-178840-60	2011		22,496.05	246,897.87
Recycling Tonnage Grant	127,500.13	4900-752-178810-60	2013	134,252.79		
Sustainable Land Use Planning Grant	2,500.00	N/A	2012		2,000.00	2,000.00
Department of Environmental Protection:						
Clean Communities Program	142,745.32	4900-752-178840-60	2012		69,055.76	142,745.32
Clean Communities Program	167,594.52	4900-752-178840-60	2013	167,594.52	71,382.70	71,382.70
NJ Turnpike Phase II	612,374.00	4801-71H-901250-	2012	37,486.94	184,984.00	184,984.00
Department of Human Services:						
Mercer County Municipal Alliance (State Share)	98,414.00	N/A	2012	72,999.36	7,708.23	97,957.36
Mercer County Municipal Alliance (State Share)	98,414.00	N/A	2013		79,655.25	79,655.25
Department of Law and Public Safety:						
Body Armor Fund	15,581.73	N/A	2011		15,581.73	16,987.68
Body Armor Fund	15,386.18	1020-718-001	2012		15,299.02	15,299.02
Drunk Driving Enforcement Fund	16,000.00	066-6400-100-078-011	2011		6,862.93	6,862.93
Drunk Driving Enforcement Fund	16,764.52	066-6400-100-078-013	2013	16,764.52	155.00	155.00
Bullet Proof Vest Partnership	16,087.50	N/A	2011		3,439.25	16,087.50
Local Domestic Preparedness	100,000.00	1020-100-066-1020-354-YLDP-6120	2005		3,935.30	12,723.17
Alcohol Ed. & Rehabilitation Grant	9,823.00	9735-760-098-Y900-001-X100-6020	2010		3,000.00	11,100.00
Department of Transportation:						
Municipal Aid - Whitehorse Ham Sq Rd	300,000.00	6320-480-AKZ	2011	72,500.00	5,800.00	290,000.00
Road Improvements Klockner Rd.	220,000.00	N/A	2012	165,000.00	220,000.00	220,000.00
				<u>\$666,598.13</u>	<u>\$711,355.22</u>	<u>\$2,802,934.03</u>

N/A - Not Available

Footnotes:

Grant/Award/Amount Reflects Current Year Awards

NOTE: See accompanying Notes to Schedules of Expenditures of Awards. Also, see paragraph on the accompanying schedules of federal awards and state financial assistance with respect to partial disclaimer of opinion, included within the independent auditor's report.

The Township's state grants are presented within the Township's overall financial statements on the modified accrual basis of accounting with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles.

TOWNSHIP OF HAMILTON
COUNTY OF MERCER, NEW JERSEY

NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

NOTE 1: GENERAL

The accompanying schedules of expenditures of financial assistance present the activity of all federal financial assistance programs of the Township of Hamilton. The Township is defined in Note 1 (A) to the financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented using the cash basis of accounting which is different than the basis of accounting as described in Note 2 to the Township's financial statements.

NOTE 3: RELATIONSHIP TO GENERAL FINANCIAL STATEMENTS

Unless specifically noted, the amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements.

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE REPORTS

Unless specifically noted, the amounts reported in the accompanying schedule agree with the amounts reported in the related federal and state financial reports, where required.

NOTE 5: DISASTER GRANTS – PUBLIC ASSISTANCE – HURRICANE SANDY

Amounts reported as eligible reimbursable expenditures for Hurricane Sandy related costs are subject to additional audits by the DHS Office of the Inspector General and State auditors. Furthermore, amounts deemed eligible for reimbursement based upon these audits will be reduced by any insurance recoveries received by the Township. The amounts, if any, of potential insurance recoveries has not been determined.

TOWNSHIP OF HAMILTON
 COUNTY OF MERCER, NEW JERSEY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR DECEMBER 31, 2013

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified (OCBOA)

Internal Control over financial reporting:

1) Material weakness(es) identified? _____ Yes _____ X _____ No

2) Significant Deficiencies(s) identified that are not considered to be material weaknesses? _____ Yes _____ X _____ No

Noncompliance material to general-purpose financial statements noted? _____ Yes _____ X _____ No

Federal Awards

Internal Control over major programs:

1) Material weakness(es) identified? _____ Yes _____ X _____ No

2) Significant Deficiencies(s) identified that are not considered to be material weaknesses? _____ Yes _____ X _____ None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ X _____ Yes _____ _____ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.871	Section 8 Housing Choice Vouchers
97.036	Disaster Grants - Public Assistance - Hurricane Sandy
81.128	Energy Efficiency and Conservation Block Grant - ARRA
14.218	Community Development Block Grant Fund

Dollar threshold used to distinguish between type A and B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? _____ Yes _____ X _____ No

TOWNSHIP OF HAMILTON
 COUNTY OF MERCER, NEW JERSEY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

Section 1 – Summary of Auditor’s Results (cont’d.)

State Awards

Dollar threshold used to distinguish between type A and B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? X Yes No

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant Deficiencies(s) identified that are not considered to be material weaknesses? Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? Yes X No

Identification of major programs:

<u>State Account Number(s)</u>	<u>Name of State Program</u>
<u>4900-752-178840-60</u>	<u>Clean Communities Program</u>
<u>4801-71H-901250</u>	<u>NJ Turnpike Phase II</u>

TOWNSHIP OF HAMILTON
COUNTY OF MERCER, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(continued)

Section II Financial Statement Findings

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Significant Deficiency(s)/Material Weaknesses

Current Fiscal Year - None

Material Non-Compliance(s):

Current Fiscal Year - None

TOWNSHIP OF HAMILTON
COUNTY OF MERCER, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED 'DECEMBER 31, 2013
(continued)

Section III – Federal and State Awards Findings and Questioned Costs

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB Circular 04-04.

2013-01 FDS Data Schedule Submission and Compliance

Criteria or Specific Requirements:

In accordance with HUD's Uniform Financial Reporting Standards The Township of Hamilton is required to submit its financial statements in the electronic format as specified by 24 CFR Section 5.801.

Condition:

For year ended December 31, 2012 the Township did not submit their unaudited Financial Data Schedule by the February 28, 2013 deadline nor the audited submission by the September 30, 2013 deadline. The Township has also not completed the December 31, 2013 unaudited Financial Data Schedule by February 28, 2014 as of the date of this audit report.

Effect:

The Township is currently out of compliance with its reporting requirements.

Cause:

The former HUD Director failed to adequately perform the duties of HUD Director for the Township of Hamilton. Through his lack of effort, he failed to prepare and submit the required financial statements to the proper agency.

Recommendation:

The Township should submit the required reports.

Management's Response:

The Township is in the process of finalizing the submission of the 2012 Unaudited and Audited Financial Data Schedules (FDS) as well as submitting the unaudited 2013 FDS.

Corrective Action Plan:

In conjunction with the Corrective Action Plan for Finding 2013-01, the FDS will be completed and submitted in a timely manner.

TOWNSHIP OF HAMILTON
COUNTY OF MERCER, NEW JERSEY
SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2013

Not Applicable

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



**PART III
OTHER SUPPLEMENTARY INFORMATION**

INDIVIDUAL FUND SUPPLEMENTARY SCHEDULES

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
CURRENT FUND

YEAR	BALANCE DEC. 31. 2012	2013 LEVY	COLLECTIONS 2012	BY CASH 2013	SR. CITIZENS AND VETERANS DEDUCTION REIMBURSEMENT	TRANSFER TO TAX TITLE LIEN	HOMESTEAD REBATES	REMITTED AND CANCELLED	BALANCE DEC. 31. 2013
Prior Years	499,004.40			88,811.17	(8,299.36)	-1,453.51		60,250.04	359,696.06
	499,004.40			88,811.17	(8,299.36)	-1,453.51		60,250.04	359,696.06
2013		233,598,623.09	1,303,861.07	225,268,585.73	1,251,435.79	381,773.91	4,950,411.65	269,924.15	172,630.79
	\$499,004.40	\$233,598,623.09	\$1,303,861.07	\$225,357,396.90	\$1,243,136.43	\$380,320.40	\$4,950,411.65	\$330,174.19	\$532,326.85

Analysis of 2013 Property Tax Levy:

Ref.

Tax Yield:
General Purpose \$232,785,684.70
Omitted/Added Taxes (N.J.S.A. 54:4-63.1 et seq.) 812,938.39

\$233,598,623.09

Tax Levy:
Local District School Tax (Abstract) 100,594,998.00
County Tax (Abstract) 47,605,168.22
County Open Space 1,644,504.82
County Added & Omitted 189,536.46
Special District Taxes 20,864,155.00

Local Tax for Municipal Purposes 59,253,987.00
Local Tax for Library Purposes 2,757,040.00
Add: Additional Tax for Mun. Purposes 689,233.59

\$233,598,623.09

* Detail on File in Tax Office

SCHEDULE OF TAX TITLE LIENS
CURRENT FUND

Balance - December 31, 2012		\$1,635,611.47
Increased by:		
Interest and Costs	11,597.99	
Transfers Other Accounts Receivable	26,954.34	
Transfer from Taxes Receivable	<u>380,320.40</u>	
		<u>418,872.73</u>
		2,054,484.20
Decreased by:		
Collections	<u>359,449.82</u>	
		<u>359,449.82</u>
Balance - December 31, 2013		<u><u>\$1,695,034.38</u></u>

SCHEDULE OF OTHER ACCOUNTS RECEIVABLE
CURRENT FUND

Balance - December 31, 2012		\$38,200.84
Increased by:		
Billings	<u>121,108.29</u>	
		<u>121,108.29</u>
Decreased by:		
Transferred to Tax Title Liens	26,954.34	159,309.13
Collections	<u>90,172.46</u>	
		<u>117,126.80</u>
Balance - December 31, 2013		<u><u>\$42,182.33</u></u>

CURRENT FUND
SCHEDULE OF TAXES PAYABLE

	12/31/12	Taxes Levied	Cash Disbursements	12/31/13
County Taxes	\$ -	\$ 47,605,168.22	\$ (47,605,168.22)	\$ -
County - Open Space.....	-	1,644,504.82	(1,644,504.82)	-
County - Added & Omitted	225,564.17	189,536.46	(225,564.18)	189,536.45
Local School District Taxes	(1,420,207.50)	100,594,998.00	(99,652,533.00)	(477,742.50)
Fire Districts		20,864,155.00	(20,864,155.00)	-
Total	\$ (1,194,643.33)	\$ 170,898,362.50	\$ (169,991,925.22)	\$ (288,206.05)

SCHEDULE OF 2012 APPROPRIATION RESERVES
CURRENT FUND

	BALANCE DEC. 31, 2012	ENCUMBERED DEC. 31, 2012	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operations Within "CAPS"					
Salaries and Wages:	\$37,489.33		\$37,489.33	\$37,489.33	
Office of the Mayor	6,915.13		6,915.13	6,915.13	
Township Council	12,715.72		12,715.72	12,715.72	
Office of the Township Clerk	7,134.88		7,134.88	7,134.88	
Office of the Business Administrator	7,250.45		7,250.45	7,250.45	
Division of Human Resources	10,878.51		10,878.51	10,878.51	
Division of Budget and Purchasing	12,595.14		12,595.14	12,595.14	
Office of Financial Admin.	9,359.65		9,359.65	9,359.65	
Division of Assessments	21,751.55		21,751.55	21,751.55	
Division of Revenue Collection	8,008.37		8,008.37	8,008.37	
Legal Services	2,298.42		2,298.42	2,298.42	
Municipal Prosecutor	68,185.97		68,185.97	68,185.97	
Municipal Court	59,467.00		59,467.00	59,467.00	
Public Defender	40,059.49		40,059.49	40,059.49	
Division of Engineering	262,608.00		262,608.00	262,608.00	
Affordable Housing	15,705.49		15,705.49	15,705.49	
Community Planning & Compliance	3,302.35		3,302.35	3,302.35	
Zoning Board	31,679.71		31,679.71	31,679.71	
Housing Inspections	116,567.82		116,567.82	116,567.82	
Uniform Construction Code	30,625.31		30,625.31	30,625.31	
Economic Development	472,963.31		472,963.31	472,963.31	
Police Division/Dept. of Public Safety	244,755.20		244,755.20	244,755.20	
Office of Public Works	13,815.86		13,815.86	13,815.86	
Other Public Works	20,344.53		20,344.53	20,344.53	
Solid Waste Collection & Recycling	63,022.47		63,022.47	63,022.47	
Maintenance of Motor Vehicles	66,684.35		66,684.35	66,684.35	
Division of Buildings and Grounds	45,196.97		45,196.97	45,196.97	
Maintenance of Parks	19,122.38		19,122.38	19,122.38	
Citizens Response	23,386.94		23,386.94	23,386.94	
Public Health Services	8,042.98		8,042.98	8,042.98	
Environmental Health Services	14,973.83		14,973.83	14,973.83	
Animal Control Services	28,155.33		28,155.33	28,155.33	
Director of Recreation	37,545.62		37,545.62	37,545.62	
Sr. Citizens Programs	50.00		50.00	50.00	
Environmental Commission	50.00		50.00	50.00	
Economic Development Commission	50.00		50.00	50.00	
Construction Board of Appeals	400.00		400.00	400.00	
Cable Commission	50.00		50.00	50.00	
Redevelopment Board					629.68

SCHEDULE OF 2012 APPROPRIATION RESERVES
CURRENT FUND

	BALANCE DEC. 31, 2011	ENCUMBERED DEC. 31, 2011	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Salaries and Wages(cont'd):					
Shade Tree Commission	275.00		275.00	275.00	
Parks and Recreation Commission	100.00		100.00	100.00	
Rent Leveling Board	500.00		500.00	500.00	
Public Safety Commission	200.00		200.00	200.00	
Special Needs Commission	200.00		200.00	200.00	
Board of Public Officers	300.00		300.00	300.00	
Other Expenses:					
Office of the Mayor	6,191.13	646.99	6,838.12	6,838.12	
Township Council	17,606.60	25,273.83	42,880.43	42,880.43	
Office of the Township Clerk	14,682.41	1,085.08	15,767.49	15,767.49	
Office of Business Administrator	1,733.53	139.00	1,872.53	1,872.53	
Division of Human Resources	3,724.61	587.81	4,312.42	4,306.97	5.45
Training	1,188.23		1,188.23	1,188.23	
Division of Budget and Purchasing	4,706.56	763.11	5,469.67	5,373.24	96.43
Postage Costs	10,071.58		10,071.58	10,071.58	
Office of Director of Finance	46,313.30	785.57	47,098.87	47,098.87	
Division of Assessments	7,970.02	1,413.02	9,383.04	9,383.04	
Division of Revenue Collection	16,463.23	396.57	16,859.80	16,652.50	207.30
Legal Services	42,545.59	1,049.70	43,595.29	43,595.29	0.00
Municipal Court	18,876.17	3,015.52	21,891.69	21,619.42	272.27
Division of Engineering	48,399.56	43,109.95	91,509.51	82,009.51	9,500.00
Division of Economic Develop.	52,043.52	50,936.54	102,980.06	102,300.06	680.00
Community Planning & Compliance	26,315.23	177.50	26,492.73	26,492.73	
Zoning Board	4,420.00		4,420.00	4,420.00	
Uniform Construction Code	70,984.13	5,530.34	76,514.47	76,400.76	113.71
Housing Inspections	3,560.36	1,373.00	4,933.36	4,933.36	0.00
Police Division/Dept. of Public Safety	74,854.61	115,119.87	189,974.48	188,669.48	1,305.00
Office of Emergency Management	4,988.77	897.66	5,886.43	5,886.43	
Purchase of Police Cars		305,690.00	305,690.00	305,690.00	
Office of Public Works	164,753.05	38,938.66	203,691.71	203,169.62	522.09
Other Public Works Functions	10,874.77	5,534.58	16,409.35	16,409.35	
Division of Bldgs. and Grounds	36,390.93	30,682.43	67,073.36	63,406.57	3,666.79
Solid Waste Collection & Recycling	138,702.30	173,837.51	312,539.81	307,165.31	5,374.50
Maintenance of Motor Vehicles	83,031.87	57,855.50	140,887.37	137,917.59	2,969.78
Landfill/Solid Waste Disposal Costs	748,070.24		748,070.24	748,070.24	
Maintenance of Parks	53,599.62	40,543.41	94,143.03	85,693.72	8,449.31

