

REPORT OF AUDIT
TOWNSHIP OF HAMPTON
COUNTY OF SUSSEX
DECEMBER 31, 2020

TOWNSHIP OF HAMPTON
YEAR ENDED DECEMBER 31, 2020

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TOWNSHIP OF HAMPTON

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2020



WIELKOTZ & COMPANY ^{LLC}

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Township Committee
Township of Hampton
Newton, NJ 07860

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 Hampton in the County of Sussex, as of December 31, 2020 and 2019, 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, 2020, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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 Hampton 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 Hampton as of December 31, 2020 and 2019, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 15 of the financial statements, the Township participates in a Length of Service Award Program (LOSAP) volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$352,299.34 and \$322,512.52 for 2020 and 2019, 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 “Basis for Qualified Opinion on Regulatory Basis Accounting Principles” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets as of December 31, 2020 and 2019, 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, 2020 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 Hampton’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 are the responsibility of management and were derived from and relates 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 subject 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.



Honorable Mayor and
Members of the Township Committee
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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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2020-01, that we consider to be a significant deficiency.

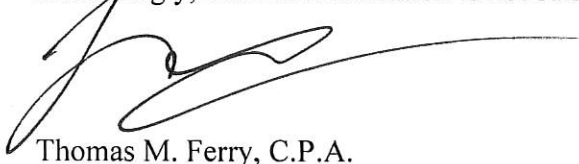
We did identify certain immaterial deficiencies in internal control that we have reported to management of the Township of Hampton in the accompany comments and recommendations section of this report.

Compliance and Other Matters

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

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 Township of Hampton internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Hampton internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497



WIELKOTT & COMPANY, LLC
Certified Public Accountants

Rockaway, New Jersey
September 30, 2021



Township of Hampton, N.J

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|---------------------|---------------------|
| <u>Assets</u> | | | |
| Current Fund: | | | |
| Cash | A-4 | 3,782,790.03 | 3,293,816.59 |
| Change Fund | A-5 | 200.00 | 200.00 |
| Due from State of New Jersey: | | | |
| Senior Citizen and Veteran Deductions | A-6 | <u>47,103.67</u> | <u>48,410.01</u> |
| | | <u>3,830,093.70</u> | <u>3,342,426.60</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Taxes Receivable | A-7 | 181,198.80 | 208,459.33 |
| Tax Title Liens Receivable | A-8 | 82,521.97 | 65,700.37 |
| Property Acquired for Taxes - | | | |
| Assessed Valuation | A-9 | 663,650.00 | 663,650.00 |
| Interfunds Receivable: | | | |
| Animal Control Trust Fund | A-11 | <u>1,000.88</u> | <u>917.74</u> |
| | | <u>928,371.65</u> | <u>938,727.44</u> |
| | | <u>4,758,465.35</u> | <u>4,281,154.04</u> |
| Federal and State Grant Fund: | | | |
| Interfund Receivable - Current Fund | A-18 | 200,111.60 | 192,347.41 |
| Grants Receivable | A-19 | <u>2,808.81</u> | <u>2,808.81</u> |
| | | <u>202,920.41</u> | <u>195,156.22</u> |
| | | <u>4,961,385.76</u> | <u>4,476,310.26</u> |

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Hampton, N.J

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|--------------|--------------|
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| Current Fund: | | | |
| Appropriation Reserves: | | | |
| Unencumbered | A-3;A-12 | 441,417.19 | 375,854.40 |
| Encumbered | A-3;A-12 | 67,997.08 | 55,870.84 |
| Total Appropriation Reserves | | 509,414.27 | 431,725.24 |
| Interfunds Payable: | | | |
| Federal and State Grant Fund | A-11 | 200,111.60 | 192,347.41 |
| General Capital | A-11 | 283,811.54 | 283,207.71 |
| Other Trust Fund | A-11 | 1,485.27 | 1,234.02 |
| Due to State of New Jersey: | | | |
| DCA Training Fees | A-13 | 1,472.00 | 1,746.00 |
| Marriage Surcharge | A-13 | 300.00 | 75.00 |
| Tax Overpayments | A-13 | 21,207.50 | 6,634.24 |
| Reserve for: | | | |
| Revaluation Services | A-13 | 8,815.00 | 8,815.00 |
| Prepaid Taxes | A-14 | 429,967.41 | 318,452.20 |
| County Taxes Payable | A-15 | 19,771.46 | 6,714.47 |
| | | 1,476,356.05 | 1,250,951.29 |
| Reserve for Receivables | Contra | 928,371.65 | 938,727.44 |
| Fund Balance | A-1 | 2,353,737.65 | 2,091,475.31 |
| | | 4,758,465.35 | 4,281,154.04 |
| Federal and State Grant Fund: | | | |
| Appropriated Reserve for Grants | A-20 | 189,337.29 | 167,201.93 |
| Unappropriated Reserve for Grants | A-21 | 13,583.12 | 27,954.29 |
| | | 202,920.41 | 195,156.22 |
| | | 4,961,385.76 | 4,476,310.26 |

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Hampton, N.J

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|----------------------------|----------------------------|
| Revenues and Other Income: | | | |
| Fund Balance Utilized | A-2 | 575,000.00 | 580,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 755,167.92 | 789,764.72 |
| Receipts from Delinquent Taxes | A-2 | 203,765.34 | 178,050.68 |
| Receipts from Current Taxes | A-2 | 17,947,629.83 | 17,666,620.78 |
| Non-Budget Revenue | A-2 | 65,957.02 | 134,523.82 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-12 | 232,030.99 | 131,954.60 |
| Total Revenues and Other Income | | <u>19,779,551.10</u> | <u>19,480,914.60</u> |
| Expenditures: | | | |
| Budget and Emergency Appropriations: | | | |
| Operations - Within "CAPS" | | | |
| Salaries and Wages | A-3 | 898,198.11 | 869,691.75 |
| Other Expenses | A-3 | 1,787,271.02 | 1,925,929.96 |
| Deferred Charges and Statutory Expenditures - | | | |
| Municipal - Within "CAPS:" | A-3 | 178,006.84 | 182,138.55 |
| Operations - Excluded From "CAPS:" | | | |
| Other Expenses | A-3 | 309,214.70 | 299,311.29 |
| Capital Improvements - Excluded from "CAPS" | A-3 | 660,000.00 | 660,000.00 |
| Municipal Debt Service - Excluded from "CAPS" | A-3 | 25,762.92 | 25,762.92 |
| Refund of Prior Year Revenues | | | 5,091.00 |
| Interfund Advances | A-11 | 83.14 | 321.41 |
| County Taxes Including Added Taxes | A-15 | 4,001,931.53 | 3,845,070.02 |
| Local District School Tax | A-16 | 5,590,615.00 | 5,468,621.00 |
| Regional High School Tax | A-17 | 5,491,205.50 | 5,561,477.00 |
| Total Expenditures | | <u>18,942,288.76</u> | <u>18,843,414.90</u> |
| Statutory Excess to Fund Balance | | 837,262.34 | 637,499.70 |
| Fund Balance, January 1, | A-1 | <u>2,091,475.31</u> | <u>2,033,975.61</u> |
| | | 2,928,737.65 | 2,671,475.31 |
| Decreased by: | | | |
| Fund Balance Utilized as Budget Revenue | | <u>575,000.00</u> | <u>580,000.00</u> |
| Fund Balance, December 31, | A | <u><u>2,353,737.65</u></u> | <u><u>2,091,475.31</u></u> |

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Hampton, N.J

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | <u>Anticipated Budget</u> | <u>Realized</u> | <u>Excess or (Deficit)</u> |
|---|-------------|-------------------------------|-----------------|--------------------------------|
| Fund Balance Anticipated | A-1 | 575,000.00 | 575,000.00 | - |
| Miscellaneous Revenues: | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | A-10 | 2,880.00 | 2,937.60 | 57.60 |
| Other | A-10 | 15,000.00 | 18,076.75 | 3,076.75 |
| Fees and Permits | A-10 | 25,000.00 | 22,489.14 | (2,510.86) |
| Fines and Costs: | | | | |
| Municipal Court | A-10 | 23,000.00 | 12,160.69 | (10,839.31) |
| Interest and Costs on Taxes | A-10 | 30,000.00 | 51,120.35 | 21,120.35 |
| Energy Receipts Tax | A-10 | 411,854.00 | 411,854.00 | - |
| Garden State Trust Fund | A-10 | 43,949.00 | 28,491.00 | (15,458.00) |
| Uniform Construction Code Fees | A-10 | 75,000.00 | 113,041.00 | 38,041.00 |
| Public and Private Revenues: | | | | |
| Clean Communities | A-19 | 15,065.40 | 15,065.40 | - |
| Recycling Tonnage Grant | A-19 | 12,888.89 | 12,888.89 | - |
| Radon Awareness Program Grant (RAP) | A-19 | 1,000.00 | 1,000.00 | - |
| Other Special Items: | | | | |
| Uniform Fire Safety Act | A-10 | 12,000.00 | 21,043.10 | 9,043.10 |
| Reserve for Debt Service- General Capital | A-10 | 45,000.00 | 45,000.00 | - |
| Total Miscellaneous Revenues | A-1 | 712,637.29 | 755,167.92 | 42,530.63 |
| Receipts from Delinquent Taxes | A-1;A-2 | 184,500.00 | 203,765.34 | 19,265.34 |
| Subtotal General Revenues | | 1,472,137.29 | 1,533,933.26 | 61,795.97 |
| Amount to be Raised by Taxes for Support of Municipal Budget-Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes | A-2 | 3,000,541.00 | 3,100,129.80 | 99,588.80 |
| Budget Totals | | 4,472,678.29 | 4,634,063.06 | 161,384.77 |
| Non-Budget Revenue | A-1;A-2 | - | 65,957.02 | 65,957.02 |
| | | 4,472,678.29 | 4,700,020.08 | 227,341.79 |
| | A-3 | | | |

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Hampton, N.J
Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| <u>Analysis of Realized Revenues</u> | <u>Ref.</u> | |
|--|-------------|----------------------------|
| Revenue from Collections | A-1;A-7 | 17,947,629.83 |
| Less: | | |
| Allocated to School and County Taxes | A-7 | <u>15,083,752.03</u> |
| Balance for Support of Municipal Budget Appropriations | | 2,863,877.80 |
| Add : Appropriation - Reserve for Uncollected Taxes | A-3 | <u>236,252.00</u> |
| Amount for Support of Municipal Budget Appropriations | A-2 | <u><u>3,100,129.80</u></u> |
| Receipts from Delinquent Taxes: | | |
| Delinquent Taxes | | |
| Taxes Receivable | A-7 | <u>203,765.34</u> |
| | | A-2 |
| <u>Analysis of Non-budget Revenues</u> | | |
| Miscellaneous Revenues Not Anticipated: | | |
| Cable T.V. Franchise Fee | | 18,551.00 |
| Payment in Lieu of Taxes | | 1,000.00 |
| Crandon Lakes Dam | | 17,175.28 |
| Scrap | | 427.00 |
| Tax Printouts | | 80.00 |
| Miscellaneous | | 2,303.35 |
| Interest on Investments and Deposits | | 24,958.67 |
| Sr. Citizens/Vets Administration Fees | | <u>1,378.58</u> |
| | A-4 | 65,873.88 |
| Interfund Receivable | A-11 | <u>83.14</u> |
| | | <u><u>65,957.02</u></u> |
| | | A-2 |

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Hampton, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|--------------------------------|-------------|---------------|--|----------------------------|-----------------|---|
| <u>General Appropriations</u> | | | | | | |
| Operations - within "CAPS" | | | | | | |
| Administrative and Executive | | | | | | |
| Mayor and Committee | | 82,000.00 | 78,531.83 | 67,169.96 | (0.00) | 11,361.87 |
| Salaries and Wages | | 14,000.00 | 14,000.00 | 4,756.20 | 193.80 | 9,050.00 |
| Other Expenses | | | | | | |
| Municipal Clerk | | 102,200.00 | 105,668.17 | 105,668.17 | - | |
| Salaries and Wages | | 36,000.00 | 36,000.00 | 19,135.54 | 1,864.46 | 15,000.00 |
| Other Expenses | | | | | | |
| Financial Administration | | | | | | |
| Salaries and Wages | | 58,200.00 | 58,200.00 | 58,004.00 | - | 196.00 |
| Other Expenses | | 7,500.00 | 7,500.00 | 7,253.17 | 246.83 | |
| Audit Services | | 33,100.00 | 33,100.00 | 19,060.00 | 14,040.00 | |
| Computer Services | | 30,000.00 | 30,000.00 | 18,874.14 | 3,125.86 | 8,000.00 |
| Collection of Taxes | | | | | | |
| Salaries and Wages | | 49,450.00 | 51,200.35 | 51,200.35 | - | |
| Other Expenses | | 6,000.00 | 4,249.65 | 3,968.08 | 281.57 | |
| Assessment of Taxes | | | | | | |
| Salaries and Wages | | 52,800.00 | 54,722.61 | 54,722.61 | - | |
| Other Expenses | | 20,000.00 | 18,077.39 | 2,698.47 | 378.92 | 15,000.00 |
| Legal Services and Costs | | | | | | |
| Other Expenses | | 65,000.00 | 65,000.00 | | 65,000.00 | |
| Engineering Services and Costs | | | | | | |
| Other Expenses | | 60,000.00 | 60,000.00 | 14,881.68 | 5,118.32 | 40,000.00 |
| Public Buildings and Grounds | | | | | | |
| Salaries and Wages | | 10,600.00 | 10,600.00 | | - | 10,600.00 |
| Other Expenses | | 60,000.00 | 60,000.00 | 44,994.25 | 5,005.75 | 10,000.00 |

