

**REPORT OF AUDIT**  
**TOWNSHIP OF HAMPTON**  
**COUNTY OF SUSSEX**  
**DECEMBER 31, 2015**



**TOWNSHIP OF HAMPTON**  
**YEAR ENDED DECEMBER 31, 2015**

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**TOWNSHIP OF HAMPTON**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2015**

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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, 2015 and 2014, 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, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

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

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

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

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



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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of 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, 2015 and 2014, or changes in financial position for the years then ended.

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

We are unable to obtain sufficient evidence to support the cost of fixed assets. As more fully described in Note 1, due to the length of time over which these fixed assets were acquired, it is not practical to determine their actual costs. We are, therefore, unable to express an opinion as to the general fixed assets account group at December 31, 2015 and 2014, stated as \$6,161,137.89, and \$5,936,643.36, respectively.

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 \$196,525.22 and \$185,733.68 for 2015 and 2014, 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, 2015 and 2014, 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, 2015 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2016 on our consideration of the Township of Hampton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Hampton's internal control over financial reporting and compliance.



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

***Ferraioli, Wielkottz, Cerullo & Cuva, PA***  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
*Certified Public Accountants*

Newton, New Jersey

May 20, 2016



Township of Hampton, N.J

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	2,185,166.05	2,110,623.54
Change Fund	A-5	200.00	200.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-6	37,947.92	39,737.52
		<u>2,223,313.97</u>	<u>2,150,561.06</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	155,912.76	171,379.92
Tax Title Liens Receivable	A-8	18,250.02	39,164.03
Overpaid Regional School Taxes Receivable	A-18	22,721.30	
Property Acquired for Taxes -			
Assessed Valuation	A-9	663,650.00	558,350.00
Interfund Receivables:			
Animal Control Trust Fund	A-11	87.35	39.55
		<u>860,621.43</u>	<u>768,933.50</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-12	84,000.00	126,000.00
		<u>3,167,935.40</u>	<u>3,045,494.56</u>
Federal and State Grant Fund:			
Interfund Receivable - Current Fund	A-19	155,382.25	135,248.29
Grants Receivable	A-20	106,653.71	90,000.00
		<u>262,035.96</u>	<u>225,248.29</u>
		<u>3,429,971.36</u>	<u>3,270,742.85</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>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-13	202,466.45	282,433.42
Encumbered	A-3;A-13	63,627.70	84,955.59
Total Appropriation Reserves:		<u>266,094.15</u>	<u>367,389.01</u>
Interfunds Payable			
Federal and State Grant Fund	A-11	155,382.25	135,248.29
General Capital	A-11	14,929.27	54,941.13
Other Trust Fund	A-11	13,962.10	14,562.06
Due to State of New Jersey:			
DCA Training Fees	A-14	913.00	1,286.00
Marriage Surcharge	A-14	75.00	25.00
Tax Overpayments	A-14	8,725.60	19,835.20
Reserve for:			
Revaluation Services	A-14	8,815.00	8,815.00
Prepaid Taxes	A-15	140,413.15	171,985.43
County Taxes Payable	A-16	6,795.73	3,443.61
		<u>616,105.25</u>	<u>777,530.73</u>
Reserve for Receivables	Contra	860,621.43	768,933.50
Fund Balance	A-1	<u>1,691,208.72</u>	<u>1,499,030.33</u>
		<u>3,167,935.40</u>	<u>3,045,494.56</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-21	239,335.01	206,717.65
Unappropriated Reserve for Grants	A-22	22,700.95	18,530.64
		<u>262,035.96</u>	<u>225,248.29</u>
		<u><u>3,429,971.36</u></u>	<u><u>3,270,742.85</u></u>

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>2015</u>	<u>2014</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	480,000.00	380,000.00
Miscellaneous Revenue Anticipated	A-2	676,394.78	665,849.16
Receipts from Delinquent Taxes	A-2	170,972.43	192,936.86
Receipts from Current Taxes	A-2	15,567,401.47	15,337,202.07
Non-Budget Revenue	A-2	69,483.40	73,232.80
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-13	146,261.62	163,523.91
Total Revenues and Other Income		<u>17,110,513.70</u>	<u>16,812,744.80</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Salaries and Wages	A-3	782,850.00	850,434.00
Other Expenses	A-3	1,715,920.00	1,656,903.00
Deferred Charges and Statutory Expenditures -			
Municipal - Within "CAPS"	A-3	155,479.00	136,866.00
Operations - Excluded From CAPS:			
Other Expenses	A-3	310,282.06	284,473.30
Capital Improvements - Excluded from Caps	A-3	180,000.00	40,000.00
Municipal Debt Service - Excluded from Caps	A-3	25,762.92	25,762.92
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from Caps	A-3	42,000.00	42,000.00
Interfund Advances	A-11	47.80	39.55
Regional High School Taxes Advanced	A-18	22,721.30	
County Taxes including Added Taxes	A-16	3,262,945.23	3,198,032.79
Local District School Tax	A-17	5,063,079.00	4,966,321.00
Regional High School Tax	A-18	4,877,248.00	4,885,940.00
Total Expenditures		<u>16,438,335.31</u>	<u>16,086,772.56</u>
Statutory Excess to Fund Balance		672,178.39	725,972.24
Fund Balance, January 1,	A-1	<u>1,499,030.33</u>	<u>1,153,058.09</u>
		2,171,208.72	1,879,030.33
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>480,000.00</u>	<u>380,000.00</u>
Fund Balance, December 31,	A	<u><u>1,691,208.72</u></u>	<u><u>1,499,030.33</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, 2015

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	40A: 4-87		
Fund Balance Anticipated	A-1	480,000.00		480,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	2,880.00		2,880.00	
Other	A-10	18,000.00		20,213.00	2,213.00
Fees and Permits	A-10	15,000.00		9,110.00	(5,890.00)
Fines and Costs:					
Municipal Court	A-10	40,000.00		26,267.22	(13,732.78)
Interest and Costs on Taxes	A-10	34,000.00		30,920.30	(3,079.70)
Consolidated Municipal Property Tax Relief Aid	A-10	9,936.00		9,936.00	
Energy Receipts Tax	A-10	401,918.00		401,918.00	
Garden State Trust Fund	A-10	28,491.00		28,491.00	
Uniform Construction Code Fees	A-10	71,500.00		80,594.00	9,094.00
Public and Private Revenues:					
Unappropriated - Recycling Tonnage Grant	A-20	7,244.67		7,244.67	
Unappropriated - Clean Communities	A-20	11,285.97		11,285.97	
HAVA 261 Grant Program	A-20		33,307.42	33,307.42	
Other Special Items:					
Uniform Fire Safety Act	A-10	22,000.00		14,227.20	(7,772.80)
Total Miscellaneous Revenues	A-1	662,255.64	33,307.42	676,394.78	(19,168.28)
Receipts from Delinquent Taxes	A-1;A-2	171,350.00		170,972.43	(377.57)
Subtotal General Revenues		1,313,605.64	33,307.42	1,327,367.21	(19,545.85)
Amount to be Raised by Taxes for Support of Municipal Budget-Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	2,496,797.00		2,585,394.24	88,597.24
Budget Totals		3,810,402.64	33,307.42	3,912,761.45	69,051.39
Non-Budget Revenue	A-1;A-2			69,483.40	69,483.40
		<u>3,810,402.64</u>	<u>33,307.42</u>	<u>3,982,244.85</u>	<u>138,534.79</u>
		A-3	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, 2015**

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>	
Revenue from Collections	A-1;A-7	15,567,401.47
Less:		
Allocated to School and County Taxes	A-7	<u>13,203,272.23</u>
Balance for Support of Municipal Budget Appropriations		2,364,129.24
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>221,265.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>2,585,394.24</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		
Taxes Receivable	A-7	170,925.11
Tax Title Liens Receivable	A-8	<u>47.32</u>
	A-2	<u><u>170,972.43</u></u>
<u>Analysis of Non-budget Revenues</u>		
Cable T.V. Franchise Fee		21,381.00
Tax Search		10.00
Tax Printouts		25.00
Payment in Lieu of Taxes		1,000.00
SCRAP		398.05
Crandon Lakes Dam		17,175.28
Miscellaneous		20,695.30
Interest on Investments and Deposits		<u>7,991.54</u>
	A-4	68,676.17
Interfund Receivable	A-11	<u>807.23</u>
	A-2	<u><u>69,483.40</u></u>