SCHEDULE OF 2012 APPROPRIATION RESERVES
CURRENT FUND

	BALANCE DEC. 31, 2011	ENCUMBERED DEC. 31, 2011	BALANCE AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Division of Citizen Response	12,257.67	235.85	12,493.52	12,493.52	
Public Health Services	35,905.63	8,413.03	44,318.66	44,318.66	
Environmental Health Services	19,758.42	250.00	20,008.42	20,008.42	
Animal Control Services	1,234.53	6,426.81	7,661.34	7,327.21	334.13
Division of Recreation	58,436.24	29,388.46	87,824.70	21,844.91	65,979.79
Office of Senior Citizens Programs	11,815.50	27,020.23	38,835.73	38,835.73	
Environmental Comm.	150.00	5,000.00	5,150.00	150.00	5,000.00
Zoning Board of Adjustment	13,952.14	320.16	14,272.30	14,272.30	
Economic Development Comm.	772.00		772.00	772.00	
Planning Board	29,218.46	83.32	29,301.78	29,301.78	
Board of Public Officers	12,024.18		12,024.18	12,024.18	
Construction Board of Appeals	145.00		145.00	145.00	
Redevelopment Board	10,360.00		10,360.00	10,360.00	
Shade Tree Commission	201.24		201.24	201.24	
Rent Leveling Board	150.00		150.00	150.00	
Aide to Fire Commissioners	15,000.00		15,000.00	15,000.00	
Utility Expense and Bulk Purchase	302,866.25	34,017.85	336,884.10	336,884.10	
Condo Services Act	49,044.01		49,044.01	49,044.01	
DCRP	2,387.99		2,387.99	2,387.99	
Social Security System (O.A.S.I.)	113,268.36		113,268.36	68,803.46	44,464.90
Total Operations Within "CAPS"	4,226,792.60	1,016,538.86	5,243,331.46	5,093,760.33	149,571.13
Operations Excluded From "CAPS"					
Salaries and Wages:					
Police Dispatch/911	52,526.29		52,526.29	52,526.29	
Other Expenses:					
Police Dispatch/911	2,450.34	795.00	3,245.34	3,245.34	
Matching Funds for Grants	5,317.00		5,317.00		5,317.00
Total Operations Excluded from "CAPS"	60,293.63	795.00	61,088.63	55,771.63	5,317.00
Total Appropriation Reserves	\$ 4,287,086.23	\$ 1,017,333.86	\$ 5,304,420.09	\$ 5,149,531.96	\$ 154,888.13
Disbursed				\$ 2,613,285.87	
Accounts Payable				36,246.09	
Cancelled to Budget Revenue				2,500,000.00	
					\$ 5,149,531.96

Exhibit- A-9

SCHEDULE OF PREPAID TAXES
CURRENT FUND

Balance - December 31, 2012	\$1,303,861.07
Increased by:	
2014 Prepaid Tax Collections	<u>954,785.84</u>
	2,258,646.91
Decreased by:	
Applied to 2013 Taxes	<u>1,303,861.07</u>
Balance - December 31, 2013	<u><u>\$954,785.84</u></u>

Exhibit - A-10

SCHEDULE OF TAX OVERPAYMENTS
CURRENT FUND

Balance - December 31, 2012	\$54,870.58
Increased by:	
Overpayments in 2013	<u>201,709.17</u>
	256,579.75
Decreased by:	
Refunds	<u>112,208.34</u>
Balance - December 31, 2013	<u><u>\$144,371.41</u></u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY
PER CH. 73, P.L. 1976 - CURRENT FUND

Balance - December 31, 2012		\$218,399.69
Increased by:		
Allowable Deductions Per Tax Billings (Abstract)	1,262,250.00	
		1,262,250.00
		1,480,649.69
Decreased by:		
Collection	1,224,357.96	
2013 Deductions disallowed by Collector	10,814.21	
Adjustment to Correct Balance	226,878.16	
Prior Year Adjustments Disallowed by Collector	8,299.36	
		1,470,349.69
Balance - December 31, 2013		\$10,300.00
<u>Analysis of Realized Revenue for 2013:</u>		
Deductions Allowed Per Tax Billings	\$1,262,250.00	
2013 Deductions disallowed by Collector	(10,814.21)	
		\$1,251,435.79
Realized as Revenue - 2013		\$1,251,435.79

SCHEDULE OF STATE AND FEDERAL GRANTS ACCOUNTS RECEIVABLE
GRANT FUND

GRANT/AID PROGRAM	BALANCE	REALIZED	RECEIVED	BALANCE
	<u>DEC. 31, 2012</u>	<u>IN 2013</u> <u>BUDGET</u>	<u>2013</u>	<u>DEC. 31, 2013</u>
NJDOT Livable Comm. East State St.	100,000.00			100,000.00
Transportation Trust	12,345.00			12,345.00
Transportation Fund	43,352.36		(106,647.64)	150,000.00
NJ DOT Speed Humps	1,879.49			1,879.49
Klockner Rd.	14,070.38			14,070.38
Neighborhood Revitalization	56,671.57			56,671.57
County South Broad St.	83,000.00			83,000.00
Local Preparedness	100,000.00			100,000.00
Smart Future Grant	25,000.00			25,000.00
SFY 2006:				
NJDOT 2004 Municipal Aid Speed Humps	90,000.00			90,000.00
SFY 2007:				
NJ Treasury/Admin. Kuser Mansion Restoration	40,000.00			40,000.00
College of NJ E. State St. Corridor Revitalization	26,328.43			26,328.43
Wildlife Habitat Incentive Program	7,650.00			7,650.00
SFY 2008:				
Klockner Road FY 2007 (Rt. 33 to E. State St.)	1,555.56			1,555.56
SFY 2010:				
NJ Health Officer Mini Grant	2,500.00			2,500.00
Paris Grant SFY 10	16,625.00			16,625.00
Energy Efficiency and Conservation	423,033.24		423,033.24	
CDBG Recovery Grant	0.01			0.01
TY 2010:				
Over the Limit Under Arrest	600.00			600.00
CY 2011:				
Child Passenger Safety	3,100.00			3,100.00
Regional Trails	4,000.00			4,000.00
2011 Mun. Aid Prog. Whitehorse-Ham. Sq.	72,500.00		72,500.00	
Justice Assistance Recovery Act	124,448.00		112,400.00	12,048.00
Bullet Proof Vest	16,087.50			16,087.50
Over the Limit Under Arrest	600.00			600.00
Child Passenger Safety	2,200.00			2,200.00

SCHEDULE OF STATE AND FEDERAL GRANTS ACCOUNTS RECEIVABLE
GRANT FUND

GRANT/AID PROGRAM	BALANCE DEC. 31, 2012	REALIZED IN 2013 BUDGET	RECEIVED 2013	BALANCE DEC. 31, 2013
CY 2012				
Municipal Alliance	17,200.70			17,200.70
Recreational Trails Program	19,100.00			19,100.00
Justice Assistance Grant I - Ch. 159	13,101.00		13,101.00	
Justice Assistance Grant II - Ch. 159	19,692.00		16,000.00	3,692.00
Justice Assistance Grant III - Ch. 159	24,220.00			24,220.00
Roadway Improv. Klockner Rd. - Ch. 159	220,000.00		165,000.00	55,000.00
NJ Turnpike Phase II - Ch. 159	612,374.00		37,486.94	574,887.06
2012 Sustainable Land Use Planning Grant	2,500.00			2,500.00
CY 2013				
Municipal Alliance		78,731.00	72,999.36	5,731.64
Safe Streets To Roads		200,000.00		200,000.00
Safe Routes to Schools		275,000.00		275,000.00
Green Communities		3,000.00		3,000.00
Driver Sober Get Pulled Over		4,400.00	4,400.00	
Clean Communities		167,594.52	167,594.52	
State DOT Whitehorse Hamilton Sq. Road		249,500.00		249,500.00
Click It or Ticket		4,000.00	4,000.00	
NNL Turnpike Phase III		612,338.00		612,338.00
Municipal Court Alcohol Education		12,613.15	12,613.15	
Drunk Driving Enforcement Grant		16,764.52	16,764.52	
Recycling Tonnage Grant		134,252.79	134,252.79	
State Body Armor Replacement		19,793.90	19,793.90	
	<u>\$2,195,734.24</u>	<u>\$1,777,987.88</u>	<u>\$1,165,291.78</u>	<u>\$2,808,430.34</u>

SCHEDULE OF RESERVE FOR STATE AND FEDERAL
GRANTS APPROPRIATED
GRANT FUND

GRANT PROGRAM	BALANCE DEC. 31 2012	TRANSFERRED FROM 2013 BUDGET	ENCUMBERED AT 12/31/12	PAID OR CHARGED	ENCUMBERED AT 12/31/13	BALANCE DEC. 31, 2013
Parking Adjudication	\$ 330.00	\$	\$	\$	\$	\$330.00
NJ DOT Livable Comm. East State St.	100,000.00		8,347.00		8,347.00	100,000.00
NJ DOT Livable Comm. Anchor Thread Park						
NJ DOT Quakerbridge & Young Rd.	22,295.00					22,295.00
DOT Speed Bumps Pilot Program	90,000.00					90,000.00
DOT Safe Streets to Schools	150,000.00					150,000.00
SFY 2005:						
Klockner Rd.	15,625.94					15,625.94
Local Preparedness	91,212.13			3,935.30		87,276.83
Smart Grant	25,000.00					25,000.00
SFY 2007:						
Enhanced 911 General Assistance	45,645.58				45,645.58	
Wildlife Habitat Incentive Program	7,650.00					7,650.00
SFY 2008:						
Alcohol Education & Rehab. Fund	204.46					204.46
Over the Limit Under Arrest	5,000.00			5,000.00		
Public Health Priority			29,117.00		29,117.00	
SFY 2009:						
Municipal Aid Klockner						
Emergency Management Assistance	1,463.23					1,463.23
SFY 2010:						
Alcohol Education and Rehab	8,627.25					8,627.25
NJ Health Officer Mini Grant	2,500.00					2,500.00
Energy Efficiency and Conservation ARRA	430,789.41		3,023.20	297,681.19	115,131.41	21,000.01
Municipal Alliance	1,845.92		384.16		384.16	1,845.92
NJ Forestry Service Stimulus ARRA	7,000.00					7,000.00
Alcohol Education and Rehab	5,103.79			3,000.00		2,103.79
TY 2010:						
Over the Limit Under Arrest	600.00					600.00
OEM Exercise Management Program	9,547.69					9,547.69
Over the Limit Under Arrest	4,689.00					
Hepatitis B Inoculation	1,400.00			4,689.00		1,400.00
Safe and Secure Communities	55,415.00					55,415.00
Regional Fugitive Task Force	12,000.00					12,000.00
CY 2011						
Click It or Ticket Grant	4,000.00			4,000.00		
Over the Limit Under Arrest	5,000.00			5,000.00		3,100.00
Child Passenger Safety	4,200.00			1,100.00		4,585.00
Safe and Secure Communities	4,585.00					0.89
H1N1 Corrective Actions Grant	0.89					500.00
2010 Smart Growth Planning Grant	500.00					5,000.00
FFY2011 Emergency Mgt. Perf. Grant	5,000.00					1,255.96
Municipal Alliance	1,255.96					

SCHEDULE OF RESERVE FOR STATE AND FEDERAL
GRANTS APPROPRIATED
GRANT FUND

GRANT PROGRAM	BALANCE DEC. 31 2012	TRANSFERRED FROM TY 2013 BUDGET	ENCUMBERED AT 12/31/12	PAID OR CHARGED	ENCUMBERED AT 12/31/13	BALANCE DEC. 31, 2013
Regional Trails	4,000.00					4,000.00
Drunk Driving Enforcement Grant	6,559.22		7,413.93	6,862.93	219.90	6,890.32
2011 Mun. Aid Prog. Whitehorse-Ham. Sq.	12,444.80		5,800.00	5,800.00		12,444.80
Justice Assistance Recovery Act	12,351.05					12,351.05
Municipal Court Alcohol Ed. Rehab	155,628.66		2,641.68	22,496.05	135,722.87	51.42
Recycling Tonnage Grant	3,439.25			3,439.25		
Bulletproof Vest Partnership	4,400.00			4,400.00		
Over the Limit Under Arrest	3,000.00			800.00		
Child Passenger Safety	15,581.73			15,581.73		2,200.00
State Body Armor Grant						
CY 2012						
Municipal Alliance	3,023.18		5,141.69	7,708.23		456.64
Clean Communities	60,322.75		8,733.01	69,055.76		0.00
Safe and Secure Communities	55,415.00					55,415.00
Emergency Management Performance	5,000.00					5,000.00
Drive Sober or Get Pulled Over	5,000.00			5,000.00		
Recreation Trails Program	19,100.00					19,100.00
Recycling Tonnage Grant	9.34					9.34
Fugitive Task Force						
Justice Assistance I Ch. 159	21,823.45			3,024.45		18,799.00
Justice Assistance II Ch. 159	19,692.00			19,692.00		
Justice Assistance III Ch. 159	24,220.00			24,220.00		
Roadway Improvements Klockner Rd. Ch. 159	220,000.00			220,000.00		
Alcohol Education & Rehab Ch. 159	11,548.09			184,984.00	139,225.00	11,548.09
Turnpike Phase II Ch. 159	612,374.00					288,165.00
Recycling Tonnage Grant Ch. 159	127,490.79					127,490.79
Sustainable Jersey Ch. 159	2,000.00			2,000.00		
Drive Sober or Get Pulled Over Ch. 159	4,400.00			15,299.02		4,400.00
Body Armor Grant Ch. 159	15,386.18					87.16
2012 Sustainable Land Use Planning Grant	2,500.00					2,500.00
CY 2013						
Municipal Alliance	98,414.00			79,655.25	4,224.55	14,534.20
Safe Streets to Transit Program	200,000.00					200,000.00
Safe Routes to Schools Program	275,000.00					275,000.00
Green Communities	3,000.00				3,000.00	
Driver Sober Get Pulled Over	4,400.00					4,400.00
Clean Communities	167,594.52			71,382.70	37,378.03	58,833.79
State DOT Whitehorse-Hamilton Sq. Rd.	249,500.00					249,500.00
Click It or Ticket Grant	4,000.00					4,000.00
NNL Turnpike Phase III	612,338.00					612,338.00
Municipal Court Alcohol Ed. Rehab	12,613.15					12,613.15
Drunk Driving Enforcement Grant	16,764.52			155.00		16,609.52
Recycling Tonnage Grant	134,252.79					134,252.79
State Body Armor Grant	19,793.90					19,793.90
	<u>\$2,545,195.74</u>	<u>\$1,797,670.88</u>	<u>\$70,601.67</u>	<u>\$1,085,961.86</u>	<u>\$518,395.50</u>	<u>\$2,809,110.93</u>

