

**TOWNSHIP OF HAMILTON**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2018**



**TOWNSHIP OF HAMILTON**  
**TABLE OF CONTENTS**

<u>Exhibit</u>		<u>Page No.</u>
	<b><u>PART I</u></b>	
	Independent Auditor's Report	1-3
	<b><u>CURRENT FUND</u></b>	
A	Comparative Balance Sheet - Regulatory Basis	4-5
A - 1	Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	6-7
A - 2	Statement of Revenues - Regulatory Basis	8-10
A - 3	Statement of Expenditures - Regulatory Basis	11-16
	<b><u>TRUST FUND</u></b>	
B	Comparative Balance Sheet - Regulatory Basis	17-18
	<b><u>GENERAL CAPITAL FUND</u></b>	
C	Comparative Balance Sheet - Regulatory Basis	19
C - 1	Statement of Fund Balance - Regulatory Basis	20
	<b><u>GENERAL FIXED ASSETS ACCOUNT GROUP</u></b>	
G	Comparative Balance Sheet - Regulatory Basis	21
	<b>NOTES TO FINANCIAL STATEMENTS - Regulatory Basis</b>	22-48
	<b><u>SUPPLEMENTAL SCHEDULES</u></b>	
	Independent Auditor's Report - Government Auditing Standards	49-50
	<b><u>CURRENT FUND</u></b>	
A - 4	Schedule of Cash - Treasurer	51
A - 5	Schedule of Cash - Collector	52
A - 6	Schedule of Taxes Receivable and Analysis of Property Tax Levy	53
A - 7	Schedule of Tax Title Liens	54
A - 8	Schedule of Revenue Accounts Receivable	55
A - 9	Schedule of Appropriation Reserves - Prior Year	56-58
A - 10a	Schedule of Local School District Tax	59
A - 10b	Schedule of Regional School District Tax	60
A - 11	Schedule of Federal and State Grants Receivable	61
A - 12	Schedule of Appropriated Reserves for Federal and State Grants	62
A - 13	Schedule of Federal and State Grants - Unappropriated Reserves	63

**TOWNSHIP OF HAMILTON**  
**TABLE OF CONTENTS**

Exhibit

Page No.

**TRUST FUND**

B - 1	Schedule of Animal Control Cash - Treasurer	64
B - 2	Schedule of Other Trust Cash - Treasurer	65
B - 3	Schedule of Reserve for Animal Control Expenditures	66
B - 4	Schedule of Amount Due to State of New Jersey	67
B - 5	Schedule of Trust Cash - Collector	68
B - 6	Schedule of Reserve for Small Cities Grant Fund	69
B - 7	Schedule of Reserve for Law Enforcement Trust Fund	69
B - 8	Schedule of Reserve for Off - Duty Police Trust Fund	70
B - 9	Schedule of Small Cities Loans Receivable	70
B - 10	Schedule of Payroll Deductions Payable	71
B - 11	Schedule of Miscellaneous Trust Fund Reserves	72
B - 12	Schedule of Miscellaneous Trust Fund Escrows	73

**GENERAL CAPITAL FUND**

C - 2	Schedule of Cash - Treasurer	74
C - 3	Analysis of Cash	75
C - 4	Schedule of Deferred Charges to Future Taxation - Funded	76
C - 5	Schedule of Deferred Charges to Future Taxation - Unfunded	77
C - 6	Schedule of Capital Improvement Fund	78
C - 7	Schedule of Improvement Authorizations	79
C - 8a	Schedule of General Serial Bonds	80
C - 8b	Schedule of Green Trust Loans Payable	81
C - 9	Scheduled of Bond Anticipation Notes	82
C - 10	Schedule of Bonds and Notes Authorized But Not Issued	83

**PART II**

General Comments	84-86
Recommendations	87

**TOWNSHIP OF HAMILTON**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2018**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://www.ford-scott.com)

## Independent Auditor's Report

The Honorable Mayor and  
Members of Township Committee  
Township of Hamilton, New Jersey

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Hamilton, as of December 31, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by 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 misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Hamilton on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Hamilton as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As described in Note 9 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$819,478.72 and \$821,164.11 for 2018 and 2017 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2018 and 2017, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Hamilton’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic



financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2019 on our consideration of the Township of Hamilton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Hamilton's internal control over financial reporting and compliance.

Very truly yours,

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*  
**Leon P. Costello**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 393**

July 30, 2019

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**EXHIBIT - A**  
**CURRENT FUND**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	2018	2017
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 16,616,577.35	15,763,101.90
Cash - Change	1,175.00	1,175.00
Total Cash	16,617,752.35	15,764,276.90
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	596,396.67	601,087.74
Tax Title Lien Receivable	428,298.37	351,537.12
Property Acquired for Taxes - at Assessed Valuation	5,338,600.00	4,948,500.00
Revenue Accounts Receivable	33,912.43	36,246.31
Due from County - Drug Recog	550.00	440.00
Due from Federal and State Grant Fund	-	100,734.65
Total Receivables and Other Assets	6,397,757.47	6,038,545.82
Deferred Charges:		
Emergency Appropriation	-	-
Total Deferred Charges	-	-
Total Regular Fund	23,015,509.82	21,802,822.72
Federal and State Grant Fund:		
Federal and State Grants Receivable	1,347,325.31	1,127,858.54
Due from Current Fund	111,013.03	-
Total Federal and State Grant Fund	1,458,338.34	1,127,858.54
Total Current Fund	\$ 24,473,848.16	22,930,681.26

**CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2018</u>	<u>2017</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,644,192.53	1,721,044.62
Reserve for Encumbrances	1,124,825.31	988,029.29
Prepaid Taxes	522,563.60	1,296,870.85
Overpaid Taxes	517,241.56	32,748.10
Accounts Payable	9,470.16	6,482.99
County Added Tax Payable	47,025.21	46,099.37
Local District School Taxes Payable	2,833,464.02	2,707,589.02
Regional High School Taxes Payable	3,287,475.30	2,969,374.70
Reserve for State Tax Appeals	500,000.00	-
Due to Federal and State Grant Fund	111,013.03	-
Due to State of New Jersey -		
Senior Citizens and Veterans	8,722.10	9,016.26
DCA Fees	10,491.00	14,282.00
Marriage and Burial Fees	775.00	825.00
	<u>10,617,258.82</u>	<u>9,792,362.20</u>
Reserve for Receivables and Other Assets	6,397,757.47	6,038,545.82
Fund Balance	6,000,493.53	5,971,914.70
Total Regular Fund	<u>23,015,509.82</u>	<u>21,802,822.72</u>
Federal and State Grant Fund:		
Appropriated Reserves	1,351,847.58	979,321.50
Unappropriated Reserves	19,346.76	-
Encumbrances Payable	87,144.00	47,802.39
Due to Current Fund	-	100,734.65
Total Federal and State Grant Fund	<u>1,458,338.34</u>	<u>1,127,858.54</u>
Total Current Fund	<u>\$ 24,473,848.16</u>	<u>22,930,681.26</u>

**CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	2018	2017
Revenue and Other Income Realized		
Fund Balance	\$ 3,854,852.66	2,830,760.00
Miscellaneous Revenue Anticipated	5,811,887.87	5,416,800.94
Receipts from Delinquent Taxes	564,155.47	696,012.09
Receipts from Current Taxes	64,197,196.23	63,527,175.06
Non Budget Revenue	1,075,105.08	784,327.44
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,849,567.32	1,267,401.24
Cancellation of Prior Year Liabilities	135.00	250.00
Interfund Returned	100,734.65	423,401.41
Prior Years' Accounts Payable Cancelled	811.25	53,351.69
Total Income	77,454,445.53	74,999,479.87
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	9,653,100.00	9,505,300.00
Other Expenses	11,016,228.00	10,581,252.00
Deferred Charges & Statutory Expenditures	2,357,623.00	2,283,954.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	60,000.00	60,000.00
Other Expenses	728,637.98	334,662.18
Capital Improvements	681,000.00	470,000.00
Debt Service	1,851,733.16	1,792,691.60
Local District School Tax	21,810,416.00	21,516,713.00
Regional District School Tax	13,402,243.00	12,598,584.00
County Tax	11,916,357.55	11,910,930.43
County Share of Added Tax	47,025.21	46,099.37
Refund of Prior Year's Revenue	7,616.56	1,500.00
Cancellation of Grant Balances	38,923.58	-
Interfund Created	110.00	-
Total Expenditures	73,571,014.04	71,101,686.58
Excess in Revenue	3,883,431.49	3,897,793.29

**CURRENT FUND  
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
 IN FUND BALANCE - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31,**

	2018	2017
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		
None	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	3,883,431.49	3,897,793.29
Fund Balance January 1	5,971,914.70	4,904,881.41
	9,855,346.19	8,802,674.70
Decreased by:		
Utilization as Anticipated Revenue	3,854,852.66	2,830,760.00
Fund Balance December 31	\$ 6,000,493.53	5,971,914.70



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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 3,854,852.66		3,854,852.66	
Total Fund Balance Anticipated	<u>3,854,852.66</u>	<u>-</u>	<u>3,854,852.66</u>	<u>-</u>
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	17,000.00		88,787.63	71,787.63
Fees and Permits	175,000.00		184,808.52	9,808.52
Fines and Costs:				
Municipal Court	625,000.00		633,217.46	8,217.46
Interest and Costs on Taxes	149,000.00		166,390.44	17,390.44
Total Section A	<u>966,000.00</u>	<u>-</u>	<u>1,073,204.05</u>	<u>107,204.05</u>
Section B: State Aid without Offsetting Appropriations				
Garden State Trust	86,066.00		86,066.00	
Energy Receipts Tax P.L. 1997, Chapters 162 & 167	2,754,977.00		2,754,977.00	
Total Section B	<u>2,841,043.00</u>	<u>-</u>	<u>2,841,043.00</u>	<u>-</u>
Section C: Dedicated Uniform Construction Code Fees				
Offset with Appropriations				
Uniform Construction Code Fees	445,000.00		572,353.00	127,353.00
Section F: Special Items of General Revenue Anticipated				
with Prior Written Consent of Director of Local Government				
Services - Public and Private Revenues Offset				
with Appropriations				
Municipal Alliance on Alcoholism and Drug Abuse	15,287.00		15,287.00	
Safe Corridors Grant		27,584.21	27,584.21	
Safe and Secure Communities	60,000.00		60,000.00	
Bulletproof Vest Partnership	3,194.55	5,720.00	8,914.55	
Clean Communities Grant		71,030.22	71,030.22	
Community Development Block Grant				
ADA Improvements to Lundy Center		15,400.00	15,400.00	
NJ Transportation Authority Act				
West Jersey Avenue Phase II		391,000.00	391,000.00	
Cantillon Blvd. Paving Preservation		225,000.00	225,000.00	
Distracted Driving Crackdown		6,600.00	6,600.00	
Total Section F	<u>78,481.55</u>	<u>742,334.43</u>	<u>820,815.98</u>	<u>-</u>
Section G: Special Items of General Revenue Anticipated				
with Prior Written Consent of Director of Local Government				
Services - Other Special Items:				
Uniform Fire Safety Act	113,000.00		175,966.84	62,966.84
Hamilton Township MUA Surplus	200,000.00		200,000.00	
Reserve to Pay Debt Service	28,505.00		28,505.00	
Payment from Buena Vista - Municipal Court	100,000.00		100,000.00	
Total Section G	<u>441,505.00</u>	<u>-</u>	<u>504,471.84</u>	<u>62,966.84</u>
Total Miscellaneous Revenues	<u>4,772,029.55</u>	<u>742,334.43</u>	<u>5,811,887.87</u>	<u>297,523.89</u>
Receipts from Delinquent Taxes	500,000.00		564,155.47	64,155.47
Subtotal General Revenues	<u>9,126,882.21</u>	<u>742,334.43</u>	<u>10,230,896.00</u>	<u>361,679.36</u>

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	18,072,383.80		18,602,235.93	529,852.13
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>18,072,383.80</u>	<u>-</u>	<u>18,602,235.93</u>	<u>529,852.13</u>
Budget Totals	<u>27,199,266.01</u>	<u>742,334.43</u>	<u>28,833,131.93</u>	<u>891,531.49</u>
Non- Budget Revenues:				
Other Non- Budget Revenues:			<u>1,075,105.08</u>	<u>1,075,105.08</u>
	<u>27,199,266.01</u>	<u>742,334.43</u>	<u>29,908,237.01</u>	<u>1,966,636.57</u>

