

REPORT OF AUDIT
TOWNSHIP OF HAMPTON
COUNTY OF SUSSEX
DECEMBER 31, 2016

TOWNSHIP OF HAMPTON
YEAR ENDED DECEMBER 31, 2016

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TOWNSHIP OF HAMPTON

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2016

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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, 2016 and 2015, 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, 2016, 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, 2016 and 2015, 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, 2016 and 2015, stated as \$6,471,632.79, and \$6,161,137.89, 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 \$229,976.01 and \$196,525.22 for 2016 and 2015, 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 matters 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, 2016 and 2015, 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, 2016 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

The supplemental information listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Honorable Mayor and
Members of the Township Committee
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2017 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.



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Registered Municipal Accountant
No. 497

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Certified Public Accountants

Newton, New Jersey

May 1, 2017

Township of Hampton, N.J

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	2,653,120.82	2,185,166.05
Change Fund	A-5	200.00	200.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-6	37,811.08	37,947.92
		<u>2,691,131.90</u>	<u>2,223,313.97</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	178,632.30	155,912.76
Tax Title Liens Receivable	A-8	24,512.70	18,250.02
Overpaid Regional School Taxes	A-18		22,721.30
Property Acquired for Taxes -			
Assessed Valuation	A-9	663,650.00	663,650.00
Interfunds Receivable:			
Animal Control Trust Fund	A-11	136.46	87.35
		<u>866,931.46</u>	<u>860,621.43</u>
Deferred Charges:			
Special Emergency Authorizations (40A:4-55)	A-12	42,000.00	84,000.00
		<u>3,600,063.36</u>	<u>3,167,935.40</u>
Federal and State Grant Fund:			
Interfund Receivable - Current Fund	A-19	94,286.57	155,382.25
Grants Receivable	A-20	90,000.00	106,653.71
		<u>184,286.57</u>	<u>262,035.96</u>
		<u>3,784,349.93</u>	<u>3,429,971.36</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>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves:			
Unencumbered	A-3;A-13	182,506.87	202,466.45
Encumbered	A-3;A-13	95,904.21	63,627.70
Total Appropriation Reserves		278,411.08	266,094.15
Interfunds Payable:			
Federal and State Grant Fund	A-11	94,286.57	155,382.25
General Capital	A-11	316,232.56	14,929.27
Other Trust Fund	A-11	2,619.63	13,962.10
Due to State of New Jersey:			
DCA Training Fees	A-14	1,073.00	913.00
Marriage Surcharge	A-14	50.00	75.00
Tax Overpayments	A-14	10,857.21	8,725.60
Prepaid Licenses	A-14	17,380.00	-
Reserve for:			
Revaluation Services	A-14	8,815.00	8,815.00
Prepaid Taxes	A-15	168,058.16	140,413.15
County Taxes Payable	A-16	16,554.81	6,795.73
Regional School Taxes Payable	A-18	0.70	-
		914,338.72	616,105.25
Reserve for Receivables	Contra	866,931.46	860,621.43
Fund Balance	A-1	1,818,793.18	1,691,208.72
		3,600,063.36	3,167,935.40
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-21	150,073.73	239,335.01
Unappropriated Reserve for Grants	A-22	34,212.84	22,700.95
		184,286.57	262,035.96
		3,784,349.93	3,429,971.36