SCHEDULE OF STATE AND FEDERAL GRANTS UNAPPROPRIATED
GRANT FUND

Exhibit A-14

<u>GRANT/AID PROGRAM</u>	<u>BALANCE</u> <u>DEC. 31, 2012</u>	<u>RECEIVED</u> <u>2013</u>	<u>BALANCE</u> <u>DEC. 31, 2013</u>
Driver Sober Get Pulled Over		\$4,400.00	\$4,400.00
2013 Sustainable Energy Grant		5,000.00	5,000.00
Drunk Driving Enforcement	31,734.93		31,734.93
	<u>\$31,734.93</u>	<u>\$9,400.00</u>	<u>\$41,134.93</u>

ANALYSIS OF TRUST ASSESSMENT CASH AND INVESTMENTS

Exhibit - B-4

	<u>BALANCE</u> <u>Dec. 2012</u>	<u>RECEIPTS</u> <u>MISCELLA-</u> <u>NEOUS</u>	<u>DISBURSEMENTS</u> <u>MISCELLA-</u> <u>NEOUS</u>	<u>BALANCE</u> <u>Dec. 2013</u>
Trust Surplus	\$2.00			\$2.00
Assessment Bonds of 1985	3,332.64			3,332.64
Assessment Bonds of 1992	(97,210.84)			(97,210.84)
Assessment Bonds of 2010	66,786.00	66,786.00		133,572.00
Due to Current Fund	17,758.05		17,758.05	
Prepaid Assessments	9,332.15			9,332.15
		<u>\$66,786.00</u>	<u>\$17,758.05</u>	<u>\$49,027.95</u>

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SCHEDULE OF ASSESSMENTS RECEIVABLE

<u>ORD. NO.</u>	<u>IMPROVEMENT DESCRIPTIONS</u>	<u>DATE OF CONFIRMATION</u>	<u>BALANCE 12/31/12</u>	<u>COLLECTIONS</u>	<u>BALANCE 12/31/13</u>	<u>BALANCE PLEDGED TO ASSESSMENT BONDS</u>	<u>RESERVE</u>
04-36	Roadway Improvements	11/5/10	<u>1,229,047.88</u>	<u>66,786.00</u>	<u>1,162,261.88</u>	<u>1,162,261.88</u>	
	Assessment Lien Receivable Prior Years		<u>1,229,047.88</u>	<u>66,786.00</u>	<u>1,162,261.88</u>	<u>1,162,261.88</u>	<u>899.49</u>
	Total		<u>\$1,229,947.37</u>	<u>\$66,786.00</u>	<u>\$1,163,161.37</u>	<u>\$1,162,261.88</u>	<u>\$899.49</u>

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance 12/31/12	Cash.....		Adjustments	Balance 12/31/13
		Receipts	Disbursements		
Assessment Trust:					
Due from/to Current Fund	\$17,758.05		(\$17,758.05)		\$0.00
Prepaid Assessments	9,332.15				9,332.15
Assessments Receivable	(1,229,047.88)	66,786.00			(1,162,261.88)
Assessment Liens & Costs	(899.49)				(899.49)
Prospective Assessments Funded	(2,267,073.50)	-	-		(2,267,073.50)
Reserve for Assessments	2,056,928.67	-	-	110,000.00	2,166,928.67
Serial Bonds Payable	1,413,000.00	-	-	(110,000.00)	1,303,000.00
Assessment Fund Balance	2.00		-		2.00
Total	-	66,786.00	(17,758.05)	-	\$49,027.95
Animal Control:					
Due from/to Current Fund	7,979.72		(7,979.72)	14,881.60	14,881.60
Due NJ - State License Fees	69.00	7,302.00	(5,719.80)		1,651.20
Escrow	7,307.00	235.00			7,542.00
Animal Control Reserves	28,940.80	37,990.00		(14,881.60)	52,049.20
Total	44,296.52	45,527.00	(13,699.52)	-	76,124.00
Trust - Other Funds:					
Reserve for Encumbrances				189,582.85	189,582.85
Due to General Capital Fund	300,000.00		(300,000.00)		-
Affordable Housing Fund - COAH	2,459,666.59	72,985.90	(30,320.28)	(7,266.14)	2,495,066.07
Flexible Spending Account	14,212.85	4,770.00	(6,145.00)		12,837.85
Dedicated Law Enforcement Trust	106,898.92	18,729.53	(49,849.30)	(22,375.39)	53,403.76
Developers Escrow Fund	1,117,537.88	289,452.62	(331,908.58)		1,075,081.92
Other Escrow Funds	4,772,246.32	884,454.76	(757,637.28)	(41,869.77)	4,857,194.03
Performance Guarantees	1,815,896.05		(142,135.00)		1,673,761.05
Reimbursable Temporary CO's	62,237.75				62,237.75
Deposits for Tax Sale Redemptions	1,310,426.82	8,026,676.36	(5,807,652.77)	(40,102.85)	3,489,347.56
Due to State Marriage Licenses	12,775.00				12,775.00
Payroll Deductions Payable	644,511.87	12,674,834.41	(12,831,426.73)		487,919.55
Insurance Trust Reserve	217,030.66	26,250,920.04	(24,312,402.56)	(6,535.66)	2,149,012.48
Utilities Trust Reserve	99,625.72	2,667,992.99	(2,696,329.67)	(71,289.04)	0.00
Unemployment Trust	207,907.79	58,344.61	(112,331.06)		153,921.34
Off-Duty Police Due Twp.	1,010,464.44	1,052,320.70	(1,568,997.75)	(144.00)	493,643.39
Total	13,851,438.66	52,001,481.92	(48,947,135.98)	(0.00)	17,205,784.60
Self Insurance Trust Fund:					
Workers Comp. Insurance Claims	4,715.91	50,011.71	(42,461.60)		12,266.02
Total	4,715.91	50,011.71	(42,461.60)	-	12,266.02

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

Exhibit B-6
Page 2 of 2

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	<u>Balance</u> 12/31/12	<u>Cash</u>		<u>Adjustments</u>	<u>Balance</u> 12/31/13
		<u>Receipts</u>	<u>Disbursements</u>		
Housing and Community Development:					
Accounts Receivable	(297,220.24)	517,083.45		(549,130.00)	(329,266.79)
Due from/to Current Fund	5,061.72		(5,061.72)	27,397.76	27,397.76
Reserve for Community Dev.	346,522.71	40.13	(504,206.46)	521,732.24	364,088.62
Total	54,364.19	517,123.58	(509,268.18)	-	62,219.59
HUD Housing Voucher Program					
Reserve for HUD Housing Voucher Program	612,286.02	1,869,135.67	(1,910,917.10)		570,504.59
Total	612,286.02	1,869,135.67	(1,910,917.10)	-	570,504.59
Total	\$14,567,101.30	\$54,550,065.88	(\$51,441,240.43)	\$	\$17,975,926.75

SCHEDULE OF PROSPECTIVE ASSESSMENTS - FUNDED
TRUST ASSESSMENT FUND

Exhibit - B-7

CAP NO.	IMPROVEMENT DESCRIPTION	BALANCE	BALANCE	BALANCE	
		DEC. 31, 2012	DEC. 31, 2013	PLEDGED TO RESERVE	ASSESSMENT BONDS
4875	Constr. & Acquis. of Curbs and Sidewalks Various Streets	\$52,657.00	52,657.00	52,657.00	
4876	Constr. of Water Mains - Paterson, etc.	24,406.50	24,406.50	24,406.50	
4885	Constr. of New Roads - Murray, Hewitt Aves.	200,000.00	200,000.00	200,000.00	
5064	Road Constr. Along Estates Blvd.	350,000.00	350,000.00	350,000.00	
5066	Curb Improv. Along Various Rds.	10,005.00	10,005.00	10,005.00	
5071	Curb Improv. Along Various Rds.	10,005.00	10,005.00	10,005.00	
5087	Install. of New Water Line	20,000.00	20,000.00	20,000.00	
04-036	Roadway Improvements- Various	1,600,000.00	1,600,000.00	441,067.69	1,158,932.31
		<u>\$2,267,073.50</u>	<u>\$2,267,073.50</u>	<u>\$1,108,141.19</u>	<u>\$1,158,932.31</u>

SCHEDULE OF RESERVE FOR ASSESSMENTS
LIENS AND ASSESSMENT LIEN INTEREST AND COSTS
TRUST ASSESSMENT FUND

CAP NO.	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DEC. 31, 2012	CURRENT BUDGET FOR DEFICIT	BALANCE DEC. 31, 2013
	<u>ASSESSMENTS RECEIVABLE</u>			
822	Basin Rd., Boxwood, Bucknell, Evelyn, Laura, Lehigh, Sandalwood Aves. - Water Mains	\$3,048.37		\$3,048.37
04-36	Roadway Improvements-Variou	1,378,932.31	-110,000.00	1,268,932.31
	<u>PROSPECTIVE ASSESSMENTS FUNDED</u>			
4875	Curbs and Sidewalks - Var. Sts.	52,657.00		52,657.00
4876	Water Mains - Patterson, etc.	24,406.50		24,406.50
4885	New Roads - Murray, Hewitt Aves.	200,000.00		200,000.00
5064	Road Constr. Along Estates Blvd.	319,985.00		319,985.00
	<u>PROSPECTIVE ASSESSMENTS FUNDED</u>			
04-036	Roadway Improvements-Variou	77,000.00	220,000.00	297,000.00
	<u>ASSESSMENT LIENS</u>			
5051	Jefferson, Johnston Aves. Redfern St., Ridge Ave., Samuel, Stockton St. - Curbs	899.49		899.49
		<u>\$2,056,928.67</u>	<u>\$110,000.00</u>	<u>\$2,166,928.67</u>

SCHEDULE OF GENERAL SERIAL BONDS

ISSUE	DATE OF ISSUE	ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING - June 30, 2013		INTEREST RATE	BALANCE DEC. 31, 2012	DECREASE	BALANCE DEC. 31, 2013
			DATE	AMOUNT				
Special Assessment Bonds, Series 2010C	3/11/10	\$ 1,523,000.00	2/1/2012-17	110,000.00	3.000%			
			2018-21	110,000.00	3.125%			
			2022	110,000.00	3.250%			
			2023	105,000.00	3.375%			
			2024	105,000.00	3.500%			
			2025	103,000.00	3.625%			
						\$ 1,413,000.00	\$ 110,000.00	\$ 1,303,000.00
						<u>\$ 1,413,000.00</u>	<u>\$ 110,000.00</u>	<u>\$ 1,303,000.00</u>

ANALYSIS OF CASH AND INVESTMENTS
GENERAL CAPITAL FUND

Exhibit - C-2

	<u>BALANCE</u> <u>DEC. 31,2012</u>	<u>BALANCE</u> <u>DEC. 31,2013</u>
Fund Balance	\$2,472.97	\$2,472.97
Capital Improvement Fund		23,677.00
Reserve for Encumbrances	2,530,024.76	2,474,805.25
Reserve to Pay Debt Service		147,219.36
Grants Receivable	(296,229.42)	(296,229.42)
Due from/to Grant Fund	65,189.09	
Due from/to Open Space Fund	(300,000.00)	
CAP.		
<u>NO.</u>	<u>IMPROVEMENT AUTHORIZATIONS</u>	
<u>General Improvements</u>		
5053	Acquisition of Land	(10,703.83)
5056	Reconstruction of Various Roads	(9,579.91)
5090	Improv. to Public Facilities and Parks	(83,979.49)
5096	Reval. Tax Maps	(1,423.43)
5125	Various Public Facility Improv.	(4,019.78)
5129	Various Capital Improvements	6,413.60
5130	Acquisition of Real Property	(102,583.65)
5133	Improve. To Var. Public Facilities	(40,000.00)
5135	Various Capital Improvements	15,894.72
5137	Various Capital Improvements	455.93
02-012	Var. Capital Improvements	(15,314.31)
04-037/04-043	Various Road Improvements	42,601.61
05-002/051008	Braghelli Tract Purchase	(69,978.77)
05-049	Various Capital Improvements	(194,247.44)
07-009	Reconst. Of Various Roads	525.06
07-020	Var. Capital Improvements	85,233.95
08-004	Var. Capital Improvements	35.73
08-065	Var. Capital Improvements	126,714.06
09-004	Var. Capital Improvements	1,716,291.40
09-031	Var. Capital Improvements	2,875,435.46
10-032	Various Road Improvements	3,610,689.64
11-016	Animal Shelter	14,117.14
11-017	Var. Capital Improvements	2,759,207.47
12-031	Var. Capital Improvements	(887,449.64)
12-032	Open Space Acquisition	299,196.16
13-046	Various Capital Improvements	(1,252,949.05)
<u>Local Improvements</u>		
5028	Curb Improv. Along George Dye Road and Youngs Road	(95.00)
04-036	Special Assessments	183,113.56
	<u>\$12,318,007.64</u>	<u>\$5,299,260.40</u>

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SCHEDULE OF DEFERRED CHARGES TO
FUTURE TAXATION - UNFUNDED
GENERAL CAPITAL FUND