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	64,197,196.23
Less: Reserve for Tax Appeals Pending		-
Net Revenue from Collections		64,197,196.23
Allocated to:		
School, County and Other Taxes		47,176,041.76
Balance for Support of Municipal Budget Appropriations		17,021,154.47
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		1,581,081.46
Amount for Support of Municipal Budget Appropriations		18,602,235.93

Receipts from Delinquent Taxes:

Delinquent Tax Collection	507,099.63	
Tax Title Lien Collections	57,055.84	
Total Receipts from Delinquent Taxes		564,155.47

Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Township Clerk - Miscellaneous	3,967.35	
Senior Citizen & Veteran's Admin Fee	3,336.36	
Finance - Miscellaneous	182,338.96	
Hotel Tax	3,320.67	
Cell Tower Leases	79,416.78	
Egg Harbor City Dispatch Shared Service	179,635.20	
Computer Maintenance Services	15,000.00	
Tax Collector - Miscellaneous	28,496.46	
Municipal Service Fee	248,658.75	
Planning and Zoning Fees	644.85	
Housing Registrations - Foreclosure Fees	298,200.00	
Police	1,616.00	
Fire Official	43.70	
Discovery Fees	385.25	
Land Sales	18,575.00	
Municipal Facility Service Fee	610.00	
Zoning Permits	10,575.00	
Construction - Miscellaneous	284.75	
Total Miscellaneous Revenue Not Anticipated	\$	1,075,105.08

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:</b>						
Office of Township Committee						
Salaries and Wages	\$ 61,000.00	61,000.00	60,325.20		674.80	
Other Expenses	7,300.00	7,300.00	4,814.25		2,485.75	
Office of Township Administrator						
Salaries and Wages	276,000.00	276,000.00	267,895.07		8,104.93	
Other Expenses	15,575.00	15,575.00	6,968.42	1,860.76	6,745.82	
Human Resources						
Salaries and Wages	61,000.00	61,000.00	60,403.95		596.05	
Other Expenses	28,390.00	28,390.00	14,466.02	2,337.33	11,586.65	
Office of Township Clerk						
Salaries and Wages	209,000.00	209,000.00	199,203.35		9,796.65	
Other Expenses	59,750.00	59,750.00	39,762.58	7,392.78	12,594.64	
Office of Financial Administration						
Salaries and Wages	218,000.00	218,000.00	198,259.56		19,740.44	
Other Expenses						
Annual Audit	37,500.00	37,500.00	37,500.00		-	
Miscellaneous Other Expenses	37,700.00	37,700.00	18,918.79	3,848.33	14,932.88	
Office of Tax Assessor						
Salaries and Wages	147,000.00	147,000.00	143,421.81		3,578.19	
Other Expenses	69,650.00	69,650.00	45,548.24	6,093.65	18,008.11	
Office of Tax Collector						
Salaries and Wages	223,000.00	223,000.00	201,751.76		21,248.24	
Other Expenses:	73,200.00	99,500.00	59,429.68	2,491.11	37,579.21	
Legal Services						
Other Expenses						
Special Counsel	50,000.00	75,000.00	32,803.88	28,684.39	13,511.73	
Miscellaneous Other Expenses	200,000.00	204,000.00	162,067.41	39,092.56	2,840.03	
Engineering Services and Costs						
Other Expenses	60,000.00	120,000.00	56,277.50	31,159.50	32,563.00	

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Municipal Land Use Law (NJS 40:55D-1) Planning Board Salaries and Wages Other Expenses	155,000.00 66,350.00	155,000.00 66,350.00	146,064.02 16,217.41	6,464.16	8,935.98 43,688.43	
Board of Adjustment Salaries and Wages Other Expenses	99,000.00 20,550.00	100,000.00 20,550.00	98,556.22 6,769.50	1,016.59	1,443.78 12,763.91	
Industrial Commission Other Expenses	27,850.00	27,850.00	4,510.30	2,417.00	20,922.70	
Insurance: General Liability Workers Compensation Insurance Employee Group Health Health Benefits Waiver Salaries and Wages	297,377.00 658,568.00 2,450,000.00	299,877.00 658,568.00 2,450,000.00	299,560.57 654,770.59 2,079,755.29	15,258.96	316.43 3,797.41 354,985.75	
Municipal Court Salaries and Wages Other Expenses	496,000.00 50,200.00	512,000.00 50,200.00	511,609.71 26,341.71	3,596.62	390.29 20,261.67	
Prosecutor's Office Other Expenses	68,000.00	79,000.00	69,000.04	250.00	9,749.96	
Management of Information Systems Salaries and Wages Other Expenses	88,000.00 252,800.00	89,000.00 252,800.00	87,860.60 130,698.76	120,071.83	1,139.40 2,029.41	
Fire Department Other Expenses Rental of Buildings Aid to Volunteer Fire Companies Miscellaneous Other Expenses	75,500.00 182,150.00 445,250.00	75,500.00 182,150.00 445,250.00	75,500.00 182,150.00 232,550.99	114,264.26	- - 98,434.75	
Police and Traffic Control Salaries and Wages Other Expenses	6,201,000.00 601,596.00	5,928,100.00 658,596.00	5,900,781.06 404,973.67	160,939.09	27,318.94 92,683.24	
Emergency Management Services Salaries and Wages Other Expenses	7,000.00 4,400.00	7,300.00 4,400.00	6,141.47 555.00		1,158.53 3,845.00	

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Ambulance Aid Maintenance Other Expenses	45,422.00	46,622.00	38,314.18	925.00	7,382.82	
Uniform Fire Safety Act (P.L. 1983, Ch. 383) Salaries and Wages Other Expenses	131,000.00 18,550.00	131,000.00 18,950.00	121,971.16 14,908.63		9,028.84 4,041.37	
Streets and Roads Maintenance Salaries and Wages Other Expenses Solid Waste Collection	1,045,000.00 1,475,500.00 1,799,000.00	1,045,000.00 1,479,400.00 1,799,000.00	1,023,076.26 1,037,544.46 1,636,958.23	307,718.96 91,244.15	21,923.74 134,136.58 70,797.62	
Registrar of Vital Statistics Other Expenses	-	-	-		-	
Animal Control Other Expenses	21,000.00	21,000.00	8,925.64		12,074.36	
Historical Advisory Board Salaries and Wages Other Expenses	3,000.00 1,600.00	3,700.00 1,600.00	2,691.81 585.63		1,008.19 1,014.37	
Housing Code Enforcement Salaries and Wages Other Expenses	73,000.00 156,900.00	73,000.00 156,900.00	57,030.99 37,229.29	51,216.82	15,969.01 68,453.89	
Construction Official Salaries and Wages Other Expenses	248,000.00 172,200.00	281,000.00 178,700.00	244,671.19 96,117.42	52,860.05	36,328.81 29,722.53	
Compensated Absence Reserve Contribution to Snow Reserve	40,000.00 150,000.00	40,000.00 150,000.00	40,000.00 150,000.00		- -	

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Street Lighting	250,000.00	273,100.00	219,794.88	21,340.38	31,964.74	
Utilities	782,500.00	782,500.00	532,879.81	50,781.03	198,839.16	
Postage	58,000.00	58,000.00	47,213.13		10,786.87	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>20,644,328.00</b>	<b>20,644,328.00</b>	<b>17,920,582.69</b>	<b>1,123,325.31</b>	<b>1,600,420.00</b>	<b>-</b>
Contingent	25,000.00	25,000.00	16,848.75	1,500.00	6,651.25	
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>20,669,328.00</b>	<b>20,669,328.00</b>	<b>17,937,431.44</b>	<b>1,124,825.31</b>	<b>1,607,071.25</b>	<b>-</b>
Detail:						
Salaries and Wages	9,874,000.00	9,653,100.00	9,438,200.79	-	214,899.21	
Other Expenses	10,795,328.00	11,016,228.00	8,499,230.65	1,124,825.31	1,392,172.04	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>						
Deferred Charges:						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	504,434.00	504,434.00	504,434.00		-	
Social Security System (O.A.S.I.)	710,000.00	710,000.00	709,772.93		227.07	
Police and Firemen's Retirement System	1,110,189.00	1,110,189.00	1,110,189.00		-	
Unemployment Compensation Insurance (NUSA 43:21-3 et seq.)	10,000.00	10,000.00	10,000.00		-	
Disability Insurance	10,000.00	10,000.00	4,590.22		5,409.78	
Defined Contribution Retirement Program	13,000.00	13,000.00	11,115.57		1,884.43	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>2,357,623.00</b>	<b>2,357,623.00</b>	<b>2,350,101.72</b>	<b>-</b>	<b>7,521.28</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>23,026,951.00</b>	<b>23,026,951.00</b>	<b>20,287,533.16</b>	<b>1,124,825.31</b>	<b>1,614,592.53</b>	<b>-</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>						
(A) Operations - Excluded from "CAPS"	80,000.00	80,000.00	50,400.00		29,600.00	
Length of Service Awards Program	500,000.00	500,000.00	500,000.00		-	
Reserve for Tax Appeals	580,000.00	580,000.00	550,400.00		29,600.00	

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(A) Public and Private Programs Off-Set by Revenues						
Municipal Alliance on Alcoholism and Drug Abuse - State Share	15,287.00	15,287.00	15,287.00			
Municipal Alliance on Alcoholism and Drug Abuse - Local Share	3,822.00	3,822.00	3,822.00			
Safe Corridors Grant	60,000.00	27,584.21	27,584.21			
Safe and Secure Communities (N.J.S.A. 40A-87)		60,000.00	60,000.00			
Community Development Block Grant-2018 Allotment						
Improvements to Lundy Center		15,400.00	15,400.00			
Distracted Driver Crackdown		6,600.00	6,600.00			
Bulletproof Vest Partnership	3,194.55	8,914.55	8,914.55			
Clean Communities Grant (N.J.S.A. 40A:4-87)		71,030.22	71,030.22			
Matching Funds for Grant	12,000.00	12,000.00				12,000.00
<b>Total Public and Private Programs Off-Set by Revenues</b>	<b>94,303.55</b>	<b>220,637.98</b>	<b>208,637.98</b>	<b>-</b>	<b>-</b>	<b>12,000.00</b>
Total Operations - Excluded from "CAPS"	674,303.55	800,637.98	759,037.98	-	29,600.00	12,000.00
Detail:						
Salaries and Wages	60,000.00	60,000.00	60,000.00	-	-	-
Other Expenses	614,303.55	740,637.98	699,037.98	-	29,600.00	12,000.00
(C) Capital Improvements						
Capital Improvement Fund	65,000.00	65,000.00	65,000.00			
New Jersey Transportation Trust Fund		391,000.00	391,000.00			
W. Jersey Avenue Phase II		225,000.00	225,000.00			
Cantillon Blvd. Paving Preservation						
<b>Total Capital Improvements</b>	<b>65,000.00</b>	<b>681,000.00</b>	<b>681,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
(D) Debt Service						
Payment of Bond Principal	1,480,000.00	1,480,000.00	1,480,000.00			
Interest on Bonds	270,300.00	270,300.00	270,300.00			
Interest on Notes	70,538.00	70,538.00	70,341.56			196.44
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	31,092.00	31,092.00	31,091.60			0.40
<b>Total Debt Service</b>	<b>1,851,930.00</b>	<b>1,851,930.00</b>	<b>1,851,733.16</b>	<b>-</b>	<b>-</b>	<b>196.84</b>



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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(E) Deferred Charges		-			-
None		-			-
Total Deferred Charges		-			-
Judgements		-			-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	2,591,233.55	3,333,567.98	3,291,771.14	29,600.00	12,196.84
SUBTOTAL GENERAL APPROPRIATIONS	25,618,184.55	26,360,518.98	23,579,304.30	1,124,825.31	12,196.84
(M) Reserve for Uncollected Taxes	1,581,081.46	1,581,081.46	1,581,081.46		-
TOTAL GENERAL APPROPRIATIONS	\$ 27,199,266.01	27,941,600.44	25,160,385.76	1,644,192.53	12,196.84
Budget		27,199,266.01		Cancelled	12,196.84
Appropriations by 40A-4-87		742,334.43		Overexpended	-
Emergency Appropriations		-			
		<u>27,941,600.44</u>			<u>12,196.84</u>
Reserve for Uncollected Taxes		1,581,081.46			
Federal and State Grants		824,637.98			
Reserve for Tax Appeals		500,000.00			
Deferred Charges		-			
Appropriation Refunds		(663,245.25)			
Disbursements		22,917,911.57			
		<u>25,160,385.76</u>			