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>2016</u>	<u>2015</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	537,237.00	480,000.00
Miscellaneous Revenue Anticipated	A-2	656,834.47	676,394.78
Receipts from Delinquent Taxes	A-2	153,112.05	170,972.43
Receipts from Current Taxes	A-2	16,599,814.39	15,567,401.47
Non-Budget Revenue	A-2	68,213.29	69,483.40
Other Credits to Income:			
Cancellation of Tax Sale Premiums	A-11	10,500.00	
Unexpended Balance of Appropriation Reserves	A-13	103,505.56	146,261.62
Regional High School Taxes Returned	A-18	22,721.30	
Total Revenues and Other Income		<u>18,151,938.06</u>	<u>17,110,513.70</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Salaries and Wages	A-3	834,411.00	782,850.00
Other Expenses	A-3	1,812,012.00	1,715,920.00
Deferred Charges and Statutory Expenditures -			
Municipal - Within "CAPS:"	A-3	155,840.00	155,479.00
Operations - Excluded From "CAPS:"			
Other Expenses	A-3	210,470.31	310,282.06
Capital Improvements - Excluded from "CAPS"	A-3	580,000.00	180,000.00
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	49.11	47.80
Regional High School Taxes Advanced			22,721.30
County Taxes Including Added Taxes	A-16	3,499,413.26	3,262,945.23
Local District School Tax	A-17	5,162,638.00	5,063,079.00
Regional High School Tax	A-18	5,164,520.00	4,877,248.00
Total Expenditures		<u>17,487,116.60</u>	<u>16,438,335.31</u>
Statutory Excess to Fund Balance		664,821.46	672,178.39
Fund Balance, January 1,	A-1	<u>1,691,208.72</u>	<u>1,499,030.33</u>
		2,356,030.18	2,171,208.72
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>537,237.00</u>	<u>480,000.00</u>
Fund Balance, December 31,	A	<u><u>1,818,793.18</u></u>	<u><u>1,691,208.72</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, 2016

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	537,237.00	537,237.00	0.00
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-10	2,880.00	2,880.00	0.00
Other	A-10	18,000.00	21,147.00	3,147.00
Fees and Permits	A-10	9,000.00	13,161.00	4,161.00
Fines and Costs:				0.00
Municipal Court	A-10	26,000.00	42,382.37	16,382.37
Interest and Costs on Taxes	A-10	30,000.00	34,307.24	4,307.24
Consolidated Municipal Property Tax Relief Aid	A-10	9,936.00	9,936.00	0.00
Energy Receipts Tax	A-10	401,918.00	401,918.00	0.00
Garden State Trust Fund	A-10	28,491.00	28,491.00	0.00
Uniform Construction Code Fees	A-10	71,500.00	84,280.00	12,780.00
Public and Private Revenues:				0.00
Unappropriated - Recycling Tonnage Grant	A-20	2,428.43	2,428.43	0.00
Unappropriated - Clean Communities	A-20	1,741.88	1,741.88	0.00
Other Special Items:				0.00
Uniform Fire Safety Act	A-10	14,000.00	14,161.55	161.55
Total Miscellaneous Revenues	A-1	615,895.31	656,834.47	40,939.16
Receipts from Delinquent Taxes	A-1;A-2	155,000.00	153,112.05	(1,887.95)
Subtotal General Revenues		1,308,132.31	1,347,183.52	39,051.21
Amount to be Raised by Taxes for Support of Municipal Budget-Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2	2,899,978.00	2,943,391.13	43,413.13
Budget Totals		4,208,110.31	4,290,574.65	82,464.34
Non-Budget Revenue	A-1;A-2		68,213.29	68,213.29
		4,208,110.31	4,358,787.94	150,677.63
		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, 2016

Analysis of Realized Revenues

Ref.

Revenue from Collections	A-1;A-7	16,599,814.39
Less:		
Allocated to School and County Taxes	A-7	<u>13,826,571.26</u>
Balance for Support of Municipal Budget Appropriations		2,773,243.13
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>170,148.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>2,943,391.13</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes		
Taxes Receivable	A-7	<u>153,112.05</u>
		A-2

Analysis of Non-budget Revenues

Miscellaneous Revenues Not Anticipated:

Cable T.V. Franchise Fee	20,267.00	
Payment in Lieu of Taxes	2,000.00	
Crandon Lakes Dam	17,175.28	
Various Refunds and Reimbursements	14,396.21	
Miscellaneous	3,532.52	
Interest on Investments and Deposits	9,322.28	
Sr. Citizens/Vets Administration Fees	<u>1,520.00</u>	
	A-4	<u><u>68,213.29</u></u>
		A-2