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, 2015

	<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>
Operations - within "CAPS"							
Administrative and Executive							
Mayor and Committee							
Salaries and Wages			104,500.00	104,500.00	98,750.00		5,750.00
Other Expenses			14,000.00	14,000.00	8,283.82	16.18	5,700.00
Municipal Clerk							
Salaries and Wages			88,000.00	88,000.00	84,989.62	10.38	3,000.00
Other Expenses			36,000.00	35,518.00	16,166.52	2,351.48	17,000.00
Financial Administration							
Salaries and Wages			47,125.00	47,125.00	47,124.96	0.04	
Other Expenses			6,000.00	6,000.00	5,859.62	140.38	
Audit Services			30,000.00	30,000.00	15,090.00	14,910.00	
Computer Services			30,000.00	30,000.00	14,145.44	3,854.56	12,000.00
Assessment of Taxes							
Salaries and Wages			45,165.00	45,165.00	45,164.07	0.93	
Other Expenses			20,000.00	20,000.00	3,614.46	1,385.54	15,000.00
Collection of Taxes							
Salaries and Wages			43,000.00	43,000.00	42,749.94	250.06	
Other Expenses			6,000.00	6,000.00	3,583.45	416.55	2,000.00
Legal Services and Costs							
Other Expenses			45,000.00	45,000.00	10,680.40	34,319.60	
Engineering Services and Costs							
Other Expenses			60,000.00	60,000.00	24,305.83	5,694.17	30,000.00
Public Buildings and Grounds							
Salaries and Wages			10,000.00	10,000.00	10,000.00		
Other Expenses			40,000.00	60,000.00	55,581.31	4,418.69	

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, 2015

<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>
Planning Board:						
Salaries and Wages		8,800.00	8,800.00	8,500.14	299.86	
Other Expenses		30,000.00	30,000.00	7,513.86	2,486.14	20,000.00
Zoning Board of Adjustment						
Salaries and Wages		7,360.00	7,360.00	7,360.00		
Other Expenses		25,000.00	25,000.00	1,705.33	2,294.67	21,000.00
Public Safety:						
Aid To Volunteer Fire Co. in Adjoining Mun. (4)		80,000.00	80,000.00	80,000.00		
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Fire Prevention Official						
Salaries and Wages		2,600.00	2,600.00	1,435.00	165.00	1,000.00
Other Expenses		3,200.00	3,200.00	2,569.51	630.49	
First Aid Organization Contribution (3)						
Other Expenses		34,500.00	34,500.00	33,000.00		1,500.00
Emergency Management Service:						
Salaries and Wages		6,000.00	6,000.00	4,999.92	0.08	1,000.00
Other Expenses		4,000.00	4,000.00	2,856.13	143.87	1,000.00
Road Repairs and Maintenance						
Salaries and Wages		465,000.00	415,000.00	399,331.61	5,668.39	10,000.00
Other Expenses		330,000.00	380,000.00	355,678.27	24,321.73	
Vehicle Maintenance		35,000.00	15,000.00	10,780.85	4,219.15	
Sanitation:						
Recycling Coordinator:						
Salaries and Wages		5,200.00	5,200.00	5,130.00	70.00	
Garbage and Trash Removal - Contractual						
Other Expenses		580,000.00	580,000.00	364,519.14	32,780.86	182,700.00

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, 2015

	<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>						
Health and Welfare:						
Board of Health		3,000.00	3,000.00	2,260.80	739.20	
Other Expenses						
Animal Regulation						
Salaries and Wages		10,400.00	10,400.00			10,400.00
Other Expenses		8,000.00	8,000.00	1,292.05	607.95	6,100.00
Recreation and Education:						
Board of Recreation Comm. (N.J.S. 40A:12-1):						
Other Expenses		30,000.00	30,000.00	30,000.00		
Utility Expenses:						
Electricity		26,000.00	26,000.00	16,423.46	3,576.54	6,000.00
Telephone		18,000.00	18,000.00	6,835.29	1,164.71	10,000.00
Propane Gas		30,000.00	25,500.00	7,909.44	17,590.56	
Gasoline		35,000.00	39,500.00	28,698.28	10,801.72	
Aid to Social Services		3,750.00	3,750.00	3,300.00	450.00	
Insurance						
General Liability		78,400.00	78,429.00	78,429.00		
Workers Compensation		43,070.00	43,523.00	43,523.00		
Employee Group Health		307,000.00	307,000.00	292,784.27	14,215.73	
Subcode Officials:						
Construction Officials:						
Salaries and Wages		31,850.00	31,850.00	20,825.55	24.45	11,000.00
Other Expenses		40,000.00	40,000.00	2,605.60	2,394.40	35,000.00
Total Operations within "CAPS"		<u>2,905,920.00</u>	<u>2,905,920.00</u>	<u>2,306,355.94</u>	<u>192,414.06</u>	<u>407,150.00</u>
B. Contingent						
Total Operations Including Contingent - Within "Caps"		<u>2,905,920.00</u>	<u>2,905,920.00</u>	<u>2,306,355.94</u>	<u>192,414.06</u>	<u>407,150.00</u>

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, 2015

	<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>						
Detail:						
Salaries and Wages	A-1	875,000.00	825,000.00	776,360.81	6,489.19	42,150.00
Other Expenses (Including Contingent)	A-1	2,030,920.00	2,080,920.00	1,529,995.13	185,924.87	365,000.00
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		81,979.00	81,979.00	81,979.00		
Social Security System (O.A.S.I.)		72,500.00	73,900.00	72,292.01	607.99	1,000.00
Unemployment Compensation Insurance		2,000.00	600.00	529.90	70.10	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	156,479.00	156,479.00	154,800.91	678.09	1,000.00
Total General Appropriations for Municipal Purposes within "CAPS"		3,062,399.00	3,062,399.00	2,461,156.85	193,092.15	408,150.00
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	
Total Other Operating Excluded from "CAPS"		73,001.00	73,001.00		73,001.00	

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, 2015

<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>
Shared Service Agreements:						
Fire Sub-Code Contractual - Borough of Branchville						
Other Expenses		3,910.00	3,910.00	3,910.00		
Municipal Court						
Other Expenses		93,000.00	93,000.00	93,000.00		
Fire Prevention Official - Sandyston Township						
Other Expenses		10,000.00	10,000.00	10,000.00		
Public Safety						
911 Dispatching Services		13,590.00	13,590.00	13,590.00		
Construction Department						
Other Expenses		64,942.00	64,942.00	64,942.00		
Total Shared Service Agreements		<u>185,442.00</u>	<u>185,442.00</u>	<u>185,442.00</u>		
Public and Private Programs Offset by Revenues						
Municipal Alliance - Local Share		2,000.00	2,000.00			2,000.00
Unappropriated for Recycling Tonnage Grant						
Other Expenses		7,244.67	7,244.67	7,244.67		
Unappropriated Clean Communities Grant						
Other Expenses		11,285.97	11,285.97	11,285.97		
HAVA 261 Grant Program (40A:4-87)		33,307.42	33,307.42	33,307.42		
Municipal Matching Funds for Grant		1.00	1.00		1.00	
Total Public and Private Program Offset By Revenues		<u>53,839.06</u>	<u>53,839.06</u>	<u>51,838.06</u>	<u>1.00</u>	<u>2,000.00</u>
Total Operations - Excluded from "CAPS"		<u>312,282.06</u>	<u>312,282.06</u>	<u>237,280.06</u>	<u>73,002.00</u>	<u>2,000.00</u>

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, 2015

	<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>						
Detail:						
Other Expenses	A-1	312,282.06	312,282.06	237,280.06	73,002.00	2,000.00
Capital Improvements:						
Capital Improvement Fund		180,000.00	180,000.00	180,000.00		
Total Capital Improvements Excluded from "CAPS"	A-1	180,000.00	180,000.00	180,000.00		
Municipal Debt Service:						
Improvements to Dam - Principal		21,863.00	21,863.00	21,863.00		1.08
Improvements to Dam - Interest		3,901.00	3,901.00	3,899.92		1.08
Total Municipal Debt Service-Excluded from "CAPS"	A-1	25,764.00	25,764.00	25,762.92		1.08
Deferred Charges:						
Special Emergency Authorizations		42,000.00	42,000.00	42,000.00		
5 Years (N.J.S. 40A:4-55)						
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	42,000.00	42,000.00	42,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		560,046.06	560,046.06	485,042.98	73,002.00	2,001.08
Subtotal General Appropriations		3,622,445.06	3,622,445.06	2,946,199.83	266,094.15	410,151.08
Reserve for Uncollected Taxes		221,265.00	221,265.00	221,265.00		

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, 2015

<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>
Total General Appropriations		<u>3,843,710.06</u>	<u>3,843,710.06</u>	<u>3,167,464.83</u>	<u>266,094.15</u>	<u>410,151.08</u>
<u>Analysis of Appropriation Reserves</u>						
Unencumbered	A				202,466.45	
Encumbered	A				<u>63,627.70</u>	
					<u>266,094.15</u>	
Adopted Budget	A-2		3,810,402.64			
Added by NJSA 40A:4-87	A-2		<u>33,307.42</u>			
			<u>3,843,710.06</u>			
<u>Analysis of Paid or Charged</u>						
Cash Disbursed	A-4			2,672,361.77		
Reserve for Uncollected Taxes	A-2			221,265.00		
Schedule of Interfunds	A-11			180,000.00		
Deferred Charges	A-12			42,000.00		
Reserve for Federal and State Grants	A-21			51,838.06		
				<u>3,167,464.83</u>		