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**EXHIBIT - B**  
**TRUST FUND**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	2018	2017
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 9,839.18	10,315.95
	9,839.18	10,315.95
<u>Length of Service Award Program (LOSAP) (unaudited)</u>		
Investments		
Mutual Funds	819,478.72	821,164.11
	819,478.72	821,164.11
<u>Other Funds</u>		
Cash - Treasurer	5,017,474.65	5,448,427.36
Cash - Collector	336,626.57	357,983.55
Small Cities Loan Receivable	461,812.72	463,081.72
	5,815,913.94	6,269,492.63
	6,645,231.84	7,100,972.69
 <u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	9,249.58	9,186.55
Due to State of New Jersey	3.60	8.40
Encumbrances Payable	586.00	1,121.00
	\$ 9,839.18	10,315.95

**TRUST FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	2018	2017
<u>Liabilities, Reserves and Fund Balance (continued)</u>		
<u>Length of Service Award Program (LOSAP) (unaudited)</u>		
Net Assets Available for Benefits	\$ 819,478.72	821,164.11
<u>Other Funds</u>		
Encumbrances Payable	15,335.87	139,509.18
Due to State of NJ-VCCB	11,570.92	11,570.92
Miscellaneous Trust Reserves:		
Small Cities Grant	22,798.50	22,798.50
Law Enforcement	60,918.79	80,357.71
Off Duty Police	72,252.63	58,333.20
Small Cities Loans	461,812.72	463,081.72
Payroll Deductions Payable	57,660.05	85,626.45
Miscellaneous Trust Fund Reserves		
Public Defender	46,594.08	45,625.00
Public Offenses Adjudication Act	2,354.62	2,282.62
Police Donations	6,900.25	4,300.26
Snow Removal	468,544.35	327,348.67
Developer's Escrow	2,694,137.78	3,387,325.07
Performance Guarantee	14,490.00	14,990.00
Recycling	120,910.80	122,153.96
Fire Penalty Fees	8,839.20	9,871.20
Street Opening Deposits	104,720.99	129,325.99
Accumulated Absences	71,658.20	59,694.06
Unemployment Compensation	103,368.76	88,773.66
Affordable Housing	581,819.00	306,730.56
Joint Insurance Fund	4,102.79	-
Recreation	79,910.03	81,730.62
Miscellaneous Trust Fund Escrows		
Offsite Improvements	435,649.26	435,649.26
Landfill Closure	4,361.26	4,361.26
Fire Suppression System	28,576.52	30,069.21
Redemption of Tax Sale Premiums	301,449.00	313,349.00
Redemption of Tax Title Liens	35,177.57	44,634.55
	5,815,913.94	6,269,492.63
	\$ 6,645,231.84	7,100,972.69

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**EXHIBIT - C**  
**GENERAL CAPITAL FUND**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



**GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 3,754,520.57	3,902,607.30
Deferred Charges to Future Taxation -		
Funded	8,608,951.43	10,117,238.98
Unfunded	4,797,500.00	3,230,000.00
	<u>17,160,972.00</u>	<u>17,249,846.28</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Encumbrances	1,625,245.32	1,433,840.42
Serial Bonds Payable	8,490,000.00	9,970,000.00
Green Trust Loan Payable	118,951.43	147,238.98
Bond Anticipation Notes Payable	4,085,000.00	3,135,000.00
Improvement Authorizations:		
Funded	1,060,826.92	1,282,823.41
Unfunded	1,085,036.43	1,219,501.57
Reserves for:		
Bond Sale Premiums	30,475.00	28,505.00
Capital Projects	650,000.00	-
Capital Improvement Fund	1,387.89	18,887.89
Fund Balance	14,049.01	14,049.01
	<u>\$ 17,160,972.00</u>	<u>17,249,846.28</u>

There were bonds and notes authorized but not issued at December 31,

2017	95,000.00
2018	712,500.00

**GENERAL CAPITAL FUND  
COMPARATIVE STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
Beginning Balance January 1	\$ 14,049.01	14,049.01
No Activity		
Ending Balance December 31	<u>\$ 14,049.01</u>	<u>14,049.01</u>

**EXHIBIT - G**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**GENERAL FIXED ASSET ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
<u>General Fixed Assets</u>		
Land	\$ 4,252,300.00	4,257,200.00
Building	6,412,566.25	6,412,566.25
Machinery and Equipment	17,723,608.85	16,204,900.94
	<u>28,388,475.10</u>	<u>26,874,667.19</u>
<u>Investment in General Fixed Assets</u>		
Investment in General Fixed Assets	28,388,475.10	26,874,667.19
	<u>\$ 28,388,475.10</u>	<u>26,874,667.19</u>

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

## **NOTES TO FINANCIAL STATEMENTS**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

**Description of Financial Reporting Entity**

The Township of Hamilton was incorporated in 1813 and is located in Atlantic County approximately eighteen miles west of Atlantic City and forty miles east of Philadelphia. The present population according to the 2010 census is 26,503.

The Township operates under the Township Committee form of government. The five member Committee is elected to alternate three-year terms. A Mayor and Deputy Mayor are selected from the Committee by its members. Legislative and executive power is vested in the Committee.

**Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and, (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Hamilton Township Municipal Utilities Authority is a component unit of the Township however the organization is not presented as part of the financial statements of the Township of Hamilton. The Municipal Utilities Authority has an independent audit performed and a copy is available at the Authority's office:

Hamilton Municipal Utilities Authority  
6024 Ken Scull Drive  
Mays Landing, New Jersey 08330

**B. Description of Funds**

The accounting policies of the Township of Hamilton conform to the accounting principles applicable to municipalities that 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 the 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**

The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

**Trust Funds**

The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose, for which, each fund was created.

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

General Capital Funds

The General Capital Fund accounts for the receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group

All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues – are recorded as received in cash except for certain amounts that are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's current fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures – are recorded on the "budgetary" basis of accounting. Generally 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. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31<sup>st</sup> of each year and recorded as liabilities, except for amounts that may be canceled 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 during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. Ordinarily, it is the intention of the municipality to resell foreclosed property, in order to recover all or a portion of the delinquent taxes or assessments by returning the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to municipal use, it will be recorded in the General Fixed Assets Account Group.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to Fund Balance. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

General Fixed Assets – The Township has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public Domain (“Infrastructure”) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value at the time the land is foreclosed or donated. Land purchased by the Township is valued at cost. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital, have not been accounted for separately.

The following schedules are a summarization of the changes in general fixed assets for the years ended December 31, 2018 and 2017.

	Balance 12/31/2017	Additions	Adjustments/ Deletions	Balance 12/31/2018
Land	\$ 4,257,200.00		4,900.00	4,252,300.00
Buildings and Improvements	6,412,566.25			6,412,566.25
Machinery and Equipment	16,204,900.94	1,852,933.79	334,225.88	17,723,608.85
Total General Fixed Assets	\$ 26,874,667.19	1,852,933.79	339,125.88	28,388,475.10

	Balance 12/31/2016	Additions	Adjustments/ Deletions	Balance 12/31/2017
Land	\$ 4,257,500.00		300.00	4,257,200.00
Buildings and Improvements	6,412,566.25			6,412,566.25
Machinery and Equipment	14,870,095.96	1,846,804.96	511,999.98	16,204,900.94
Total General Fixed Assets	\$ 25,540,162.21	1,846,804.96	512,299.98	26,874,667.19

Capitalization of Interest – It is the policy of the Township of Hamilton to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates – the preparation of financial statements in conformity with generally accepted accounting principles or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**Deferred Charges**

The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Property Tax Revenues**

Property tax revenues are collected in quarterly installments due February 1<sup>st</sup>, May 1<sup>st</sup>, August 1<sup>st</sup>, and November 1<sup>st</sup>. Property taxes unpaid are subject to tax sale in accordance with statutes. The amount of tax levied, includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenues to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

**Reserve for Uncollected Taxes**

The inclusion of the "Reserve for Uncollected Taxes", appropriation in the Township's annual budget protects the Township from taxes not paid currently. The minimum amount of the reserve, determined by the percentage of collections experienced in the preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**D. Required Financial Statements**

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

**E. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Township's financial position. However, comparative (i.e. presentation of prior year totals by fund type) data has not been presented in the Statement of Revenue – Regulatory Basis and Statement of Expenditures – Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

**F. Recent Accounting Pronouncements**

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83 "Certain Asset Retirement Obligations". This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Township's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84 "Fiduciary Activities". This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Township's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "Leases". This statement, which is effective for fiscal periods beginning after December 15, 2019, may have an effect on the Township's financial reporting.

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88 “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements”. This statement, which is effective for fiscal periods beginning after June 15, 2019, will not have an effect on the Township’s financial reporting.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89 “Accounting for Interest Costs Incurred Before the End of a Construction Period”. This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have an effect on the Township’s financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90 “Majority Equity Interest – an amendment of GASB Statement No. 14 and No. 61”. This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have an effect on the Township’s financial reporting.

**NOTE 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2018 and 2017 statutory budgets included a reserve for uncollected taxes in the amount of \$1,581,081.46 and \$1,561,310.41, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2018 and 2017 statutory budgets was \$3,854,852.66 and \$2,830,760, respectively.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Township Committee. The following significant budget transfers were approved in the 2018 and 2017 calendar years.

	<u>2018</u>	<u>2017</u>
Collection of Taxes		
Salaries and Wages	\$ -	(52,000.00)
Other Expenses	26,300.00	38,500.00
Legal Services		
Special Counsel	25,000.00	-
Miscellaneous Other Expenses	-	28,000.00
Engineering		
Other Expenses	60,000.00	-
Insurance		
Employee Group Health	-	133,500.00
Fire Department		
Other Expenses		
Miscellaneous Other Expenses	-	50,086.00
Police and Traffic Control		
Salaries and Wages	(272,900.00)	(58,400.00)
Other Expenses	57,000.00	29,000.00
Streets and Roads Maintenance		
Other Expenses	-	84,914.00
Construction Official		
Salaries and Wages	33,000.00	-

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

time of budget adoption. The following budget insertions were approved during the 2018 and 2017 calendar years:

	<u>2018</u>	<u>2017</u>
Safe Corridors Grant	\$ 27,584.21	-
Bulletproof Vest Grant	5,720.00	-
Body Armor	-	4,677.95
Drunk Driving Enforcement Fund	-	31,825.08
Community Development Block Grant	15,400.00	52,754.00
Drive Sober or Get Pulled Over-Labor Day	-	5,500.00
Holiday Drive Sober or Get Pulled Over	-	5,500.00
Distracted Driving Crackdown	6,600.00	-
Clean Communities Grant	71,030.22	73,516.31
NJ Transportation Trust Fund	616,000.00	-

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. No emergency appropriations were approved by the Township Committee in 2018 or 2017.

**NOTE 3: INVESTMENTS**

**Interest Rate Risk.** The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk.** New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The municipality places no limit on the amount the Township may invest in any one issuer.

**Unaudited Investments**

As more fully described in Note 9, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Benefit Life, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2018 and 2017 amounted to \$819,478.72 and \$821,164.11, respectively.

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in new Jersey Statues 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2018, \$183,247.07 of the municipality's bank balance of \$26,476,076.91 was exposed to custodial credit risk.

**NOTE 5: LONG-TERM DEBT**

**Summary of Municipal Debt**

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
Issued:			
General:			
Bonds, Loans and Notes	\$ 12,693,951.43	13,252,238.98	11,594,969.16
Other:			
Bonds Issued by Hamilton Township			
Municipal Utilities Authority	<u>4,557,281.37</u>	<u>4,954,603.64</u>	<u>6,101,779.00</u>
Total Issued	17,251,232.80	18,206,842.62	17,696,748.16
Less:			
Bonds authorized by another public body			
guaranteed by the municipality	<u>4,557,281.37</u>	<u>4,954,603.64</u>	<u>6,101,779.00</u>
Net Debt Issued	12,693,951.43	13,252,238.98	11,594,969.16
Authorized but not issued:			
General:			
Bonds and Notes	<u>712,500.00</u>	<u>95,000.00</u>	<u>1,900,000.00</u>
Net Bonds and Notes Issued and Authorized			
but not Issued	<u>\$ 13,406,451.43</u>	<u>13,347,238.98</u>	<u>13,494,969.16</u>

**Summary of Regulatory Debt Condition – Annual Debt Statement**

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of .612%.

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School	\$ 17,837,887.98	17,837,887.98	-
Local School District	24,977,000.00	24,977,000.00	-
General	13,406,451.43		13,406,451.43
Total	<u>56,221,339.41</u>	<u>42,814,887.98</u>	<u>13,406,451.43</u>

Net debt \$13,406,451.43 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$2,190,478,950.67 = .612%.