CAP NO.	DATE	IMPROVEMENT DESCRIPTION	BALANCE	2013	BOND	ANALYSIS OF BALANCE - DEC. 31, 2013	
			DEC. 31, 2012	AUTHOR.	DEC. 31, 2013	ANTICIPATION NOTES	EXPENDITURES
<u>General Improvements</u>							
5053	4/15/86	Acquis. of Land and Improv. of Various Parks	\$10,703.83			10,703.83	
5056	4/21/87	Reconstruction of Various Roads	9,579.91			9,579.91	
5090	11/6/91	Improv. to Public Facilities and Parks					
5096	2/2/95	Reval. of Real Property, Develop. of New Tax Maps & Acquis. of Related Equipment	83,979.49			83,979.49	
5125	12/2/97	Var. Public Facilities Improvements	1,423.43			1,423.43	
5130	10/8/99	Acquisition of Real Property	4,019.78			4,019.78	
5133	11/26/99	Improv. to Var. Public Facilities	102,583.65			102,583.65	
5135	6/8/00	Various Capital Improvements	40,000.00			40,000.00	
02-012	4/10/02	Var. Capital Improvements	1,389.00				1,389.00
04-037	10/13/04	Var. Improvements (3,423,000)	15,314.31			15,314.31	
05-002	3/8/05	Braghelli Tract Purchase(7,150,740)	63.00				63.00
05-049	1/25/06	Various Capital Improvements	121,036.00			69,978.77	51,057.23
09-031	12/1/09	Var. Capital Improvements	317,257.00			211,438.19	105,818.81
10-032		Var. Road Improvements	8,046,870.00		8,046,000.00		870.00
11-016		Animal shelter	7,600,000.00		7,578,704.00		21,296.00
11-017		Var. Capital Improvements	475,000.00		475,000.00	8,997.86	466,002.14
12-031		Var. Capital Improvements	7,144,975.00		7,124,954.00		20,021.00
12-032		Open Space Acquisitions	8,075,000.00		8,075,000.00	4,115,142.48	3,959,857.52
13-046		Var. Capital Improvements	5,700,000.00	7,125,000.00	7,125,000.00	1,252,949.05	5,700,000.00
<u>Local Improvements</u>							
5028	3/15/83	Curb Improv. Along George Dye Rd. and Youngs Road	95.00			95.00	
			\$37,749,289.40	\$7,125,000.00	\$44,874,289.40	\$5,926,205.75	\$16,198,425.65

Unexpended Balances of Unfunded Improvement Authorizations
Less: Unexpended Proceeds of Bond Anticipation Notes

\$23,750,140.06
7,551,714.41
\$16,198,425.65

SCHEDULE OF GENERAL SERIAL BONDS
GENERAL CAPITAL FUND

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING-DEC. 31, 2013	INTEREST RATE	BALANCE DEC. 31, 2012	INCREASED	DECREASED	BALANCE DEC. 31, 2013	
	DATE	AMOUNT	AMOUNT	RATE					
General Obl. Bonds(Pension Series)	7/1/03	5,595,000.00	50,000.00	2.25%	4,680,000.00		4,680,000.00		
	7/15/08		75,000.00	2.70%					
	7/15/09		95,000.00	3.15%					
	7/15/10		120,000.00	3.60%					
	7/15/11		150,000.00	5.00%					
	7/15/12		185,000.00	5.25%					
	7/15/13		220,000.00	5.25%					
	7/15/14		260,000.00	5.25%					
	7/15/15		305,000.00	5.25%					
	7/15/16		350,000.00	5.25%					
	7/15/17		405,000.00	5.25%					
	7/15/18		460,000.00	5.50%					
	7/15/19		525,000.00	5.50%					
	7/15/20		595,000.00	5.50%					
	7/15/21		465,000.00	5.50%					
	7/15/22		520,000.00	5.50%					
	7/15/23		575,000.00	5.50%					
	General Improvement Bonds	8/1/07	28,364,000.00	700,000.00	4.00%	21,875,000.00		19,087,000.00	2,788,000.00
		8/1/08		825,000.00	4.00%				
		8/1/09		1,151,000.00	4.00%				
8/1/10			1,188,000.00	4.00%					
8/1/11			1,228,000.00	4.00%					
8/1/12			1,272,000.00	4.00%					
8/1/13			1,318,000.00	4.00%					
8/1/14			1,368,000.00	4.00%					
8/1/15			1,420,000.00	4.125%					
8/1/16			1,475,000.00	4.125%					
8/1/17			1,533,000.00	4.125%					
8/1/18			1,594,000.00	4.125%					
8/1/19			1,659,000.00	4.125%					
8/1/20			1,727,000.00	4.125%					
8/1/21			1,798,000.00	4.125%					
8/1/22		1,873,000.00	4.125%						
8/1/23		1,952,000.00	4.125%						
8/1/24		2,035,000.00	4.125%						
8/1/25		2,123,000.00	4.125%						

SCHEDULE OF GENERAL SERIAL BONDS
GENERAL CAPITAL FUND

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS		INTEREST RATE	BALANCE DEC. 31, 2012	INCREASED	DECREASED	BALANCE DEC. 31, 2013	
			DATE	AMOUNT						
Refunding Series 2009	9/1/09	5,041,000.00	9/1/09	346,000.00	1.125%	\$1,410,000.00		\$710,000.00	700,000.00	
	9/1/10		9/1/10	1,035,000.00	3.000%					
	9/1/11		9/1/11	1,130,000.00	4.000%					
	9/1/12		9/1/12	1,120,000.00	3.859%					
	9/1/13		9/1/13	710,000.00	3.806%					
9/1/14		9/1/14	700,000.00	3.821%						
General Improvement Bonds	3/1/10	17,716,000.00	2/1/11	850,000.00	2.500%	16,016,000.00		\$850,000.00	15,166,000.00	
			2/1/12	850,000.00	3.000%					
			2/1/13	850,000.00	3.000%					
			2/1/14	1,620,000.00	3.000%					
			2/1/15	1,655,000.00	3.000%					
			2/1/16	1,695,000.00	3.000%					
			2/1/17	1,700,000.00	3.000%					
			2/1/18	1,700,000.00	3.125%					
			2/1/19	1,700,000.00	3.125%					
			2/1/20	1,700,000.00	3.125%					
			2/1/21	1,700,000.00	3.125%					
			2/1/22	1,696,000.00	3.250%					
Refunding Series 2013	4/30/13	17,425,000.00	8/1/13	125,000.00	2.000%		17,425,000.00	125,000.00	17,300,000.00	
			8/1/16	1,470,000.00	3.000%					
			8/1/17	1,510,000.00	3.000%					
			8/1/18	1,555,000.00	4.000%					
			8/1/19	1,615,000.00	4.000%					
			8/1/20	1,680,000.00	4.000%					
			8/1/21	1,745,000.00	4.000%					
			8/1/22	1,815,000.00	4.000%					
			8/1/23	1,890,000.00	4.000%					
			8/1/24	1,970,000.00	4.000%					
			8/1/25	2,050,000.00	4.000%					
	Refunding Series 2013 - Pension Bonds	4/30/13	4,630,000.00	8/1/13	30,000.00	0.620%		\$4,630,000.00	\$30,000.00	4,600,000.00
			8/1/14	335,000.00	0.720%					
			8/1/15	370,000.00	0.970%					
			8/1/16	405,000.00	1.170%					
			8/1/17	445,000.00	1.500%					
			8/1/18	485,000.00	1.850%					
			8/1/19	535,000.00	2.110%					
			8/1/20	585,000.00	2.460%					
			8/1/21	440,000.00	2.770%					
			8/1/22	480,000.00	3.020%					
			8/1/23	520,000.00	3.120%					

\$43,981,000.00 \$22,055,000.00 \$25,482,000.00 \$40,554,000.00

Serial Bonds Refunded
Disbursed

\$22,229,000.00
3,253,000.00

\$25,482,000.00

SCHEDULE OF PROJECT LOANS PAYABLE
 NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION
 GREEN TRUST PROGRAM
GENERAL CAPITAL FUND

<u>PROJECT DESCRIPTION</u>	<u>DRAWDOWN DATE</u>	<u>AMOUNT OF LOAN</u>	<u>INTEREST RATE</u>	<u>LOAN REPAYMENT PERIOD</u>	<u>SCHEDULED SEMI-ANNUAL PAYMENT*</u>	<u>BALANCE</u>	
						<u>DEC. 31.2012</u>	<u>DEC. 31.2013</u>
Issac Pearson Acquisition	6/4/02	115,841.25	2.00%	3/6/03-3/6/2022	7,203.38	62,042.72	56,050.39
Veterans Park Extension	6/4/02	461,600.00	2.00%	3/6/03-3/6/2022	28,703.76	247,226.31	223,348.27
Tyndale Farm Acquisition	6/4/02	265,655.00	2.00%	3/6/03-3/6/2022	16,519.28	142,280.43	128,538.40
*Principal and Interest						<u>\$451,549.46</u>	<u>\$407,937.06</u>

SCHEDULE OF CAPITAL IMPROVEMENT FUND
GENERAL CAPITAL FUND

Increased by:	
Budget Appropriation	<u>\$398,677.00</u>
Decreased by:	
Approp. To Finance Improv. Autho.	<u>398,677.00</u>
Balance -Dec. 31, 2012	<u>375,000.00</u>
	<u>\$23,677.00</u>

SCHEDULE OF BOND ANTICIPATION NOTES
GENERAL CAPITAL FUND

CAP NO.	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JUNE 30, 2012	INCREASED	DECREASED	BALANCE DEC. 31 2013
09-031	Various Capital Improvements	6/15/11	6/15/13	6/14/14	0.75%	\$8,046,000.00	\$8,046,000.00	\$8,046,000.00	\$8,046,000.00
10-032	Various Road Improvements	11/20/12	11/20/13	6/13/14	0.75%	\$7,578,704.00	\$7,578,704.00	\$7,578,704.00	7,578,704.00
11-017	Various Capital Improvements	11/20/12	11/20/13	6/13/14	0.75%	7,124,954.00	7,124,954.00	7,124,954.00	7,124,954.00
						<u>\$22,749,658.00</u>	<u>\$22,749,658.00</u>	<u>\$22,749,658.00</u>	<u>\$22,749,658.00</u>

SCHEDULE OF BONDS AND NOTES
 AUTHORIZED BUT NOT ISSUED
GENERAL CAPITAL FUND

CAP. NO.	IMPROVEMENT DESCRIPTION	BALANCE - DEC. 31, 2012		AUTHORIZED 2013	BALANCE - DEC. 31, 2013	
		CAPITAL FUND	TRUST FUND		CAPITAL FUND	TRUST FUND
	<u>General Improvements</u>					
5056	Reconstr. of Various Roads	\$9,579.91	\$		\$9,579.91	\$
5053	Acquis. of Land and Improv. of Var. Parks	10,703.83			10,703.83	
5090	Improv. to Public Facilities and Parks	83,979.49			83,979.49	
5096	Revaluation	1,423.43			1,423.43	
5125	Var. Public Facilities Projects	4,019.78			4,019.78	
5130	Acquisition of Real Property	102,583.65			102,583.65	
5133	Improv. To Var. Public Facilities	40,000.00			40,000.00	
5135	Various Capital Improvements	1,389.00			1,389.00	
02-012	Various Capital Improvements	15,314.31			15,314.31	
04-037	Various Road Improvements	63.00			63.00	
05-002	Braghelli Tract Purchase	121,036.00			121,036.00	
05-049	Various Capital Improvements	317,257.00			317,257.00	
09-031	Various Capital Improvements	870.00			870.00	
10-032	Various Road Improvements	21,296.00			21,296.00	
11-016	Animal shelter	475,000.00			475,000.00	
11-017	Var. Capital Improvements	20,021.00			20,021.00	
12-031	Var. Capital Improvements	8,075,000.00			8,075,000.00	
12-032	Open Space Acquisitions	5,700,000.00			5,700,000.00	
13-046	Var. Capital Improvements			7,125,000.00		
	<u>Local Improvements</u>					
5028	Curb Improv. Along George Dye Rd. and Youngs Rd.		95.00			95.00
		<u>\$14,999,536.40</u>	<u>\$95.00</u>	<u>\$7,125,000.00</u>	<u>\$22,124,536.40</u>	<u>\$95.00</u>

ANALYSIS OF SEWER UTILITY ASSESSMENT TRUST
CASH AND INVESTMENTS

	BALANCE DEC. 31 <u>2012</u>	BALANCE DEC. 31 <u>2013</u>
Fund Balance	<u>467.10</u>	<u>467.10</u>
	<u><u>467.10</u></u>	<u><u>467.10</u></u>

ANALYSIS OF SEWER UTILITY CAPITAL CASH AND INVESTMENTS

Exhibit D - 7

		BALANCE DEC. 31 <u>2012</u>	BALANCE DEC. 31 <u>2013</u>
Fund Balance		\$706.38	\$706.38
Due From/To Sewer Utility Operating Fund		(173,349.54)	
A/R EIT LOAN		(8,650.65)	(8,650.65)
Reserve for Encumbrances		2,849,684.46	5,238,912.32
Capital Improvement Fund		192,775.00	192,775.00
Reserve for Future Debt Service Costs		450,945.14	1,624,376.87
<u>CAP</u>	<u>IMPROVEMENT</u>		
<u>NO.</u>	<u>AUTHORIZATIONS</u>		
	<u>General Improvements:</u>		
6623	Constr. of a Sanitary Sewer Main - Whitehorse-Mercerville Rd.	(44,290.50)	(44,290.50)
6641	Reconstr. of Sewer Lines - I 195 and I 295 Areas	109,794.78	20,197.53
6642	Constr. of a Sewer Interceptor Line	(14,000.00)	(14,000.00)
6644	Reconstr., Repairs and Repl. of Bio- Disc Bldg. and Equip. of Sewer Utility System	548.69	548.69
6645	Var. Sewer Capital Improvements	(434.00)	(434.00)
6661	Var. Capital Improvements	(0.41)	(0.41)
6664	Replacement of Sewer Lines	(33,272.00)	(33,272.00)
6666	Sewer Improvements	1,132,990.72	
6670	Improvements to Sewer System	(0.26)	(0.26)
03-006	Wastewater Util. Cap. Prog.	88,749.39	88,749.39
04-038/04-044	Various Sewer Capital Improvements	304,668.94	304,668.94
05-050	Various Sewer Capital Improvements	914,678.08	745,999.98
08-069	Var. Sewer Cap. Improvements	396,061.77	(275.00)
10-011	Var. Sewer Cap. Improvements	4,149,546.25	4,023,489.19
10-031	Var. Sewer Cap. Improvements	(3,738,300.75)	(7,488,470.60)
11-015	Var. Sewer Cap. Improvements	(873,723.03)	(1,571,649.91)
12-030	Var. Sewer Cap. Improvements	(180,184.18)	(722,711.22)
13-021	Var. Sewer Cap. Improvements		(699,462.79)
		<u>\$5,524,944.28</u>	<u>\$1,657,206.95</u>

Exhibit - D-8

SCHEDULE OF SEWER RENTS RECEIVABLE
SEWER UTILITY OPERATING FUND

Balance - December 31, 2012		\$40,173.70
Increased by:		
Sewer Rents Charged in 2013		<u>15,078,899.73</u>
		15,119,073.43
Decreased by:		
Collections	13,747,740.94	
Transferred to Sewer Rent Liens	26,900.72	
Prepaid Sewer Rents Applied	<u>1,305,333.52</u>	
		<u>15,079,975.18</u>
Balance - December 31, 2013		<u><u>\$39,098.25</u></u>

Exhibit - D-9

SCHEDULE OF SEWER RENT LIENS RECEIVABLE
SEWER UTILITY OPERATING FUND

Balance - December 31, 2012		\$109,767.19
Increased by:		
Transf. from Sewer Rents Receivable	26,900.72	
Interest and Costs	<u>1,245.40</u>	
		<u>28,146.12</u>
		137,913.31
Decreased by:		
Collection		<u>38,901.62</u>
Balance - December 31, 2013		<u><u>\$99,011.69</u></u>

**SCHEDULE OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND**

	BALANCE DEC. 31, 2012	ADDITIONS		BALANCE. DEC. 31, 2013
		BY ORDINANCE	BY CAPITAL OUTLAY	
Fixed Capital - Prior Yrs.	\$3,648,252.47	\$	\$	\$3,648,252.47
Land and Land Rights	392,052.51			392,052.51
Structures and Buildings	263,047.09			263,047.09
Collecting System	42,708,911.09	27,976.42		42,736,887.51
Pumping Station	5,551,204.10			5,551,204.10
Treatment and Disposal System	40,310,543.45	5,142,360.54		45,452,903.99
Interest During Construction	3,225,659.66			3,225,659.66
Engineering Costs	19,217,501.99			19,217,501.99
Miscellaneous Equipment	3,809,846.40		144,226.23	3,954,072.63
Miscellaneous Expenses	5,077,011.25			5,077,011.25
Water Use Reduction Equipment	119,480.97			119,480.97
	<u>\$124,323,510.98</u>	<u>\$5,170,336.96</u>	<u>\$144,226.23</u>	<u>\$129,638,074.17</u>

The amount of Fixed Capital of prior years shown in the above statement only represents the obligations outstanding as at January 1, 1957 for Sewer Improvements. The Fixed Capital reported for all accounts in the above Exhibit is taken from the Municipality's records and does not necessarily reflect the true condition of such Fixed Capital.