**Township of Hampton, N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**Trust Funds**  
**December 31,**

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Animal Control Trust Fund:			
Cash	B-1	<u>10,477.54</u>	<u>10,084.54</u>
Other Trust Funds:			
Cash	B-1	1,830,854.09	1,841,499.79
Due From Current	B-5	<u>13,962.10</u>	<u>14,562.06</u>
		<u>1,844,816.19</u>	<u>1,856,061.85</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash	B-1	169,327.72	155,948.68
Contributions Receivable	B-7	<u>27,197.50</u>	<u>29,785.00</u>
		<u>196,525.22</u>	<u>185,733.68</u>
Total Assets		<u><u>2,051,818.95</u></u>	<u><u>2,051,880.07</u></u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Animal Control	B-2	10,387.79	10,044.99
Due State Department of Health	B-3	2.40	
Interfund Current	B-4	<u>87.35</u>	<u>39.55</u>
		<u>10,477.54</u>	<u>10,084.54</u>
Other Trust Fund:			
Various Reserves	B-6	<u>1,844,816.19</u>	<u>1,856,061.85</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-8	<u>196,525.22</u>	<u>185,733.68</u>
Total Liabilities, Reserves & Fund Balance		<u><u>2,051,818.95</u></u>	<u><u>2,051,880.07</u></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>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	C-2;C-3	784,736.46	651,830.53
Interfund - Current Fund	C-4	14,929.27	54,941.13
Deferred Charges to Future Taxation			
Funded	C-5	178,602.11	200,464.50
Grants Receivable	C-7		42,750.00
		<u>978,267.84</u>	<u>949,986.16</u>
<u>Liabilities, Reserves and Fund Balance</u>			
D.E.P. Loan Payable	C-6	178,602.11	200,464.50
Improvement Authorizations:			
Funded	C-10	341,033.13	79,328.93
Capital Improvement Fund	C-8	295,845.46	515,845.46
Reserve for Encumbrance	C-9		6,560.13
Reserve for:			
Improvements to Municipal Property	C-11	29,528.21	29,528.21
Improvements to Parks	C-11	22,475.00	22,475.00
Improvements to Various Roads	C-11	26,714.39	26,714.39
Recreation Improvements	C-11	75,000.00	60,000.00
Fields	C-11	7,200.41	7,200.41
Fund Balance	C-1	<u>1,869.13</u>	<u>1,869.13</u>
		<u>978,267.84</u>	<u>949,986.16</u>

Footnote C: There were no Bonds and Notes Authorized But Not Issued as of December 31, 2015.

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>2015</u>	<u>2014</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>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	D-1	<u>4,185.45</u>	<u>4,179.17</u>
<u>Liabilities</u>			
Reserve for Public Assistance	D-5	<u>4,185.45</u>	<u>4,179.17</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,**

**(Unaudited)**

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Balance</u> <u>Dec. 31, 2014</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements		
Buildings	2,929,894.53	2,705,400.00
Machinery and Equipment	<u>3,231,243.36</u>	<u>3,231,243.36</u>
	<u>6,161,137.89</u>	<u>5,936,643.36</u>
 Investment in Fixed Assets	 <u>6,161,137.89</u>	 <u>5,936,643.36</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, 2015 AND 2014**

#### **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, 2015 AND 2014 (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, 2015 AND 2014 (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 11<sup>th</sup> day of the 11<sup>th</sup> 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, 2015 AND 2014 (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 2015, the Governing Body did increase the original Current Fund budget. 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, 2015 AND 2014 (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 because their inclusion would make certain statements unduly complex and difficult to understand.

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.

## TOWNSHIP OF HAMPTON

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

##### Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

## TOWNSHIP OF HAMPTON

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

##### Recent Accounting Pronouncements (continued)

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment 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. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

## TOWNSHIP OF HAMPTON

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

##### **Recent Accounting Pronouncements (continued)**

In June 30, 2015, the Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Township is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Township is currently reviewing what effects, if any, this Statement might have on future financial statements.

## **TOWNSHIP OF HAMPTON**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **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 2015 statutory budget included a reserve for uncollected taxes in the amount of \$221,265.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2015 statutory budget was \$480,000.00.

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 2015, there was an item inserted into the 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 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 2015, there were no emergency authorizations.

## **TOWNSHIP OF HAMPTON**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **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, 2015, \$169,327.72 of the Township's bank balance of \$5,048,564.85 was exposed to custodial credit risk. In comparison, as of December 31, 2014, \$155,948.68 of the Township's bank balance of \$4,822,281.54 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.

##### **Concentration of Credit Risk**

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



**TOWNSHIP OF HAMPTON**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015 AND 2014  
(CONTINUED)**

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

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, 2015 and 2014, amounted to \$169,327.72 and \$155,948.68, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Investment Under 5%	\$39,270.21	\$33,139.59
Fixed Account	97,594.22	89,686.33
LVIP SSgA S&P 500 Index Fund	<u>32,463.29</u>	<u>33,122.76</u>
Total	<u>\$169,327.72</u>	<u>\$155,948.68</u>

**NOTE 4: FIXED ASSETS (UNAUDITED)**

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2015.

	Balance as of <u>12-31-14</u>	<u>Additions</u>	<u>Disposals</u>	Balance as of <u>12-31-15</u>
Land/Land Improvements				
Buildings	\$2,705,400.00	\$224,494.53	\$ -	\$2,929,894.53
Machinery and Equipment	<u>3,231,243.36</u>	<u>-</u>	<u>-</u>	<u>3,231,243.36</u>
	<u>\$5,936,643.36</u>	<u>\$224,494.53</u>	<u>\$ -</u>	<u>\$6,161,137.89</u>

## TOWNSHIP OF HAMPTON

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 5: MUNICIPAL DEBT**

Long-term debt as of December 31, 2015 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Loan Payable - D.E.P.	\$200,464.50	\$ -	\$21,862.39	\$178,602.11	\$22,301.83
Other Liabilities - Compensated Absences Payable	84,884.67	2,654.77 (1)	-	87,539.25	-

(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>Issued</u>	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
General:			
Bonds and Notes	<u>178,602.11</u>	<u>200,464.50</u>	<u>221,896.12</u>
Total Issued	<u>178,602.11</u>	<u>200,464.50</u>	<u>221,896.12</u>
<u>Authorized But Not Issued</u>			
General Capital:			
Bonds and Notes	<u>-</u>	<u>-</u>	<u>-</u>
Net Bonds & Notes Issued & Auth. But Not Issued	<u>178,602.11</u>	<u>200,464.50</u>	<u>221,896.12</u>

**TOWNSHIP OF HAMPTON**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015 AND 2014  
(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 0.029%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Dist. Debt	\$ -	\$ -	\$ -
Reg. School Dist. Debt	440,918.40	440,918.40	-
General Capital Debt	<u>178,602.11</u>	<u>-</u>	<u>178,602.11</u>
	<u>\$619,520.51</u>	<u>\$440,918.40</u>	<u>\$178,602.11</u>

Net Debt \$178,602.11 divided by equalized valuation basis per N.J.S.A.40A:2-2 as amended, 621,933,138.00 = 0.029%.

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

3 1/2% of Equalized Valuation Basis	21,767,659.83
Net Debt	<u>178,602.11</u>
Remaining Borrowing Power	<u>21,589,057.72</u>

The forgoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

**SUMMARY OF AVERAGE EQUALIZED VALUATION**

2015	621,933,138.00	
2014		628,094,118.67
2013		648,221,169.67

**TOWNSHIP OF HAMPTON**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015 AND 2014  
(CONTINUED)**

**NOTE 5: MUNICIPAL DEBT (CONTINUED)**

Long term debt as of December 31, 2015 consisted of the following:

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

\$369,732.23 General Improvement Bond, 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, 2015 was \$178,602.11.

General Capital Serial Bonds 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 BONDED DEBT ISSUED AND OUTSTANDING**

<u>Calendar Year</u>	<u>General Capital Bonds</u>		<u>Total Debt Service</u>
	<u>Interest</u>	<u>Principal</u>	
2016	3,461.09	22,301.83	25,762.92
2017	3,012.82	22,750.10	25,762.92
2018	2,555.54	23,207.38	25,762.92
2019	2,089.08	23,673.84	25,762.92
2020	1,613.23	24,149.69	25,762.92
2021-2023	<u>1,888.02</u>	<u>62,519.27</u>	<u>64,407.29</u>
	<u>14,619.78</u>	<u>178,602.11</u>	<u>193,221.89</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.