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

3 1/2% of Equalized Valuation Basis	\$ 76,666,763.27
Net Debt	<u>13,406,451.43</u>
Remaining Borrowing Power	<u>\$ 63,260,311.84</u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

**Description of Bonds and Loans Payable**

At December 31, 2018, bonds payable in the General Capital Fund consisted of the following individual issues:

\$6,860,000.00 General Improvement Bonds dated July 30, 2009, due in annual installments through July 15, 2019, bearing interest at various rates from 2.50% to 3.75% per annum. The balance remaining as of December 31, 2018, is \$800,000.00.

\$9,520,000.00 General Improvement Bonds dated June 1, 2015, due in annual installments through June 1, 2026, bearing interest at various rates from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2018, is \$7,690,000.00.

\$500,000.00 State of New Jersey Green Trust Loans dated 2003, due in semi-annual installments beginning in 2003 through 2022, bearing interest at 1.00% per annum. The balance remaining as of December 31, 2018, is \$118,951.43.

**Changes in Long-Term Debt**

The following schedule represents the changes in the Long-term Debt:

	<u>Outstanding 12/31/2017</u>	<u>Issues or Additions</u>	<u>Payments or Expenditures</u>	<u>Outstanding 12/31/2018</u>	<u>Due in One Year</u>
General Capital Fund:					
Bonds Payable	\$ 9,970,000.00		1,480,000.00	8,490,000.00	1,520,000.00
Green Trust Loans	147,238.98		28,287.55	118,951.43	28,856.13
Compensated Absences	1,173,597.95		42,290.70	1,131,307.25	23,276.04
Total All Funds	<u>\$ 11,290,836.93</u>	<u>-</u>	<u>1,550,578.25</u>	<u>9,740,258.68</u>	<u>1,572,132.17</u>



**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**Schedule of Annual Debt Service for Principal and Interest for Serial Bonds and Green Trust Loans Issued and Outstanding**

Year Ending December 31,	Green Trust Program Loans		General Capital Fund		Total All Debt Service
	Principal	Interest	Principal	Interest	
2019	\$ 28,856.13	2,235.46	1,520,000.00	226,300.00	1,777,391.59
2020	29,436.13	1,655.45	1,000,000.00	179,100.00	1,210,191.58
2021	30,027.81	1,063.79	1,000,000.00	159,100.00	1,190,191.60
2022	30,631.36	460.23	1,000,000.00	104,100.00	1,135,191.59
2023			1,000,000.00	104,100.00	1,104,100.00
2024-2026	-	-	2,970,000.00	132,750.00	3,102,750.00
Total	<u>118,951.43</u>	<u>5,414.93</u>	<u>8,490,000.00</u>	<u>905,450.00</u>	<u>9,519,816.36</u>

**NOTE 6: SHORT TERM FINANCING**

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018
Bond Anticipation Notes	\$ <u>3,135,000.00</u>	<u>950,000.00</u>		<u>4,085,000.00</u>
	12/31/2016	Additions	Reductions	12/31/2017
Bond Anticipation Notes	\$ <u>-</u>	<u>3,135,000.00</u>	<u>-</u>	<u>3,135,000.00</u>

At December 31, 2018 the Township had a bond anticipation note held by Oppenheimer & Sons for \$4,085,000. The note is scheduled to mature on 8/21/19 with interest at 2.75% per annum.

**NOTE 7: COMPENSATED ABSENCES**

The Township has permitted employees to accrue unused vacation and sick time, which may be taken as time off or paid at a later date at an agreed upon rate with a maximum payout of \$15,000.00. The monetary value of these earned and unused employee benefits has not been accrued by, either charges to operations, or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2018, the Township estimates this liability to be approximately \$991,354.35 based on 2018 pay rates and compensated absence balances. The Township has established a reserve in the amount of \$71,658.20 to offset this liability.

**NOTE 8: DEFERRED COMPENSATION ACCOUNT**

Employees of the Township may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Township. Under this plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employee.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township’s legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The plan administrator is as follows:

VALIC Retirement Corporation

**NOTE 9: LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)**

The Township’s Length of Service Awards Program (LOSAP) was created by a Township Ordinance adopted on August 16, 1999 pursuant to Section 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Township of Hamilton approved the adoption of the LOSAP at the general election held on November 2, 1999, and the first year of eligibility for entrance into the LOSAP by qualified volunteers was calendar year 2001. This plan is made available to all bona fide eligible volunteers who are performing qualified services which is defined as firefighting and prevention services, emergency medical service and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The Township appropriated \$80,000 and \$80,000 in the 2018 and 2017 budgets, respectively for contributions to the LOSAP for volunteers who have met the established criteria.

The LOSAP is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the Township subject only to the claims of the Township’s general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the Township, and each participant’s rights are equal to his or her share of the fair market value of the plan assets. The Township believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. In the opinion of the Township’s legal counsel, the Township has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

**NOTE 10: TAXES COLLECTED IN ADVANCE**

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u>	<u>Balance</u>
	<u>12/31/2018</u>	<u>12/31/2017</u>
Prepaid Taxes	\$ <u>522,563.60</u>	<u>1,296,870.85</u>
Cash Liability for Taxes Collected in Advance	<u>522,563.60</u>	<u>1,296,870.85</u>

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 11: PENSION FUNDS**

Substantially all of the Township's employees participate in the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) cost-sharing multiple-employer defined benefit plans which has been established by State Statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton New Jersey, 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

*Public Employees' Retirement System*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

*Police and Fireman's Retirement System*

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S. A 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10% of employees' annual compensation, as defined. Employers are required to contribute based on an actuarially determined rate.

*Defined Contribution Retirement Program (DCRP)*

The Defined Contribution Retirement Program (DVRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq). The DCRP is a cost sharing multiple-employer defined contribution pension fund. The CDRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

*Funding Policy*

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.34% through June 30, 2018 and 7.50% thereafter of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 13.89% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2018, 2017, and 2016 were \$504,434.98, \$475,480.00, and \$447,080.72, respectively, equal to the required contributions for each year.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The Township's contributions to PFRS for

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

the years ended December 31, 2018, 2017, and 2016 were \$1,110,189.00, \$1,046,774.00, and \$1,056,384.29, respectively, equal to the required contributions for each year.

Total payroll for the years ended December 31, 2018, 2017, and 2016 was \$9,622,623, \$9,199,479.90, and \$8,968,690. Payroll covered by PFRS was \$4,710,103, \$4,386,554, and \$4,064,681. Covered payroll under PERS was \$3,631,412, \$3,673,538, and \$3,624,259.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to  $\frac{1}{60}$ <sup>th</sup> from  $\frac{1}{55}$ <sup>th</sup>, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7<sup>th</sup> of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

**NOTE 12: PENSION LIABILITIES**

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2018:

**Public Employees' Retirement System**

The Municipality has a liability of \$10,672,702 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 that was rolled forward to June 30, 2018. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Municipality's proportion would be 0.05420503780%, which would be an increase of 0.54% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$727,518. At December 31, 2018, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 203,530	\$ (55,032)
Changes of assumptions	1,758,684	(3,412,562)
Changes in proportion	443,599	(60,390)
Net difference between projected and actual earnings on pension plan investments		(100,110)
<b>Total</b>	<b>\$ 2,405,813</b>	<b>\$ (3,628,094)</b>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

Year ended June 30,			
2019	\$	49,318	
2020		(84,524)	
2021		(542,133)	
2022		(485,714)	
2023		(159,228)	
Total	\$	(1,222,281)	

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65% - 4.15% (based on age)
Thereafter	2.65% - 5.15% (based on age)
Investment rate of return:	7.00%

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

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

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

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

*Discount Rate*

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2043 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 5.66%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.66%) or 1-percentage point higher (6.66%) than the current rate:

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Municipality's proportionate share of the net pension liability	\$ 12,831,287	\$ 10,672,702	\$ 8,862,875

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**Police and Firemen's Retirement System**

The Municipality has a liability of \$18,046,340 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2017 that was rolled forward to June 30, 2018. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Municipality's proportion would be 0.13336393970%, which would be an increase of 7.18% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Municipality would have recognized pension expense of \$1,460,259. At December 31, 2018, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 183,598	\$ (74,680)
Changes of assumptions	1,549,035	(4,624,965)
Changes in proportion	1,150,519	(490,489)
Net difference between projected and actual earnings on pension plan investments		(98,730)
Total	\$ 2,883,152	\$ (5,288,864)

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

**[This space intentionally left blank]**



**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

Year ended June 30,		
2018	\$	106,046
2019		(417,344)
2020		(1,128,526)
2021		(731,772)
2022		(234,117)
Total	<u>\$</u>	<u>(2,405,712)</u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	2.10% - 8.98% (based on age)
Thereafter	3.10% - 9.98% (based on age)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

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

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

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

*Discount Rate*

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

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

	1% Decrease (5.51%)	Current Discount Rate (6.51%)	1% Increase (7.51%)
District's proportionate share of the net pension liability	23,507,909.95	18,046,340.00	13,542,443.58

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2017 State special funding situation net pension liability amount of \$1,838,050,687.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2018 State special funding situation pension expense of \$217,714,180.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2018. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2017, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.13336393970% for 2018. The net pension liability amount allocated to the Municipality was \$2,451,297. For the fiscal year ending June 30, 2018 State special funding situation pension expense of \$290,352.00 is allocated to the Municipality.

*Pension plan fiduciary net position.*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PFRS financial report.

**NOTE 13: OTHER POST-RETIREMENT BENEFITS**

*General Information about the Plan:*

The Township offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

*Allocation Methodology:*

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Township these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation as applicable, the Collective Total OPEB liabilities for the year ended June 30, 2018 were \$6,338,578,586 and \$9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and non-employer allocation percentages have been rounded for presentation purposes.

*Special Funding Situation:*

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

*Net OPEB Liability:*

*Components of Net OPEB Liability*

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2018 is as follows:

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

	<b>June 30, 2018</b>
	<b>Collective</b>
	<b>Total</b>
Total OPEB Liability	\$ 15,981,103,227
Plan Fiduciary Net Position	314,485,086
Net OPEB Liability	\$ 15,666,618,141
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

At June 30, 2018, the State's proportionate share for the Special Funding Situation that is associated with the Township is \$16,181,907. The State's proportionate share attributable to the Township of the Collective Net OPEB Liability for the Special Funding Situation was 0.260417% which was an increase from the prior year of 8.19%.

For the Year ended June 30, 2018, the State of New Jersey realized Total OPEB Expense in the amount of \$489,845 for its proportionate share of Total OPEB Expense that is associated with the Township.

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65% to 8.98%
Thereafter	2.65% to 9.98%

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

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

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

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

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

*Health Care Trend Assumptions*

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

*Discount Rate*

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

*Sensitivity of Net OPEB Liability to Changes in the Discount Rate*

The following presents the Net OPEB liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Collective			
Net OPEB Liability \$	18,381,085,096	\$ 15,666,618,141	\$ 13,498,373,388

*Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate*

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Collective			
Net OPEB Liability \$	13,068,471,450	\$ 15,666,618,141	\$ 19,029,006,023

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

	Collective Totals	
	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Differences between expected and actual experience	\$	\$ (3,180,882,321)
Changes of assumptions		(3,974,042,874)
Net difference between projected and actual earnings on OPEB plan investments	8,279,239	
Changes in proportion and differences between contributions and proportionate share of contributions	2,106,728,269	(2,106,728,269)
<b>Total</b>	<b>\$ 2,115,007,508</b>	<b>\$ (9,261,653,464)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Collective Totals
2019	\$ (1,049,390,011)
2020	(1,049,390,011)
2021	(1,049,390,011)
2022	(1,050,264,681)
2023	(1,051,678,489)
Thereafter	(1,896,532,753)
Total	\$ (7,146,645,956)

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

*Collective OPEB Expenses reported by the State of New Jersey*

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2018 are as follows:

Service cost	\$ 896,235,148
Interest on Total OPEB Liability	764,082,232
Expected Investment Return	(9,389,460)
Administrative Expenses	8,200,113
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(445,501,726)
Changes in Assumptions	(606,176,763)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	2,288,478
<b>Total Collective OPEB Expense</b>	<b>\$ 609,738,022</b>

**NOTE 14: PROPERTY TAXES**

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

Upon the filing of certified adopted budgets by the municipality, the local and regional school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

districts for collection to fund budgets. The regulatory provision for the assessment of property, levying of taxes and the collection thereof is set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes, due February 1 and May 1 of the succeeding fiscal year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date, are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency, and 18% per annum on any amount in excess of \$1,500.00. Pursuant to P.L. 1991, c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. The interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in the tax sale in accordance with New Jersey statutes.