SCHEDULE OF FIXED CAPITAL
AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND

CAP NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC. 31, 2012	2013 AUTHORIZED	TRANSFERRED TO FIXED CAPITAL	BALANCE DEC. 31, 2013
		DATE	AMOUNT				
6646	Improvements to Sanitary Sewer System	4/21/87	\$3,761,000.00	\$2,300.00			\$2,300.00
6652	Various Sewer Capital Improvements	4/16/91	4,090,000.00	14,297.60			14,297.60
03-006	Wastewater Utility Cap. Improv.	4/2/03	2,300,000.00	118,250.00		27,976.42	90,273.58
04-038/04-044	Klockner Pump Station	10/13/04	1,350,000.00	110,235.80			110,235.80
04-038/04-044	Pond Run Pump Station	10/13/04	844,950.00	8,943.10			8,943.10
04-038/04-044	Runyon Court Sewer	10/13/04	17,500.00	400.00			400.00
05-50	Overlook Avenue Sewer Line	10/13/04	83,500.00	0.80			0.80
05-50	Equipment Control	5/18/05	3,554,500.00	3,554,500.00			3,554,500.00
05-50	Sewer & Road Improvements	5/18/05	350,000.00	350,000.00		280,826.79	69,173.21
08-069	Utility Trucks	5/18/05	83,000.00	0.36			0.36
10-011	Various Sewer Utility Improvements	12/24/08	5,399,500.00	5,399,500.00		4,861,533.75	537,966.25
10-011	Treatment Plant Improvements	5/13/10	2,502,000.00	2,502,000.00			2,502,000.00
10-011	Pump Station Repairs	5/13/10	1,120,000.00	1,120,000.00			1,120,000.00
10-011	Collection System Rehabilitation	5/13/10	3,718,500.00	3,718,500.00			3,718,500.00
10-011	Vehicles and Equipment	5/13/10	448,500.00	448,500.00			448,500.00
10-011	Collection System Rehabilitation	5/13/10	5,200,000.00	5,200,000.00			5,200,000.00
10-031	Various Sewer Capital Improvements	11/8/10	8,400,000.00	8,400,000.00			8,400,000.00
11-015	Various Sewer Capital Improvements	4/19/11	5,880,000.00	5,880,000.00			5,880,000.00
12-030	Various Sewer Capital Improvements	8/21/12	5,000,000.00	5,000,000.00			5,000,000.00
13-021	Various Sewer Capital Improvements	7/10/13	7,400,000.00	7,400,000.00			7,400,000.00
				\$41,827,427.66	\$7,400,000.00	\$5,170,336.96	\$44,057,090.70

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENT FUND
SEWER UTILITY CAPITAL FUND

Balance - December 31, 2012	\$192,775.00
Balance - December 31, 2013	<u>\$192,775.00</u>

SCHEDULE OF 2012 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND

	BALANCE DEC. 31 2012	RESERVE FOR ENCUMBRANCES DEC. 31, 2012	AMOUNT AFTER MODIFICATION	PAID OR CHARGED	BALANCE LAPSED
Operating:					
Salaries and Wages	\$484,302.91		\$102,486.26	\$102,486.26	
Other Expenses	287,905.39	403,338.05	393,026.84	332,217.54	60,809.30
Other Insurance			680,033.25	680,033.25	
Capital Improvements:					
Capital Outlay	138,037.19	110,153.98	248,191.17	57,639.77	190,551.40
Statutory Expenditures:					
Contribution to:					
Social Security Sys. (O.A.S.I)	<u>25,515.87</u>		<u>25,515.87</u>	<u>8,099.34</u>	<u>17,416.53</u>
	<u>\$935,761.36</u>	<u>\$513,492.03</u>	<u>\$1,449,253.39</u>	<u>\$1,180,476.16</u>	<u>\$268,777.23</u>

Exhibit - D 14

SCHEDULE OF SEWER RENTS OVERPAYMENTS
SEWER UTILITY OPERATING FUND

Balance - December 31, 2012	\$1,887.15
Increased by:	
Cash Receipts	<u>12,656.89</u>
	14,544.04
Decreased by:	
Refunded	<u>4,115.20</u>
Balance - December 31, 2013	<u><u>\$10,428.84</u></u>

Exhibit - D-15

SCHEDULE OF PREPAID SEWER RENTS
SEWER UTILITY OPERATING FUND

Balance - December 31, 2012	\$1,305,333.52
Increased by:	
Cash Receipts	<u>1,318,715.95</u>
	2,624,049.47
Decreased by:	
Transferred to Taxes Receivable	<u>1,305,333.52</u>
Balance - December 31, 2013	<u><u>\$1,318,715.95</u></u>

SCHEDULE OF ACCRUED INTEREST ON
BONDS AND NOTES AND ANALYSIS OF BALANCE
SEWER UTILITY OPERATING FUND

Balance - December 31, 2012	\$618,298.54
Increased by:	
Charged to 2013 Budget Approp.	1,135,768.47
	1,754,067.01
Decreased by:	
Payment	1,227,737.48
Balance - December 31, 2013	\$526,329.53

Analysis of Balance - Dec. 31, 2013:

Principal Outstanding <u>Dec. 31, 2013</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
\$414,545.80	0.62%	08/01/13	12/31/13	5 mos.	\$771.55
<u>Bond Anticipation Notes</u>					
2,300,000.00	1.25%	06/15/13	12/31/13	195 days	18,687.50
14,687,000.00	2.00%	06/15/13	12/31/13	195 days	59,665.94
<u>Serial Bonds</u>					
1,302,000.00	4.00%	08/01/12	12/31/13	5 mos.	21,700.00
1,348,000.00	4.00%	08/01/12	12/31/13	5 mos.	22,466.67

SCHEDULE OF ACCRUED INTEREST ON
BONDS AND NOTES AND ANALYSIS OF BALANCE
SEWER UTILITY OPERATING FUND

Analysis of Balance - Dec. 31, 2013:

<u>Principal Outstanding Dec. 31, 2013</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
<u>Serial Bonds</u>					
246,000.00	4.00%	08/01/12	12/31/13	5 mos.	4,100.00
255,000.00	4.00%	08/01/12	12/31/13	5 mos.	4,250.00
265,000.00	4.00%	08/01/12	12/31/13	5 mos.	4,416.67
276,000.00	4.00%	08/01/12	12/31/13	5 mos.	4,600.00
287,000.00	4.00%	08/01/12	12/31/13	5 mos.	4,783.33
298,000.00	4.25%	08/01/12	12/31/13	5 mos.	5,277.08
311,000.00	4.25%	08/01/12	12/31/13	5 mos.	5,507.29
324,000.00	4.25%	08/01/12	12/31/13	5 mos.	5,737.50
336,000.00	4.25%	08/01/12	12/31/13	5 mos.	5,950.00
351,000.00	4.25%	08/01/12	12/31/13	5 mos.	6,215.63
365,000.00	4.25%	08/01/12	12/31/13	5 mos.	6,463.54
381,000.00	4.25%	08/01/12	12/31/13	5 mos.	6,746.88
200,000.00	3.688%	08/01/12	12/31/13	4 mos.	2,458.67
150,000.00	3.000%	08/01/12	12/31/13	5 mos.	1,875.00
155,000.00	3.000%	08/01/12	12/31/13	5 mos.	1,937.50
155,000.00	3.000%	08/01/12	12/31/13	5 mos.	1,937.50
160,000.00	3.000%	08/01/12	12/31/13	5 mos.	2,000.00
160,000.00	3.125%	08/01/12	12/31/13	5 mos.	2,083.33
165,000.00	3.125%	08/01/12	12/31/13	5 mos.	2,148.44
175,000.00	3.125%	08/01/12	12/31/13	5 mos.	2,278.65

SCHEDULE OF ACCRUED INTEREST ON
BONDS AND NOTES AND ANALYSIS OF BALANCE
SEWER UTILITY OPERATING FUND

Analysis of Balance - Dec. 31, 2013:

Principal Outstanding Dec. 31, 2013	Interest Rate	From	To	Period	Amount
180,000.00	3.125%	08/01/12	12/31/13	5 mos.	2,343.75
185,000.00	3.250%	08/01/12	12/31/13	5 mos.	2,505.21
195,000.00	3.375%	08/01/12	12/31/13	5 mos.	2,742.19
200,000.00	3.500%	08/01/12	12/31/13	5 mos.	2,916.67
210,000.00	3.625%	08/01/12	12/31/13	5 mos.	3,171.88
220,000.00	3.750%	08/01/12	12/31/13	5 mos.	3,437.50
225,000.00	3.875%	08/01/12	12/31/13	5 mos.	3,632.81
235,000.00	4.000%	08/01/12	12/31/13	5 mos.	3,916.67
250,000.00	4.000%	08/01/12	12/31/13	5 mos.	4,166.67
260,000.00	4.125%	08/01/12	12/31/13	5 mos.	4,468.75
270,000.00	4.125%	08/01/12	12/31/13	5 mos.	4,640.63
285,000.00	4.300%	08/01/12	12/31/13	5 mos.	5,106.25
290,000.00	4.300%	08/01/12	12/31/13	5 mos.	5,195.83
290,000.00	4.300%	08/01/12	12/31/13	5 mos.	5,195.83
287,000.00	4.300%	08/01/12	12/31/13	5 mos.	7,392.75
1,400,000.00	3.000%	08/01/12	12/31/13	5 mos.	17,500.00
1,435,000.00	3.000%	08/01/12	12/31/13	5 mos.	17,937.50
1,475,000.00	4.000%	08/01/12	12/31/13	5 mos.	24,583.33
1,535,000.00	4.000%	08/01/12	12/31/13	5 mos.	25,583.33
1,595,000.00	4.000%	08/01/12	12/31/13	5 mos.	26,583.33
1,655,000.00	4.000%	08/01/12	12/31/13	5 mos.	27,583.33
1,720,000.00	4.000%	08/01/12	12/31/13	5 mos.	28,666.67
1,790,000.00	4.000%	08/01/12	12/31/13	5 mos.	29,833.33
1,855,000.00	4.000%	08/01/12	12/31/13	5 mos.	30,916.67
<u>1,935,000.00</u>	4.000%	08/01/12	12/31/13	5 mos.	<u>32,250.00</u>
<u>\$45,043,545.80</u>					<u>\$526,329.53</u>

SCHEDULE OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND

Balance -December 31, 2012		\$98,708,194.30
Increased by:		
Serial Bonds Paid by Operating Budget	1,538,000.00	
Serial Bonds Refunded	16,835,000.00	
Capital Outlay	144,226.23	
EIT Loans Paid By Operating Budget	<u>24,523.89</u>	
		<u>18,541,750.12</u>
		117,249,944.42
Decreased by:		
Amounts Received for Fully Funded Ordinancaes	1,173,431.73	
Serial Bonds Issued	<u>16,505,000.00</u>	
		<u>17,678,431.73</u>
Balance -December 31, 2013		<u><u>\$99,571,512.69</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND

Exhibit - D-19

<u>CAP.</u> <u>NO.</u>	<u>IMPROVEMENT DESCRIPTION</u>	BALANCE DEC. 31, <u>2012</u>	BALANCE DEC. 31, <u>2013</u>
6646	Improv. to the San. Sewer Sys.	\$77,822.68	\$77,822.68
6647	Sewer Improv. (Amended 7/19/88)	845.00	845.00
6649	Various Sewer Util. Improv.	110,047.94	110,047.94
6651	Various Sewer Capital Improv.	68,358.43	68,358.43
6652	Various Sewer Capital Improv.	185,235.66	185,235.66
6655	Var. Sewer Improv.	90,000.00	90,000.00
6656	Var. Sewer Improv.	60,000.00	60,000.00
6658	Var. Sewer Cap. Improv.	8,500.00	8,500.00
6660	Var. Sewer Capital Improv.	203,400.00	203,400.00
6661	Var. Capital Improvements	37,500.00	37,500.00
6662	Var. Sewer Utility Improve.	250,000.00	250,000.00
6663	Sewer Utility Equipment	7,000.00	7,000.00
6665	Various Sewer Capital Improv.	160,000.00	160,000.00
6666	Sewer Capital Improve.	171,000.00	171,000.00
6667	Various Sewer Capital Improv.	137,000.00	137,000.00
6668	Sewer Capital Improve.	75,000.00	75,000.00
6669	Improv. to the San. Sewer Sys.	100,000.00	100,000.00
6671	Var. Capital Improvements	137,000.00	137,000.00
02-011	Var. Capital Improvements	56,900.00	56,900.00
03-006	Wastewater Project	115,000.00	115,000.00
08-069	Var. Sewer Utility Improve.	257,225.00	257,225.00
		<u>\$2,307,834.71</u>	<u>\$2,307,834.71</u>