**TOWNSHIP OF HAMPTON**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015 AND 2014  
(CONTINUED)**

**NOTE 7: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2015 and 2014 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Current Fund	<u>\$480,000.00</u>	<u>\$380,000.00</u>

**NOTE 8: DUE TO/FROM OTHER FUNDS**

Balances due to/from other funds at December 31, 2015 consist of the following:

\$14,929.27	Due to General Capital Fund from Current Fund for receipts and disbursements made in Current Fund for General Capital Fund.
155,382.25	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.
13,962.10	Due to Current Fund from Other Trust Fund for various receipts and disbursements.
<u>87.35</u>	Due to Current Fund from Animal Control Trust Fund for interest income.
<u>\$184,360.97</u>	

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

**NOTE 9: PENSION PLAN**

**Description of System:**

Substantially all of the Township's employees participate in the following contributory defined benefit public employee retirement system which have been established by State statute: the Public Employees' Retirement System (PERS). This system is sponsored and administered by the State of New Jersey. The Public Employees' Retirement System is considered a cost sharing multiple-employer plan. According to the State of New Jersey Administrative Code, all obligations of the system will be assumed by the State of New Jersey should the system terminate.

## TOWNSHIP OF HAMPTON

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 9: PENSION PLAN (CONTINUED)**

##### *Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

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

## TOWNSHIP OF HAMPTON

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 9: PENSION PLAN (CONTINUED)**

##### *Public Employees' Retirement System (PERS) (continued)*

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

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

##### Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

## TOWNSHIP OF HAMPTON

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 9: PENSION PLAN (CONTINUED)**

##### Defined Contribution Retirement Program (continued)

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% 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 except the SACT. 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>
2015	\$81,979.00	\$ -0-
2014	72,822.00	-0-
2013	74,902.00	-0-

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. The following pension information is as of June 30, 2014 which is the latest information available. This information is eighteen months prior to December 31, 2015. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end.



**TOWNSHIP OF HAMPTON**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015 AND 2014  
(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, 2015, the Township had a liability of \$1,861,836.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the Township's proportion was 0.0099442545 percent, which was an increase/(decrease) of 0.0002794935 percent from its proportion measured as of June 30, 2013.

For the year ended December 31, 2015, the Township recognized pension expense of \$81,979.00. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$58,546.00	\$ -
Net difference between projected and actual earnings on pension plan investments	-	110,955.00
Changes in proportion and differences between Township contributions and proportionate share of contributions	45,122.00	-
Township contributions subsequent to the measurement date	<u>87,876.00</u>	<u>-</u>
Total	<u>\$191,544.00</u>	<u>\$110,955.00</u>

## TOWNSHIP OF HAMPTON

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 9: PENSION PLAN (CONTINUED)**

##### **Public Employees Retirement System (PERS)** (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2014) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	(\$16,977.00)
2017	(16,977.00)
2018	(16,977.00)
2019	10,762.00
Thereafter	4,735.00

##### **Additional Information**

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Collective deferred outflows of resources	\$ 952,194,675	Not Available
Collective deferred inflows of resources	1,479,224,662	Not Available
Collective net pension liability	18,722,735,003	\$19,111,986,111
Township's Proportion	0.0099442543%	0.0096647610%

##### **Actuarial Assumptions**

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which rolled forward to June 30, 2014. The total pension liability for the July 1, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.01 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

## TOWNSHIP OF HAMPTON

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 9: PENSION PLAN (CONTINUED)**

##### **Mortality Rates**

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

##### **Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U. S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%
	<u>100.00%</u>	

##### **Discount Rate**

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from

## TOWNSHIP OF HAMPTON

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 9: PENSION PLAN (CONTINUED)**

##### Discount Rate (continued)

employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

##### 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, 2014 respectively, 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, 2014		
	1% Decrease <u>4.39%</u>	At Current Discount Rate <u>5.39%</u>	1% Increase <u>6.39%</u>
Township's proportionate share of the pension liability	\$2,342,254.00	\$1,861,836.00	\$1,458,408.00

##### 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](http://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 \$87,539.25. This amount is not reported either as an expenditure or liability. The Township has reserved \$99,238.46 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, 2015 AND 2014  
(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 2015 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**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, 2015</u>	<u>Balance Dec 31, 2014</u>
Prepaid Taxes	<u>\$140,413.15</u>	<u>\$171,985.43</u>
Cash Liability for Taxes Collected in Advance	<u>\$140,413.15</u>	<u>\$171,985.43</u>

**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: POST-RETIREMENT BENEFITS**

Plan Description

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

## **TOWNSHIP OF HAMPTON**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)**

#### **NOTE 14: POST-RETIREMENT BENEFITS (CONTINUED)**

##### **Plan Description** (Continued)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in SHBP. In 1990, Township of Hampton authorized participation in the SHBP's post-retirement benefit program through resolution. Eligible retired employees and their dependents covered under the program, including surviving spouses will receive benefits based on 25 years or more of service credited in such retirement system, excepting the employees who elected deferred retirement but including the employees who retired on disability pensions based on fewer years of service credited, and also to reimburse such retired employees for their premium charges under Part B of the Federal Medicare Program covering the retired employees and their spouse in accordance with the regulations of the SHBP.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P. O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf](http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf)

##### **Funding Policy**

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township of Hampton on a monthly basis. Funds for retiree health premiums are raised each year in the municipality via property taxes. There are no cost sharing policies that the current retirees contribute.

The Township of Hampton contributions for SHBP for the years ended December 31, 2015, 2014 and 2013, were \$102,489.48, \$85,700.76, and \$92,243.04, respectively, which equaled the required contributions for each year. There were approximately 8, 7, and 7 retired participants eligible at December 31, 2015, 2014, and 2013, respectively.

**TOWNSHIP OF HAMPTON**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015 AND 2014  
(CONTINUED)**

**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, 2015 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

**NOTE 16: CONTINGENT LIABILITIES**

We are advised by the Township's Counsel, that there are two cases pending which are being defended by the liability insurance carrier.

**NOTE 17: SUBSEQUENT EVENT**

The Township has evaluated subsequent events through May 20, 2016, 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, 2015**

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

<u>Name</u>	<u>Title</u>
Philip Yetter	Mayor
Timothy Dooley	Deputy Mayor
Daniel Coranoto	Committeeman to 5/9/15
David Hansen	Committeeman
Scott Mackenzie	Committeeman
Eileen Klose	Administrator; Deputy Registrar
Kathleen Armstrong	Clerk; Registrar of Vital Statistics; Assessment Search Officer;
Valerie Galizia,	Deputy Clerk; Sec. Bd. of Health
Jessica Caruso	Treasurer & Chief Financial Officer
Leah Korver	Tax Collector
Joseph Ferraris	Assessor
Robert Huber	Construction and Code Enforcement Officer; Plumbing Inspector (1)
Mary Whitesell	Sec. Planning Board/Zoning Board; Technical Assistant to Construction Code Official
Cliff Storms	Electrical Inspector (1)
Stephen Roseman	Attorney
Wesley Powers	Fire Sub Code Officer (2)
George Owen	Fire Prevention (1)
Harold E. Pellow	Engineer
James Devine	Judge
William Hinkes	Prosecutor
Thomas M. Ferry, C.P.A., R.M.A.	Auditor

(1) As of July 1, 2014, this Officer is an interlocal agreement with the Township of Sandyston.

(2) As of July 1, 2004, this Officer is an interlocal agreement with the Borough of Branchville.

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.

## Township of Hampton

## Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

Federal Grantor/Program Title	Federal C.F.D.A. Number	Program or Award Amount	Grant Period From/To	12/31/2014		12/31/2015	
				(Receivable)	Reserve Balance	(Receivable)	Reserve Balance
<u>CURRENT FUND</u>							
Federal Emergency Management Agency ( Passed through NJ Office of Emergency Management) Hazard Mitigation Grant Program	97.039	67,500.00	N/A	(67,500.00)	67,500.00	(67,500.00)	67,500.00
TOTAL FEDERAL AID				(67,500.00)	67,500.00	(67,500.00)	67,500.00

Note: This schedule was not subject to an audit in accordance with OMB Circular A-133.



# COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

## CURRENT FUND

	<u>Year 2015</u>		<u>Year 2014</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>Revenue and Other Income Realized</u></b>				
Fund Balance Utilized	480,000.00	2.81%	380,000.00	2.26%
Miscellaneous - From Other Than				
Local Property Tax Levies	676,394.78	3.95%	665,849.16	3.96%
Collection of Delinquent Taxes				
and Tax Title Liens	170,972.43	1.00%	192,936.86	1.15%
Collection of Current				
Tax Levy	15,567,401.47	90.98%	15,337,202.07	91.22%
Other Credits to Income	215,745.02	1.26%	236,756.71	1.41%
<b><u>Total Revenue and Other Income Realized</u></b>	<u>17,110,513.70</u>	<u>100.00%</u>	<u>16,812,744.80</u>	<u>100.00%</u>
 <b><u>Expenditures</u></b>				
Budget Expenditures:				
Municipal Purposes	3,212,293.98	19.54%	3,036,478.77	18.06%
Local and Regional School Taxes	9,940,327.00	60.47%	9,852,261.00	58.60%
County Taxes	3,262,945.23	19.85%	3,198,032.79	19.02%
Other Expenditures	22,769.10	0.14%		0.00%
<b><u>Total Expenditures</u></b>	<u>16,438,335.31</u>	<u>100.00%</u>	<u>16,086,772.56</u>	<u>95.68%</u>
 Statutory Excess to Fund Balance	672,178.39		725,972.24	
 Fund Balance, January 1,	<u>1,499,030.33</u>		<u>1,153,058.09</u>	
	2,171,208.72		1,879,030.33	
 Less:				
Utilized as Anticipated Revenue	<u>480,000.00</u>		<u>380,000.00</u>	
 Fund Balance, December 31,	<u>1,691,208.72</u>		<u>1,499,030.33</u>	

## COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2015</u>	<u>2014 (1)</u>	<u>2013</u>
Tax Rate	<u>2.589</u>	<u>2.559</u>	<u>3.921</u>

### Apportionment of Tax Rate:

Municipal	.411	.409	.615
Regional High School	.804	.804	1.224
County	.539	.529	.822
Local School	.835	.817	1.250
Municipal Open Space	-	-	.010

### Assessed Valuation

2015	606,306,988.00		
2014 (1)		607,193,555.00	
2013			391,384,216.00

(1) Revaluation year

## 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>
2015	15,729,930.28	15,567,401.48	98.96%
2014	15,554,740.23	15,337,202.07	98.60%
2013	15,415,232.75	15,206,635.65	98.64%

## 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>
2015	18,250.02	155,912.76	174,612.78	1.11%
2014	39,164.03	171,379.92	210,543.95	1.35%
2013	32,691.73	191,874.08	224,565.81	1.45%

### 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>
2015	663,650.00
2014	558,350.00
2013	558,350.00

### COMPARATIVE SCHEDULE OF SURPLUS

<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
2015	1,691,208.72	537,237.00
2014	1,499,030.33	480,000.00
2013	1,153,058.09	380,000.00
2012	890,370.34	380,000.00
2011	564,173.62	350,000.00

**Township of Hampton, N.J**

**Schedule of Cash**

**Current Fund**

**Year Ended December 31, 2015**

	<u>Ref.</u>		
Balance - December 31, 2014	A		2,110,623.54
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	68,676.17	
Due From State - Senior Citizen and Veteran Deductions	A-6	77,394.52	
Taxes Receivable	A-7	15,477,752.44	
Tax Title Liens Receivable	A-8	47.32	
Revenue Accounts Receivable	A-10	624,556.72	
Interfunds	A-11	97,252.27	
Various Cash Liabilities and Reserves	A-14	23,827.34	
Prepaid Taxes	A-15	<u>140,413.15</u>	
			<u>16,509,919.93</u>
			18,620,543.47
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	2,672,361.77	
Interfunds	A-11	296,970.70	
Appropriation Reserves	A-13	221,127.39	
Various Cash Liabilities and Reserves	A-14	22,276.15	
County Taxes Payable	A-16	3,259,593.11	
Local School District Taxes Payable	A-17	5,063,079.00	
Regional High School Taxes Payable	A-18	<u>4,899,969.30</u>	
			<u>16,435,377.42</u>
Balance - December 31, 2015	A		<u><u>2,185,166.05</u></u>

**Township of Hampton, N.J**  
**Schedule of Cash - Change Fund**  
**Current Fund**  
**Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	A	<u>200.00</u>
Balance - December 31, 2015	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, 2015**

	<u>Ref.</u>		
Balance - December 31, 2014	A		39,737.52
Increased by:			
Senior Citizens' Deductions Per Tax Billing		8,000.00	
Veterans' Deductions Per Tax Billing		68,854.92	
Senior Citizens' and Veterans' Deductions			
Allowed by Tax Collector - 2015 Taxes		<u>750.00</u>	
			77,604.92
Less:			
Senior Citizens' and Veterans' Deductions			
Disallowed by Tax Collector Prior Years		1,000.00	
Disallowed by Tax Collector 2015 Taxes		<u>1,000.00</u>	
			<u>2,000.00</u>
	A-7		<u>75,604.92</u>
Decreased by:			115,342.44
State Share of Senior Citizens' and Veterans'			
Deductions Received in Cash	A-4		<u>77,394.52</u>
Balance - December 31, 2015	A		<u><u>37,947.92</u></u>

## Township of Hampton, N.J.

## Schedule of Taxes Receivable and Analysis of Property Tax Levy

## Current Fund

Year Ended December 31, 2015

Year	Balance, Dec. 31, 2014	Levy	Added Taxes	Collected 2014	2015	Senior Citizen and Veteran Deductions	Overpayments Applied	Transferred to Tax Title Liens	Transferred to Foreclosed Property	Canceled	Balance, Dec. 31, 2015
2007	54.75										54.75
2008	74.35										74.35
2010	48.21										48.21
2011	1,429.24										1,429.24
2013	41.25		0.19								41.44
2014	169,732.12		4,792.65		171,925.11	(1,000.00)		1,391.16		291.73	1,916.77
	171,379.92	-	4,792.84	-	171,925.11	(1,000.00)	-	1,391.16		291.73	3,564.76
2015		15,697,288.15	32,642.13	171,985.43	15,305,827.33	76,604.92	12,983.79	4,507.44	1,347.35	4,326.02	152,348.00
	171,379.92	15,697,288.15	37,434.97	171,985.43	15,477,752.44	75,604.92	12,983.79	5,898.60	1,347.35	4,617.75	155,912.76
A				A-2;A-15	A-2;A-4	A-2;A-6	A-2;A-14	A-8	A-9		A

## Analysis of Tax Levy

Tax yield:	Ref.
General Purpose Tax	15,697,288.15
Added Tax (R.S. 54:4-63.1 et seq.)	32,642.13
	<u>15,729,930.28</u>
Tax Levy:	
County Tax	
Added County Taxes	3,262,945.23
	5,063,079.00
	<u>4,877,248.00</u>
Local District School Tax	13,203,272.23
Regional High School Tax	
Local Tax for Municipal Purposes	2,496,797.00
Additional Taxes	<u>29,861.05</u>
	<u>2,526,658.05</u>
	<u>15,729,930.28</u>

**Township of Hampton, N.J**  
**Schedule of Tax Title Liens Receivable**  
**Current Fund**  
**Year Ended December 31, 2015**

	<u>Ref.</u>		
Balance - December 31, 2014	A		39,164.03
Increased by:			
Transferred from 2014 Taxes Receivable		1,391.16	
Transferred from 2015 Taxes Receivable		4,507.44	
	A-7	5,898.60	
Interest and Costs		251.85	
			6,150.45
			45,314.48
Decreased by:			
Collections	A-2;A-4	47.32	
Transfer to Foreclosed Property	A-9	27,017.14	
			27,064.46
Balance - December 31, 2015	A		18,250.02

A-9

**Schedule of Property Acquired for**  
**Taxes Assessed Valuation**  
**Current Fund**  
**Year Ended December 31, 2015**

	<u>Ref.</u>		
Balance - December 31, 2014	A		558,350.00
Increased by:			
Transferred from Tax Title Liens	A-8	27,017.14	
Tax Receivable	A-7	1,347.35	
Adjust to Assessed Value		76,935.51	
			105,300.00
Balance - December 31, 2015	A		663,650.00

## Township of Hampton, N.J

## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk:			
Licenses:			
Alcoholic Beverages	A-2	2,880.00	2,880.00
Other Licenses	A-2	20,213.00	20,213.00
Fees and Permits	A-2	9,110.00	9,110.00
Municipal Court :			
Fines and Costs	A-2	26,267.22	26,267.22
Interest and Costs on Taxes	A-2	30,920.30	30,920.30
Uniform Construction Code:			
Fees and Permits - Building	A-2	80,594.00	80,594.00
Energy Receipts Tax	A-2	401,918.00	401,918.00
Garden State Trust Fund	A-2	28,491.00	28,491.00
Consolidated Municipal Property Tax			
Relief Aid	A-2	9,936.00	9,936.00
Uniform Fire Safety	A-2	14,227.20	14,227.20
		<u>624,556.72</u>	<u>624,556.72</u>
			A-4