The New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 of each year, the municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board, on or before April 1, for review. Due to errors or delinquencies in notices sent to property owners, the April 1 deadline to file an appeal petition may be extended. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year, and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels the County Board of Taxation unsatisfactorily reviewed the petition, appeal may be made to the Tax Court of New Jersey for further hearing. Some Tax Court appeals may take several years prior to settlement, and any losses in tax collection from prior years, are charged to a reserve set aside for this purpose or directly charged to Fund Balance.

**NOTE 15: ECONOMIC DEPENDENCY**

The Township of Hamilton is not economically dependent on any one funding agency within the Township or the State of New Jersey.

**NOTE 16: FUND BALANCES APPROPRIATED**

The following schedule details the amount of Fund Balances available at the end of each year and the amounts utilized in the subsequent year's budgets:

	Year	Balance December 31st	Utilized in Budget of Succeeding Year	Percent Utilized
Current Fund	2018	\$ 6,000,493.53	3,963,737.21	66.06%
	2017	5,971,914.70	3,754,852.66	62.88%
	2016	4,904,881.41	2,830,760.00	57.71%
	2015	4,753,855.24	2,820,700.00	59.33%
	2014	4,098,599.07	2,220,000.00	54.16%

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of New Jersey for Senior Citizens and Veterans deductions, deferred charges, and cash deficit. The total amount of fund balance available to the Township to appropriate in the 2019 budget is \$6,000,493.53.



**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**NOTE 17: INTERFUND BALANCES**

As of December 31, 2018, the following interfunds were included on the balance sheets of the various funds of the Township of Hamilton:

	Due from	Due to
Current Fund:		
Grant Fund	\$	111,013.03
Grant Fund:		
Current Fund	111,013.03	
	\$ 111,013.03	111,013.03

The amounts due to or from the grant fund are due to the fact that there is no separate grant fund bank account. It is anticipated that all interfunds will be liquidated during the current calendar year.

**NOTE 18: FEDERAL AND STATE GRANTS**

In the normal course of operations, the Township receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as a result of these audits is not believed to be material.

**NOTE 19: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the 2018 and 2017 calendar years, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**Property and Liability Insurance** – The Township maintains commercial insurance coverage for property, liability and surety bonds.

The Township is a member of the Atlantic County Municipal Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The Township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Township has a general liability limit of \$200,000 under JIF, with a coverage limitation of \$4,900,000 under MEL. There was no reduction in coverage and no claims in excess of coverage during 2018. The Joint Insurance Fund issues its own financial report which may be obtained from the Atlantic County Joint Insurance Fund, Arthur J. Gallagher Risk Management Services, Inc., PO Box 530, 6000 Sagemore Drive, Suite 6203, Marlton, NJ 08053.

**New Jersey Unemployment Compensation Insurance** - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for the amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township’s trust fund for the current and previous two years:

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

Year	Township Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2018	\$ 10,000.00	13,776.84	9,181.74	103,368.76
2017	20,000.00	13,355.26	25,019.13	88,773.66
2016	20,000.00	12,713.48	36,468.09	80,437.53

**NOTE 20: SANITARY LANDFILL ESCROW CLOSURE FUND**

The Township of Hamilton operated two municipal landfills located in the Mizpah and Mays Landing sections of the Township until 1980 when they were closed. The Sanitary Landfill Facility Closure and Contingency Fund Act of 1981 was enacted to provide funding, during the life of the landfill, of costs associated with the closure of sanitary landfills. The Act requires the owner or operator of every sanitary landfill to establish an escrow account for closure, and deposit on a monthly basis, an amount equal to \$1.00 per ton of solid waste accepted for disposal. No withdrawals may be made from the fund without written approval from the State Department of Environmental Protection and Energy.

At December 31, 2018, it is estimated that the landfills have reached 60% of their holding capacity. The escrow closure fund balance at year end does not necessarily represent the estimated cost of closure as of that date. The required balance of the fund merely represents the amount required to be escrowed in accordance with the statute. Actual costs associated with the closure are not known.

**NOTE 21: DEBT SERVICE AGREEMENT**

In November 1990 the Township entered into a service agreement with the Hamilton Township Municipal Utilities Authority whereby the Township agrees to pay any shortfall the Authority may encounter in making payments for either operating expenses and/or debt service (annual charges).

The purpose of the agreement is to grant temporary relief to the Authority should it experience difficulty in meeting its obligations. The agreement calls for the Township to be reimbursed for any annual charges paid by the Township when the Authority's operations permit. During the years ended December 31, 2018 and 2017, the Township received payments in the amount of \$200,000 and \$200,000, respectively.

**NOTE 22: CONTINGENT LIABILITIES**

The Township is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Township, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**NOTE 23: SUBSEQUENT EVENTS**

**Capital Ordinance**

On April 15, 2019 the Township adopted the following bond ordinance which increased the Township's authorized debt:

<u>Ordinance #</u>	<u>Purpose</u>	<u>Total Appropriated</u>	<u>Debt Authorized</u>	<u>Date Adopted</u>
1899-2019	Various General Improvements	\$1,300,000	1,235,000	4/15/2019

This capital ordinance includes improvements to various roadways within the Township, improvements to Lake Lenape Dam, and the purchase of the following equipment: two (2) license plate readers, large winged mower, fire fighter turnout gear, fire department radios, and sport utility vehicles for the police department.

**TOWNSHIP OF HAMILTON**  
**NOTES TO FINANCIAL STATEMENTS –**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**  
**(CONTINUED)**

**Proposed Bond Issue**

On July 1, 2019 the Township adopted resolutions to provide for the combination of certain issues of general obligation bonds or notes of the Township into a single issue of General Obligation Bonds in the aggregate principal amount not to exceed \$5,400,000. This amount represents outstanding bond anticipation notes plus the amount authorized in 2019.

**Other**

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2018 and through July 30, 2019, the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the Township that would require disclosure or adjustment.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

## **SUPPLEMENTARY INFORMATION**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



# FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

[www.ford-scott.com](http://www.ford-scott.com)

## Independent Auditor's Report

The Honorable Mayor and  
Members of Township Committee  
Township of Hamilton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Township's basic financial statements, and have issued our report thereon dated July 30, 2019, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our 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 or 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.

Very truly yours,

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*  
**Leon P. Costello**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 393**

July 30, 2019



**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2017	\$	15,763,101.90
Increased by Receipts:		
Tax Collector		62,993,532.91
Tax Title Liens		57,055.84
Prepaid Taxes		522,563.60
Revenue Accounts Receivable		
Treasurer		4,824,681.45
Tax Collector		166,390.44
Miscellaneous Revenue		1,075,105.08
Appropriation Refunds		663,265.70
Due from State of New Jersey -		
Senior Citizens & Veterans		163,567.89
Due to Township MUA - Tax Sale		16,740.62
Due to State of New Jersey -		
Homestead Benefit Credit		726,906.95
Marriage and Burial Fees		3,900.00
DCA Fees		36,695.00
Due from Atlantic County -		
Drug Recog Expert		2,805.00
Federal and State Grant Fund:		
Grants Receivable		525,316.94
Unappropriated Reserves		19,346.76
		<u>71,797,874.18</u>
		87,560,976.08
Decreased by Disbursements:		
Current Year Appropriation		22,917,911.57
Prior Year Appropriations		854,220.52
Accounts Payable		1,508.10
County Taxes		11,916,357.55
County Added and Omitted Taxes		46,099.37
Local District School Taxes		21,684,541.00
Regional School Taxes		13,084,142.40
Tax Overpayments		-
Due to Township MUA - Tax Sale		16,740.62
Due to State of New Jersey -		
Marriage and Burial Fees		3,950.00
DCA Fees		40,486.00
Due to Atlantic County -		
Drug Recog Expert		2,780.00
Federal, State and Other Grant Fund		
Appropriated Grant Reserves		<u>375,661.60</u>
		<u>70,944,398.73</u>
Balance December 31, 2018	\$	<u><u>16,616,577.35</u></u>

**CURRENT FUND**  
**SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2017		\$	-
Increased By Receipts:			
Taxes Receivable	\$		62,993,532.91
Homestead Benefit Credit			726,906.95
Interest and Cost on Taxes			166,390.44
Tax Title Liens			57,055.84
Miscellaneous Revenue Not Anticipated			28,496.46
Prepaid Taxes			522,563.60
			64,494,946.20
			64,494,946.20
Decreased By Disbursements:			
Payment to Treasurer			64,494,946.20
			64,494,946.20
Balance December 31, 2018		\$	-

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

Year	Balance Dec. 31, 2017	Current Year Levy	Added Taxes	Collections by Cash		Overpayments Applied	Overpayments Created	Canceled	Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2018
				2017	2018							
Arrears 2017	\$ 33,278.17				4,041.03						4,772.21	34,009.35
	567,809.57		7,616.56	514,775.30	2,440.89	14,157.59	11,868.67	(14.24)	(14.24)	54,990.89	(4,772.21)	750.00
	601,087.74	-	7,616.56	518,816.33	2,440.89	14,157.59	11,868.67	(14.24)	(14.24)	54,990.89	-	34,759.35
2018		65,218,510.04	257,177.31	1,296,870.85	63,373,102.14	472,776.76	585,050.17	14,369.40		117,434.23		561,637.32
	\$ 601,087.74	65,218,510.04	264,793.87	1,296,870.85	63,891,918.47	2,440.89	486,934.35	596,918.84	14,355.16	172,425.12	-	596,396.67

Cash Receipts  
62,993,532.91  
726,906.95  
171,478.61  
Senior Citizens and Veterans  
63,891,918.47

**Analysis of Current Year Tax Levy**

Tax Yield:	
General Property Tax	65,218,510.04
Added Taxes (54.4-63.1 et. Seq.)	<u>257,177.31</u>
	<u>65,475,687.35</u>
Tax Levy:	
General County Taxes	10,703,775.26
County Library Taxes	716,759.42
County Open Space Taxes	28,487.27
County Health Taxes	467,335.60
County Added and Omitted Taxes	<u>47,025.21</u>
Total County Taxes	11,963,382.76
Local School District Tax	21,810,416.00
Regional School District Tax	13,402,243.00
Local Tax for Municipal Purposes	18,072,383.80
Add: Additional Tax Levied	<u>227,261.79</u>
	<u>18,299,645.59</u>
	<u>65,475,687.35</u>

**CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS**

Balance December 31, 2017		\$ 351,537.12
Increased by:		
Transfers from Taxes Receivable	172,425.12	
Interest and Costs Accrued by Sale of March 7, 2018	<u>6,974.60</u>	<u>179,399.72</u>
		530,936.84
Decreased by:		
Collections	57,055.84	
Transferred to Property Acquired for Taxes	<u>45,582.63</u>	<u>102,638.47</u>
Balance December 31, 2018		\$ <u><u>428,298.37</u></u>

**CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2017	Accrued in 2018	Collected by		Balance Dec. 31, 2018
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages		88,787.63		88,787.63	
Fees and Permits		184,808.52		184,808.52	
Fines and Costs:					
Municipal Court	36,246.31	630,883.58		633,217.46	33,912.43
Interest and Costs on Taxes		166,390.44	166,390.44		
Energy Receipts Tax		2,754,977.00		2,754,977.00	
Garden State Trust Pilot		86,066.00		86,066.00	
Uniform Construction Code Fees		572,353.00		572,353.00	
Other Special Items of Revenues:					
Uniform Fire Safety Act		175,966.84		175,966.84	
Hamilton Township MUA Surplus		200,000.00		200,000.00	
General Capital - Reserve for Debt Service		28,505.00		28,505.00	
Buena Vista Township-Municipal Court		100,000.00		100,000.00	
	<u>\$ 36,246.31</u>	<u>4,988,738.01</u>	<u>166,390.44</u>	<u>4,824,681.45</u>	<u>33,912.43</u>