SCHEDULE OF SEWER SERIAL BONDS
SEWER UTILITY CAPITAL FUND

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING-DEC. 31, 2013		INTEREST RATE	BALANCE DEC. 31, 2012	INCREASED	DECREASED	BALANCE DEC. 31, 2013
			DATE	AMOUNT					
Sewer Utility Bonds	8/1/05	22,815,000.00	8/1/13	907,000.00	4.00%	20,392,000.00		17,742,000.00	2,650,000.00
			8/1/14	1,302,000.00	4.00%				
			8/1/15	1,348,000.00	4.00%				
Sewer Utility Refunding Bonds	8/1/05	4,320,000.00	8/1/13	171,000.00	4.00%	3,866,000.00		171,000.00	3,695,000.00
			8/1/14	246,000.00	4.00%				
			8/1/15	255,000.00	4.00%				
			8/1/16	265,000.00	4.00%				
			8/1/17	276,000.00	4.00%				
			8/1/18	287,000.00	4.00%				
			8/1/19	298,000.00	4.25%				
			8/1/20	311,000.00	4.25%				
			8/1/21	324,000.00	4.25%				
			8/1/22	336,000.00	4.25%				
			8/1/23	351,000.00	4.25%				
		8/1/24	365,000.00	4.25%					
		8/1/25	381,000.00	4.25%					
Sewer Utility Refunding Bonds	9/1/09	2,175,000.00	9/1/13	200,000.00	3.688%	400,000.00		200,000.00	200,000.00
			9/1/14	200,000.00	0.037%				
Sewer Utility Bonds	3/1/10	5,142,000.00	3/1/13	150,000.00	3.000%	4,852,000.00		150,000.00	4,702,000.00
			3/1/14	150,000.00	3.000%				
			3/1/15	155,000.00	3.000%				
			3/1/16	155,000.00	3.000%				
			3/1/17	160,000.00	3.000%				
			3/1/18	160,000.00	3.125%				
			3/1/19	165,000.00	3.125%				
			3/1/20	175,000.00	3.125%				
			3/1/21	180,000.00	3.125%				
			3/1/22	185,000.00	3.250%				
			3/1/23	195,000.00	3.375%				
			3/1/24	200,000.00	3.500%				
			3/1/25	210,000.00	3.625%				
			3/1/26	220,000.00	3.750%				
			3/1/27	225,000.00	3.875%				
		3/1/28	235,000.00	4.000%					
		3/1/29	250,000.00	4.000%					
		3/1/30	260,000.00	4.125%					
		3/1/31	270,000.00	4.125%					
		3/1/32	285,000.00	4.500%					
		3/1/33	290,000.00	4.300%					
		3/1/34	290,000.00	4.300%					
		3/1/35	287,000.00	4.300%					

SCHEDULE OF SEWER SERIAL BONDS
SEWER UTILITY CAPITAL FUND

PURPOSE	DATE OF ISSUE	AMOUNT OF ORIGINAL ISSUE	MATURITIES OF BONDS OUTSTANDING - DEC. 31, 2013			INTEREST RATE	BALANCE DEC. 31, 2012	INCREASED	DECREASED	BALANCE DEC. 31, 2013
			DATE	AMOUNT						
Sewer Utility Refunding Bonds	4/30/13	16,505,000.00	8/1/13	110,000.00	2.000%		16,505,000.00	110,000.00	16,395,000.00	
			8/1/16	1,400,000.00	3.000%					
			8/1/17	1,435,000.00	3.000%					
			8/1/18	1,475,000.00	4.000%					
			8/1/19	1,535,000.00	4.000%					
			8/1/20	1,595,000.00	4.000%					
			8/1/21	1,655,000.00	4.000%					
			8/1/22	1,720,000.00	4.000%					
			8/1/23	1,790,000.00	4.000%					
			8/1/24	1,855,000.00	4.000%					
			8/1/25	1,935,000.00	4.000%					
						<u>\$29,510,000.00</u>	<u>\$16,505,000.00</u>	<u>\$18,373,000.00</u>	<u>\$27,642,000.00</u>	

Refunded
Disbursed

\$16,835,000.00
1,538,000.00
\$18,373,000.00

SCHEDULE OF LOAN PAYABLE
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST
GENERAL CAPITAL FUND

PROJECT DESCRIPTION	DRAWDOWN DATE	AMOUNT OF LOAN	INTEREST RATE	MATURITIES OF LOANS		BALANCE DEC. 31, 2012	DECREASED	BALANCE DEC. 31, 2013
				DATE	AMOUNT			
Infrastructure Water Loan	8/1/10	\$ 126,650.65	0.62%	8/1/11	\$5,425.45	\$ 115,766.11	\$ 5,506.04	\$ 110,260.07
			0.86%	8/1/12	5,459.09			
			1.15%	8/1/13	5,506.04			
			1.55%	8/1/14	5,569.36			
			1.94%	8/1/15	5,655.68			
			2.28%	8/1/16	5,765.40			
			2.57%	8/1/17	5,896.86			
			2.75%	8/1/18	6,048.41			
			2.95%	8/1/19	6,214.74			
			3.14%	8/1/20	6,398.07			
			3.27%	8/1/21	6,598.97			
			3.46%	8/1/22	6,814.76			
			3.60%	8/1/23	7,050.55			
			3.70%	8/1/24	7,304.37			
			3.80%	8/1/25	7,574.63			
			3.90%	8/1/26	7,862.47			
			3.99%	8/1/27	8,169.10			
			4.08%	8/1/28	8,495.05			
			4.16%	8/1/29	8,841.65			

YEAR	SEMI-ANNUAL PRINCIPAL		BALANCE DEC. 31, 2012	DECREASED	BALANCE DEC. 31, 2013
	1-Feb	1-Aug			
2011	\$	\$ 12,678.57	323,303.58	19,017.85	304,285.73
2012	6,339.28	12,678.57			
2013	6,339.28	12,678.57			
2014	6,339.28	12,678.57			
2015	6,339.28	12,678.57			
2016	6,339.28	12,678.57			
2017	6,339.28	12,678.57			
2018	6,339.28	12,678.57			
2019	6,339.28	12,678.57			
2020	6,339.28	12,678.57			
2021	6,339.28	12,678.57			
2022	6,339.28	12,678.57			
2023	6,339.28	12,678.57			
2024	6,339.28	12,678.57			
2025	6,339.28	12,678.57			
2026	6,339.28	12,678.57			
2027	6,339.28	12,678.57			
2028	6,339.28	12,678.57			
2029	6,339.28	12,678.57			

\$ 439,069.69 \$ 24,523.89 \$ 414,545.80

SCHEDULE OF BOND ANTICIPATION NOTES
SEWER UTILITY CAPITAL FUND

CAP NO.	IMPROVEMENT DESCRIPTION	DATE OF ORIGINAL ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JUNE 30, 2012	INCREASED	DECREASED	BALANCE DEC. 31 2013
05-050	Various Capital Improvements	6/15/11	6/14/13	6/12/14	1.50%	\$2,300,000.00	\$2,300,000.00	\$2,300,000.00	\$2,300,000.00
05-050	Various Capital Improvements	6/15/11	6/14/13	6/12/14	0.75%	1,698,000.00	1,698,000.00	1,698,000.00	1,698,000.00
10-011	Various Capital Improvements	6/15/11	6/14/13	6/12/14	0.75%	12,989,000.00	12,989,000.00	12,989,000.00	12,989,000.00
						<u>\$16,987,000.00</u>	<u>\$16,987,000.00</u>	<u>\$16,987,000.00</u>	<u>\$16,987,000.00</u>

SCHEDULE OF BONDS AND NOTES
 AUTHORIZED BUT NOT ISSUED
SEWER UTILITY CAPITAL FUND

Exhibit - D-23

<u>CAP. NO.</u>	<u>ORD. DATE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DEC. 31, 2012 CAPITAL FUND</u>	<u>AUTHORIZED 2013</u>	<u>BALANCE DEC. 31, 2013 CAPITAL FUND</u>
6623	6/6/73	Constr. of San. Sewer Main - Whitehorse Mercerville Rd.	\$44,290.00	\$	\$44,290.00
6642	3/22/84	Constr. of a Sewer Interceptor Line	14,000.00		14,000.00
6645	4/16/86	Var. Sewer Capital Improv.	434.00		434.00
6661	5/17/95	Var. Capital Improve.	0.41		0.41
6664	5/28/97	Replacement of Sewer Lines	33,272.00		33,272.00
6670	6/8/00	Various Capital Improv.	0.26		0.26
08-069	12/24/08	Var. Capital Improve.	275.00		275.00
10-031	11/8/10	Var. Capital Improve.	8,400,000.00		8,400,000.00
11-015	4/19/11	Var. Capital Improve.	5,880,000.00		5,880,000.00
12-030	8/21/12	Var. Capital Improve.	5,000,000.00		5,000,000.00
13-021	7/10/13	Var. Sewer Capital Improv.		7,400,000.00	7,400,000.00
			<u>\$19,372,271.67</u>	<u>\$7,400,000.00</u>	<u>\$26,772,271.67</u>

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND

<u>Revenue and Other Income Realized</u>	2013	
	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$4,500,000.00	1.65
Miscellaneous - From Other Than Local Property Tax Levies	34,356,950.21	12.63
Collection of Delinquent Taxes and Tax Title Liens	448,260.99	0.16
Collection of Current Tax Levy	232,774,294.24	85.55
Total Income	272,079,505.44	100.00
<u>Expenditures</u>		
Budget Expenditures:		
Municipal Purposes	98,192,398.65	36.48
Special District Taxes	20,864,155.00	7.75
County Taxes	49,439,209.50	18.37
Local School Taxes	100,594,998.00	37.38
Other Expenditures	49,569.00	0.02
Total Expenditures	269,140,330.15	100.00
Statutory Excess to Fund Balance	2,939,175.29	
Fund Balance - Beginning	5,575,215.94	
	8,514,391.23	
Less:		
Utilized as Anticipated Revenue	4,500,000.00	
Fund Balance - Ending	\$4,014,391.23	

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - SEWER UTILITY OPERATING FUND

	2013	
<u>Revenue and Other Income Realized</u>	<u>Amount</u>	<u>%</u>
Fund Balance Utilized	\$1,065,442.75	6.05
Collection of Sewer Rents	15,091,976.08	85.76
Miscellaneous - From Other than Sewer Rents	1,440,637.53	8.19
Total Income	17,598,056.36	100.00
<u>Expenditures</u>		
Budget Expenditures:		
Operating	12,737,527.64	76.69
Capital Improvements	250,000.00	1.51
Debt Service	2,698,292.36	16.25
Deferred Charges		
Statutory Expenditures	737,611.11	4.44
Other Charges	185,128.16	1.11
Total Expenditures	16,608,559.27	100.00
Excess in Revenue	989,497.09	
Fund Balance - Beginning	2,910,546.08	
	3,900,043.17	
Less:		
Utilized as Anticipated Revenue	1,065,442.75	
Fund Balance - Ending	\$2,834,600.42	

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title lines on December 31 and June 30, the basis of the last assessed valuation of such properties was as follows:

<u>Year</u>	<u>Amount</u>
CY 2013	\$367,045.00
CY 2012	367,045.00
CY 2011	367,045.00
TY 2010	367,045.00
SFY 2010	367,045.00

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>
CY 2013	\$15,078,899.73	\$15,053,074.46
CY 2012	14,802,602.26	14,822,210.23
CY 2011	14,870,369.00	15,261,837.06
TY 2010	6,628,118.74	6,113,830.43
SFY 2010	14,988,807.76	14,978,019.18

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Ending Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	CY 2013	\$4,014,391.23	\$2,400,000.00
	CY 2012	5,575,215.94	4,500,000.00
	CY 2011	9,138,022.66	7,000,000.00
	TY 2010	7,921,214.79	7,856,296.86
	SFY 2010	4,974,125.18	0.00
Sewer Utility Operating Fund	CY 2013	2,944,600.42	700,000.00
	CY 2012	2,910,546.08	1,065,442.75
	CY 2011	3,172,482.65	1,100,000.00
	TY 2010	2,218,626.92	754,052.76
	SFY 2010	395,293.09	876,666.17

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate:</u>	<u>4.11</u>	<u>4.07</u>	<u>3.98</u>
<u>Apportionment of Tax Rate:</u>			
Municipal:	<u>1.15</u>	<u>1.14</u>	<u>1.11</u>
Library:	<u>0.05</u>	<u>0.06</u>	<u>0.06</u>
County:	<u>0.92</u>	<u>0.94</u>	<u>0.96</u>
Local School:	<u>1.95</u>	<u>1.90</u>	<u>1.86</u>
Open Space:	<u>0.03</u>	<u>0.04</u>	<u>0.04</u>
<u>Assessed Valuation:</u>			
2013	<u>\$5,157,770,396.00</u>		
2012		<u>\$5,139,614,851.00</u>	
2011			<u>\$5,139,210,911.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>CURRENTLY</u>			
<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
CY 2013	\$233,598,623.09	\$232,774,294.24	99.65%
CY 2012	230,280,726.79	230,042,635.78	99.90%
CY 2011	229,198,285.33	227,789,434.02	99.39%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
CY 2013	\$1,695,034.38	\$532,326.85	\$2,227,361.23	0.95%
CY 2012	1,635,611.47	499,004.40	2,134,615.87	0.93%
CY 2011	1,291,704.91	849,341.74	2,141,046.65	0.93%

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit in Year 2013:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF CORPORATE SURETY</u>
Kelly A. Yaede	Mayor		
Edward R. Gore III	President		
David Kenny	Vice President		
Kevin J. Meara	Councilperson		
Dennis Pone	Councilperson		
Ileana Schirmer	Councilperson		
Eileen A. Gore	Municipal Clerk		
Alison J. Salvatore	Deputy Municipal Clerk		
John F. Ricci	Business Administrator		
John E. Barrett	Chief Financial Officer		
Donald Kosul	Tax Assessor		
Lindsay Burbage	Township Attorney		
David Carothers	Director of Public Works		
Richard Watson	Director of Water Pollution Control		
Martin Flynn	Director of Health, Recreation and Welfare		
Douglas Hoffman	Presiding Municipal Judge	1,075,000.00	Selective Insurance/JIF
Kenneth Lozier	Municipal Judge	1,075,000.00	Selective Insurance/JIF
Michele Rossi	Tax Collector, Tax Search Officer	1,500,000.00	Selective Insurance/JIF
Richard Williams	Township Engineer		
Raymond Lurmio	Bldg. Inspector, Supt. of Division of Inspections		
James W. Collins	Chief of Police		
Lynn Hoagland	Court Administrator, Court Clerk	1,075,000.00	Selective Insurance/JIF
Nancy Lear	Deputy Court Administrator	1,075,000.00	Selective Insurance/JIF

All other employees were covered under a Public Employees Blanket Bond issued by the Travelers Casualty and Surety Company of America in the amount of \$1,000,000.

All surety bonds in effect were examined or verified.