Township of Hampton, N.J

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| <u>General Appropriations</u> | <u>Ref.</u> | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|---|-------------|---------------|--|----------------------------|-----------------|---|
| Municipal Land Use Law: | | | | | | |
| Planning Board: | | | | | | |
| Salaries and Wages | | 9,785.00 | 10,071.46 | 10,071.46 | - | |
| Other Expenses | | 25,000.00 | 24,713.54 | 5,469.80 | 2,243.74 | 17,000.00 |
| Zoning Board of Adjustment | | | | | | |
| Salaries and Wages | | 8,446.00 | 8,680.56 | 8,680.56 | - | |
| Other Expenses | | 20,000.00 | 19,765.44 | 2,287.38 | 478.06 | 17,000.00 |
| Public Safety: | | | | | | |
| Aid To Volunteer Fire Co. in Adjoining Mun. (4) | | 95,000.00 | 95,000.00 | 95,000.00 | - | |
| Uniform Fire Safety Act (Ch. 383, P.L. 1983) | | | | | | |
| Fire Prevention Official | | | | | | |
| Salaries and Wages | | 2,600.00 | 2,600.00 | 2,275.00 | - | 325.00 |
| Other Expenses | | 3,500.00 | 3,500.00 | 67.07 | 432.93 | 3,000.00 |
| First Aid Organization Contribution (3) | | 34,500.00 | 34,500.00 | 33,000.00 | - | 1,500.00 |
| Emergency Management Service: | | | | | | |
| Salaries and Wages | | 7,000.00 | 7,000.00 | 6,963.00 | - | 37.00 |
| Other Expenses | | 4,000.00 | 4,000.00 | 2,399.88 | 600.12 | 1,000.00 |
| Road Repairs and Maintenance | | | | | | |
| Salaries and Wages | | 500,000.00 | 500,000.00 | 402,092.58 | 97,907.42 | |
| Other Expenses | | 400,000.00 | 400,000.00 | 286,747.60 | 113,252.40 | |
| Sanitation: | | | | | | |
| Recycling Coordinator: | | | | | | |
| Salaries and Wages | | 6,180.00 | 6,180.00 | 5,803.00 | - | 377.00 |
| Garbage and Trash Removal - Contractual | | 580,000.00 | 580,000.00 | 417,716.75 | 38,040.25 | 124,243.00 |
| Vehicle Maintenance | | 35,000.00 | 35,000.00 | 9,750.26 | 25,249.74 | |

Township of Hampton, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | <u>General Appropriations</u> | <u>Ref.</u> | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|--|-------------------------------|-------------|---------------|----------------------------------|------------------------|-----------------|-------------------------------------|
| Health and Welfare: | | | | | | | |
| Board of Health | | | 3,000.00 | 3,000.00 | 1,375.18 | 124.82 | 1,500.00 |
| Other Expenses | | | | | | | |
| Animal Regulation | | | 11,845.00 | 11,845.00 | 23.00 | 322.00 | 11,500.00 |
| Salaries and Wages | | | 8,000.00 | 8,000.00 | 1,269.60 | 730.40 | 6,000.00 |
| Other Expenses | | | 3,750.00 | 3,750.00 | 3,000.00 | - | 750.00 |
| Aid to Social Services | | | | | | | |
| Recreation and Education: | | | | | | | |
| Board of Recreation Comm. (N.J.S. 40A:12-1): | | | 30,000.00 | 30,000.00 | 29,527.30 | 472.70 | |
| Other Expenses | | | | | | | |
| Utility Expenses: | | | 26,000.00 | 26,000.00 | 14,545.31 | 1,554.69 | 9,900.00 |
| Electricity | | | 18,000.00 | 18,000.00 | 9,879.18 | 1,120.82 | 7,000.00 |
| Telephone | | | 30,000.00 | 30,000.00 | 5,681.83 | 9,318.17 | 15,000.00 |
| Propane Gas | | | 35,000.00 | 35,000.00 | 12,027.26 | 22,972.74 | |
| Gasoline | | | | | | | |
| Insurance: | | | 82,950.00 | 82,950.00 | 82,946.00 | - | 4.00 |
| General Liability | | | 45,120.00 | 45,612.00 | 45,612.00 | - | |
| Workers Compensation | | | 276,500.00 | 276,500.00 | 261,520.33 | 14,979.67 | |
| Employee Group Health | | | | | | | |
| Code Enforcement & Administration: | | | | | | | |
| Construction Officials: | | | 27,295.00 | 27,295.00 | 27,295.00 | - | |
| Salaries and Wages | | | 40,000.00 | 40,000.00 | 3,084.18 | 1,915.82 | 35,000.00 |
| Other Expenses | | | 3,055,321.00 | 3,055,813.00 | 2,258,497.13 | 426,972.00 | 370,343.87 |
| Total Operations within "CAPS" | | | | | | | |

Township of Hampton, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | <u>General Appropriations</u> | <u>Ref.</u> | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|--|-------------------------------|-------------|---------------|--|----------------------------|-----------------|---|
| Detail: | | | | | | | |
| Salaries and Wages | | A-1 | 928,401.00 | 932,594.98 | 799,968.69 | 98,229.42 | 34,396.87 |
| Other Expenses (Including Contingent) | | A-1 | 2,126,920.00 | 2,123,218.02 | 1,458,528.44 | 328,742.58 | 335,947.00 |
| Deferred Charges and Statutory Expenditures - Municipal within "CAPS" | | | | | | | |
| Statutory Expenditures: | | | | | | | |
| Contribution to: | | | | | | | |
| Public Employees' Retirement System | | | 84,981.00 | 84,981.00 | 84,981.00 | - | - |
| Social Security System (O.A.S.I.) | | | 93,000.00 | 92,508.00 | 83,065.73 | 9,442.27 | - |
| Unemployment Compensation Insurance | | | 2,000.00 | 2,000.00 | 517.84 | (0.00) | 1,482.16 |
| Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS" | | A-1 | 179,981.00 | 179,489.00 | 168,564.57 | 9,442.27 | 1,482.16 |
| Total General Appropriations for Municipal Purposes within "CAPS" | | | 3,235,302.00 | 3,235,302.00 | 2,427,061.70 | 436,414.27 | 371,826.03 |
| Operations - Excluded from "CAPS" | | | | | | | |
| Volunteer Length of Service Award Program Plan | | | 73,000.00 | 73,000.00 | 73,000.00 | - | - |
| Refund of Tax Appeals | | | 1.00 | 1.00 | - | - | 1.00 |
| Declared State of Emergency Costs for Coronavirus Response | | | | | - | - | - |
| Salaries and Wages | | | 1.00 | 1.00 | - | - | 1.00 |
| Other Expenses | | | 1.00 | 1.00 | - | - | 1.00 |
| Total Other Operating Excluded from "CAPS" | | | 73,003.00 | 73,003.00 | - | 73,000.00 | 3.00 |

Township of Hampton, N.J

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| General Appropriations | Ref. | Budget | Budget After Modification | Paid or Charged | Reserved | Unexpended Balance Cancelled |
|---|------|------------|---------------------------------|--------------------|-----------|------------------------------------|
| Shared Service Agreements: | | | | | | |
| Municipal Court | | 100,670.00 | 100,670.00 | 96,651.56 | 0.00 | 4,018.44 |
| Other Expenses | | | | | | |
| Public Safety | | 15,004.00 | 15,004.00 | 15,004.00 | - | - |
| 911 Dispatching Services | | | | | | |
| Fire Prevention Official - Sandyston Township | | 12,695.00 | 12,695.00 | 12,695.00 | - | - |
| Other Expenses | | | | | | |
| Construction Department | | 85,032.00 | 85,032.00 | 82,909.85 | (0.00) | 2,122.15 |
| Other Expenses | | 213,401.00 | 213,401.00 | 207,260.41 | (0.00) | 6,140.59 |
| Total Shared Service Agreements | | | | | | |
| Public and Private Programs Offset by Revenues: | | | | | | |
| Recycling Tonnage Grant | | 12,888.89 | 12,888.89 | 12,888.89 | - | - |
| Clean Communities Grant | | 15,065.40 | 15,065.40 | 15,065.40 | - | - |
| Radon Awareness Program Grant (RAP) | | 1,000.00 | 1,000.00 | 1,000.00 | - | 1.00 |
| Municipal Matching Funds for Grant | | 1.00 | 1.00 | - | - | 1.00 |
| Total Public and Private Program Offset By Revenues | | 28,955.29 | 28,955.29 | 28,954.29 | - | 1.00 |
| Total Operations - Excluded from "CAPS" | | 315,359.29 | 315,359.29 | 236,214.70 | 73,000.00 | 6,144.59 |
| Detail: | | | | | | |
| Salaries & Wages | A-1 | 1.00 | 1.00 | - | - | 1.00 |
| Other Expenses | A-1 | 315,358.29 | 315,358.29 | 236,214.70 | 73,000.00 | 6,144.59 |

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Hampton, N.J

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Unexpended Balance Cancelled</u> |
|---|-------------|---------------|--|----------------------------|-----------------|---|
| <u>General Appropriations</u> | | | | | | |
| Capital Improvements: | | | | | | |
| Capital Improvement Fund | | 60,000.00 | 60,000.00 | 60,000.00 | - | - |
| Improvements to Various Roads | | 400,000.00 | 400,000.00 | 400,000.00 | - | - |
| Purchase of Road Department Equipment | | 200,000.00 | 200,000.00 | 200,000.00 | - | - |
| Total Capital Improvements Excluded from "CAPS" | A-1 | 660,000.00 | 660,000.00 | 660,000.00 | - | - |
| Municipal Debt Service: | | | | | | |
| Improvements to Dam - Principal | | 24,150.00 | 24,150.00 | 24,149.69 | - | 0.31 |
| Improvements to Dam - Interest | | 1,615.00 | 1,615.00 | 1,613.23 | - | 1.77 |
| Total Municipal Debt Service-Excluded from "CAPS" | A-1 | 25,765.00 | 25,765.00 | 25,762.92 | - | 2.08 |
| Total General Appropriations for Municipal Purposes Excluded from "CAPS" | | 1,001,124.29 | 1,001,124.29 | 921,977.62 | 73,000.00 | 6,146.67 |
| Subtotal General Appropriations | | 4,236,426.29 | 4,236,426.29 | 3,349,039.32 | 509,414.27 | 377,972.70 |
| Reserve for Uncollected Taxes | | 236,252.00 | 236,252.00 | 236,252.00 | - | - |
| Total General Appropriations | | 4,472,678.29 | 4,472,678.29 | 3,585,291.32 | 509,414.27 | 377,972.70 |
| | A-2 | | | | | |
| Analysis of Paid or Charged | | | | | | |
| Cash Disbursed | A-4 | | | 3,320,085.03 | | |
| Reserve for Uncollected Taxes | A-2 | | | 236,252.00 | | |
| Reserve for Federal and State Grants | A-20 | | | 28,954.29 | | |
| | | | | 3,585,291.32 | | |
| Analysis of Appropriation Reserves | | | | | | |
| Unencumbered | A | | | | 441,417.19 | |
| Encumbered | A | | | | 67,997.08 | |
| | | | | | 509,414.27 | |

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Hampton, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|---------------------|---------------------|
| <u>Assets</u> | | | |
| Animal Control Trust Fund: | | | |
| Cash | B-1 | <u>5,808.47</u> | <u>8,092.53</u> |
| Other Trust Funds: | | | |
| Cash | B-1 | 1,991,619.63 | 1,968,673.62 |
| Due From Current | B-5 | <u>1,485.27</u> | <u>1,234.02</u> |
| | | <u>1,993,104.90</u> | <u>1,969,907.64</u> |
| Emergency Services Volunteer Length of Service Award Program (Unaudited) | | | |
| Cash | B-1 | 334,144.34 | 288,642.14 |
| Contributions Receivable | B-7 | <u>18,155.00</u> | <u>33,870.38</u> |
| | | <u>352,299.34</u> | <u>322,512.52</u> |
| Total Assets | | <u>2,351,212.71</u> | <u>2,300,512.69</u> |
| <u>Liabilities, Reserves & Fund Balance</u> | | | |
| Animal Control Trust Fund: | | | |
| Reserve for Animal Control | B-2 | 4,807.59 | 7,174.79 |
| Interfund Current | B-4 | <u>1,000.88</u> | <u>917.74</u> |
| | | <u>5,808.47</u> | <u>8,092.53</u> |
| Other Trust Fund: | | | |
| Various Reserves | B-6 | <u>1,993,104.90</u> | <u>1,969,907.64</u> |
| Emergency Services Volunteer Length of Service Award Program (Unaudited) | | | |
| Net Assets Available for Benefits | B-8 | <u>352,299.34</u> | <u>322,512.52</u> |
| Total Liabilities, Reserves & Fund Balance | | <u>2,351,212.71</u> | <u>2,300,512.69</u> |