## Township of Hampton, N.J

## Schedule of Interfunds Receivables/(Payables)

## Current Fund

Year Ended December 31, 2015

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance			Due From/(To) Balance	
		<u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2015</u>	
Federal and State Grants	A	(135,248.29)	19,220.70	39,354.66	(155,382.25)	
General Capital Fund	A	(54,941.13)	277,875.45	237,863.59	(14,929.27)	
Animal Control Trust	A	39.55	47.80		87.35	
Other Trust	A	(14,562.06)	633.98	34.02	(13,962.10)	
		<u>(204,711.93)</u>	<u>297,777.93</u>	<u>277,252.27</u>	<u>(184,186.27)</u>	
<u>Analysis</u>						
Due To Current Fund	A-1	39.55			87.35	
Due From Current Fund		<u>(204,751.48)</u>			<u>(184,273.62)</u>	
		<u>(204,711.93)</u>			<u>(184,186.27)</u>	
Interfund- Interest on Investment	A-2		807.23			
Budget Appropriations	A-3			180,000.00		
Received	A-4			97,252.27		
Disbursed	A-4		296,970.70			
			<u>297,777.93</u>	<u>277,252.27</u>		

## Township of Hampton, N.J

## Schedule of Deferred Charges

## N.J.S.A. 40A:4-55 Special Emergency

## Current Fund

## Year Ended December 31, 2015

<u>Purpose</u>	<u>Date</u>	<u>Amount</u> <u>Authorized</u>	<u>1/5 of Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>Dec. 31, 2014</u>	<u>Reduced</u> <u>2015</u>	<u>Balance,</u> <u>Dec. 31, 2015</u>
Revaluation Services	6/8/12	210,000.00	42,000.00	126,000.00	42,000.00	84,000.00
				<u>A</u>	<u>A-3</u>	<u>A</u>

**Township of Hampton, N.J.**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2015**

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	<u>Paid or</u> <u>Charged</u>	Balance <u>Lapsed</u>
Administrative and Executive				
Mayor and Council				
Salaries and Wages	17.96	17.96		17.96
Other Expenses	277.97	277.97		277.97
Municipal Clerk				
Salaries and Wages	162.86	162.86		162.86
Other Expenses	2,505.69	2,505.69	448.80	2,056.89
Financial Administration				
Salaries and Wages	3.04	3.04		3.04
Other Expenses	101.37	101.37	101.37	
Audit Services	14,230.00	14,230.00	14,230.00	
Computer Services	1,365.34	1,365.34	669.89	695.45
Assessment of Taxes				
Salaries and Wages	0.96	0.96		0.96
Other Expenses	15.75	15.75	13.20	2.55
Collection of Taxes				
Salaries and Wages	83.88	83.88		83.88
Other Expenses	89.47	89.47		89.47
Legal Services and Costs				
Other Expenses	45,000.00	45,000.00	45,000.00	
Engineering Services and Costs				
Other Expenses	3,414.25	3,414.25	3,280.25	134.00
Public Building and Grounds				
Other Expenses	17,422.32	17,422.32	13,951.86	3,470.46
Municipal Land Use Law :				
Planning Board				
Salaries and Wages	12.00	12.00		12.00
Other Expenses	1,887.34	1,887.34		1,887.34
Zoning Board of Adjustment				
Other Expenses	2,820.26	2,820.26	391.32	2,428.94
Insurance:				
General Liability	0.52	0.52		0.52
Workers Compensation Insurance	0.92	0.92		0.92
Employee Group Health	24,679.86	24,679.86	17,100.74	7,579.12
Uniform Fire Safety Act				
Fire Official				
Salaries and Wages	35.00	35.00		35.00
Other Expenses	99.59	99.59	74.40	25.19
Emergency Management Services				
Salaries and Wages	0.96	0.96		0.96
Other Expenses	93.89	93.89	93.89	
Streets and Roads:				
Road Repairs and Maintenance				
Salaries and Wages	50,009.16	50,009.16		50,009.16
Other Expenses	42,742.82	42,742.82	38,142.39	4,600.43

**Township of Hampton, N.J**  
**Schedule of Appropriation Reserves**  
**Current Fund**  
**Year Ended December 31, 2015**

	Balance, Dec. 31, <u>2014</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Garbage and Trash Removal- Contractual				
Other Expenses	32,010.10	32,010.10	31,810.72	199.38
Vehicle Maintenance	10,917.25	10,917.25		10,917.25
Health and Welfare:				
Board of Health				
Other Expenses	81.30	81.30	57.20	24.10
Animal Regulation				
Other Expenses	290.25	290.25	290.25	
Utilities:				
Electricity	6,216.65	6,216.65	261.46	5,955.19
Propane Gas	3,878.51	3,878.51		3,878.51
Telephone	693.57	693.57	616.58	76.99
Gasoline	2,281.13	2,281.13	538.73	1,742.40
Aid to Social Services	450.00	450.00		450.00
Construction Officials:				
Salaries and Wages	98.89	98.89		98.89
Other Expenses	1,329.31	1,329.31	121.89	1,207.42
Deferred Charges and Statutory Expenditures				
Contribution to:				
Social Security System	650.18	650.18		650.18
Unemployment Compensation Insurance	32.20	32.20		32.20
Operations - Excluded from "CAPS"				
Volunteer Length of Service Award				
Program Plan	73,000.00	73,000.00	29,785.00	43,215.00
Interlocal Municipal Service Agreement				
Municipal Court				
Other Expenses	28,384.49	28,384.49	24,147.45	4,237.04
Municipal Matching Funds for Grants	1.00	1.00		1.00
Refund of Tax Appeals	1.00	1.00		1.00
	<u>367,389.01</u>	<u>367,389.01</u>	<u>221,127.39</u>	<u>146,261.62</u>
			A-4	A-1
	<u>Ref.</u>			
Unencumbered	A 282,433.42			
Encumbered	A 84,955.59			
	<u>367,389.01</u>			



## Township of Hampton, N.J.

## Schedule of Various Cash Liabilities and Reserves

## Current Fund

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
<u>Liabilities and Reserves</u>				
<u>Liabilities:</u>				
Due State of NJ DCA Training Fees	1,286.00	5,724.00	6,097.00	913.00
Due State of NJ Marriage License Fees	25.00	600.00	550.00	75.00
Tax Overpayments	19,835.20	17,503.34	28,612.94	8,725.60
<u>Reserves for:</u>				
Revaluation Program	8,815.00			8,815.00
	29,961.20	23,827.34	35,259.94	18,528.60
	A			A
Ref.				
A-7			12,983.79	
A-4			22,276.15	
A-4		23,827.34		
		23,827.34	35,259.94	
Tax Overpayments Applied				
Disbursed				
Cash Received				

## Township of Hampton, N.J

## Schedule of Prepaid Taxes

## Current Fund

## Year Ended December 31, 2015

	<u>Ref.</u>	
Balance - December 31, 2014	A	171,985.43
Increased by:		
Receipts - Prepaid 2016 Taxes	A-4	<u>140,413.15</u>
		312,398.58
Decreased by:		
Applied to 2015 Taxes	A-7	<u>171,985.43</u>
Balance - December 31, 2015	A	<u><u>140,413.15</u></u>

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

**Current Fund**

**Year Ended December 31, 2015**

	<u>Ref.</u>		
Balance - December 31, 2014	A		3,443.61
Increased by:			
Levy	A-7	3,256,149.51	
Added and Omitted Taxes	A-7	<u>6,795.72</u>	
	A-1		<u>3,262,945.23</u>
			3,266,388.84
Decreased by:			
Payments	A-4		<u>3,259,593.11</u>
Balance - December 31, 2015	A		<u><u>6,795.73</u></u>

**Schedule of Local School District Taxes Payable**

**Current Fund**

**Year Ended December 31, 2015**

	<u>Ref.</u>	
Increased by:		
Levy- 2015	A-1;A-7	<u><u>5,063,079.00</u></u>
Decreased by:		
Payments	A-4	<u><u>5,063,079.00</u></u>

**Township of Hampton, N.J**

**Schedule of Overpaid Regional High School Taxes**

**Current Fund**

**Year Ended December 31, 2015**

Ref.