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

**PART IV
STATISTICAL SECTION
AUDITOR'S MANAGEMENT REPORTS**

STATISTICAL SECTION

TOWNSHIP OF HAMILTON

Table 1

COUNTY OF MERCER

CURRENT FUND EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Year	General Government	Administration	Insurances & Postage	Finance	Law	Engineering, Planning, & Inspections	Economic Development/Technology
2013	\$634,591	\$1,086,572	\$18,726,584	\$1,630,923	\$1,620,071	\$1,869,473	\$616,984
2012	857,211	971,421	15,953,796	1,567,141	1,646,180	2,158,583	642,730
2011	760,391	921,965	15,700,426	1,368,049	1,637,507	1,539,753	774,790
TY 2010	389,401	533,513	9,136,914	690,026	783,661	750,540	288,591
2010	737,830	950,050	13,371,023	1,480,158	1,686,918	1,808,178	535,500
2009	847,593	925,849	12,511,900	1,434,218	1,564,920	1,732,141	509,173
2008	887,116	1,097,608	12,360,273	1,374,268	1,554,958	1,999,683	378,221
2007	817,708	1,080,671	11,253,207	1,350,944	1,426,405	1,784,456	364,246
2006	830,914	1,027,064	10,628,916	1,280,278	1,446,689	1,824,383	350,537
2005	821,014	1,106,792	10,087,973	1,176,108	1,721,848	2,016,123	314,763

Year	Public Safety	Public Works	Health, Recreation, & Welfare	Separate Boards & Agencies	Uniform Construction Codes Appropriations	Unclassified Purposes	Deferred Charges & Statutory Expenditures
2013	\$22,294,054	\$20,170,229	\$2,698,607	\$163,863	\$1,760,053	\$3,955,118	\$8,943,570
2012	22,549,786	21,432,021	3,110,778	192,608	1,968,355	3,982,172	8,890,652
2011	22,337,609	22,262,426	3,223,939	188,588	1,734,181	3,951,700	9,289,422
TY 2010	10,949,754	11,290,762	1,644,376	109,958	899,046	1,828,337	944,882
2010	21,626,460	23,166,517	3,336,786	187,521	1,758,731	4,006,417	8,129,988
2009	21,001,466	22,046,820	2,971,330	170,456	1,984,724	4,430,593	9,101,601
2008	21,329,747	21,167,353	2,959,115	143,256	1,984,724	4,430,593	9,101,601
2007	19,828,279	19,652,630	2,778,563	198,465	1,984,724	4,430,593	9,101,601
2006	18,605,467	18,745,186	2,548,483	200,486	1,984,724	4,430,593	9,101,601
2005	18,134,834	17,991,747	2,395,474	146,377	1,338,422	2,618,764	1,694,301

Year	Operations Excluded from "CAPS"	State and Federal Grants	Capital Improvements	Deferred Charges Excluded from CAPS	Debt Service	Reserve for Uncollected Taxes	Total
2013	\$3,477,394	\$2,792,848	\$398,677		\$5,352,787	\$1,383,678	\$99,576,077
2012	4,214,114	1,381,323	379,150		5,939,570	1,300,000	99,137,590
2011	5,295,784	1,159,534	400,000		5,740,819	1,263,809	99,550,691
TY 2010	2,353,645	106,626	600,000		3,585,762	2,000,000	48,885,795
2010	6,793,788	2,410,190	400,000		5,567,198	1,300,000	99,253,253
2009	4,365,678	1,396,410	350,000	50,000	6,624,841	1,300,000	95,319,712
2008	8,917,664	1,100,487	150,000	10,000	6,025,173	1,101,453	89,388,689
2007	6,754,082	1,065,931	100,000	125,000	5,299,624	1,063,111	79,963,120
2006	5,116,073	1,386,018	100,000		5,155,092	632,511	74,663,935
2005	3,795,450	1,962,314	560,060		6,859,633	241,164	74,983,161

(1) Excludes taxes allocated to county and school

(2) During SFY 2009 Uniform Construction Code Appropriations were transferred from the Trust Fund back to the Current Fund budget.

(3) During TY 2010 the Township converted back to a calendar year.

TOWNSHIP OF HAMILTON

Table 2

COUNTY OF MERCER

CURRENT FUND REVENUES BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

Year	Taxes (1)	Delinquent Taxes	Fees, Permits, Fines and Licenses	Construction Code Fees	In Lieu Of Taxes	State Aid	From Other Funds
2013	\$63,259,610	\$448,261	\$3,781,392	\$2,031,012	\$223,000	\$19,166,830	\$754,331
2012	62,826,326	566,516	3,677,150	1,696,081	223,000	19,166,830	861,943
2011	63,524,839	1,989,124	3,702,598	2,488,885	223,000	19,166,830	589,000
TY 2010	28,963,765	61,715	1,068,428	1,044,370	215,585	15,985,780	310,000
2010	61,064,278	71,333	4,326,844	1,255,613	543,197	24,094,067	620,000
2009	59,860,049	105,124	3,767,594	1,488,168	502,093	24,712,770	620,000
2008	55,051,187	72,029	3,089,018		848,185	25,836,719	520,000
2007	42,043,024	384,069	3,520,221		218,374	25,338,486	1,229,234
2006	40,977,311	551,366	3,176,896		213,410	25,338,487	550,000
2005	39,663,781	228,676	3,107,073	1,735,043	213,676	26,137,749	550,000

Year	Appropriation Reserve Cancelled	Sale of Municipal Assets	Other Special Items of Revenue	State and Federal Grants	Surplus Anticipated	Non-Budget Revenues and Other Items	Total
2013	\$154,888		\$4,973,944	\$1,777,988	\$4,500,000	\$1,493,565	\$102,564,821
2012	2,224,385	94,357	1,518,135	1,383,823	7,029,271	3,162,463	104,430,281
2011	2,058,395	60,185	3,684,177	1,134,534	7,856,297	1,965,105	108,442,969
TY 2010	3,523,423	50,000	24,860	106,626		463,833	51,818,386
2010	3,427,495		1,803,702	2,385,190	3,350,000	624,629	103,566,349
2009	2,584,698		3,629,543	1,371,410		1,697,281	100,338,730
2008	446,909		169,000	1,075,487	2,139,695	525,359	89,773,588
2007	369,523		4,222,970	1,040,931	3,861,911	352,105	82,580,848
2006			1,282,209	1,361,018	4,643,442	1,261,761	79,355,898
2005	-	-	1,860,818	1,963,313	2,626,480	2,538,805	80,625,414

(1) Excludes taxes allocated to county and school

(2) During SFY 2009 Construction Code Revenue was Realized in the Current Fund

(3) During TY 2010 the Township converted back to a calendar year Township.

TOWNSHIP OF HAMILTON

Table 3

COUNTY OF MERCER

ASSESSED VALUE AND ESTIMATE OF TOTAL VALUE

LAST TEN FISCAL YEARS

UNAUDITED

<u>Year</u>	<u>Net Assessed Valuation Taxable</u>	<u>Market Valuation</u>	<u>Percentage of Net Assessed To Market Value</u>
2013	5,157,770,396	8,281,583,808	62.28%
2012	5,158,330,794	9,160,155,030	56.31%
2011	5,158,310,796	9,128,138,022	56.51%
2010	5,181,260,831	9,839,082,474	52.66%
2009	5,183,429,281	10,412,674,329	49.78%
2008	5,185,400,541	10,114,275,612	51.27%
2007	5,128,624,286	9,361,748,161	54.78%
2006	5,059,660,299	7,924,291,776	63.85%
2005	4,964,076,086	7,019,338,357	70.72%
2004	4,921,021,313	6,087,359,367	80.84%

TOWNSHIP OF HAMILTON

Table 4

COUNTY OF MERCER

SCHEDULE OF TEN LARGEST TAXPAYERS - 2013

UNAUDITED

Taxpayer	Business Type	2013 Assessed Valuation	As a Percent of Total Net Assessed Taxable Valuation
JDN REAL ESTATE	REAL ESTATE	\$ 53,420,583	1.04%
PSEG	INDUSTRIAL	35,108,100	0.68%
QUAKERBRIDGE PLAZA	OFFICE	33,753,100	0.65%
BELL ATLANTIC	PERSONAL PROPERTY	22,209,844	0.43%
MITZEN FARMS	OFFICE	17,388,500	0.34%
HORIZON BUISNESS PARK	OFFICE	16,362,100	0.32%
LEVIN PROPERTIES	REAL ESTATE	16,074,000	0.31%
DANCH FARMS	INDUSTRIAL	14,670,500	0.28%
EPT HAMILTON	INDUSTRIAL	14,555,000	0.28%
CABOT HOLDINGS	REAL ESTATE	14,500,000	0.28%
		<u>\$ 238,041,727</u>	<u>4.61%</u>

TOWNSHIP OF HAMILTON

Table 5

COUNTY OF MERCER

RATIO OF BONDED DEBT, BOND ANTICIPATION NOTES, AND LOANS TO EQUALIZED VALUE

AND DEBT PER CAPITAL

LAST TEN FISCAL YEARS

Year	Population	Average Equalized Valuation	Net Debt	Net Debt per Capita	Ratio of Net Debt to Equalized Valuation	Net Debt Excluding Authorized not Issued		
						Debt	Ratio of Debt to Equalized Valuation	Debt per Capita
2013	88,464	\$8,422,856,565	\$90,664,310	1,024.87	1.08%	\$63,892,038	0.76%	722.24
2012	88,464	\$9,050,138,527	\$87,384,557	987.80	0.97%	\$64,634,899	0.71%	730.64
2011	88,464	10,195,687,606	77,444,505	875.44	0.76%	47,143,944	0.46%	532.92
TY 2010 (1)	88,464	10,240,337,968	83,744,979	946.66	0.82%	41,911,393	0.41%	473.77
2010	88,464	10,240,337,968	73,512,663	830.99	0.72%	57,158,245	0.56%	646.12
2009	88,894	9,831,693,888	63,681,522	716.38	0.65%	50,505,427	0.51%	568.15
2008	88,894	8,950,354,281	71,543,184	804.81	0.80%	84,317,894	0.94%	948.52
2007	88,894	7,957,308,378	57,648,359	648.51	0.72%	52,850,918	0.66%	594.54
2006	88,894	6,882,008,353	60,914,873	685.25	0.89%	50,492,432	0.73%	568.01
2005	88,894	6,066,974,565	59,896,737	673.80	0.99%	50,175,193	0.83%	564.44

TOWNSHIP OF HAMILTON

Table 6

COUNTY OF MERCER

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES (GROSS) - CURRENT FUND

LAST TEN FISCAL YEARS

UNAUDITED

Year	Principal	Interest	Total Debt Service	Total Current Fund Governmental Expenditures	Ratio of Debt Service to Current Fund Expenditures
2013	\$ 3,679,109	\$ 1,673,678	\$ 5,352,787	\$ 99,576,077	5.38%
2012	3,851,477	2,088,123	5,939,600	99,154,956	5.99%
2011	3,683,221	2,057,598	5,740,819	99,550,691	5.77%
TY 2010	2,574,147	1,011,616	3,585,763	48,885,795	7.33%
2010	3,690,594	1,876,604	5,567,198	99,253,253	5.61%
2009	3,417,351	2,013,418	5,430,769	95,319,712	5.70%
2008	3,809,818	2,013,418	5,823,236	89,388,689	6.51%
2007	3,114,427	2,185,197	5,299,624	79,963,120	6.63%
2006	3,557,952	1,597,140	5,155,092	74,663,935	6.90%
2005	5,003,893	1,855,740	6,859,633	74,983,161	9.15%

TOWNSHIP OF HAMILTON

Table 7

COUNTY OF MERCER

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

<u>Year</u>	<u>Unemployment Rate (1)</u>	<u>Total per Capita Income</u>
2013	7.20%	N/A
2012	7.20%	N/A
2011	7.70%	N/A
2010	7.30%	N/A
2009	7.60%	N/A
2008	5.40%	N/A
2007	4.30%	N/A
2006	2.20%	N/A
2005	2.30%	45,923
2004	2.90%	43,657
2003	3.20%	42,212
2002	3.40%	41,545

(1) - Per NJ Department of Labor Statistics

TOWNSHIP OF HAMILTON
COUNTY OF MERCER
MISCELLANEOUS STATISTICS
UNAUDITED

Table 8

Date of Incorporation	1842
Form of Government	Mayor- Council
Area in Square Miles	40
Miles of Streets	N/A

AUDITOR'S MANAGEMENT REPORTS

TOWNSHIP OF HAMILTON
COUNTY OF MERCER, NEW JERSEY
YEAR ENDED DECEMBER 31, 2013

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Township of Hamilton, County of Mercer, New Jersey, for the year ended December 31, 2013, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Township of Hamilton, County of Mercer, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Township of Hamilton, County of Mercer, New Jersey as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (CONT'D):

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Township's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

As indicated below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

Control Deficiencies:

12-01 Segregation of Duties

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices – Animal Shelter, Budget and Purchasing, Police Records Clerk, Crime Prevention, Recreation, Housing Inspections, Vital Registrar, Clerk, Public Works and Health Department. This condition is the result of the staffing levels of the respective offices.

During 2013, The Township experienced two instances were identified wherein employees took advantage of the limited internal control structure in the “outside offices” to divert monies intended for the Township treasury. In one instance, the diversion was identified through non-financial internal controls, and in the other a conscientious employee noted irregularities and came forward.

The Administration has responded to these incidents by emphasizing the need to perform all control procedures in the first instance and in the second, the Township's role in the operation and management of the facility was privatized.

As the cost of internal control should not exceed the benefit that improved controls could provide, a periodic evaluation of the estimated costs and potential benefits of increased internal controls over the “outside offices” should be undertaken.

12-02 Transaction Posting

The computerized data processing system allows for the back-dating of transactions for those individuals with security rights in the system.

Other Internal Control Matters Relating to State and Federal Grant Schedules:

Due to weaknesses in the grant application and award notification process followed by certain state agencies that pass-through federal and state assistance to the Township, the Chief Financial Officer often does not receive accurate and timely information with respect to the grant awards and funding sources. In some instances where Notices of Award are sent to the CFO, they fail to identify the source of the funding and the relevant CFDA and account number information, which is needed to allow the CFO to properly prepare the Schedules of Federal and State Awards. This problem, which exists statewide, results in an inability of the auditor to determine the completeness of the schedules and accuracy of CFDA and account numbers listed therein.

GENERAL COMMENTS

OTHER MATTERS

Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3, of this act, shall be made or awarded only after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500.00 except by contract or agreement."

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. The bid threshold is \$36,000.00 if the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c. 198(C.40A:11-9) Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

On June 9, 2010, the Local Public Contracts Law was revised pursuant to a statutorily permitted notice issued by the Governor of the State of New Jersey, effective on January 1, 2011. The revisions address the bid threshold (Section 7, N.J.S.A. 40A: 11-3), thereby increasing the amount from \$21,000.00 to \$26,000.00 under which a contract may be awarded without public advertising. Furthermore, if the Township's Purchasing Agent is "Qualified" the Township may increase the bid threshold from the existing \$29,000.00 threshold to \$36,000.00. On May 5, 2011 the Local Public Contracts Law was revised again pursuant to a statutorily permitted notice issued by the Governor of the State of New Jersey, effective to January 1, 2011. The law eliminated the previous "lower" non - QPA threshold of \$26,000.00 and lowered it to \$17,500.00.