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Accounts Payable	Balance Lapsed	Over- Expended
<b>OPERATIONS WITHIN "CAPS" GENERAL GOVERNMENT:</b>						
Township Committee						
Salaries and Wages	\$ 674.82	674.82			674.82	
Other Expenses	3,004.25	3,004.25			3,004.25	
Township Administrator						
Salaries and Wages	8,452.77	8,452.77			8,452.77	
Other Expenses	12,106.40	12,106.40	1,595.16		10,511.24	
Human Resources						
Salaries and Wages	1,080.50	1,080.50			1,080.50	
Other Expenses	6,487.12	6,487.12	1,692.14		4,794.98	
Municipal Clerk's Office						
Salaries and Wages	9,091.79	9,091.79			9,091.79	
Other Expenses	17,824.51	17,824.51	1,795.63		16,028.88	
Financial Administration						
Salaries and Wages	11,496.56	11,496.56			11,496.56	
Other Expenses	13,939.65	13,939.65	2,592.50		11,347.15	
Division of Tax Assessment						
Salaries and Wages	3,389.01	3,389.01			3,389.01	
Other Expenses	21,672.17	21,672.17	4,445.80		17,226.37	
Division of Tax Collection						
Salaries and Wages	5,475.36	5,475.36			5,475.36	
Other Expenses	50,018.52	50,018.52	13,331.02		36,687.50	
Legal Services and Costs						
Other Expenses						
Special Council						
Miscellaneous Other Expenses	23,110.62	23,110.62			22,449.12	
Engineering Services and Costs	105,818.76	105,818.76	16,780.34		89,038.42	
Other Expenses						
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board	50,706.40	50,706.40	3,392.50	1,925.75	45,388.15	
Salaries and Wages	9,851.07	9,851.07			9,851.07	
Other Expenses	48,166.39	48,166.39	877.89		47,288.50	
Board of Adjustment						
Salaries and Wages	2,047.65	2,047.65			2,047.65	
Other Expenses	12,512.97	12,512.97	599.90		11,913.07	

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Accounts Payable	Balance Lapsed	Over- Expended
Industrial Commission						
Other Expenses	21,379.63	21,379.63	3,079.00		18,300.63	
General Liability	328.00	328.00			328.00	
Group Insurance for Employees	278,342.80	278,342.80	14,175.35		264,167.45	
Workers Compensation Insurance	347.00	347.00			347.00	
Health Benefit Waiver						
Salaries and Wages	5,190.69	5,190.69			5,190.69	
Municipal Court						
Salaries and Wages	2,695.72	2,695.72			2,695.72	
Other Expenses	19,820.12	19,820.12	3,947.83		15,872.29	
Prosecutor's Office						
Other Expenses	8,458.30	8,458.30			8,458.30	
Management Information Systems						
Salaries and Wages	1,062.25	1,062.25			1,062.25	
Other Expenses	92,329.27	92,329.27	65,661.95		26,667.32	
Fire Department						
Other Expenses	121,964.31	121,964.31	84,118.78		37,845.53	
Miscellaneous Other Expenses						
Police and Traffic Control						
Salaries and Wages	183,177.06	183,177.06	60,802.98		122,374.08	
Other Expenses	185,593.58	185,593.58	108,362.94		77,230.64	
Office of Emergency Management Services						
Salaries and Wages	1,347.48	1,347.48			1,347.48	
Other Expenses	4,130.00	4,130.00			4,130.00	
Ambulance Aid and Maintenance						
Other Expenses	9,587.71	9,587.71	542.79		9,044.92	
Uniform Fire Safety Act (PL 1983, Ch. 383)						
Salaries and Wages	1,042.48	1,042.48			1,042.48	
Other Expenses	4,414.09	4,414.09	173.85		4,240.24	
Streets and Roads Maintenance						
Salaries and Wages	87,071.69	87,071.69			87,071.69	
Other Expenses	569,854.60	569,854.60	287,790.11	1,050.00	281,014.49	
Solid Waste Collection	185,003.32	185,003.32	87,028.91		97,974.41	
Registrar of Vital Statistics						
Other Expenses	2,085.78	2,085.78	682.03		1,403.75	
Animal Control						
Other Expenses	6,103.43	6,103.43	800.00		5,303.43	
Historical Advisory Board						
Salaries and Wages	1,059.96	1,059.96			1,059.96	
Other Expenses	1,152.34	1,152.34			1,152.34	
Housing Code Enforcement						
Salaries and Wages	5,424.21	5,424.21			5,424.21	
Other Expenses	37,477.84	37,477.84	12,112.87	2,330.77	23,034.20	

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2017	Balance After Transfers	Paid or Charges	Accounts Payable	Balance Lapsed	Over- Expended
Construction Official Salaries and Wages Other Expenses	17,404.81 9,956.71	17,404.81 9,956.71	2,001.45		17,404.81 7,955.26	
Street Lighting Utilities Postage	47,325.76 260,498.72 14.54	47,325.76 260,498.72 14.54	23,515.91 45,254.09		23,809.85 215,244.63 14.54	
Contingent	29,099.07	29,099.07	6,000.00		23,099.07	
Contributions to Social Security Disability Insurance Defined Contribution Retirement Program Length of Service Awards Program	38,676.78 5,542.53 1,548.04 35,200.00	38,676.78 5,542.53 1,548.04 35,200.00	384.85		38,291.93 5,542.53 1,548.04 35,200.00	
Matching Funds for Grants	10,436.00	10,436.00			10,436.00	
	<u>\$ 2,709,073.91</u>	<u>2,709,073.91</u>	<u>854,200.07</u>	<u>5,306.52</u>	<u>1,849,567.32</u>	<u>-</u>
		Cash Disbursements	854,220.52			
		Refunds	(20.45)			
			<u>854,200.07</u>			



**CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2017		
School Tax Payable	\$ 2,707,589.02	
School Tax Deferred	<u>6,774,537.98</u>	
		\$ 9,482,127.00
Increased by:		
Levy - School Year July 1, 2018 to June 30, 2019		<u>21,810,416.00</u>
		31,292,543.00
Decreased by:		
Payments		<u>21,684,541.00</u>
Balance December 31, 2018		
School Tax Payable	2,833,464.02	
School Tax Deferred	<u>6,774,537.98</u>	
		<u>9,608,002.00</u>
Current Year Liability for Local School District School Tax:		
Tax Paid		21,684,541.00
Tax Payable Ending		<u>2,833,464.02</u>
		24,518,005.02
Less: Tax Payable Beginning		<u>2,707,589.02</u>
Amount charged to Current Year Operations		<u><u>\$ 21,810,416.00</u></u>

**CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAX**

Balance December 31, 2017			
School Tax Payable	\$	2,969,374.70	
School Tax Deferred		<u>2,213,985.70</u>	
			\$ 5,183,360.40
Increased by:			
School Tax Levy - School Year July 1, 2018 to June 30, 2019			<u>13,402,243.00</u>
			18,585,603.40
Decreased by:			
Payments			<u>13,084,142.40</u>
Balance December 31, 2018			
School Tax Payable		3,287,475.30	
School Tax Deferred		<u>2,213,985.70</u>	
			<u>5,501,461.00</u>
Current Year Liability for Regional High School Tax:			
Tax Paid			13,084,142.40
Tax Payable Ending			<u>3,287,475.30</u>
			16,371,617.70
Less: Tax Payable Beginning			<u>2,969,374.70</u>
Amount charged to Current Year Operations			<u>\$ 13,402,243.00</u>

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	<u>Balance Dec. 31, 2017</u>	<u>Transferred From 2018 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2018</u>
<b>FEDERAL GRANTS:</b>					
NJ Department of Transportation - 2015 Malaga Road	47,500.00		47,500.00		-
NJ Highway Traffic Safety Grant	33,437.16			(33,437.16)	-
NJHS Holiday Drive Sober	5,500.00	6,600.00	605.00	(4,895.00)	-
NJHS Distracted Driving Crackdown (U Drive, U Text, U Pay)	-	8,914.55	6,380.00	(220.00)	-
Bullet Proof Vest Partnership	4,332.43				13,246.98
Body Worn Camera Grant	20,000.00		20,000.00		-
COPS Hiring Grant	375,000.00		134,615.32		240,384.68
Community Development Block Grant					
ADA Improvements to Township Hall	52,754.00				52,754.00
Demolition of 6372 Beacon Avenue	57,740.93		40,212.25		17,528.68
ADA Improvements to Lundy Center		15,400.00			15,400.00
<b>Total Federal</b>	<b>596,264.52</b>	<b>30,914.55</b>	<b>249,312.57</b>	<b>(38,552.16)</b>	<b>339,314.34</b>
<b>STATE GRANTS:</b>					
Green Acres Program Grant	147,575.00				147,575.00
NJ Highway Safety Corridors	161,905.11	27,584.21	129,687.15	(32,217.96)	27,584.21
Hazardous Discharge Site Remediation	34,466.00				34,466.00
Drunk Driving Enforcement Fund	5,262.15			(5,262.15)	-
Clean Communities Grant		71,030.22	71,030.22		-
Safe and Secure Communities Grant	15,000.00	60,000.00	60,000.00		15,000.00
Hazardous Mitigation Grant	-				-
No Net Loss Reforestation Grant	162,552.00				162,552.00
New Jersey Transportation Authority Act		391,000.00			391,000.00
West Jersey Avenue Repaving - Phase II		225,000.00			225,000.00
Cantillon Blvd. Paving Preservation					
<b>Total State</b>	<b>526,760.26</b>	<b>774,614.43</b>	<b>260,717.37</b>	<b>(37,480.11)</b>	<b>1,003,177.21</b>
<b>OTHER GRANTS:</b>					
Municipal Alliance on Alcoholism and Drug Abuse	4,833.76	15,287.00	15,287.00		4,833.76
<b>Total Other</b>	<b>4,833.76</b>	<b>15,287.00</b>	<b>15,287.00</b>	<b>-</b>	<b>4,833.76</b>
<b>Total All Grants</b>	<b>\$ 1,127,858.54</b>	<b>820,815.98</b>	<b>525,316.94</b>	<b>(76,032.27)</b>	<b>1,347,325.31</b>
		Cash	525,316.94		
		Matching Share	<u>525,316.94</u>		

See Accompanying Auditor's Report

**CURRENT FUND  
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2017		2018		Encumbrances	Canceled	Balance Dec. 31, 2018
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed			
<b>FEDERAL GRANTS:</b>	\$						
NJHS Year-End Holiday Drive Sober	5,115.00			220.00	4,895.00	-	-
NJHS Distracted Driving Crackdown (U Drive, U Text, U Pay)	-		6,600.00	6,380.00	220.00	-	-
Bullet Proof Vest Partnership	10,996.42	1,320.00	8,914.55	4,900.00			16,330.97
COPS Hiring Grant	332,309.13			125,000.00			207,309.13
Body Worn Camera Grant	20,000.00			20,000.00			-
Community Development Block Grants	52,754.00						52,754.00
ADA Improvements to Township Hall	27,633.75	3,346.60	15,400.00	4,021.23			26,959.12
Demolition of 6372 Beacon Avenue							15,400.00
ADA Improvements to Lundy Center							
<b>Total Federal</b>	<b>448,808.30</b>	<b>4,686.60</b>	<b>30,914.55</b>	<b>160,521.23</b>	<b>5,115.00</b>	<b>-</b>	<b>318,753.22</b>
<b>STATE GRANTS:</b>							
Drunk Driving Enforcement Fund	24,158.77	1,000.00		21,061.17			4,097.60
Hazardous Discharge Site Remediation	34,466.00						34,466.00
Green Acres Program Grant	147,575.00						147,575.00
Body Armor Fund	5,601.25	1,320.00		5,824.55			1,096.70
Clean Communities	123,314.23	10,179.84	71,030.22	56,250.83	4,646.80		143,626.66
Safe and Secure Communities Grant			60,000.00	60,000.00			-
Safe Corridors - 2016	1,900.71			1,356.31	544.40		0.00
Safe Corridors - 2017	29,779.84		27,584.21	26,227.90	3,551.94		-
Safe Corridors - 2018					27,584.21		-
Coastal Grant		12,702.50				12,702.50	-
No Net Loss Reforestation Grant	153,518.00	17,933.45				17,933.45	153,518.00
New Jersey Transportation Authority Act			391,000.00	23,763.75	51,736.25		315,500.00
West Jersey Avenue Repaving - Phase II			225,000.00				225,000.00
Cantillon Blvd. Paving Restoration							
<b>Total State</b>	<b>520,313.80</b>	<b>43,135.79</b>	<b>774,614.43</b>	<b>194,484.51</b>	<b>31,680.55</b>	<b>87,019.00</b>	<b>1,024,879.96</b>
<b>OTHER GRANTS:</b>							
Municipal Alliance on Alcoholism and Drug Abuse	3,678.16		15,287.00	15,269.86			3,695.30
Municipal Alliance on Alcoholism and Drug Abuse - Local	3,519.10		3,822.00	3,822.00			3,519.10
Sustainable Jersey Small Grant	438.14					125.00	-
New Jersey Health Care Quality Institute Wellness Grant	1,000.00						1,000.00
Body Worn Camera Grant - Local Share	1,564.00			1,564.00			-
<b>Total Other</b>	<b>10,199.40</b>	<b>-</b>	<b>19,109.00</b>	<b>20,655.86</b>	<b>313.14</b>	<b>125.00</b>	<b>8,214.40</b>
<b>Total All Grants</b>	<b>\$ 979,321.50</b>	<b>47,802.39</b>	<b>824,637.98</b>	<b>375,661.60</b>	<b>37,108.69</b>	<b>87,144.00</b>	<b>1,351,847.58</b>