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Hampton, N.J.
Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|---------------------|---------------------|
| <u>Assets</u> | | | |
| Cash | C-2;C-3 | 703,580.30 | 755,305.31 |
| Interfund - Current Fund | C-4 | 283,811.54 | 283,207.71 |
| Deferred Charges to Future Taxation | | | |
| Funded | C-5 | 62,519.27 | 86,668.96 |
| Grants Receivable | C-6 | 60,793.37 | 65,543.37 |
| | | <u>1,110,704.48</u> | <u>1,190,725.35</u> |
| <u>Liabilities, Reserves and Fund Balance</u> | | | |
| D.E.P. Loan Payable | C-7 | 62,519.27 | 86,668.96 |
| Improvement Authorizations: | | | |
| Funded | C-10 | 315,604.16 | 476,528.58 |
| Capital Improvement Fund | C-8 | 199,833.67 | 180,833.67 |
| Reserve for Encumbrance | C-9 | 230,242.07 | 271,188.83 |
| Reserve for: | | | |
| Improvements to Municipal Property | C-11 | 29,528.21 | 29,528.21 |
| Debt Service | C-11 | 20,000.00 | 65,000.00 |
| Improvements to Parks | C-11 | 22,475.00 | 22,475.00 |
| Improvements to Various Roads - 2018 | C-11 | 42.61 | 42.61 |
| Improvements to Various Roads - 2020 | C-11 | 145,000.00 | |
| Recreation Improvements | C-11 | 69,500.00 | 42,500.00 |
| Fields | C-11 | 7,200.41 | 7,200.41 |
| Road Equipment | C-11 | 6,889.95 | 6,889.95 |
| Fund Balance | C-1 | 1,869.13 | 1,869.13 |
| | | <u>1,110,704.48</u> | <u>1,190,725.35</u> |

Footnote C: There were no Bonds and Notes Authorized But Not Issued as of December 31, 2020.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Hampton, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31,

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|------------------------|-------------|-----------------|-----------------|
| Balance - January 1, | C | <u>1,869.13</u> | <u>1,869.13</u> |
| Balance - December 31, | C | <u>1,869.13</u> | <u>1,869.13</u> |

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Township of Hampton, N.J.

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31,

| | <u>Ref.</u> | <u>2020</u> | <u>2019</u> |
|-------------------------------|-------------|-----------------|-----------------|
| <u>Assets</u> | | | |
| Cash | D-1 | <u>4,213.76</u> | <u>4,210.69</u> |
| <u>Liabilities</u> | | | |
| Reserve for Public Assistance | D-4 | <u>4,213.76</u> | <u>4,210.69</u> |

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Township of Hampton, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

| | <u>Balance</u> <u>Dec. 31, 2020</u> | <u>Balance</u> <u>Dec. 31, 2019</u> |
|--------------------------------|--|--|
| <u>General Fixed Assets:</u> | | |
| Land / Land Improvements | | |
| Buildings | 2,929,894.53 | 2,929,894.53 |
| Machinery and Equipment | <u>3,567,504.26</u> | <u>3,567,504.26</u> |
| | <u>6,497,398.79</u> | <u>6,497,398.79</u> |
| Investment in Fixed Assets | <u>6,497,398.79</u> | <u>6,497,398.79</u> |

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

TOWNSHIP OF HAMPTON, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statements of the Township of Hampton have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Township of Hampton (the "Township") operates under a Township Committee form of government. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Township do not include the Volunteer Fire/Rescue Department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Township uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Township has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Township as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Trust Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

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

General Fixed Assets Account Group - To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

Basis of Accounting - A modified accrual basis of accounting is followed by the Township of Hampton. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local governmental units. The more significant differences are as follows:

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remain in arrears on the 11th day of the 11th month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Budgets and Budgetary Accounting (continued)

The Township is not required to adopt budgets for the following funds:

General Capital Fund
Public Assistance Fund

Trust Fund
Animal Control Trust Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2020, several budget transfers were approved by the governing body.

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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriations reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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

Inventories - 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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by NJSA 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data have not been presented in all statements and notes to financial statements because their inclusion would make certain statements and notes to financial statements unduly complex and difficult to understand.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

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

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

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 sidewalks and drainage systems are not 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.

GAAP requires that all fixed assets be capitalized at historical cost or estimated historical cost if actual historical cost is not available.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Township adopted Government Accounting Standards Board GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Township was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Township.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Impact of Recently Issued Accounting Principles (continued)

For the year ended December 31, 2020, the Township adopted the following GASB Statement:

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements and in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

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 2020 statutory budget included a reserve for uncollected taxes in the amount of \$236,252.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2020 statutory budget was \$575,000.00.

Inter department budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Township Committee.

N.J.S.A. 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 time of budget adoption. During 2020, there were no items of revenue and appropriation inserted into the annual budget.

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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 2: BUDGETARY INFORMATION (continued)

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 budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2020, there were no emergency authorizations.

NOTE 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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 Township'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 Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2020, \$334,144.34 of the Township's bank balance of \$6,699,460.05 was exposed to custodial credit risk. In comparison, as of December 31, 2019, \$288,642.14 of the Township's bank balance of \$6,248,392.65 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Township 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 allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; 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.

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer.

Unaudited Investments

As more fully described in NOTE 15, 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 Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2020 and 2019, amounted to \$334,144.34 and \$288,642.14, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|------------------------------|---------------------|---------------------|
| Investments under 5% | \$83,821.23 | \$79,235.07 |
| American Funds Global Growth | 21,188.34 | - |
| LVIPT Rowe Price 2020 Fund | 18,876.69 | 15,190.29 |
| Fixed | 105,641.48 | 107,855.73 |
| Fidelity VIP Growth | 33,248.65 | 21,700.11 |
| LVIP SSGA S&P 500 Index Fund | <u>71,367.95</u> | <u>64,661.24</u> |
| Total | <u>\$334,144.34</u> | <u>\$288,642.44</u> |

NOTE 4: FIXED ASSETS

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2020.

| | Balance <u>Dec. 31, 2020</u> | Balance <u>Dec. 31, 2019⁽¹⁾</u> |
|--------------------------------------|---------------------------------|---|
| Land/Land Improvements and Buildings | \$2,929,894.53 | \$2,929,894.53 |
| Machinery and Equipment | <u>3,567,504.26</u> | <u>3,567,504.26</u> |
| | <u>\$6,497,398.79</u> | <u>\$6,497,398.79</u> |

(1) A fixed asset inventory could not be completed because of the impact of the Coronavirus (COVID-19) outbreak.

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2020 consisted of the following:

| | Balance | | | Ending | Amounts Due |
|------------------------------|----------------------|----------------------|-----------------------------|---------------------|-----------------------------|
| | <u>Dec. 31, 2019</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> | <u>Within</u> |
| | | | | | <u>One Year</u> |
| Loan Payable - D.E.P. | \$86,668.96 | \$ | \$24,149.69 | \$62,519.27 | \$24,635.10 |
| Other Liabilities: | | | | | |
| Compensated Absences Payable | <u>107,209.33</u> | <u>42,947.72</u> (1) | <u> </u> | <u>150,157.05</u> | <u> </u> |
| | <u>\$193,878.29</u> | <u>\$42,947.72</u> | <u>\$24,149.69</u> | <u>\$212,676.32</u> | <u>\$24,635.10</u> |

(1) Net Increase

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

| | <u>Year 2020</u> | <u>Year 2019</u> | <u>Year 2018</u> |
|--------------------------------|--------------------|--------------------|---------------------|
| <u>Issued:</u> | | | |
| General: | | | |
| Loans and Notes | <u>\$62,519.27</u> | <u>\$86,668.96</u> | <u>\$110,342.80</u> |
| Net Bonds and Notes Issued and | | | |
| Authorized But Not Issued | <u>\$62,519.27</u> | <u>\$86,668.96</u> | <u>\$110,342.80</u> |

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT, (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

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 statutory net debt of .006%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|----------------------|---------------------|---------------------|--------------------|
| Regional School Debt | \$81,267.39 | \$81,267.39 | \$0.00 |
| General Capital Debt | <u>62,519.27</u> | <u>20,000.00</u> | <u>42,519.27</u> |
| | <u>\$143,786.66</u> | <u>\$101,267.39</u> | <u>\$42,519.27</u> |

Net Debt \$42,519.27 divided by equalized valuation basis per N.J.S.A.40A:2-2 as amended \$671,999,790.67 = .006%.

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

| | |
|---|------------------------|
| 3 ½% of Equalized Valuation Basis (Municipal) | \$23,519,992.67 |
| Net Debt | <u>42,519.27</u> |
| Remaining Borrowing Power | <u>\$23,477,473.40</u> |

The forgoing debt information is not in agreement with the annual debt statement filed by the Chief Financial Officer.

SUMMARY OF AVERAGE EQUALIZED VALUATION

| | | |
|------|------------------|------------------|
| 2020 | \$671,999,790.67 | |
| 2019 | | \$660,776,927.00 |
| 2018 | | \$646,744,448.67 |

Long term debt as of December 31, 2020 consisted of the following:

Outstanding loans whose principle and interest are paid from the Current Fund Budget of the Township:

\$369,732.23 General Improvement Loan through the State of New Jersey Department of Environmental Protection, dated 10/7/2005 payable in annual installments through 1/7/2023. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining as of December 31, 2020 was \$62,519.27.

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT, (continued)

General Capital Loans are direct obligations of the Township for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the Township.

**SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR LOAN
DEBT ISSUED AND OUTSTANDING**

| | <u>General Capital Loan</u> | | |
|-------------|-----------------------------|-------------------|--------------------|
| Calendar | | | |
| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2021 | \$24,635.10 | \$1,127.82 | \$25,762.92 |
| 2022 | 25,130.25 | 632.66 | 25,762.91 |
| 2023 | <u>12,753.91</u> | <u>127.54</u> | <u>12,881.45</u> |
| | <u>\$62,519.26</u> | <u>\$1,888.02</u> | <u>\$64,407.28</u> |

NOTE 6: LOCAL AND REGIONAL HIGH SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the School District. The Township of Hampton has not elected to defer school taxes.

NOTE 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2020 and 2019 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2021 and 2020 were as follows:

| | <u>2021</u> | <u>2020</u> |
|--------------|---------------------|---------------------|
| Current Fund | <u>\$614,000.00</u> | <u>\$575,000.00</u> |

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 8: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2020 consist of the following:

| | |
|---------------------|---|
| \$283,811.54 | Due to General Capital Fund from Current Fund for receipts and disbursements made in Current Fund for General Capital Fund. |
| 200,111.60 | Due to Federal and State Grant Fund from Current Fund for receipts and disbursements made from Current Fund for the Federal and State Grant Fund. |
| 1,485.27 | Due to Other Trust Fund from Current Fund for various receipts and disbursements. |
| <u>1,000.88</u> | Due to Current Fund from Animal Control Trust Fund for interest income. |
| <u>\$486,409.29</u> | |

It is anticipated that all interfunds will be liquidated during the calendar year.

NOTE 9: PENSION PLAN

Description of Plans:

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 9: PENSION PLAN, (continued)

Public Employees' Retirement System (PERS), (continued)

Benefits Provided

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

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

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 9: PENSION PLAN, (continued)

Public Employees' Retirement System (PERS), (continued)

Defined Contribution Retirement Program (continued)

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS. In the PERS, the employer contribution includes funding for post-retirement medical premiums.

The Township's contribution to the various plans, equal to the required contributions for each year, were as follows:

| <u>Year</u> | <u>PERS</u> | <u>DCRP</u> |
|-------------|-------------|-------------|
| 2020 | \$84,981.00 | \$0.00 |
| 2019 | 92,891.00 | 0.00 |
| 2018 | 84,577.00 | 0.00 |

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 9: PENSION PLAN, (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2020, the Township had a liability of \$1,467,732.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2020, the Township's proportion was 0.0090004149 percent, which was an increase/(decrease) of (0.0002822566) percent from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Township recognized pension expense of \$84,981.00. At December 31, 2020, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> |
|--|---|--|
| Difference between expected and actual experience | \$26,725.00 | \$5,191.00 |
| Changes of assumptions | 47,615.00 | 614,553.00 |
| Net difference between projected and actual earnings | | |
| on pension plan investments | 50,168.00 | - |
| Changes in proportion and differences between the Township's | | |
| contributions and proportionate share of contributions | <u>91,549.00</u> | <u>113,904.00</u> |
| Total | <u>\$216,057.00</u> | <u>\$733,648.00</u> |

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2020) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and in pension expense as follows:

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 9: PENSION PLAN, (continued)

Public Employees' Retirement System (PERS), (continued)

Year ended June 30:

| | |
|------|----------------|
| 2021 | (\$184,174.00) |
| 2022 | (167,910.00) |
| 2023 | (95,956.00) |
| 2024 | (38,803.00) |
| 2025 | (8,392.00) |

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of non-employer (State of New Jersey) balances at June 30, 2020 and June 30, 2019 are as follows:

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> |
|---|----------------------|----------------------|
| Collective deferred outflows of resources | \$2,347,583,337 | \$3,149,522,616 |
| Collective deferred inflows of resources | 7,849,949,467 | 7,645,087,574 |
| Collective net pension liability | 16,435,616,426 | 18,018,482,972 |
| Township s Proportion | 0.0090004149% | 0.0087181583% |

Actuarial Assumptions

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 9: PENSION PLAN, (continued)

| | |
|---------------------------|--|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00-6.00% (based on years of service) |
| Thereafter | 3.00-7.00% (based on years of service) |
| Investment Rate of Return | 7.00% |

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Public Employees' Retirement System (PERS), (continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 9: PENSION PLAN, (continued)

Public Employees' Retirement System (PERS), (continued)

Long-Term Rate of Return (continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|------------------------------|---|
| U.S. Equity | 27.00% | 7.71% |
| Non-U.S. Developed Market Equity | 13.50% | 8.57% |
| Emerging Market Equity | 5.50% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment Grade Credit | 8.00% | 2.67% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 9: PENSION PLAN, (continued)

Public Employees' Retirement System (PERS), (continued)

Sensitivity of the Collective 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, 2020, 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:

| | June 30, 2020 | | |
|--|----------------|----------------|----------------|
| | 1% | At Current | 1% |
| | Decrease | Discount Rate | Increase |
| | <u>6.00%</u> | <u>7.00%</u> | <u>8.00%</u> |
| Township's proportionate share of the pension liability | \$1,862,159.00 | \$1,467,732.00 | \$1,154,385.00 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 10: ACCRUED SICK AND VACATIONS BENEFITS

The Township has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would be approximately \$150,157.05. This amount is not reported either as an expenditure or liability. The Township has reserved \$99,908.08 from previous budgets to be used to offset this liability and is reflected on the Trust Fund balance sheet, Exhibit B-6. It is expected that the cost of such unpaid compensation would be included in the Township's budget operating expenditures in the year in which it is used.