Increased by:		
Levy- 2015	A-1;A-7	<u>4,877,248.00</u>
Decreased by:		
Payments	A-4	<u>4,899,969.30</u>
Balance- December 31, 2015	A;A-1	<u><u>22,721.30</u></u>

**Township of Hampton, N.J**

**Schedule of Interfunds**

**Federal and State Grant Fund**

**Year Ended December 31, 2015**

<u>Fund</u>		Due From/(To)			Due From/(To)	
		Balance			Balance	
		<u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2015</u>	
Current Fund		<u>135,248.29</u>	<u>39,354.66</u>	<u>19,220.70</u>	<u>155,382.25</u>	
		A			A	
	<u>Ref.</u>					
Grants Receivable	A-20		16,653.71			
Appropriated Grants	A-21			19,220.70		
Unappropriated Grants	A-22		<u>22,700.95</u>			
			<u>39,354.66</u>	<u>19,220.70</u>		

Township of Hampton, N.J.  
Schedule of Grants Receivable  
Federal and State Grant Fund  
Year Ended December 31, 2015

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Budget</u> <u>Revenue</u>	<u>Received</u>	<u>Transfer from</u> <u>Unappropriated</u> <u>Reserves</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Clean Communities		11,285.97		11,285.97	
Recycling Tonnage		7,244.67		7,244.67	
HAVA 261		33,307.42	16,653.71		16,653.71
FEMA Hazard Mitigation Grant					
Federal Share	67,500.00				67,500.00
State Share	22,500.00				22,500.00
	<u>90,000.00</u>	<u>51,838.06</u>	<u>16,653.71</u>	<u>18,530.64</u>	<u>106,653.71</u>
	A	A-2	A-19	A-22	A

**Township of Hampton, N.J**

**Schedule of Appropriated Reserves for Grants**

**Federal and State Grant Fund**

**Year Ended December 31, 2015**

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Transfer</u> <u>From 2015</u> <u>Budget</u>	<u>Expended</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Recycling Tonnage	23,253.85	7,244.67	2,375.72	28,122.80
Small Cities	6,540.00			6,540.00
Municipal Alliance Against Drugs				
Local Share	6,981.34			6,981.34
Clean Communities	60,577.46	11,285.97	16,844.98	55,018.45
FEMA Hazard Mitigation Grant				
Federal Share	67,500.00			67,500.00
State Share	22,500.00			22,500.00
Local Share	10,000.00			10,000.00
Storm Water Grant	5,000.00			5,000.00
Emergency Housing Repair	4,365.00			4,365.00
HAVA 261		33,307.42		33,307.42
	<u>206,717.65</u>	<u>51,838.06</u>	<u>19,220.70</u>	<u>239,335.01</u>
	A	A-3	A-19	A

**Schedule of Unappropriated Reserves for Grants**

**Federal and State Grant Fund**

**Year Ended December 31, 2015**

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Transfer to</u> <u>Appropriated</u> <u>Reserves</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Recycling Tonnage	7,244.67	7,244.67	8,986.55	8,986.55
Clean Communities	11,285.97	11,285.97	13,714.40	13,714.40
	<u>18,530.64</u>	<u>18,530.64</u>	<u>22,700.95</u>	<u>22,700.95</u>
	A	A-20	A-19	A

## Township of Hampton, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	Emergency Services Volunteer Length of Service Award <u>Program</u>	Animal Control Trust <u>Fund</u>	Other Trust <u>Funds</u>
Balance - December 31, 2014	B	<u>155,948.68</u>	<u>10,084.54</u>	<u>1,841,499.79</u>
Increase by Receipts:				
Dog License Fees - Township Share	B-2		8,192.80	
Late Fees	B-2		2,550.00	
Dog License Fees - State Share	B-3		1,297.20	
Interfund - Current	B-4		47.80	
Interfunds	B-5			633.98
Other Trust Funds	B-6			1,065,276.07
Township Contributions	B-7	29,785.00		
LOSAP Net Assets	B-8	<u>1,432.70</u>		
		<u>31,217.70</u>	<u>12,087.80</u>	<u>1,065,910.05</u>
		<u>187,166.38</u>	<u>22,172.34</u>	<u>2,907,409.84</u>
Decreased by Disbursements:				
Reserve for Dog Expenditures	B-2		10,400.00	
Due State Board of Health	B-3		1,294.80	
Interfunds	B-5			34.02
Other Trust Funds	B-6			1,076,521.73
LOSAP Net Assets	B-8	<u>17,838.66</u>		
		<u>17,838.66</u>	<u>11,694.80</u>	<u>1,076,555.75</u>
Balance - December 31, 2015	B	<u><u>169,327.72</u></u>	<u><u>10,477.54</u></u>	<u><u>1,830,854.09</u></u>



## Township of Hampton, N.J.

## Reserve / ( Deficit ) for Animal Control Fund Expenditures

## Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>		
Balance - December 31, 2014	B		10,044.99
Increased by:			
Dog License Fees	B-1	8,192.80	
Late Fees	B-1	<u>2,550.00</u>	
			<u>10,742.80</u>
			20,787.79
Decreased by:			
Disbursements	B-1		<u>10,400.00</u>
Balance - December 31, 2015	B		<u><u>10,387.79</u></u>

License Fees Collected

<u>Year</u>	
2014	8,575.00
2013	<u>8,477.00</u>
	<u><u>17,052.00</u></u>

**Township of Hampton, N.J.**  
**Schedule of Due To State Department of Health**

**Trust Funds**

**Year Ended December 31, 2015**

Ref.

Increased by:

State Fees Collected	B-1	1,297.20
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Decreased by:

Cash Disbursement	B-1	<div style="border-top: 1px solid black; display: inline-block;">1,294.80</div>
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Balance - December 31, 2015	B	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">2.40</div>
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## Township of Hampton, N.J.

## Schedule of Animal Control Fund - Interfunds Payable

## Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Current Fund</u>
Balance - December 31, 2014	B	39.55
Increased by:		
Interest Income	B-1	<u>47.80</u>
Balance - December 31, 2015	B	<u><u>87.35</u></u>

## Township of Hampton, N.J.

## Schedule of Other Trust Funds - Interfunds Accounts Receivable

## Trust Funds

Year Ended December 31, 2015

	<u>Ref.</u>	<u>Current Fund</u>
Balance - December 31, 2014	B	14,562.06
Increased by:		
Disbursements	B-1	<u>34.02</u>
		14,596.08
Decreased by:		
Cash Receipts	B-1	<u>633.98</u>
Balance - December 31, 2015	B	<u><u>13,962.10</u></u>
	<u>Analysis</u>	
Other Trust Funds		<u><u>13,962.10</u></u>

## Township of Hampton, N.J.

## Schedule of Other Trust Funds

## Trust Funds

Year Ended December 31, 2015

	Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2015</u>
Reserve for:				
Open Space	1,146,652.39	1,312.84		1,147,965.23
Escrow Deposits	347,994.26	57,482.83	80,726.95	324,750.14
Tax Sale Premiums	29,000.00	56,800.00	42,085.21	43,714.79
Small Cities Rehabilitation	20,104.56			20,104.56
Unemployment	37,964.97	118.70	7,613.00	30,470.67
Payroll	1,011.74	852,608.08	851,971.53	1,648.29
Outside Lien Redemptions	302.51	79,204.77	71,179.59	8,327.69
Accumulated Absences	99,089.73	148.73		99,238.46
COAH	152,963.01	2,232.08		155,195.09
POAA	6.00			6.00
Recreation	20,972.68	15,368.04	22,945.45	13,395.27
	<u>1,856,061.85</u>	<u>1,065,276.07</u>	<u>1,076,521.73</u>	<u>1,844,816.19</u>
	B	B-1	B-1	B

**Township of Hampton, N.J.**

**Schedule of Contributions Receivable**

**Emergency Services Volunteer Length of Services Award Program**

**Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	B	29,785.00
Increased by:		
Township Contributions		
For the Year 2015	B-8	27,197.50
		<u>56,982.50</u>
Decreased by:		
Receipts	B-1	<u>29,785.00</u>
Balance - December 31, 2015	B	<u><u>27,197.50</u></u>

B-8

**Schedule of Net Assets Available for Benefits**

**Emergency Services Volunteer Length of Services Award Program**

**Year Ended December 31, 2015**

	<u>Ref.</u>		
Balance - December 31, 2014	B		185,733.68
Increased by:			
Township Contributions	B-7	27,197.50	
Increase (Decrease) in Investment Value	B-1	<u>1,432.70</u>	
			<u>28,630.20</u>
			214,363.88
Decreased by:			
Accounting Charge		1,817.88	
Distributions/Withdrawals		<u>16,020.78</u>	
	B-1		<u>17,838.66</u>
Balance - December 31, 2015	B		<u><u>196,525.22</u></u>

**Township of Hampton, N.J.**  
**Schedule of Cash**  
**General Capital Fund**  
**Year Ended December 31, 2015**

	<u>Ref.</u>		
Balance - December 31, 2014	C		651,830.53
Increased by Receipts:			
Schedule of Interfunds	C-4	279,352.29	
Grants Receivable	C-7	<u>42,750.00</u>	
			<u>322,102.29</u>
			973,932.82
Decreased by Disbursements:			
Schedule of Interfunds	C-4	44,340.43	
Reserve for Encumbrance	C-9	6,560.13	
Improvement Authorizations	C-10	<u>138,295.80</u>	
			<u>189,196.36</u>
Balance - December 31, 2015	C		<u><u>784,736.46</u></u>