**CURRENT FUND  
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	Balance Dec. 31, 2017	Transferred To 2018 Appropriations	Received	Adjustments	Balance Dec. 31, 2018
<b>FEDERAL GRANTS:</b>					
Bulletproof Vest Partnership	\$		4,445.00		4,445.00
Total Federal	-	-	4,445.00	-	4,445.00
<b>STATE GRANTS:</b>					
Drunk Driving Enforcement Fund			14,901.76		14,901.76
Total State	-	-	14,901.76	-	14,901.76
	\$	-	19,346.76	-	19,346.76

**TRUST FUND**  
**SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2017		\$	10,315.95
Increased By Receipts:			
Dog Licenses Fees	5,251.20		
State License Fees	1,465.80		
Late Fees Collected	108.00		
			6,825.00
			17,140.95
Decreased By Disbursements:			
State of New Jersey	1,470.60		
Animal Control Expenditures	5,446.17		
Due to Current Fund	385.00		
			7,301.77
Balance December 31, 2018		\$	9,839.18

**TRUST FUND  
SCHEDULE OF OTHER TRUST CASH - TREASURER**

		Other
Balance December 31, 2017	\$	5,448,427.36
Increased By Receipts:		
Reserve for Miscellaneous Trust Reserves:		
Small Cities Grant Fund		-
Off-Duty Police		302,267.72
Law Enforcement Fund		2,307.00
Payroll Deductions Payable		10,853,415.75
Due from State of NJ Unemployment		
Miscellaneous Trust Funds		1,351,597.17
		12,509,587.64
		17,958,015.00
Decreased By Disbursements:		
Prior Year Encumbrances		139,509.18
Reserve for Miscellaneous Trust Reserves:		
Off-Duty Police		288,348.29
Law Enforcement Fund		21,745.92
Payroll Deductions Payable		10,881,382.15
Miscellaneous Trust Funds		1,608,062.12
Miscellaneous Trust Fund Escrows		1,492.69
		12,940,540.35
Balance December 31, 2018	\$	5,017,474.65

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2017	\$	9,186.55
Increased By:		
Dog Licenses Fees Collected	4,866.20	
Cat License Fees Collected	385.00	
Late Fees Collected	108.00	
		5,359.20
		14,545.75
Decreased By:		
Statutory Excess Due to Current Fund		
Encumbrances Payable	(535.00)	
Cat Licenses Remitted to Current Fund	385.00	
Animal Control Expenditures	5,446.17	
		5,296.17
Animal Control Expenditures Encumbered		
Balance December 31, 2018	\$	9,249.58

License Fees Collected	<u>Year</u>	
	2016	\$ 5,493.40
	2017	5,073.60
		10,567.00



**TRUST FUND  
SCHEDULE OF AMOUNT DUE TO (FROM) STATE OF NEW JERSEY**

Balance December 31, 2017	\$	8.40
Increased By:		
License Fees Collected		1,465.80
		1,465.80
		1,474.20
Decreased By:		
Paid to State of New Jersey		1,470.60
		1,470.60
Balance December 31, 2018	\$	3.60

**TRUST FUND**  
**SCHEDULE OF TRUST CASH - TAX COLLECTOR**

Balance December 31, 2017	\$	357,983.55
Increased By Receipts:		
Premiums Received at Tax Sale		266,600.00
Deposits for Redemptions of Tax Sale Certificates		<u>276,993.50</u>
		<u>543,593.50</u>
		<u>901,577.05</u>
Decreased By Disbursements:		
Premiums Returned		278,500.00
Tax Sale Certificates Redeemed		<u>286,450.48</u>
		<u>564,950.48</u>
Balance December 31, 2018	\$	<u><u>336,626.57</u></u>

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR SMALL CITIES GRANT FUND**

Balance December 31, 2017	\$	22,798.50
No Activity		
Balance December 31, 2018		22,798.50

**SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUND**

Balance December 31, 2017		80,357.71
Increased By:		
Forfeitures	2,307.00	
		2,307.00
		82,664.71
Decreased By:		
Encumbrances		
Cash Disbursed	21,745.92	
		21,745.92
Balance December 31, 2018	\$	60,918.79

**TRUST FUND**  
**SCHEDULE OF RESERVE FOR OFF - DUTY POLICE TRUST FUND**

Balance December 31, 2017	\$	58,333.20
Increased By Receipts:		
Charges for Off-Duty Police Services	<u>302,267.72</u>	
		<u>302,267.72</u>
		<u>360,600.92</u>
Decreased By Disbursements:		
Transfer to Payroll for Police Salaries	<u>288,348.29</u>	
		<u>288,348.29</u>
Balance December 31, 2018		<u><u>72,252.63</u></u>

**SCHEDULE OF SMALL CITIES LOANS RECEIVABLE**

Balance December 31, 2017		463,081.72
Increased By:		
New Loans	<u>                    </u>	
		<u>-</u>
		<u>463,081.72</u>
Decreased By:		
Repayments	<u>1,269.00</u>	
		<u>1,269.00</u>
Balance December 31, 2018	\$	<u><u>461,812.72</u></u>

**TRUST FUND**  
**SCHEDULE OF PAYROLL DEDUCTIONS PAYABLE**

	Balance Dec. 31, 2017	Receipts	Disbursements	Balance Dec. 31, 2018
Social Security - Medicare Tax	-	1,473,513.01	1,473,513.01	-
Net Pay	-	6,258,825.74	6,258,825.74	-
Federal Withholding Tax	-	1,025,772.28	1,025,772.28	-
State Income Tax	-	349,003.44	349,003.44	-
Unemployment Compensation	2,305.69	36,957.17	37,137.40	2,125.46
PERS	25,799.48	280,192.60	302,612.44	3,379.64
PFRS	37,910.39	475,090.10	472,878.08	40,122.41
PERS - Contributory Insurance	1,682.44	18,533.98	20,022.40	194.02
PERS - Loan	7,456.19	85,352.74	92,808.22	0.71
PFRS - Loan	8,016.14	109,819.55	109,116.86	8,718.83
Deferred Compensation Plan - VALIC	-	161,171.99	161,171.99	-
FSA 125 Reimbursement	2,213.91	2,699.92	2,036.99	2,876.84
Life Insurance - Colonial	-	552.24	552.24	-
AFLAC	-	19,329.04	19,329.04	-
Colonial 125	-	774.96	774.96	-
Dental - Vision	-	439,991.69	439,991.69	-
Support	-	13,852.82	13,852.82	-
Wage Attachments	-	-	-	-
DCRP	0.07	25,293.10	25,293.17	-
PBA Dues	-	50,571.00	50,571.00	-
Teamster Dues	-	25,878.38	25,878.38	-
PAC Dues	-	240.00	240.00	-
Payroll Agency 2003	242.14	-	-	242.14
	<u>\$ 85,626.45</u>	<u>10,853,415.75</u>	<u>10,881,382.15</u>	<u>57,660.05</u>

**TRUST FUND  
SCHEDULE OF MISCELLANEOUS TRUST FUND RESERVES**

	Balance Dec. 31, 2017	Budget Appropriations	Miscellaneous	Due to State of NJ	Disbursements	Encumbrances	Balance Dec. 31, 2018
Reserves for:							
Public Defender	\$ 45,625.00		49,899.00		48,416.67	513.25	46,594.08
Parking Offenses Adjudication Act	2,282.62		72.00				2,354.62
Police Donations	4,300.26		14,189.93		11,202.39	387.55	6,900.25
Snow Removal	327,348.67	150,000.00	2,373.45		11,177.77		468,544.35
Developer's Escrow	3,387,325.07		717,275.43		1,410,462.72		2,694,137.78
Performance Guarantee Improvements	14,990.00		7,000.00		6,500.00	1,000.00	14,490.00
Recycling	122,153.96				1,243.16		120,910.80
Fire Penalty Fees	9,871.20		550.00		1,582.00		8,839.20
Street Opening Deposits	129,325.99		21,525.00		34,230.00	11,900.00	104,720.99
Accumulated Absences	59,694.06	40,000.00			28,035.86		71,658.20
Unemployment Compensation	88,773.66	10,000.00			9,181.74		103,368.76
Affordable Housing	306,730.56		284,200.23		9,111.79		581,819.00
Joint Insurance Fund Safety Incentive	-		6,960.29		2,857.50		4,102.79
Recreation Fund	81,730.62		33,775.00		34,060.52	1,535.07	79,910.03
	<u>\$ 4,580,151.67</u>	<u>200,000.00</u>	<u>1,151,597.17</u>	<u>-</u>	<u>1,608,062.12</u>	<u>15,335.87</u>	<u>4,308,350.85</u>

**TRUST FUND**  
**SCHEDULE OF MISCELLANEOUS TRUST FUND ESCROWS**

	Balance Dec. 31, 2017	Receipts	Disbursements	Encumbrances	Balance Dec. 31, 2018
\$	435,649.26				435,649.26
Reserve for Offsite Improvements	4,361.26				4,361.26
Reserve for Landfill Closure	30,069.21		1,492.69		28,576.52
Fire Suppression System	313,349.00	266,600.00	278,500.00		301,449.00
Redemption of Tax Sale Premiums	44,634.55	276,993.50	286,450.48		35,177.57
Redemption of Tax Title Liens	<u>828,063.28</u>	<u>543,593.50</u>	<u>566,443.17</u>	<u>-</u>	<u>805,213.61</u>
Tax Collector		543,593.50	564,950.48		
Treasurer		-	1,492.69		
		<u>543,593.50</u>	<u>566,443.17</u>		

**GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2017		\$ 3,902,607.30
Increased by:		
Capital Improvement Fund	65,000.00	
Reserve for Bond Sale Premiums	30,475.00	
Reserve for Payment of Bond Anticipation Notes	650,000.00	
Bond Anticipation Notes Issued	950,000.00	
		1,695,475.00
		5,598,082.30
Decreased by:		
Improvement Authorizations	1,815,056.73	
Anticipated in 2018 Municipal Budget	28,505.00	
		1,843,561.73
Balance December 31, 2018		\$ <u><u>3,754,520.57</u></u>



**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2017		Receipts		Disbursements		Transfers		Balance Dec. 31, 2018
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 14,049.01								14,049.01
Capital Improvement Fund	18,887.89		65,000.00				82,500.00		1,387.89
Reserve for Bond Sale Premiums	28,505.00		30,475.00			28,505.00			30,475.00
Reserve to Pay Bond Anticipation Notes	-		650,000.00						650,000.00
Reserve for Encumbrances	1,433,840.42						1,433,840.42	1,625,245.32	1,625,245.32
<b>Improvement Authorizations:</b>									
1433-02 Various Capital Improvements	50,000.00				46.05			46.05	50,000.00
1649-09 Various Capital Improvements	3,500.97				205.00				3,500.97
1671-10 2010 Road Improvement Program	205.00								-
1672-10 Various Capital Improvements	98,476.05								98,476.05
1713-12 2012-13 Road Improvement Program	-				10,387.19			10,387.19	-
1748-13 Various Capital Improvements	23,323.99				787.31		31,419.30	32,206.60	23,323.98
1766-14 Various Capital Improvements	35,824.32				24,705.47		18.72	20,289.04	31,389.17
1767-14 Public Works Projects	156,405.47								156,405.47
1787-15 Various Capital Improvements	481,765.51						86,613.86	88,670.77	422,774.37
1817-16 Various Capital Improvements	199,002.11				61,048.05		1,940.51	867,315.44	190,620.86
1822-16 Purchase of Emergency Equipment	28,322.10				873,756.18		28,322.10	119,251.69	-
1844-17 Various Capital Improvements	979,011.16				119,251.69		317,131.51	237,161.94	314,243.10
1846-17 Purchase of Emergency Equipment	405,000.00				584,798.49		130,043.09		274,956.91
1852-17 Liepe Hockey Court Improvements	(53,511.70)				58,511.70			58,511.70	(53,511.70)
1876-18 Various Capital Improvements			950,000.00		54,088.35		453,277.48	50,000.00	492,634.17
1884-18 Various Capital Improvements					27,471.25		576,478.75	32,500.00	(571,450.00)
	\$ 3,902,607.30		745,475.00	950,000.00	1,815,056.73	28,505.00	3,141,585.74	3,141,585.74	3,754,520.57