The Township does permit employees to accrue vacation time for one year, according to ordinance.

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 11: RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur. During the 2020 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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 amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous two years:

| <u>Fiscal year</u> | <u>Interest Earnings/ Township Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|--|-----------------------------------|------------------------------|---------------------------|
| 2020 | \$3.63 | \$ - | \$ - | \$12,675.97 |
| 2019 | 9.27 | 1,572.97 | 3,861.65 | 12,672.34 |
| 2018 | 16.38 | 2,922.99 | 5,774.08 | 14,951.75 |

NOTE 12: 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 Dec 31, 2020</u> | <u>Balance Dec 31, 2019</u> |
|--|---------------------------------|---------------------------------|
| Prepaid Taxes | <u>\$429,967.41</u> | <u>\$318,452.20</u> |
| Cash Liability for Taxes Collected in Advance | <u>\$429,967.41</u> | <u>\$318,452.20</u> |

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 13: HEALTH INSPECTIONS

The Township of Hampton has elected to have the County of Sussex, Department of Health, do all the health inspections. Therefore, the Township does not have a health inspector.

NOTE 14: OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 9, the Township provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits other than Pensions* (GASB Statement No. 75); therefore assets are accumulated to pay associated benefits. 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>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 14: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

General Information about the OPEB Plan (continued)

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 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.

Total OPEB Liability

The following Other Post Employment Benefit information is as of June 30, 2019 which is the latest information available as of the date of this report. This information is eighteen months prior to December 31, 2020. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of County Affairs, State of New Jersey is permitting the regulator basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current Other Post Employment Benefit information is available.

At December 31, 2019, the Township had a liability of \$2,664,783.00 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Township's proportion of the net OPEB liability was based on a projection of the Township's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers a in the plan. At June 30, 2019 the Township's proportion was 0.019672 percent.

For the year ended December 31, 2019, the Township recognized OPEB expense of \$80,564.64. At December 31, 2019, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 14: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

| | Deferred Outflows of <u>Resources</u> | Deferred Inflows of <u>Resources</u> |
|--|---|--|
| Difference between expected and actual experience | \$ - | \$779,286 |
| Changes of assumptions | - | 944,340 |
| Net difference between projected and actual earnings on OPEB plan investments | 2,195 | - |
| Changes in proportion | <u>46,870</u> | <u>613,926</u> |
| Total | <u>\$49,065</u> | <u>\$2,337,552</u> |

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

| | |
|---------------------|-----------|
| Year ended June 30: | |
| 2020 | (280,366) |
| 2021 | (280,366) |
| 2022 | (280,538) |
| 2023 | (280,816) |
| 2024 | (281,070) |
| Thereafter | (318,276) |

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for 2019, 2018 and 2017 amounts, respectively.

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 14: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which rolled forward to June 30, 2019. 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*: | |
| Public Employees's Retirement System (PERS) | |
| Initial fiscal year applied | |
| Rate through 2026 | 2.00% to 6.00% |
| Rate thereafter | 3.00% to 7.00% |
| Police and Firemen's Retirement System (PFRS) | |
| Rate for all future years | 3.25% to 15.25% |
| Mortality: | |
| PERS | Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019 |
| PERS | Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019 |

* Salary increases are based on years of service within the respective plan.

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

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 14: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. 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 Township's proportionate share of the net OPEB liability as of June 30, 2019 as well as what the Township's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1 percentage point higher than the current rate:

| | <u>June 30, 2019</u> | | |
|-----------------------------------|----------------------|----------------------|-----------------|
| | <u>1%</u> | <u>At Current</u> | <u>1%</u> |
| | <u>Decrease</u> | <u>Discount Rate</u> | <u>Increase</u> |
| | <u>2.50%</u> | <u>3.50%</u> | <u>4.50%</u> |
| Township's proportionate share of | | | |
| Net OPEB liability | \$3,081,167 | \$2,664,783 | \$2,326,416 |

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019
(CONTINUED)**

NOTE 14: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:

The following presents the Township's proportionate share of the net OPEB liability as of June 30, 2019 as well as what the Township's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1- percentage point lower or 1 percentage point higher than the current rate:

| | June 30, 2019 | | |
|---|-----------------|-------------------|-----------------|
| | 1% | Healthcare Cost | 1% |
| | <u>Decrease</u> | <u>Trend Rate</u> | <u>Increase</u> |
| Township's proportionate share of NET OPEB Liability | \$2,248,749 | \$2,664,783 | \$3,195,505 |

**NOTE 15: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN
(LOSAP)**

On July 28, 2009 the Division of Local Government Services approved the Township's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Township's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plans contribution requirements are as follows: the contribution for each participating active volunteer member shall be between the minimum contributions of \$100.00 and the maximum contribution of \$1,150.00 per year. The Township's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2020 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020 AND 2019 (CONTINUED)

NOTE 16: CONTINGENT LIABILITIES

We are advised by the Township's Counsel that there are no pending or threatened litigation, claims and assessments that they believe are material.

NOTE 17: OTHER MATTERS

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the State of Emergency and Public Health Emergency remains in effect. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Township of Hampton. The Township has identified several risks as a result of this pandemic, including a possible delay in collection of real estate taxes and cash flow shortages as a result of these delayed collections and increased health emergency costs. During 2021, the Township received reimbursement of health emergency costs associated with the pandemic from FEMA and/or the Federal CARES Act funding provided to the State or County Governments.

In addition, during 2020 revenues of the Borough were not materially affected.

NOTE 18: SUBSEQUENT EVENTS

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The amount of federal aid available to the Township of Hampton is \$475,640.37 which will be available for use until December 31, 2024. This amount will be distributed to the Borough in two installments. The first installment within 120 days of the State receiving the funding from the Federal government and the second installment one year after the receipt of the first installment.

The Township has evaluated subsequent events through September 30, 2021, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

TOWNSHIP OF HAMPTON, N.J.

OFFICIALS IN OFFICE AND SURETY BONDS

DECEMBER 31, 2020

The following officials were in office during the period under audit.

| <u>Name</u> | <u>Title</u> |
|---------------------------------|--|
| Philip Yetter | Mayor |
| Timothy Dooley | Deputy Mayor |
| Keith Gourlay | Committeeperson |
| David Hansen | Committeeperson |
| Eileen Klose | Committeeperson |
| Jessica Caruso | Administrator; Chief Financial Officer & Treasurer |
| Kathleen Armstrong | Clerk; Registrar of Vital Statistics; Assessment Search Officer |
| Valerie Ingles | Deputy Clerk; Deputy Registrar; Sec. Bd. of Health; Sec. Recreation |
| Leah Korver | Tax Collector |
| Joseph Ferraris | Assessor |
| Robert Huber | Construction and Code Enforcement Officer; Plumbing Inspector |
| Mary Whitesell | Sec. Planning Board/Zoning Board; Technical Assistant to Construction Code Official; Assistant to Assessor |
| Township of Sandyston | Electrical Inspector; Fire Sub Code Officer; Fire Prevention; Zoning Official |
| Harold E. Pellow | Engineer |
| James Devine | Judge |
| Anthony Arbore | Prosecutor |
| Frank McGovern | Attorney |
| Thomas M. Ferry, C.P.A., R.M.A. | Auditor |

There is in effect a Public Employee Blanket Bond in the amount of \$1,000,000 per person by Public Alliance Insurance Coverage Fund.

All the Bonds were examined and were properly executed.

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

| | <u>Year 2020</u> | | <u>Year 2019</u> | |
|---|----------------------|----------------|----------------------|----------------|
| | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| <u>Revenue and Other Income Realized</u> | | | | |
| Fund Balance Utilized | 575,000.00 | 2.91% | 580,000.00 | 2.98% |
| Miscellaneous - From Other Than | | | | |
| Local Property Tax Levies | 755,167.92 | 3.82% | 789,764.72 | 4.05% |
| Collection of Delinquent Taxes | | | | |
| and Tax Title Liens | 203,765.34 | 1.03% | 178,050.68 | 0.91% |
| Collection of Current | | | | |
| Tax Levy | 17,947,629.83 | 90.74% | 17,666,620.78 | 90.69% |
| Other Credits to Income | 297,988.01 | 1.51% | 266,478.42 | 1.37% |
| <u>Total Revenue and Other Income Realized</u> | <u>19,779,551.10</u> | <u>100.00%</u> | <u>19,480,914.60</u> | <u>100.00%</u> |
| <u>Expenditures</u> | | | | |
| Budget Expenditures: | | | | |
| Municipal Purposes | 3,858,453.59 | 20.37% | 3,962,834.47 | 21.03% |
| Local and Regional School Taxes | 11,081,820.50 | 58.50% | 11,030,098.00 | 58.54% |
| County Taxes | 4,001,931.53 | 21.13% | 3,845,070.02 | 20.41% |
| Other Expenditures | 83.14 | 0.00% | 5,412.41 | 0.03% |
| <u>Total Expenditures</u> | <u>18,942,288.76</u> | <u>100.00%</u> | <u>18,843,414.90</u> | <u>100.00%</u> |
| Statutory Excess to Fund Balance | 837,262.34 | | 637,499.70 | |
| Fund Balance, January 1, | <u>2,091,475.31</u> | | <u>2,033,975.61</u> | |
| | 2,928,737.65 | | 2,671,475.31 | |
| Less: | | | | |
| Utilized as Anticipated Revenue | <u>575,000.00</u> | | <u>580,000.00</u> | |
| Fund Balance, December 31, | <u>2,353,737.65</u> | | <u>2,091,475.31</u> | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|----------|--------------|--------------|--------------|
| Tax Rate | <u>2.986</u> | <u>2.959</u> | <u>2.902</u> |

Apportionment of Tax Rate:

| | | | |
|----------------------|------|------|------|
| Municipal | .495 | .495 | .489 |
| Regional High School | .908 | .921 | .903 |
| County | .659 | .637 | .623 |
| Local School | .924 | .906 | .887 |

Assessed Valuation

| | | | |
|------|------------------|------------------|------------------|
| 2020 | \$605,096,000.00 | | |
| 2019 | | \$603,712,200.00 | |
| 2018 | | | \$604,275,700.00 |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Currently</u> | |
|-------------|-----------------|-------------------------|---------------------------------|
| | | <u>Cash Collections</u> | <u>Percentage of Collection</u> |
| 2020 | \$18,158,147.74 | \$17,947,629.83 | 98.84% |
| 2019 | 17,895,035.27 | 17,666,620.78 | 98.72% |
| 2018 | 17,580,752.33 | 17,381,269.61 | 98.87% |

DELINQUENT TAXES AND TAX TITLE LIENS

| <u>Year</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
|-------------|----------------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2020 | \$82,521.97 | \$181,198.80 | \$263,720.77 | 1.45% |
| 2019 | 65,700.37 | 208,459.33 | 274,159.70 | 1.53% |
| 2018 | 49,625.48 | 181,178.73 | 230,804.21 | 1.31% |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2020 | \$663,650.00 |
| 2019 | 663,650.00 |
| 2018 | 663,650.00 |

COMPARATIVE SCHEDULE OF SURPLUS

| <u>Year</u> | <u>Balance Dec. 31,</u> | <u>Utilized In Budget of Succeeding Year</u> |
|-------------|-----------------------------|--|
| 2020 | \$2,353,737.65 | \$614,000.00 |
| 2019 | 2,091,475.31 | 575,000.00 |
| 2018 | 2,033,975.61 | 580,000.00 |
| 2017 | 1,915,757.53 | 600,000.00 |
| 2016 | 1,818,793.18 | 568,500.00 |