The minutes indicate that bids were requested by public advertising for the following items:

Materials and Supplies:

Motor oils; transmission lubricants; Computer Software; Rock salt; electrical supplies; Tires; Odor control oxidizers; Hydrochloric acid;

Equipment:

Thirteen Police Vehicles; Combination of granular spreader; Paver; Tail Swing Excavator; Rear Loading Refuse Truck; Low Bed Tractor; Mack Truck; 2 Tandem Dump Trucks; 55 Ton Trailer; Street Clock; 1A Transformer;; road materials; Police evidence collection van

Contracts:

Municipal building window replacements; Road Improvements; Disposal of liquid sludge; Heating and air conditioning repairs; Food and catering services; Preventive maintenance for heavy crane; emergency generator maintenance, heavy electrical equipment repair; installation of sanitary sewer crossing; Sanitary sewer and manhole restoration projects;

GENERAL COMMENTS

OTHER MATTERS

Contracts and Agreements Required
to be Advertised Per N.J.S.A. 40A:11-4 (cont'd)

State Approved Contracts for the Following Purchases:

Computer Equipment; HVAC and general supplies; postage meter and postage; broadband services; auto parts and repairs; ammunition; highway material; police apparel and chemicals for road department.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Purchase Orders encumbered during the period under audit were reviewed, however, to determine whether any clear cut violations existed. Audit evidence suggests that controls over compliance with the requirements of N.J.S.A. 40A:11-4 are in place and operating effectively.

Our examination of the purchasing function also included reviews of the solicitation of quotations when contemplated purchases will exceed 15% of the bid threshold. Documentation of the quotation process provided by the Township indicated that quotes are generally sought by the user departments that are requisitioning the goods or services. During the year under review it was noted that quotes received by the departments are now being forwarded to the Purchasing agent for reviews, verifications and approvals.

There is some decentralization regarding the purchasing process. There should be an effort made to re-centralize the procurement process.

Pay-to-Play Requirements

The responsibility for compliance with the Township's local ordinance and the statutory requirements relating to pay-to-play has been bifurcated. All matters relating to professional service contracts have been assigned to the Office of the Township Attorney, while compliance for non-professional services contracts remains with the Township Purchasing Agent.

An anomaly exists in the "Pay-to-Play" statutes when they are matched with the LPCL requirements to determine compliance requirements. The threshold for Pay-to-Play is set at \$17,500, with no escalator provision. At the time c.271 was enacted, the bid threshold per the LPCL was also set at \$17,500. However, effective July 1, 2005, the bid threshold was increased to \$21,000. This created a gap for compliance, as under c. 271, a contract not awarded using a fair & open process and exceeding \$17,500 triggers the filing of additional documentation relating to ownership of the contracting entity and disclosure of political contributions. Since "Pay-to-Play" laws cover all contracts (not just professional services as some believe) any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Township to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on January 1, 2006.

GENERAL COMMENTS

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on March 17, 1980, adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments.

WHEREAS, Revised Statutes 54:4-67 N.J.S.A. provides that the governing body may by resolution fix the rate of interest to be charged for the non-payment of taxes or assessments on or before the date they become delinquent; and

WHEREAS, said Statutes also provide that the governing body may rule that no interest shall be charged if payment of any installment is made within ten days after the date upon which the same become payable; therefore

BE IT RESOLVED by the Council of the Township of Hamilton, in the County of Mercer that there be and hereby is established the following rate of interest to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent:

8% Interest on Amounts from \$10.00 to \$1,500.00 on Delinquent Accounts

8% Interest on Amounts from \$1.00 to \$1,500.00 on Delinquent Assessment Accounts

18% Interest on Amounts from \$1,501.00 and above on Delinquent Accounts

18% Interest on Amounts from \$1,501.00 and above on Delinquent Assessment Accounts

18% Interest on All Liens

Ten (10) Day Grace Period

An examination of the collector's records indicated that interest on delinquencies was calculated in accordance with the foregoing resolution, for items tested.

GENERAL COMMENTS

Delinquent Taxes and Tax Title Liens

The tax sale for 2013 delinquencies was held on December 18, 2013. The prior year balances for tax year 1989 thru SFY 2001 consist of properties under bankruptcy. The Collector maintained current documentation on file to support the exclusion of these properties from the tax sale. The balance of taxes receivable for tax years 1972 through 1979 consist of three properties which had been under bankruptcy, and title to these properties has passed to the State of New Jersey Department of Transportation upon the filing of a Declaration of Taking by the State for Road Construction.

An accelerated tax sale was held in SFY 2003 as permitted by Chapter 99, P.L 1996. An accelerated tax sale has been held in each subsequent year.

The Township maintains a foreclosure program for tax title liens that become subject to In Rem Foreclosure. Subject liens have been assigned to attorneys and are in process of foreclosure.

Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2013. The bond coverage for the Tax/Utility Collector and the Municipal Court Personnel meet the minimum required by N.J.A.C. 5:30-8.3.

Based upon the new provisions of N.J.A.C. 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds. The Township's coverages do not meet the suggested levels of the revised Administrative Code.

Interfund Balances

At December 31, 2013 the balance sheets of the following funds include interfunds payable:

<u>Fund:</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
Current Fund	\$72,069.13	\$19,683.00
Grant Fund	19,683.00	106,647.64
Dog Fund		14,881.60
General Capital Fund	106,647.64	
CDBG Trust Fund		72,397.76
Sewer Operating Fund	<u>0.00</u>	<u>29,789.77</u>
Total	<u>\$ 198,399.77</u>	<u>\$ 198,399.77</u>

The Interfund balances identified above are the result of year-end adjustments and journal entries. These balances are not an indication of each respective fund being unable to meet its obligations. These Interfunds should be cleared by cash transfer where feasible.

GENERAL COMMENTS

Investment of Idle Funds

The Chief Financial Officer maintained Township funds in interest-bearing checking accounts from July 1, 2013 to December 31, 2013. Earnings from the investments and deposits are shown in the various accounts of the Township as of December 31, 2013.

The Township has adopted a formal cash management plan policy in compliance with N.J.S.A. 40A:5-14 of the Local Fiscal Affairs Law, which requires that "each local unit shall adopt a cash management plan and shall deposit its funds to that plan".

Purchase Order System and Encumbrance System

The Township financial accounting software provides for a full tracking of budgetary operations is on a full encumbrance basis, commencing with the preparation of electronic requisitions. As previously noted, centralized reviews of requisitions for compliance were minimal during the period under audit.

A certification of availability of funds by the Chief Financial Officer is required prior to the awarding of contracts and the issuance of purchase orders. During our review of the records for 2013 this certification was noted on the purchase orders.

Test of Salaries

As part of our audit we tested salaries paid by the Township for compliance with salary ordinances approved by the governing body and collective bargaining agreements where applicable. Salary payments were in accordance with the governing documents.

Payment of Claims

The examination did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. Authorization for payment of claims is delegated to the Director of Finance.

Municipal Court

The records of the Municipal Court were found to be in good condition. The review of the computer generated cash receipts records indicated that the Court is unable to record interest earnings on the system, due to the system control, which requires that a ticket number be inputted before the system will accept a cash transaction. While this control is effective in the identification of recorded receipts, it has resulted in the use of manual procedures by Court personnel to balance daily receipts and perform monthly account reconciliation's. Although the identification of cases for which payments received by check were returned by the depository for non-sufficient funds has been corrected, the system does not allow for the adjusting entry to be made to the original receipt. For checks deposited at the close of one month and returned by the banks in the subsequent month, the Court is required to adjust receipts for the subsequent month. This situation has resulted in instances wherein the Court must either manually adjust monthly reports prior to the disbursement of funds collected to the various agencies or disburse funds that in fact were not collected. In the latter circumstance, agency disbursements in the subsequent month are reduced if the check has not been made good.

GENERAL COMMENTS

Other Officials Collecting Municipal Fees

The condition of the records maintained by the various departments was found to be good in most instances. The reviews, which were designed to determine that minimum levels of internal controls and accountability were met, that cash receipts were deposited or turned over to the Treasurer's accounts within a 48 hour period as required by N.J.S.A. 40A:5-15, and that amounts charged were in accordance with the provisions of the Township Code. The following conditions were found:

An improvement to internal control has been made whereas monthly reports are now being submitted by each department to provide for a reconciliation between the outside office collection of fees and the treasurer's records.

As noted in our Report on Internal Control over Financial Reporting, Compliance and Other Matters, conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices – Animal Shelter, Police Records, Crime Prevention, Recreation, Housing Inspections, Vital Registrar, Clerk, Public Works, Health Department, Engineering and Senior Citizen Center.

This reportable condition is the result of the staffing levels of the respective offices. The cost of any improved controls in this area should be weighed against the expected benefits of such controls when to determine if any cost effective actions can be taken to improve the control structure. No recommendation is required for this required disclosure.

Other Trust Funds

We reviewed the other trust funds maintained by the Township to determine that the requisite dedication resolutions, which permit the direct expenditure of such funds without further authorizations, had been granted by the Department of Community Affairs. We noted that the Transportation Improvement District (TID), for which no approved dedication resolution was on file, is included in the Trust Other fund. The TID reported no of expenditures during 2013.

The TID was established by the Township in accordance with the governing state statute to permit the Township to collect additional fees from developers seeking to build within the designated geographic area. These fees may only be used to expand and improve the road system within that designated area. Our audit indicated that the TID expenditures were incurred for permitted projects. We also noted that resolutions were approved by the Township Council relating to these projects and the use of TID funds. However, our understanding of the Local Budget, Finance and Bond laws and regulations suggest that an appropriation by resolution may not be the appropriate action to authorize the expenditure of TID funds. Absent the approval of the TID as a dedicated Trust Fund in accordance with the Local Budget Law, we believe that appropriations of TID funds should be authorized by ordinance. We suggest that the guidance of the Township Attorney should be sought and followed for any future plans to utilize TID moneys for permitted capital improvements.

Trust Assessment Fund

Prospective Assessments funded and unconfirmed amounted to \$2,267,073.50 at December 31, 2013.

In order to assure the timely collection of assessments to pay the associated debt service, it is essential that assessments be confirmed in a timely manner.

GENERAL COMMENTS

Sewer Utility Operating Fund

The result of operation for the Sewer Utility Operating Fund is set forth in Exhibit "D-1" of this report. Realized revenues amounted to \$17,598,056.36 and expenditures amounted to \$16,608,559.27 resulting in an excess in revenues of \$989,497.09. The calculation for "Self-Liquidating Purpose" utility operations per N.J.S.A. 40A:2-45 resulted in an excess for debt statement purposes of \$1,155,848.02 which allows for the deduction of \$72,255,817.47. Sewer Utility Debt in the calculation of the statutory net debt of the Township at December 31, 2013. A reconciliation of the excess revenues from operations (Exhibit D-1) and the excess in revenues for debt statement purposes is included in Note 4 to the financial statements.

Condition of Records - Division of Revenue Collection

The condition of the records maintained by the Division of Revenue Collection was very good. Computerized cash receipt records were proved to manual controls daily and in total monthly.

Subsidiary records maintained by the Division for third party tax title lien redemption's were found to be accurate and allowed for the timely refund of monies due to third party lien holders.

During 2013, the Division maintained a detailed manual record for Assessments Receivable and Other Accounts Receivable. This record, which is arranged in block/lot sequence to facilitate the tax search process, was found to be in good order.

Condition of Records – Finance Department

The Finance Department records were in very good condition.

As noted in our Report on Internal Control over Financial Reporting, Compliance and Other Matters, the computerized data processing system allows for the back dated posting of transactions for those individuals with security rights in the system. The ability to back post transactions can limit the effectiveness of the data processing system. In addition, the system does not provide the capability to access or print a general journal that limits the functionality and review of journal entries. A listing of all general journal entries made to the general ledger can be printed on a monthly basis. No recommendation is required for this required disclosure.

Self Insurance

The Township and its third-party administrator continued to manage the remaining claims still outstanding from a program of self-insurance for Workmen's Compensation and Liability claims. This program ceased in February 2002 when the Township became a member of the Garden State Municipal Joint Insurance Fund. Our review of the activity of the Self-Insurance Fund included a cash review of receipts, disbursements and cash reconciliations. Verification of claims is the responsibility of the Commissioners and Fund Administrator.

During the year ended December 31, 2013, the Township's contributions to the Self-Insurance Fund was \$50,000.00. During this period, payments of claims related costs totaled \$42,461.60.

The status of the Township's self-insurance cash reserves is set forth in Note 11.

GENERAL COMMENTS

Administration and Accounting for State Grant Programs

During 2013, the Township operated programs, which were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the Township is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. The examination of these grant programs indicated that the Township has expended grant funds during 2013 for the purposes authorized.

As the financial records indicate several unexpended grant balances for awards that were received several years ago, a review of these programs with coordinators and/or department heads should be considered

Internal Control Documentation

Statement on Auditing Standards 115 sets forth requirements upon the auditee that includes the documentation of its internal controls. We suggest the Township initiate this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance along with providing for this documentation in conjunction with information relating to job descriptions and procedures manual.

Financial Reporting Standard – GASB No. 45

Pursuant to the directive of the Division of Local Government Services, all municipal governments in New Jersey must comply with the disclosure requirements of Statement No. 45 of the Governmental Accounting Standards Board. This standard will require the Township to report annually the annual cost of post-employment benefits other than pensions and the unfunded actuarial accrued liability for past service costs. This reporting standard represents a radical change in the reporting of annual costs of benefits, as it requires recognition of the estimated costs of post-retirements healthcare benefits during the time each employee is providing services to the Township. The additional disclosure provided pursuant to GASB 45 provides financial statement users an estimate of the future costs of the existing benefits package.

PENDING LITIGATION

At December 31, 2013 and at the date of this report, the Township had pending litigation outstanding. This litigation is more fully discussed in Note 15.

GENERAL COMMENTS

Other Compliance Matters

The Local Finance Board, State of New Jersey, adopted the following requirements, previously identified as “technical accounting directives”, as codified in the New Jersey Administration Code as follows:

N.J.A.C. 5:30 – 5.2 Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Township of Hamilton has installed compliant systems. Audit issues relating to the complete and timely recordation of encumbrances has been discussed in a previous section of the General Comments.

N.J.A.C. 5:30 – 5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The primary focus of the Township’s efforts to account for its governmental fixed assets has been the completeness of its inventory records and the fair valuation of same. The Township has had success in this endeavor. However, the rules also require identification of funding sources, including identification of assets acquired or constructed in whole or in part with Federal or State funds. The Township has not complied with this part of the fixed asset requirement.

N.J.A.C. 5:30 – 5.7 – General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. The Township is in full compliance with this directive, and maintains a general ledger for all of its Funds subject to audit.

Compliance with Local Finance Notices

Local Finance Notice (LFN) No. 92-15 requires that the Township prepare and file a corrective action plan in accordance with the approved schedule. A corrective action plan was filed for 2012 as required.

In accordance with LFN No. CFO-10, Uniform Construction Code expenditure records were tested for compliance with N.J.A.C. 5-23.17(C) 2. Compliance matters identified by this testing are discussed in a previous section of the General Comments.

RECOMMENDATIONS

None

ACKNOWLEDGEMENT

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

During the course of our audit we received the complete cooperation of the various officials of the Township, and the courtesies extended to us were greatly appreciated.

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

Respectfully submitted,

HODULIK & MORRISON, P.A.



Robert S. Morrison, CPA, RMA
No. 412