**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2017		\$ 10,117,238.98
Decreased by:		
Serial Bonds Paid	1,480,000.00	
Green Trust Loan Principal Paid	<u>28,287.55</u>	
		<u>1,508,287.55</u>
Balance December 31, 2018		\$ <u><u>8,608,951.43</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Raised in 2018 Budget	Transferred to Deferred Charge Funded	Cancelled	Balance Dec. 31, 2018	Bond Anticipation Notes	Analysis of Balance													
									Expenditures	Unexpended Improvement Authorizations												
1817-16	Various Capital Improvements	\$ 1,900,000.00					1,900,000.00	1,900,000.00														
1844-17	Various Capital Improvements	1,235,000.00					1,235,000.00	1,235,000.00														
1852-17	Liepe Hockey Court Improvements	95,000.00					95,000.00		53,511.70	41,488.30												
1876-18	Various Capital Improvements		950,000.00				950,000.00	950,000.00														
1884-18	Various Capital Improvements	\$ 3,230,000.00	617,500.00				617,500.00	4,085,000.00	53,511.70	46,050.00												
			1,567,500.00				4,797,500.00	4,085,000.00	53,511.70	87,538.30												
Improvement Authorizations Unfunded Less: Unexpended Proceeds of Bond Anticipation Notes Issued:																						
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"><b>Ord. Number</b></td> <td style="width: 50%;"></td> </tr> <tr> <td>1817-16</td> <td>190,620.86</td> </tr> <tr> <td>1844-17</td> <td>314,243.10</td> </tr> <tr> <td>1876-18</td> <td>492,634.17</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black;">997,498.13</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 87,538.30</td> </tr> </table>											<b>Ord. Number</b>		1817-16	190,620.86	1844-17	314,243.10	1876-18	492,634.17		997,498.13		\$ 87,538.30
<b>Ord. Number</b>																						
1817-16	190,620.86																					
1844-17	314,243.10																					
1876-18	492,634.17																					
	997,498.13																					
	\$ 87,538.30																					

**GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2017		\$	18,887.89
Increased by:			
2018 Budget Appropriation	65,000.00		65,000.00
			83,887.89
Decreased by:			
Appropriated to Finance Improvement Authorizations	82,500.00		82,500.00
Balance December 31, 2018		\$	1,387.89

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2017		Authorizations		Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Cancelled	Balance December 31, 2018	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation					Funded	Unfunded
1433-02	Various Capital Improvements: Landfill Closure	8/19/2002	50,000	50,000.00								50,000.00	
1649-09	Various Capital Improvements	6/1/2009	1,500,000	3,500.97				46.05	46.05			3,500.97	
1671-10	2010 Road Improvement Program	6/21/2010	638,745	205.00				205.00				-	
1672-10	Various Capital Improvements	6/21/2010	1,500,000	98,476.05								98,476.05	
1713-12	2012-13 Road Improvement Program	2/21/2012	2,000,000					10,387.19	10,387.19				
1748-13	Various Capital Improvements	6/17/2013	1,200,000	23,323.99				32,206.60	787.31	31,419.30		23,323.98	
1766-14	Various Capital Improvements	4/21/2014	1,900,000	35,824.32				20,289.04	24,705.47	18.72		31,388.17	
1767-14	Public Works Projects	4/21/2014	355,253	156,405.47								156,405.47	
1787-15	Various Capital Improvements	4/6/2015	2,000,000	481,765.51				88,670.77	61,048.05	86,613.86		422,774.37	
1817-16	Various Capital Improvements	4/4/2016	2,000,000		198,002.11			867,315.44	873,756.18	1,940.51			190,620.86
1822-16	Purchase of Emergency Equipment	5/16/2016	450,000	28,322.10				119,251.69	119,251.69	28,322.10		(0.00)	
1844-17	Various Capital Improvements	4/17/2017	1,300,000		979,011.16			237,161.94	584,798.49	317,131.51			314,243.10
1846-17	Purchase of Emergency Equipment	5/1/2017	405,000	405,000.00						130,043.09		274,956.91	
1852-17	Liepe Hockey Court Improvements	8/21/2017	100,000		41,488.30			58,511.70	58,511.70				41,488.30
1876-18	Various Capital Improvements	4/16/2018	1,000,000			50,000.00		54,088.35	54,088.35	453,277.48			492,634.17
1884-18	Various Capital Improvements	9/4/2018	650,000			32,500.00		27,471.25	27,471.25	576,478.75			46,050.00
			\$	1,282,823.41	1,219,501.57	82,500.00	1,567,500.00	1,433,840.42	1,815,056.73	1,625,245.32	-	1,060,626.92	1,085,036.43
				Capital Improvement Fund Raised in 2018 Budget	82,500.00			Encumbrances Payable Contracts Payable		1,625,245.32			
						82,500.00				1,625,245.32			

**GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
2009 General Improvements	7/30/2009	6,860,000	7/15/2019	800,000.00	3.750%	1,600,000.00		800,000.00	800,000.00
2015 General Improvements	6/2/2015	9,520,000	6/1/2019	720,000.00	2.000%	8,370,000.00		680,000.00	7,690,000.00
			6/1/2020	1,000,000.00					
			6/1/2021	1,000,000.00					
			6/1/2022	1,000,000.00					
			6/1/2023	1,000,000.00					
			6/1/2024	1,000,000.00					
6/1/2025	1,000,000.00								
			6/1/2026	970,000.00	3.000%				
						\$ 9,970,000.00		1,480,000.00	8,490,000.00

**GENERAL CAPITAL FUND  
SCHEDULE OF GREEN TRUST LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
			Date	Amount					
General Improvements	2003	\$ 500,000.00	2019	28,856.13	1.000%	147,238.98		28,287.55	118,951.43
			2020	29,436.13					
			2021	30,027.81					
			2022	30,631.36					
						\$ 147,238.98	-	28,287.55	118,951.43

**GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
Various Capital Improvements	1817-16	8/23/2017	8/21/2018	8/20/2019	2.750%	1,900,000.00			1,900,000.00
Various Capital Improvements	1844-17	8/23/2017	8/21/2018	8/20/2019	2.750%	1,235,000.00			1,235,000.00
Various Capital Improvements	1876-18	8/21/2018	8/21/2018	8/20/2019	2.750%		950,000.00		950,000.00
					\$	<u>3,135,000.00</u>	<u>950,000.00</u>	<u>-</u>	<u>4,085,000.00</u>



**GENERAL CAPITAL FUND  
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Debt Issued	Other	Balance Dec. 31, 2018
1852-17	Liepe Hockey Court Improvements	\$ 95,000.00				95,000.00
1876-18	Various Capital Improvements		950,000.00	950,000.00		-
1884-18	Various Capital Improvements		617,500.00			617,500.00
		<u>\$ 95,000.00</u>	<u>1,567,500.00</u>	<u>950,000.00</u>	<u>-</u>	<u>712,500.00</u>

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

**TOWNSHIP OF HAMILTON**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2018**

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

## **GENERAL COMMENTS**

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

N.J.S. 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 therefore, 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 \$40,000 except by contract or agreement.

The governing body of the Township has the responsibility of determining whether the expenditures in any category will exceed \$40,000 within the fiscal year. 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.

Our examination of expenditures did not reveal payments in excess of \$40,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

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

- Construction of a new Salt Storage Building
- Demolition of 2 Buildings within the Township (7<sup>th</sup> Street)
- Chiller Replacement
- 2018 Road Reconstruction Program
- Tavistock Road Improvements

### **Contracts and Agreements Requiring Solicitation of Quotations**

N.J.S.A. 40A:11-6.1 states, "Prior to the award of any other purchase, contract or agreement, the contracting agent shall, except in the case of the performance of professional services, solicit quotations, whenever practical, on any such purchase, contract or agreement the estimated cost or price of which is \$6,000 or more."

Our examination of expenditures did reveal not purchases made in excess of \$6,000 without obtaining quotes as required by statute.

### **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 January 2, 2018, adopted the following resolution authorizing interest to be charged on delinquent taxes:

**WHEREAS**, NJSA 54:4-67 governs the interest rates to be charged on delinquent taxes and allows the governing body to set a grace period not to exceed ten (10) calendar days, and

**WHEREAS**, interest on delinquent taxes may be fixed at a rate of 8% of the first \$1,500.00 of delinquency, and at a rate of 18% on that portion of the delinquent tax balance which is in excess of \$1,500.00; and

**WHEREAS**, P.L. 1991, c. 75, s. 39 provides that a penalty of 6% may be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay the delinquency prior to the end of the fiscal year.

**NOW, THEREFORE, BE IT RESOLVED**, by the Mayor and Township Committee of the Township of Hamilton, Atlantic County, State of New Jersey, as follows;

1. That the tax collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date.
2. That the Tax Collector is hereby authorized and directed to charge a 6% penalty to those properties who fail to pay delinquencies in excess of \$10,000.00 prior to the end of the fiscal year.
3. That the Tax Collector is instructed that no interest shall be charged if a payment of a tax installment is received by the Tax Collector within the tenth (10<sup>th</sup>) calendar day following the date upon which that tax installment became payable.

It appears from an examination of the collector's records that interest on delinquent taxes was collected in accordance with the foregoing resolution.

### **Delinquent Taxes and Tax Title Liens**

The last tax sale was held on March 7, 2018 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last five years:

<u>Year</u>	<u>Number of Liens</u>
2018	276
2017	284
2016	145
2015	173
2014	147

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

### **Verification of Delinquent Taxes and Other Charges**

A test verification of delinquent charts and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2018 and 2019 Taxes	25
Delinquent Tax Balances	15
Tax Title Liens	15

As of the date of this audit report, all verifications have not been returned. No problems were noted with the verifications that have been returned related to property taxes or municipal court.

## Deposit of Municipal Funds

N.J.S. 40A:5-15 states, "All municipal funds shall be deposited within 48 hours upon receipt."

Our examination has revealed that municipal funds were all deposited within the mandated time.

## Comparison of Tax Levies and Collections 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.

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collections
2018	\$ 65,475,687.35	64,197,196.23	98.04%
2017	64,329,244.52	63,527,175.06	98.75%
2016	62,667,537.67	61,805,591.27	98.62%
2015	60,284,656.70	59,405,609.72	98.38%
2014	59,980,049.69	58,944,700.45	98.27%

## Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	3.114	3.065	2.979	2.878	2.627
Apportionment Of Tax Rate:					
Municipal	0.863	0.863	.850	.837	.770
County	0.569	0.571	.556	.520	.475
Local School	1.042	1.029	.980	.962	.863
Regional High School	0.640	0.602	.593	.559	.519
Assessed Valuation	2,094,348,637	2,090,743,139	2,096,725,699	2,091,888,767	2,275,007,386

A reassessment of properties was performed in 2014 in order to bring the property values in line with their true value. The reassessment was effective for the 2015 tax year.

## Delinquent Taxes and Tax Title Liens

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2018	\$ 428,298.37	596,396.67	1,024,695.04	1.56%
2017	351,537.12	601,087.74	952,624.86	1.48%
2016	277,899.43	741,286.90	1,019,186.33	1.62%
2015	239,408.65	895,858.89	1,135,267.54	1.88%
2014	126,363.95	824,316.88	950,680.83	1.58%

**AUDIT FINDINGS AND RESPONSES**

**NONE**

**STATUS OF PRIOR YEAR RECOMMENDATIONS**

**Finding 17-01**

**Condition**

Although the municipal court general and bail accounts are reconciled on a monthly basis, there are many differences that have been carried for more than one year. Also, the reconciled bank and book balances are not in agreement.

**Current Status**

This recommendation was cleared during the 2018 calendar year.

**RECOMMENDATIONS**

**NONE**

Should any questions arise, please do not hesitate to call me.

Very truly yours,

*Ford, Scott & Associates, L.L.C.*  
**FORD, SCOTT & ASSOCIATES, L.L.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

*Leon P. Costello*  
**Leon P. Costello**  
**Certified Public Accountant**  
**Registered Municipal Accountant**  
**No. 393**

July 30, 2019