Township of Hampton
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

| Federal Grantor/Program Title | Federal C.F.D.A. Number | Program or Award Amount | Grant Period From/To | 12/31/2019 | | 12/31/2020 | | MEMO Cumulative Total Expenditures |
|---|----------------------------|----------------------------|-------------------------|--------------|--------------------|--------------|--------------------|---|
| | | | | (Receivable) | Reserve Balance | (Receivable) | Reserve Balance | |
| U.S. Department of Treasury Pass Through New Jersey Department of Community Affairs - Division of Local Government Services | 21-019 | 15,198.97 | 3/1/20 to 12/31/20 | | | (15,198.97) | | 15,198.97 |
| FEDERAL AND STATE GRANT FUND | | | | | | | | |
| Federal Emergency Management Agency (Passed through NJ Office of Emergency Management) | 97.039 | 90,000.00 | N/A | (2,808.81) | 23,112.30 | (2,808.81) | 23,112.30 | 66,887.70 |
| Hazard Mitigation Grant Program | 97.039 | 7,500.00 | N/A | - | 7,500.00 | - | 7,500.00 | - |
| Hazard Mitigation Grant Program | | | | (2,808.81) | 30,612.30 | (2,808.81) | 30,612.30 | 66,887.70 |
| TOTAL FEDERAL AID | | | | (2,808.81) | 30,612.30 | (18,007.78) | 30,612.30 | 82,086.67 |

Township of Hampton
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2020

| MEMO | Cumulative Total Expenditures | 12/31/2020 | | Expended | Receipts | Grant Period From/To | Program or Award Amount | Grant or State Project Number | State Grantor/Program Title | MEMO |
|--|-------------------------------------|--------------|--------------------|------------|------------|-------------------------|----------------------------|---------------------------------|--|------|
| | | (Receivable) | Reserve Balance | | | | | | | |
| FEDERAL AND STATE GRANT FUND | | | | | | | | | | |
| NJ Department of Solid Waste Administration: | | | | | | | | | | |
| | 3,540.80 | 4,048.38 | - | 1,908.65 | - | 1/1/13-12/31/13 | 7,589.18 | 4900-752-042-4900-001-V42Y-6020 | Recycling Tonnage Grant | |
| | - | 7,244.67 | - | - | - | 1/1/14-12/31/14 | 7,244.67 | 4900-752-042-4900-001-V42Y-6020 | Recycling Tonnage Grant | |
| | - | 8,986.55 | - | - | - | 1/1/15-12/31/15 | 8,986.55 | 4900-752-042-4900-001-V42Y-6020 | Recycling Tonnage Grant | |
| | - | 6,698.70 | - | - | - | 1/1/17-12/31/17 | 6,698.70 | 4900-752-042-4900-001-V42Y-6020 | Recycling Tonnage Grant | |
| | - | 6,483.71 | - | - | - | 1/1/18-12/31/18 | 6,483.71 | 4900-752-042-4900-001-V42Y-6020 | Recycling Tonnage Grant | |
| | 3,540.80 | 39,867.19 | - | 1,908.65 | - | 1/1/19-12/31/19 | 6,405.18 | 4900-752-042-4900-001-V42Y-6020 | Recycling Tonnage Grant | |
| Clean Communities | | | | | | | | | | |
| | 11,230.80 | 802.32 | - | 4,910.28 | - | 1/1/13-12/31/13 | 12,033.12 | 4900-765-042-4900-004-V42Y-6020 | Clean Communities | |
| | - | 11,285.97 | - | - | - | 1/1/14-12/31/14 | 11,285.97 | 4900-765-042-4900-004-V42Y-6020 | Clean Communities | |
| | - | 13,714.40 | - | - | - | 1/1/15-12/31/15 | 13,714.40 | 4900-765-042-4900-004-V42Y-6020 | Clean Communities | |
| | - | 16,653.71 | - | - | - | 1/1/16-12/31/16 | 16,653.71 | 4900-765-042-4900-004-V42Y-6020 | Clean Communities | |
| | - | 24,662.16 | - | - | - | 1/1/17-12/31/17 | 24,662.16 | 4900-765-042-4900-004-V42Y-6020 | Clean Communities | |
| | - | 12,787.50 | - | - | - | 1/1/18-12/31/18 | 12,787.50 | 4900-765-042-4900-004-V42Y-6020 | Clean Communities | |
| | - | 15,065.40 | - | - | - | 1/1/19-12/31/19 | 15,065.40 | 4900-765-042-4900-004-V42Y-6020 | Clean Communities | |
| | 11,230.80 | 13,583.12 | - | - | - | 1/1/20-12/31/20 | 13,583.12 | 4900-765-042-4900-004-V42Y-6020 | Clean Communities | |
| Total NJ Department of Solid Waste Administration: | | | | | | | | | | |
| | - | - | - | - | - | 1/1/98-12/31/98 | 6,540.00 | N/A | NJ Department of Housing and Urban Development: Small Cities | |
| NJ Department of Community Affairs: | | | | | | | | | | |
| | - | 4,365.00 | - | - | - | 1/1/01-12/31/01 | 4,365.00 | N/A | Emergency Housing Repair | |
| NJ Department of Environmental Control: | | | | | | | | | | |
| | - | 5,000.00 | - | - | - | 1/1/06-12/31/06 | 5,000.00 | N/A | Stormwater | |
| Division of Environmental Safety and Health: | | | | | | | | | | |
| | - | 1,000.00 | - | - | - | 1/1/20-12/31/20 | 1,000.00 | N/A | Radon Awareness Program | |
| TOTAL FEDERAL AND STATE GRANT FUND | | | | | | | | | | |
| | 14,771.60 | 165,326.77 | - | 6,818.93 | 14,583.12 | | | | | |
| GENERAL CAPITAL FUND | | | | | | | | | | |
| NJ Department of Transportation | | | | | | | | | | |
| | 191,423.13 | 28,576.87 | (24,543.37) | - | 41,000.00 | 1/1/18-12/31/18 | 220,000.00 | | Local Municipal Aid Grants Improvements to Kernal Mecca Lake Road | |
| | 164,000.00 | - | - | 145,000.00 | 108,750.00 | 1/1/19-12/31/19 | 164,000.00 | | Improvements to Ridge Road | |
| | 355,423.13 | 28,576.87 | (60,793.37) | 145,000.00 | 149,750.00 | 1/1/20-12/31/20 | 145,000.00 | | Improvements to Frank Chandler Road | |
| TOTAL STATE AID | | | | | | | | | | |
| | 370,194.73 | 193,903.64 | (60,793.37) | 151,818.93 | 164,333.12 | | | | | |

Note: This schedule was not subject to an audit in accordance with N.J. OMB Circular 15-08.

Township of Hampton, N.J

Schedule of Cash

Current Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | | |
|---|-------------|---------------|----------------------------|
| Balance - December 31, 2019 | A | | 3,293,816.59 |
| Increased by Receipts: | | | |
| Miscellaneous Revenue Not Anticipated | A-2 | 65,873.88 | |
| Due From State - Senior Citizen and Veteran Deductions | A-6 | 68,928.77 | |
| Taxes Receivable | A-7 | 17,765,320.54 | |
| Revenue Accounts Receivable | A-10 | 726,213.63 | |
| Interfunds | A-11 | 18,690.72 | |
| Various Cash Liabilities and Reserves | A-13 | 28,608.75 | |
| Prepaid Taxes | A-14 | 429,967.41 | |
| | | | <u>19,103,603.70</u> |
| | | | 22,397,420.29 |
| Decreased by Disbursements: | | | |
| Current Year Budget Appropriations | A-3 | 3,320,085.03 | |
| Interfunds | A-11 | 10,071.45 | |
| Appropriation Reserves | A-12 | 199,694.25 | |
| Various Cash Liabilities and Reserves | A-13 | 14,084.49 | |
| County Taxes Payable | A-15 | 3,988,874.54 | |
| Local School District Taxes Payable | A-16 | 5,590,615.00 | |
| Regional High School Taxes Payable | A-17 | 5,491,205.50 | |
| | | | <u>18,614,630.26</u> |
| Balance - December 31, 2020 | A | | <u><u>3,782,790.03</u></u> |

Township of Hampton, N.J
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2020

| | <u>Ref.</u> | |
|-----------------------------|-------------|---------------|
| Balance - December 31, 2019 | A | <u>200.00</u> |
| Balance - December 31, 2020 | A | <u>200.00</u> |
| <u>Analysis of Balance:</u> | | |
| Tax Collector | | 100.00 |
| Clerk | | <u>100.00</u> |
| | | <u>200.00</u> |

Township of Hampton, N.J

**Schedule of Amount Due From State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

Current Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|---|-----------------|-------------------------|
| Balance - December 31, 2019 | A | 48,410.01 |
| Increased by: | | |
| Senior Citizens' Deductions Per Tax Billing | 8,250.00 | |
| Veterans' Deductions Per Tax Billing | 60,622.43 | |
| Allowed by Tax Collector - 2020 Taxes | <u>750.00</u> | |
| | | 69,622.43 |
| Less: | | |
| Senior Citizens' and Veterans' Deductions | | |
| Disallowed by Tax Collector - 2020 Taxes | 1,000.00 | |
| Senior Citizens' and Veterans' Deductions | | |
| Disallowed by Tax Collector 2019 Taxes | <u>1,000.00</u> | |
| | | <u>2,000.00</u> |
| | A-7 | <u>67,622.43</u> |
| Decreased by: | | 116,032.44 |
| State Share of Senior Citizens' and Veterans' | | |
| Deductions Received in Cash | A-4 | <u>68,928.77</u> |
| Balance - December 31, 2020 | A | <u><u>47,103.67</u></u> |

Township of Hampton, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2020

| Year | Balance, Dec. 31, 2019 | Levy | Added Taxes | Collected 2019 | 2020 | Senior Citizen and Veteran Deductions | Transferred to Tax Title Liens | Canceled | Balance, Dec. 31, 2020 |
|------|------------------------------|---------------|----------------|-------------------|---------------|---|--------------------------------------|-----------|------------------------------|
| 2007 | 54.75 | | | | | | | | 54.75 |
| 2008 | 74.35 | | | | | | | | 74.35 |
| 2010 | 48.21 | | | | | | | | 48.21 |
| 2011 | 1,429.24 | | | | | | | | 1,429.24 |
| 2013 | 41.44 | | | | | | | | 41.44 |
| 2014 | 1,885.71 | | | | | | | | 1,885.71 |
| 2015 | 726.06 | | | | | | | | 726.06 |
| 2016 | 793.27 | | | | | | | | 793.27 |
| 2017 | 1,259.45 | | | | | | | | 1,259.45 |
| 2018 | 1,287.67 | | | | | | | 2.08 | 1,285.59 |
| 2019 | 200,859.18 | | 4,944.12 | | 204,765.34 | (1,000.00) | 727.00 | | 1,310.96 |
| | 208,459.33 | - | 4,944.12 | - | 204,765.34 | (1,000.00) | 727.00 | 2.08 | 8,909.03 |
| 2020 | - | 18,068,166.88 | 89,980.86 | 318,452.20 | 17,560,555.20 | 68,622.43 | 15,963.17 | 22,264.97 | 172,289.77 |
| | 208,459.33 | 18,068,166.88 | 94,924.98 | 318,452.20 | 17,765,320.54 | 67,622.43 | 16,690.17 | 22,267.05 | 181,198.80 |
| | A | | | A-2, A-14 | A-2, A-4 | A-2, A-6 | A-8 | | A |

Analysis of Tax Levy

Tax yield: Ref.

General Purpose Tax
Added Tax (R.S. 54:4-63.1 et seq.)