## Township of Hampton, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Receipts		Disbursements Improvement Authorizations	Miscellaneous	Transfers		Balance Dec. 31, 2015
		Miscellaneous				From	To	
Fund Balance	1,869.13							1,869.13
Capital Improvement Fund	515,845.46					400,000.00	180,000.00	295,845.46
Interfund - Current Fund	(54,941.13)	279,352.29			44,340.43	195,000.00		(14,929.27)
Grants Receivable	(42,750.00)	42,750.00						
Reserve for Encumbrances	6,560.13				6,560.13			
Various Reserves	145,918.01						15,000.00	160,918.01
<u>Improvement Authorizations</u>								
Ordinance								
03-02 Restoration of Crandon Lake Dam	14,221.61		653.00					13,568.61
10-06 Improvements to Mary Jones Road	5,252.58							5,252.58
12-04 Installation of ADA Doors	835.00							835.00
14-05 Purchase of Road Equipment	25,083.26							25,083.26
14-06 Improvement to Hampton Downes Road	7,169.71		1,880.42					5,289.29
14-07 Improvements to Meccah Lake Road	26,766.77							26,766.77
15-05 Construction of Salt Shed			103,100.00				200,000.00	96,900.00
15-06 Paving of Various Road			32,662.38				200,000.00	167,337.62
	651,830.53	322,102.29	138,295.80		50,900.56	595,000.00	595,000.00	784,736.46
	C							C



**Township of Hampton, N.J.**

**Schedule of Interfunds**

**General Capital Fund**

**Year Ended December 31, 2015**

<u>Fund</u>	Due From/(To)			Due From/(To)
	Balance			Balance
	<u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2015</u>
Current Fund	<u>54,941.13</u>	<u>239,340.43</u>	<u>279,352.29</u>	<u>14,929.27</u>
	C			C
	<u>Ref.</u>			
Cash Receipts	C-2		279,352.29	
Cash Disbursements	C-2	44,340.43		
Capital Improvement Fund	C-8	180,000.00		
Various Reserves	C-11	15,000.00		
		<u>239,340.43</u>	<u>279,352.29</u>	

**Township of Hampton, N.J.**

**Schedule of Deferred Charges to Future Taxation Funded**

**General Capital Fund**

**Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	C	200,464.50
Decreased by:		
DEP Loan Payable	C-6	<u>21,862.39</u>
Balance - December 31, 2015	C	<u><u>178,602.11</u></u>

**Township of Hampton, N.J.**  
**Schedule of DEP Loan Payable**  
**General Capital Fund**  
**Year Ended December 31, 2015**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Decreased</u>	<u>Balance</u>
				<u>Amount</u>		<u>Dec. 31, 2014</u>		<u>Dec. 31, 2015</u>
Crandon Lake Dam	10/07/05	369,732.23	2016	22,301.83	2.00%			
			2017	22,750.10	2.00%			
			2018	23,207.38	2.00%			
			2019	23,673.84	2.00%			
			2020	24,149.69	2.00%			
			2021	24,635.10	2.00%			
			2022	25,130.26	2.00%			
			2023	12,753.91	2.00%			

**Township of Hampton, N.J.****Schedule of Grants Receivable****General Capital Fund****Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	C	<u>42,750.00</u>
Decreased by:		
Cash Receipts	C-2	<u>42,750.00</u>

**Township of Hampton, N.J.**

**Schedule of Capital Improvement Fund**

**General Capital Fund**

**Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	C	515,845.46
Increased by:		
Budget Appropriation	C-4	<u>180,000.00</u>
		695,845.46
Decreased by:		
Appropriated to Finance Improvement		
Authorizations	C-10	<u>400,000.00</u>
Balance - December 31, 2015	C	<u><u>295,845.46</u></u>

**Township of Hampton, N.J.**

**Schedule of Reserve for Encumbrances**

**General Capital Fund**

**Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	C	<u>6,560.13</u>
Decreased by:		
Appropriated to Finance Improvement		
Authorizations	C-10	<u>6,560.13</u>

**Township of Hampton, N.J.**  
**Schedule of Improvement Authorizations**

**General Capital Fund**

**Year Ended December 31, 2015**

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Balance Dec. 31, 2015	
		Date	Amount	Funded				Funded	
	<u>General Improvements:</u>								
02-03	Restoration of Crandon Lakes Dam	03/25/03	235,000.00	14,221.61			653.00	13,568.61	
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	7,169.71			1,880.42	5,289.29	
14-07	Improvements to Meccah Lake Road	07/29/14	358,000.00	26,766.77				26,766.77	
15-05	Construction of Salt Shed	08/25/15	200,000.00			200,000.00	103,100.00	96,900.00	
15-06	Paving of Various Township Roads	08/25/15	200,000.00			200,000.00	32,662.38	167,337.62	
				79,328.93		400,000.00	138,295.80	341,033.13	
				<u>C</u>		<u>C-8</u>	<u>C-2</u>	<u>C</u>	

**Township of Hampton, N.J.**

**Schedule of Various Reserves**

**General Capital Fund**

**Year Ended December 31, 2015**

<u>Description</u>	<u>Balance Dec. 31, 2014</u>	<u>Increased</u>	<u>Balance Dec. 31, 2015</u>
Improvements to Municipal Property	29,528.21		29,528.21
Improvements to Various Roads	26,714.39		26,714.39
Improvements to Parks	22,475.00		22,475.00
Recreation Improvements	60,000.00	15,000.00	75,000.00
Fields	7,200.41		7,200.41
	<u>145,918.01</u>	<u>15,000.00</u>	<u>160,918.01</u>
	C	C-4	C



**Township of Hampton, N.J.**

**Schedule of Cash-Treasurer**

**Public Assistance Fund**

**Year Ended December 31, 2015**

	<u>Ref.</u>	P.A.T.F. <u>Account #1</u>
Balance - December 31, 2014	D	4,179.17
Increased by Receipts:		
Interest	D-4	<u>6.28</u>
Balance - December 31, 2015	D	<u><u>4,185.45</u></u>

**Township of Hampton, N.J.**  
**Schedule of Cash and Reconciliation**  
**Per N.J.S. 40A:5-5**  
**Public Assistance Fund**  
**Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2015	D-1	4,185.45
Increased by:		
Interest		<u>2.06</u>
Balance - April 30, 2016		<u><u>4,187.51</u></u>
Reconciliation - April 30, 2016		P.A.T.F. <u>Account #1</u>
Balance on Deposit per Statement of:		
Lakeland Bank		
Checking		<u>4,187.51</u>
Balance - April 30, 2016		<u><u>4,187.51</u></u>

**Township of Hampton, N.J.**

**Schedule of Cash and Reconciliation**

**Public Assistance Fund**

**Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014		4,179.17
Increased by Receipts:		
Cash Receipts Record	D-4	<u>6.28</u>
Balance - December 31, 2015		<u><u>4,185.45</u></u>
<u>Reconciliation - December 31, 2015</u>		<u>P.A.T.F.</u>
		<u>Account #1</u>
Balance on Deposit per Statement of:		
Lakeland Bank		
Checking		<u>4,185.45</u>
Balance - December 31, 2015		<u><u>4,185.45</u></u>

**Township of Hampton, N.J.**  
**Schedule of Revenues**  
**Public Assistance Fund**  
**Year Ended December 31, 2015**

	<u>Ref.</u>	<u>P.A.T.F. Account #1</u>
Interest Earned	D-5	<u>6.28</u>
Total Revenues (P.A.T.F.)		<u>6.28</u>
Total Receipts		<u><u>6.28</u></u>
		D-1

**Schedule of Reserve for Public Assistance**  
**Public Assistance Fund**  
**Year Ended December 31, 2015**

	<u>Ref.</u>	
Balance - December 31, 2014	D	4,179.17
Increased by:		
Receipts	D-4	<u>6.28</u>
Balance - December 31, 2015	D	<u><u>4,185.45</u></u>

**TOWNSHIP OF HAMPTON**

**\* \* \* \* \***

**PART II**

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

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2015**

# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkottz, CPA, RMA  
James J. Cerullo, CPA, RMA  
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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, 2015 and the related notes to the financial statements, and have issued our report thereon dated May 20, 2016, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Fixed Asset account group and 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.

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 2015-01, 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*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township of Hampton in the accompanying comments and recommendations section of this report.

### **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

*Ferraioli, Wielkotz, Cerullo & Cuva, PA*  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
*Certified Public Accountants*

Newton, New Jersey

May 20, 2016

## TOWNSHIP OF HAMPTON

### SUMMARY OF FINDINGS AND RESPONSES YEAR ENDED DECEMBER 31, 2015

#### **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 Federal OMB Circular A-133 (the "Circular") and State Circular 15-08 OMB for 2015 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 2015-01:**

###### **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, 2015**

#### Finding 2014-01:

#### 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, 2015, and at May 20, 2016, 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, 2015, 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 \$40,000.00.

## 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 6, 2015 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 6th day of January, 2015 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 2015.
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 May 20, 2015 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>
2015	24
2014	25
2013	23

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, 2015 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.

### Finance

1. IRS Form 1099 was not issued to vendors who are required to receive them.

#### Management Response:

The Township will issue IRS Form 1099 to vendors who are required to receive them.

## RECOMMENDATIONS

It is recommended:

1. That adequate segregation of duties be maintained within the Treasury and Tax Collector departments.
2. That IRS Form 1099 be issued to vendors who are required to receive them.

\* \* \* \* \*

### 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

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