18,068,166.88
89,980.86
18,158,147.74

Tax Levy:

County Tax
Added County Taxes

3,982,160.07
19,771.46

Local District School Tax
Regional High School Tax

4,001,931.53
5,590,615.00
5,491,205.50
15,083,752.03

Local Tax for Municipal Purposes
Additional Taxes

3,000,541.00
73,854.71
3,074,395.71
18,158,147.74

Township of Hampton, N.J

Schedule of Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|--|-------------|-------------------------|
| Balance - December 31, 2019 | A | 65,700.37 |
| Increased by: | | |
| Transferred from 2019 Taxes Receivable | | 727.00 |
| Transferred from 2020 Taxes Receivable | | <u>15,963.17</u> |
| | A-7 | <u>16,690.17</u> |
| Interest and Costs | | <u>131.73</u> |
| | | <u>16,821.90</u> |
| | | 82,522.27 |
| Decreased by: | | |
| Cancelled | | <u>0.30</u> |
| Balance - December 31, 2020 | A | <u><u>82,521.97</u></u> |

**Schedule of Property Acquired for
Taxes Assessed Valuation**

Current Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|-----------------------------|-------------|--------------------------|
| Balance - December 31, 2019 | A | <u><u>663,650.00</u></u> |
| Balance - December 31, 2020 | A | <u><u>663,650.00</u></u> |

Township of Hampton, N.J
Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | <u>Accrued</u> | <u>Collected</u> |
|--|-------------|-------------------|-------------------|
| Clerk: | | | |
| Licenses: | | | |
| Alcoholic Beverages | A-2 | 2,937.60 | 2,937.60 |
| Other Licenses | A-2 | 18,076.75 | 18,076.75 |
| Fees and Permits | A-2 | 22,489.14 | 22,489.14 |
| Municipal Court: | | | |
| Fines and Costs | A-2 | 12,160.69 | 12,160.69 |
| Interest and Costs on Taxes | A-2 | 51,120.35 | 51,120.35 |
| Uniform Construction Code: | | | |
| Fees and Permits - Building | A-2 | 113,041.00 | 113,041.00 |
| Energy Receipts Tax | A-2 | 411,854.00 | 411,854.00 |
| Garden State Trust Fund | A-2 | 28,491.00 | 28,491.00 |
| Uniform Fire Safety | A-2 | 21,043.10 | 21,043.10 |
| Reserve for Debt Service-General Capital | A-2 | 45,000.00 | 45,000.00 |
| | | <u>726,213.63</u> | <u>726,213.63</u> |
| | | | A-4 |

Township of Hampton, N.J

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2020

| <u>Fund</u> | <u>Ref.</u> | Due From/(To) Balance | | | Due From/(To) Balance | |
|-----------------------------------|-------------|--------------------------|------------------|------------------|--------------------------|--|
| | | <u>Dec. 31, 2019</u> | <u>Increased</u> | <u>Decreased</u> | <u>Dec. 31, 2020</u> | |
| Federal and State Grants | A | (192,347.41) | 14,583.12 | 6,818.93 | (200,111.60) | |
| General Capital Fund | A | (283,207.71) | 3,506.59 | 2,902.76 | (283,811.54) | |
| Animal Control Trust | A | 917.74 | 83.14 | | 1,000.88 | |
| Other Trust | A | (1,234.02) | 601.01 | 349.76 | (1,485.27) | |
| | | <u>(475,871.40)</u> | <u>18,773.86</u> | <u>10,071.45</u> | <u>(484,407.53)</u> | |
| <u>Analysis</u> | | | | | | |
| Due To Current Fund | A-1 | 917.74 | | | 1,000.88 | |
| Due From Current Fund | | <u>(476,789.14)</u> | | | <u>(485,408.41)</u> | |
| | | <u>(475,871.40)</u> | | | <u>(484,407.53)</u> | |
| Interfund- Interest on Investment | A-2 | | 83.14 | | | |
| Received | A-4 | | 18,690.72 | | | |
| Disbursed | A-4 | | | 10,071.45 | | |
| | | | <u>18,773.86</u> | <u>10,071.45</u> | | |

Township of Hampton, N.J
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2020

| | Balance, Dec. 31, <u>2019</u> | Balance after <u>Transfers</u> | Paid or <u>Charged</u> | Balance <u>Lapsed</u> |
|--|-------------------------------------|--------------------------------------|---------------------------|--------------------------|
| Administrative and Executive | | | | |
| Mayor and Council | | | | |
| Other Expenses | 138.32 | 138.32 | | 138.32 |
| Municipal Clerk | | | | |
| Other Expenses | 2,054.45 | 2,054.45 | 1,106.36 | 948.09 |
| Financial Administration | | | | |
| Other Expenses | 594.63 | 594.63 | 541.69 | 52.94 |
| Audit Services | 14,740.00 | 14,740.00 | 14,740.00 | - |
| Computer Services | 3,064.25 | 3,064.25 | 764.95 | 2,299.30 |
| Assessment of Taxes | | | | |
| Other Expenses | 1,054.78 | 1,054.78 | 213.26 | 841.52 |
| Collection of Taxes | | | | |
| Other Expenses | 759.63 | 759.63 | 232.66 | 526.97 |
| Legal Services and Costs | | | | |
| Other Expenses | 65,000.00 | 65,000.00 | 28,412.80 | 36,587.20 |
| Engineering Services and Costs | | | | |
| Other Expenses | 12,605.50 | 12,605.50 | 1,349.00 | 11,256.50 |
| Public Building and Grounds | | | | |
| Other Expenses | 446.10 | 446.10 | 407.67 | 38.43 |
| Municipal Land Use Law: | | | | |
| Planning Board | | | | |
| Other Expenses | 4,215.45 | 4,215.45 | 1,040.00 | 3,175.45 |
| Zoning Board of Adjustment | | | | |
| Other Expenses | 4,439.70 | 4,439.70 | 2,937.83 | 1,501.87 |
| Uniform Fire Safety Act: | | | | |
| Fire Prevention Official | | | | |
| Salaries and Wages | 217.50 | 217.50 | | 217.50 |
| Other Expenses | 1,530.44 | 1,530.44 | | 1,530.44 |
| Emergency Management Services | | | | |
| Other Expenses | 419.77 | 419.77 | 207.21 | 212.56 |
| Road Repairs and Maintenance | | | | |
| Salaries and Wages | 45,072.76 | 45,072.76 | 18,853.99 | 26,218.77 |
| Other Expenses | 41,576.65 | 41,576.65 | 40,128.90 | 1,447.75 |
| Sanitation: | | | | |
| Garbage and Trash Removal- Contractual | 70,164.49 | 70,164.49 | 37,229.41 | 32,935.08 |
| Vehicle Maintenance | 19,886.48 | 19,886.48 | 1,289.89 | 18,596.59 |
| Health and Welfare: | | | | |
| Board of Health | | | | |
| Other Expenses | 56.02 | 56.02 | | 56.02 |
| Animal Regulation | | | | |
| Other Expenses | 302.61 | 302.61 | | 302.61 |
| Utilities: | | | | |
| Electricity | 1,260.38 | 1,260.38 | 1,208.22 | 52.16 |
| Telephone | 1,331.40 | 1,331.40 | | 1,331.40 |
| Propane Gas | 2,155.97 | 2,155.97 | 1,965.92 | 190.05 |
| Gasoline | 8,330.68 | 8,330.68 | 3,435.00 | 4,895.68 |

Township of Hampton, N.J
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2020

| | Balance, Dec. 31, 2019 | Balance after Transfers | Paid or Charged | Balance Lapsed |
|--|------------------------------|-------------------------------|--------------------|-------------------|
| Insurance: | | | | |
| Group Insurance for Employees | 50,599.91 | 50,599.91 | 16,703.85 | 33,896.06 |
| Code Enforcement & Administration | | | | |
| Construction Officials | | | | |
| Other Expenses | 6,246.27 | 6,246.27 | 759.64 | 5,486.63 |
| Deferred Charges and Statutory Expenditures: | | | | |
| Contribution to: | | | | |
| Social Security System | 461.10 | 461.10 | 406.50 | 54.60 |
| Operations - Excluded from "CAPS:" | | | | |
| Volunteer Length of Service Award | | | | |
| Program Plan | 73,000.00 | 73,000.00 | 25,759.50 | 47,240.50 |
| | <u>431,725.24</u> | <u>431,725.24</u> | <u>199,694.25</u> | <u>232,030.99</u> |
| | | | A-4 | A-1 |
| <u>Ref.</u> | | | | |
| Unencumbered | A | 375,854.40 | | |
| Encumbered | A | 55,870.84 | | |
| | | <u>431,725.24</u> | | |

Township of Hampton, N.J
Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2020

| <u>Liabilities and Reserves</u> | <u>Balance</u> <u>Dec. 31, 2019</u> | <u>Increased</u> | <u>Decreased</u> | <u>Balance</u> <u>Dec. 31, 2020</u> |
|---------------------------------------|--|------------------|------------------|--|
| <u>Liabilities:</u> | | | | |
| Due State of NJ DCA Training Fees | 1,746.00 | 7,695.00 | 7,969.00 | 1,472.00 |
| Due State of NJ Marriage License Fees | 75.00 | 800.00 | 575.00 | 300.00 |
| Tax Overpayments | 6,634.24 | 20,113.75 | 5,540.49 | 21,207.50 |
| <u>Reserves for:</u> | | | | |
| Revaluation Program | 8,815.00 | - | - | 8,815.00 |
| | <u>17,270.24</u> | <u>28,608.75</u> | <u>14,084.49</u> | <u>31,794.50</u> |
| | A | A-4 | A-4 | A |

Township of Hampton, N.J

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|-------------------------------|-------------|--------------------------|
| Balance - December 31, 2019 | A | 318,452.20 |
| Increased by: | | |
| Receipts - Prepaid 2021 Taxes | A-4 | <u>429,967.41</u> |
| | | 748,419.61 |
| Decreased by: | | |
| Applied to 2020 Taxes | A-7 | <u>318,452.20</u> |
| Balance - December 31, 2020 | A | <u><u>429,967.41</u></u> |

Township of Hampton, N.J
Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | | |
|-----------------------------|-------------|--------------|--------------|
| Balance - December 31, 2019 | A | | 6,714.47 |
| Increased by: | | | |
| Levy | A-7 | 3,982,160.07 | |
| Added and Omitted Taxes | A-7 | 19,771.46 | |
| | A-1 | | 4,001,931.53 |
| | | | 4,008,646.00 |
| Decreased by: | | | |
| Payments | A-4 | | 3,988,874.54 |
| Balance - December 31, 2020 | A | | 19,771.46 |

Schedule of Local School District Taxes Payable

Current Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|---------------|-------------|--------------|
| Increased by: | | |
| Levy- 2020 | A-1;A-7 | 5,590,615.00 |
| Decreased by: | | |
| Payments | A-4 | 5,590,615.00 |

Township of Hampton, N.J

Schedule of Regional High School Taxes Payable

Current Fund

Year Ended December 31, 2020

Ref.

| | | |
|----------------------------|---------|----------------------------|
| Balance- December 31, 2019 | A | |
| Increased by: | | |
| Levy- 2020 | A-1;A-7 | <u>5,491,205.50</u> |
| Decreased by: | | |
| Payments | A-4 | <u><u>5,491,205.50</u></u> |

Township of Hampton, N.J

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2020

| <u>Fund</u> | | Due From/(To) Balance <u>Dec. 31, 2019</u> | <u>Increased</u> | <u>Decreased</u> | Due From/(To) Balance <u>Dec. 31, 2020</u> |
|-----------------------|-------------|--|------------------|------------------|--|
| Current Fund | | <u>192,347.41</u> | <u>14,583.12</u> | <u>6,818.93</u> | <u>200,111.60</u> |
| | | A | | | A |
| | <u>Ref.</u> | | | | |
| Grants Receivable | A-19 | | 1,000.00 | | |
| Appropriated Grants | A-20 | | - | 6,818.93 | |
| Unappropriated Grants | A-21 | | <u>13,583.12</u> | <u>-</u> | |
| | | | <u>14,583.12</u> | <u>6,818.93</u> | |

Township of Hampton, N.J

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2020

| <u>Grant</u> | <u>Balance</u> <u>Dec. 31, 2019</u> | <u>Budget</u> <u>Revenue</u> | <u>Received</u> | Transfer from Unappropriated <u>Reserves</u> | <u>Balance</u> <u>Dec. 31, 2020</u> |
|---|--|---------------------------------|-----------------|--|--|
| | | | | | |
| Clean Communities | | 15,065.40 | | 15,065.40 | - |
| Recycling Tonnage | | 12,888.89 | | 12,888.89 | - |
| Radon Awareness Program Grant | | 1,000.00 | 1,000.00 | | - |
| Hurricane Sandy - Hazard Mitigation Grant | 2,808.81 | | | | 2,808.81 |
| | <u>2,808.81</u> | <u>28,954.29</u> | <u>1,000.00</u> | <u>27,954.29</u> | <u>2,808.81</u> |
| A | A | A-2 | A-18 | A-21 | A |

Township of Hampton, N.J

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2020

| <u>Grant</u> | <u>Balance</u> <u>Dec. 31, 2019</u> | <u>Transfer</u> <u>From 2020</u> <u>Budget</u> | <u>Expended</u> | <u>Balance</u> <u>Dec. 31, 2020</u> |
|----------------------------------|--|--|-----------------|--|
| Recycling Tonnage | 28,886.95 | 12,888.89 | 1,908.65 | 39,867.19 |
| Small Cities | 6,540.00 | | | 6,540.00 |
| Municipal Alliance Against Drugs | | | | |
| Local Share | 6,981.34 | | | 6,981.34 |
| Clean Communities | 84,816.34 | 15,065.40 | 4,910.28 | 94,971.46 |
| Radon Awareness Program Grant | - | 1,000.00 | | 1,000.00 |
| FEMA - Hazard Mitigation Grant | | | | - |
| Federal Share | 30,612.30 | | | 30,612.30 |
| Storm Water Grant | 5,000.00 | | | 5,000.00 |
| Emergency Housing Repair | 4,365.00 | | | 4,365.00 |
| | <u>167,201.93</u> | <u>28,954.29</u> | <u>6,818.93</u> | <u>189,337.29</u> |
| | A | A-3 | A-18 | A |

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2020

| <u>Grant</u> | <u>Balance</u> <u>Dec. 31, 2019</u> | <u>Transfer to</u> <u>Appropriated</u> <u>Reserves</u> | <u>Cash</u> <u>Receipts</u> | <u>Balance</u> <u>Dec. 31, 2020</u> |
|-------------------|--|--|--------------------------------|--|
| Recycling Tonnage | 12,888.89 | 12,888.89 | | - |
| Clean Communities | 15,065.40 | 15,065.40 | 13,583.12 | 13,583.12 |
| | <u>27,954.29</u> | <u>27,954.29</u> | <u>13,583.12</u> | <u>13,583.12</u> |
| | A | A-19 | A-18 | A |

Township of Hampton, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2020

| | <u>Ref.</u> | <u>Emergency Services Volunteer Length of Service Award Program</u> | <u>Animal Control Trust Fund</u> | <u>Other Trust Funds</u> |
|-----------------------------------|-------------|---|--|----------------------------------|
| Balance - December 31, 2019 | B | <u>288,642.14</u> | <u>8,092.53</u> | <u>1,968,673.62</u> |
| Increase by Receipts: | | | | |
| Dog License Fees - Township Share | B-2 | | 7,702.80 | |
| Late Fees | B-2 | | 1,730.00 | |
| Dog License Fees - State Share | B-3 | | 1,192.20 | |
| Interfund - Current | B-4 | | 83.14 | |
| Interfunds | B-5 | | - | 349.76 |
| Other Trust Funds | B-6 | | | 1,267,214.28 |
| Township Contributions | B-7 | 33,870.38 | | |
| LOSAP Net Assets | B-8 | <u>46,383.73</u> | | |
| | | <u>80,254.11</u> | <u>10,708.14</u> | <u>1,267,564.04</u> |
| | | <u>368,896.25</u> | <u>18,800.67</u> | <u>3,236,237.66</u> |
| Decreased by Disbursements: | | | | |
| Reserve for Dog Expenditures | B-2 | | 11,800.00 | |
| Due State Board of Health | B-3 | | 1,192.20 | |
| Interfunds | B-5 | | | 204.01 |
| Other Trust Funds | B-6 | | | 1,244,414.02 |
| LOSAP Net Assets | B-8 | <u>34,751.91</u> | | - |
| | | <u>34,751.91</u> | <u>12,992.20</u> | <u>1,244,618.03</u> |
| Balance - December 31, 2020 | B | <u><u>334,144.34</u></u> | <u><u>5,808.47</u></u> | <u><u>1,991,619.63</u></u> |

Township of Hampton, N.J.

Reserve / (Deficit) for Animal Control Fund Expenditures

Trust Funds

Year Ended December 31, 2020

| | <u>Ref.</u> | | |
|-----------------------------|-------------|-----------------|------------------------|
| Balance - December 31, 2019 | B | | 7,174.79 |
| Increased by: | | | |
| Dog License Fees | B-1 | 7,702.80 | |
| Late Fees | B-1 | <u>1,730.00</u> | |
| | | | <u>9,432.80</u> |
| | | | 16,607.59 |
| Decreased by: | | | |
| Disbursements | B-1 | | <u>11,800.00</u> |
| Balance - December 31, 2020 | B | | <u><u>4,807.59</u></u> |

License Fees Collected

| | |
|-------------|-------------------------|
| <u>Year</u> | |
| 2019 | 8,114.40 |
| 2018 | <u>7,467.60</u> |
| | <u><u>15,582.00</u></u> |

Township of Hampton, N.J.

Schedule of Due To State Department of Health

Trust Funds

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|----------------------|-------------|-----------------|
| Increased by: | | |
| State Fees Collected | B-1 | <u>1,192.20</u> |
| Decreased by: | | |
| Cash Disbursement | B-1 | <u>1,192.20</u> |

Township of Hampton, N.J.

Schedule of Animal Control Fund - Interfunds Payable

Trust Funds

Year Ended December 31, 2020

| | <u>Ref.</u> | <u>Current Fund</u> |
|-----------------------------|-------------|-------------------------|
| Balance - December 31, 2019 | B | 917.74 |
| Increased by: | | |
| Interest Income | B-1 | <u>83.14</u> |
| Balance - December 31, 2020 | B | <u><u>1,000.88</u></u> |

Township of Hampton, N.J.

Schedule of Other Trust Funds - Interfunds Accounts Receivable

Trust Funds

Year Ended December 31, 2020

| | <u>Ref.</u> | | <u>Current Fund</u> |
|-----------------------------|-------------|---------------|-------------------------|
| Balance - December 31, 2019 | B | | 1,234.02 |
| Increased by: | | | |
| Disbursements | B-1 | 204.01 | |
| Various Reserves | B-6 | <u>397.00</u> | |
| | | | <u>601.01</u> |
| | | | 1,835.03 |
| Decreased by: | | | |
| Cash Receipts | B-1 | | <u>349.76</u> |
| Balance - December 31, 2020 | B | | <u><u>1,485.27</u></u> |

Township of Hampton, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2020

| | <u>Balance</u> <u>Dec. 31, 2019</u> | <u>Increased</u> | <u>Decreased</u> | <u>Balance</u> <u>Dec. 31, 2020</u> |
|-----------------------------|--|---------------------|---------------------|--|
| Reserve for: | | | | |
| Open Space | 1,207,326.64 | 18,140.92 | | 1,225,467.56 |
| Escrow Deposits | 353,608.48 | 220,551.51 | 265,551.46 | 308,608.53 |
| Tax Sale Premiums | 42,300.00 | 28,200.00 | 27,400.00 | 43,100.00 |
| Small Cities Rehabilitation | 16,501.56 | 3,603.00 | 3,603.00 | 16,501.56 |
| Unemployment | 12,672.34 | 3.63 | | 12,675.97 |
| Payroll | 2,865.19 | 870,120.76 | 866,636.14 | 6,349.81 |
| Outside Lien Redemptions | 342.48 | 95,756.68 | 76,475.98 | 19,623.18 |
| Accumulated Absences | 99,834.81 | 73.27 | | 99,908.08 |
| COAH | 223,970.98 | 26,537.85 | | 250,508.83 |
| POAA | 6.00 | | | 6.00 |
| Fire Prevention | 2,573.57 | | | 2,573.57 |
| Recreation | 7,905.59 | 4,623.66 | 4,747.44 | 7,781.81 |
| | <u>1,969,907.64</u> | <u>1,267,611.28</u> | <u>1,244,414.02</u> | <u>1,993,104.90</u> |
| | <u>B</u> | <u>B-1</u> | <u>B-1</u> | <u>B</u> |

Township of Hampton, N.J.

Schedule of Contributions Receivable

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|-----------------------------|-------------|-------------------------|
| Balance - December 31, 2019 | B | 33,870.38 |
| Increased by: | | |
| Township Contributions | | |
| For the Year 2020 | B-8 | 18,155.00 |
| | | <u>52,025.38</u> |
| Decreased by: | | |
| Receipts | B-1 | <u>33,870.38</u> |
| Balance - December 31, 2020 | B | <u><u>18,155.00</u></u> |

B-8

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2020

| | <u>Ref.</u> | | |
|---|-------------|------------------|--------------------------|
| Balance - December 31, 2019 | B | | 322,512.52 |
| Increased by: | | | |
| Township Contributions | B-7 | 18,155.00 | |
| Increase (Decrease) in Investment Value | B-1 | <u>46,383.73</u> | |
| | | | <u>64,538.73</u> |
| | | | 387,051.25 |
| Decreased by: | | | |
| Accounting Charge | | 1,050.00 | |
| Adjustment to 2019 Contribution | | 8,110.88 | |
| Distributions/Withdrawals | | <u>25,591.03</u> | |
| | B-1 | | <u>34,751.91</u> |
| Balance - December 31, 2020 | B | | <u><u>352,299.34</u></u> |

Township of Hampton, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | | |
|-----------------------------|-------------|-------------------|--------------------------|
| Balance - December 31, 2019 | C | | 755,305.31 |
| Increased by Receipts: | | | |
| Schedule of Interfunds | C-4 | 2,902.76 | |
| Grants Receivable | C-6 | 149,750.00 | |
| Capital Improvement Fund | C-8 | 60,000.00 | |
| Various Reserves | C-11 | <u>627,000.00</u> | |
| | | | <u>839,652.76</u> |
| | | | 1,594,958.07 |
| Decreased by Disbursements: | | | |
| Schedule of Interfunds | C-4 | 3,506.59 | |
| Reserve for Encumbrance | C-9 | 271,188.83 | |
| Improvement Authorizations | C-10 | 571,682.35 | |
| Various Reserves | C-11 | <u>45,000.00</u> | |
| | | | <u>891,377.77</u> |
| Balance - December 31, 2020 | C | | <u><u>703,580.30</u></u> |

Township of Hampton, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2020

| | Balance Dec. 31, 2019 | Receipts | | Disbursements | | Transfers | | Balance Dec. 31, 2020 |
|---|--------------------------|-------------------------|-------------------|-------------------------------|-------------------|-------------------|-------------------|--------------------------|
| | | Budget Appropriation | Miscellaneous | Improvement Authorizations | Miscellaneous | From | To | |
| Fund Balance | 1,869.13 | | | | | | | 1,869.13 |
| Capital Improvement Fund | 180,833.67 | 60,000.00 | | | | 41,000.00 | | 199,833.67 |
| Interfund - Current Fund | (283,207.71) | | 2,902.76 | | 3,506.59 | | | (283,811.54) |
| Grants Receivable | (65,543.37) | | 149,750.00 | | | 145,000.00 | | (60,793.37) |
| Reserve for Encumbrances | 271,188.83 | | | | 271,188.83 | | 230,242.07 | 230,242.07 |
| Various Reserves | 173,636.18 | 627,000.00 | | | 45,000.00 | 455,000.00 | | 300,636.18 |
| <u>Improvement Authorizations</u> | | | | | | | | |
| Ordinance | | | | 1,156.31 | | | | 1,177.91 |
| 03-02 Restoration of Crandon Lake Dam | 2,334.22 | | | | | | | 5,252.58 |
| 10-06 Improvements to Mary Jones Road | 5,252.58 | | | | | | | 835.00 |
| 12-04 Installation of ADA Doors | 835.00 | | | | | | | 25,083.26 |
| 14-05 Purchase of Road Equipment | 25,083.26 | | | | | | | 5,289.29 |
| 14-06 Improvement to Hampton Downes Road | 5,289.29 | | | | | | | 46.10 |
| 15-05 Construction of Salt Shed | 46.10 | | | | | | | 78,413.08 |
| 16-02 Paving of Overlook & Kemah | 78,413.08 | | | | | | | 169.60 |
| 18-17 Purchase of Road Equipment | 169.60 | | | | | | | 28,576.87 |
| 18-18 Improvements to Kemah Mecca Lake Road | 28,576.87 | | | 222,188.97 | | | | 108,339.61 |
| 19-06 Improvements to Roads and Drainage | 330,528.58 | | | 348,337.07 | | | 400,000.00 | 51,662.93 |
| 20-07 Improvements to Various Roads | | | | | | 230,242.07 | 241,000.00 | 10,757.93 |
| 20-08 Purchase of Tree Truck | | | | | | 871,242.07 | 871,242.07 | 703,580.30 |
| | <u>755,305.31</u> | <u>687,000.00</u> | <u>152,652.76</u> | <u>571,682.35</u> | <u>319,695.42</u> | <u>871,242.07</u> | <u>871,242.07</u> | <u>C</u> |

Township of Hampton, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2020

| <u>Fund</u> | Due From/(To) Balance <u>Dec. 31, 2019</u> | <u>Increased</u> | <u>Decreased</u> | Due From/(To) Balance <u>Dec. 31, 2020</u> |
|--------------|--|------------------------|------------------------|--|
| Current Fund | <u>283,207.71</u> C | <u>3,506.59</u> C-2 | <u>2,902.76</u> C-2 | <u>283,811.54</u> C |

Township of Hampton, N.J.

Schedule of Deferred Charges to Future Taxation Funded

General Capital Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|-----------------------------|-------------|-------------------------|
| Balance - December 31, 2019 | C | 86,668.96 |
| Decreased by: | | |
| DEP Loan Payable | C-7 | <u>24,149.69</u> |
| Balance - December 31, 2020 | C | <u><u>62,519.27</u></u> |

Township of Hampton, N.J.

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|-----------------------------|-------------|-------------------|
| Balance - December 31, 2019 | C | 65,543.37 |
| Increased by: | | |
| Improvements Authorizations | C-10 | 145,000.00 |
| | | <u>210,543.37</u> |
| Decreased by: | | |
| Cash Receipts | C-2 | 149,750.00 |
| | | <u>149,750.00</u> |
| Balance - December 31, 2020 | C | <u>60,793.37</u> |

Analysis of Balance

| | |
|--------------------------------------|------------------|
| Kemah Mecca Lake Road (Ord. # 18-18) | 24,543.37 |
| Frank Chandler Road (Ord. # 20-07) | 36,250.00 |
| | <u>60,793.37</u> |

Township of Hampton, N.J.

Schedule of DEP Loan Payable

General Capital Fund

Year Ended December 31, 2020

| <u>Purpose</u> | <u>Date of Issue</u> | <u>Original Issue</u> | <u>Maturities</u> | | <u>Interest Rate</u> | <u>Balance Dec. 31, 2019</u> | <u>Decreased</u> | <u>Balance Dec. 31, 2020</u> |
|------------------|--------------------------|---------------------------|-------------------|---------------|--------------------------|----------------------------------|------------------|----------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| Crandon Lake Dam | 10/07/05 | 369,732.23 | 2021 | 24,635.10 | 2.00% | | | |
| | | | 2022 | 25,130.26 | 2.00% | | | |
| | | | 2023 | 12,753.91 | 2.00% | | | |
| | | | | | | 86,668.96 | 24,149.69 | 62,519.27 |
| | | | | | | <u>C</u> | <u>C-5</u> | <u>C</u> |

Township of Hampton, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|-------------------------------------|-------------|--------------------------|
| Balance - December 31, 2019 | C | 180,833.67 |
| Increased by: | | |
| Budget Appropriation | C-2 | <u>60,000.00</u> |
| | | 240,833.67 |
| Decreased by: | | |
| Appropriated to Finance Improvement | | |
| Authorizations | C-10 | <u>41,000.00</u> |
| Balance - December 31, 2020 | C | <u><u>199,833.67</u></u> |

Township of Hampton, N.J.

Schedule of Reserve for Encumbrances

General Capital Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|---------------------------------------|-------------|--------------------------|
| Balance - December 31, 2019 | C | 271,188.83 |
| Increased by: | | |
| Charges to Improvement Authorizations | C-10 | <u>230,242.07</u> |
| | | 501,430.90 |
| Decreased by: | | |
| Disbursements | C-2 | <u>271,188.83</u> |
| Balance - December 31, 2020 | C | <u><u>230,242.07</u></u> |

Township of Hampton, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2020

| Ord. No. | Improvement Description | Ordinance | | Balance | | 2020 Authorizations | Paid or Charged | Balance | |
|------------------------------|---------------------------------------|-----------|------------|-------------------------|-------------------------|------------------------|--------------------|-------------------------|---|
| | | Date | Amount | Dec. 31, 2019 Funded | Dec. 31, 2020 Funded | | | Dec. 31, 2020 Funded | |
| <u>General Improvements:</u> | | | | | | | | | |
| 02-03 | Restoration of Crandon Lakes Dam | 03/25/03 | 235,000.00 | 2,334.22 | | | 1,156.31 | 1,177.91 | |
| 10-06 | Improvements to Mary Jones Road | 10/26/10 | 170,000.00 | 5,252.58 | | | | 5,252.58 | |
| 12-04 | Installation of ADA Doors | 06/26/12 | 8,000.00 | 835.00 | | | | 835.00 | |
| 14-05 | Purchase of Road Equipment | 07/29/14 | 126,000.00 | 25,083.26 | | | | 25,083.26 | |
| 14-06 | Improvement to Hampton Downes Road | 07/29/14 | 95,000.00 | 5,289.29 | | | | 5,289.29 | |
| 15-05 | Construction of Salt Shed | 08/25/15 | 200,000.00 | 46.10 | | | | 46.10 | |
| 16-02 | Repave of Overlook & Kemah Mecca II | 06/28/16 | 525,000.00 | 78,413.08 | | | | 78,413.08 | |
| 18-17 | Purchase of Road Equipment | 11/27/18 | 282,077.00 | 169.60 | | | | 169.60 | |
| 18-18 | Improvements to Kemah Mecca Lake Road | 11/27/18 | 220,000.00 | 28,576.87 | | | | 28,576.87 | |
| 19-06 | Improvements to Roads and Drainage | 06/25/19 | 696,905.00 | 330,528.58 | | 400,000.00 | 222,188.97 | 108,339.61 | |
| 20-07 | Improvements to Various Roads | 07/28/20 | 400,000.00 | | | 241,000.00 | 348,337.07 | 51,662.93 | |
| 20-08 | Purchase of Tree Truck | 10/27/20 | 241,000.00 | | | 641,000.00 | 230,242.07 | 10,757.93 | |
| | | | | 476,528.58 | | | 801,924.42 | 315,604.16 | |
| | | | | C | | | | | C |

Ref.

Grants Receivable C-6 145,000.00
 Capital Improvement Fund C-8 41,000.00
 Capital Reserves C-11 455,000.00
 641,000.00

Disbursed C-2 571,682.35
 Reserve for Encumbrances C-9 230,242.07
 801,924.42

Township of Hampton, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2020

| <u>Description</u> | <u>Balance Dec. 31, 2019</u> | <u>Increased</u> | <u>Decreased</u> | <u>Balance Dec. 31, 2020</u> |
|---------------------------------------|----------------------------------|-------------------|-------------------|----------------------------------|
| Improvements to Municipal Property | 29,528.21 | | | 29,528.21 |
| Debt Service | 65,000.00 | | 45,000.00 | 20,000.00 |
| Purchase of Road Department Equipment | | 200,000.00 | 200,000.00 | |
| Improvements to Various Roads - 2018 | 42.61 | | | 42.61 |
| Improvements to Various Roads - 2020 | | 400,000.00 | 255,000.00 | 145,000.00 |
| Improvements to Parks | 22,475.00 | | | 22,475.00 |
| Recreation Improvements | 42,500.00 | 27,000.00 | | 69,500.00 |
| Fields | 7,200.41 | | | 7,200.41 |
| Road Equipment | 6,889.95 | | | 6,889.95 |
| | <u>173,636.18</u> | <u>627,000.00</u> | <u>500,000.00</u> | <u>300,636.18</u> |
| | C | | | C |
| | <u>Ref.</u> | | | |
| Cash Receipt | C-2 | 627,000.00 | - | |
| Cash Disbursements | C-2 | - | 45,000.00 | |
| Improvement Authorizations | C-10 | - | 455,000.00 | |
| | | <u>627,000.00</u> | <u>500,000.00</u> | |

Township of Hampton, N.J.
Schedule of Cash-Treasurer
Public Assistance Fund
Year Ended December 31, 2020

| | <u>Ref.</u> | <u>P.A.T.F. Account #1</u> |
|-----------------------------|-------------|--------------------------------|
| Balance - December 31, 2019 | D | 4,210.69 |
| Increased by Receipts: | | |
| Interest | D-3 | <u>3.07</u> |
| Balance - December 31, 2020 | D | <u><u>4,213.76</u></u> |

Township of Hampton, N.J.

Schedule of Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|---|-------------|------------------------|
| Balance - December 31, 2019 | D-1 | 4,210.69 |
| Increased by Receipts: | | |
| Cash Receipts Record | D-3 | <u>4,213.76</u> |
| Balance - December 31, 2020 | D-1 | <u><u>8,424.45</u></u> |
| <u>Reconciliation - December 31, 2020</u> | | <u>P.A.T.F.</u> |
| | | <u>Account #1</u> |
| Balance on Deposit per Statement of: | | |
| Lakeland Bank | | |
| Checking | | <u>4,213.76</u> |
| Balance - December 31, 2020 | | <u><u>4,213.76</u></u> |

Township of Hampton, N.J.

Schedule of Revenues

Public Assistance Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | <u>P.A.T.F. Account #1</u> |
|---------------------------|-------------|--------------------------------|
| Interest Earned | D-4 | <u>3.07</u> |
| Total Revenues (P.A.T.F.) | | <u>3.07</u> |
| Total Receipts | | <u><u>3.07</u></u> D-1 |

D-4

Schedule of Reserve for Public Assistance

Public Assistance Fund

Year Ended December 31, 2020

| | <u>Ref.</u> | |
|-----------------------------|-------------|------------------------|
| Balance - December 31, 2019 | D | 4,210.69 |
| Increased by: | | |
| Receipts | D-3 | <u>3.07</u> |
| Balance - December 31, 2020 | D | <u><u>4,213.76</u></u> |

TOWNSHIP OF HAMPTON

*** * * * ***

PART II

**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
THOMAS M. FERRY, CPA, RMA, PSA

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

Honorable Mayor and
Members of the Township Committee
Township of Hampton
Newton, NJ 07860

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Township of Hampton in the County of Sussex as of and for the year ended December 31, 2020 and the related notes to the financial statements, and have issued our report thereon dated September 30, 2021, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Length of Services Award Program not being audited.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Township of Hampton's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Township of Hampton's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Hampton'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 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.



Honorable Mayor and
Members of the Township Committee
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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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2020-01, that we consider to be a significant deficiency.

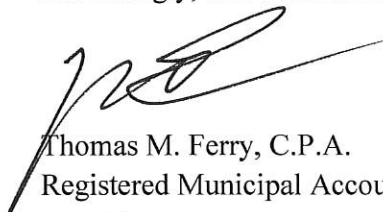
We did identify certain immaterial deficiencies in internal control that we have reported to management of the Township of Hampton in the accompany comments and recommendations section of this report.

Compliance and Other Matters

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

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 Township of Hampton internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Hampton internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497



WIELKOTZ & COMPANY, LLC
Certified Public Accountants

Rockaway, New Jersey
September 30, 2021



TOWNSHIP OF HAMPTON

SUMMARY OF FINDINGS AND RESPONSES YEAR ENDED DECEMBER 31, 2020

Summary of Auditor's Results:

A qualified opinion was issued on the Township's financial statements prepared on an other comprehensive basis of accounting.

The audit did disclose a significant deficiency in the internal controls of the Township.

The Township was not subject to the single audit provisions of Uniform Guidance and State Circular 15-08 OMB for 2020 as grant expenditures were less than the single audit thresholds identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

The audit did disclose findings required to be reported under Generally Accepted Government Auditing Standards, as follows:

Finding 2020-01:

Segregation of Duties

The Township does not maintain an adequate segregation of duties within the Treasury and Tax Collector Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. These situations occur because of the limited number of employees qualified to perform other accounting functions. The Township was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Findings and Questioned Costs for Federal Awards:

Not applicable

Findings and Questioned Costs for State Awards:

Not applicable

TOWNSHIP OF HAMPTON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2020

Finding 2020-01:

Condition:

The Township does not maintain an adequate segregation of duties within the Treasury Department. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. The Chief Financial Officer controls disbursements of funds, has control of checks, and reconciles bank statements. These situations occur because of the limited number of employees qualified to perform other accounting functions.

Current Status:

Corrective action has not been taken. The Township was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs, benefits derived and budget constraints.

GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2020, and at September 30, 2021, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

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

N.J.S.A. 40A:11-3 states:

- a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contracts made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. That adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A:11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsection b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$44,000.00.

GENERAL COMMENTS (CONTINUED)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (continued)

The Governing Body of the Township of Hampton have the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and where question arises as to whether any contract or agreement might result in violation of the statute, the Township Attorney's opinion should be sought before a commitment is made.

The minutes indicated the bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Inasmuch as the system of records did not provide for the accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. None were noted.

Our review of the Township's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "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 or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The Township is a member of the Morris County and Middlesex Regional Education Service Commission Co-op Pricing Council.

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 be delinquent.

The governing body on January 7, 2020 adopted the following resolutions authorizing interest to be charged on delinquent taxes:

RESOLUTION TO APPLY 6% PENALTY ON ANY AMOUNT DELINQUENT IN EXCESS OF \$10,000.00 PRIOR TO END OF THE CALENDAR YEAR.

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law, and

WHEREAS, N.J.S.A. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500 and allows an additional penalty of 6% be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year;

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments (continued)

NOW, THEREFORE BE IT RESOLVED BY the Township Committee of the Township of Hampton this 7th day of January, 2020 as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date and 18% per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and, if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st of each year an additional penalty of 6% shall be charged against the delinquency.
2. The ten (10) day grace period of quarterly tax payments will remain in effect for 2020.
3. Any payments not made in accordance with paragraph two (2) of this resolution shall be charged interest from the due date as set forth in paragraph one (1) of this resolution.
4. This resolution shall be published in its entirety once in the official newspaper of the Township of Hampton.

It appears from an examination of the Collector's record that interest was collected in accordance with the forgoing resolutions.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on October 21, 2020 and was complete except for properties under bankruptcy orders.

Inspection of tax sale certificates on file revealed that all tax sale certificates were on hand or had been turned over to the Township of Hampton attorney to start action for foreclosure.

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

| <u>Year</u> | <u>Number of Liens</u> |
|-------------|----------------------------|
| 2020 | 43 |
| 2019 | 39 |
| 2018 | 35 |

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 tax-paying basis.

GENERAL COMMENTS (CONTINUED)

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

The result of the test, which was made as of December 31, 2020 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical revenue procedures were utilized to ascertain the validity of the receivables.

Segregation of Duties

The Township does not maintain an adequate segregation of duties within the Treasury and Tax Collector Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. These situations occur because of the limited number of employees qualified to perform other accounting functions. The Township was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

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RECOMMENDATIONS

It is recommended:

1. That adequate segregation of duties be maintained within the Treasury and Tax Collector departments.

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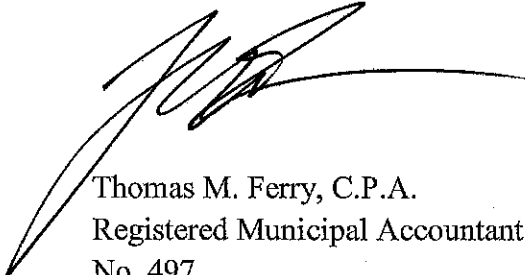
Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior year's recommendations and corrective action was taken on all with the exception of the following which is included in this year's recommendations:

1. That adequate segregation of duties be maintained within the Treasury and Tax Collector departments.

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

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



Thomas M. Ferry, C.P.A.
Registered Municipal Accountant
No. 497



WIELKOTZ & COMPANY, LLC
Certified Public Accountants