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

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

Current Fund

Year Ended December 31, 2016

<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	103,780.00	-	720.00
Other Expenses		14,000.00	6,500.00	5,575.50	924.50	
Municipal Clerk						
Salaries and Wages		89,000.00	90,140.00	90,137.90	2.10	
Other Expenses		36,000.00	21,010.00	19,759.09	1,250.91	
Financial Administration						
Salaries and Wages		48,090.00	48,090.00	48,062.04	27.96	
Other Expenses		6,000.00	6,000.00	5,636.70	363.30	
Audit Services		30,000.00	30,000.00	15,015.00	14,985.00	
Computer Services		30,000.00	30,000.00	17,886.98	2,113.02	10,000.00
Assessment of Taxes						
Salaries and Wages		46,070.00	46,070.00	46,070.00	-	
Other Expenses		20,000.00	20,000.00	5,749.38	250.62	14,000.00
Collection of Taxes						
Salaries and Wages		43,600.00	43,600.00	43,600.00	-	
Other Expenses		6,000.00	6,000.00	3,991.23	508.77	1,500.00
Legal Services and Costs						
Other Expenses		45,000.00	85,000.00	61,216.08	23,783.92	
Engineering Services and Costs						
Other Expenses		60,000.00	60,000.00	41,223.11	8,776.89	10,000.00
Public Buildings and Grounds						
Salaries and Wages		10,000.00	10,000.00	10,000.00	-	
Other Expenses		40,000.00	67,000.00	66,712.88	287.12	

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, 2016

<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		8,700.00	8,700.00	8,670.10	29.90	
Other Expenses		30,000.00	25,580.00	25,542.84	37.16	
Zoning Board of Adjustment						
Salaries and Wages		7,507.00	7,507.00	7,507.00	-	
Other Expenses		25,000.00	25,000.00	4,286.06	713.94	20,000.00
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		2,500.00	1,758.00	1,592.50	165.50	
Other Expenses		3,200.00	3,942.00	3,941.46	0.54	
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		6,120.00	6,120.00	4,999.92	120.08	1,000.00
Other Expenses		4,000.00	4,000.00	3,031.41	968.59	
Road Repairs and Maintenance						
Salaries and Wages		468,000.00	418,000.00	359,917.26	18,082.74	40,000.00
Other Expenses		350,000.00	400,000.00	348,790.48	51,209.52	
Sanitation:						
Recycling Coordinator:						
Salaries and Wages		5,304.00	5,304.00	5,228.00	76.00	
Garbage and Trash Removal - Contractual		580,000.00	580,000.00	359,814.24	33,185.76	187,000.00
Vehicle Maintenance		35,000.00	15,000.00	10,078.37	4,921.63	

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, 2016

	<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						
Other Expenses		3,000.00	3,000.00	2,199.50	0.50	800.00
Animal Regulation						
Salaries and Wages		10,608.00	10,608.00	-	-	10,608.00
Other Expenses		8,000.00	8,000.00	1,530.39	469.61	6,000.00
Aid to Social Services		3,750.00	3,750.00	3,300.00	450.00	
Recreation and Education:						
Board of Recreation Comm. (N.J.S. 40A:12-1):						
Other Expenses		30,000.00	30,000.00	22,800.00	7,200.00	
Utility Expenses:						
Electricity		26,000.00	26,000.00	14,402.94	1,597.06	10,000.00
Telephone		18,000.00	11,000.00	7,209.26	790.74	3,000.00
Propane Gas		30,000.00	30,000.00	5,727.41	4,272.59	20,000.00
Gasoline		35,000.00	35,000.00	15,309.21	7,690.79	12,000.00
Insurance:						
General Liability		81,750.00	82,247.00	82,247.00	-	
Workers Compensation		45,500.00	45,039.00	45,039.00	-	
Employee Group Health		326,974.00	331,394.00	319,460.77	11,933.23	
Code Enforcement & Administration:						
Construction Officials:						
Salaries and Wages		25,000.00	89,942.00	86,277.66	64.34	3,600.00
Other Expenses		40,000.00	21,350.00	2,480.69	369.31	18,500.00
Total Operations within "CAPS"		<u>2,951,673.00</u>	<u>3,016,651.00</u>	<u>2,448,799.36</u>	<u>197,623.64</u>	<u>370,228.00</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, 2016

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Detail:						
Salaries and Wages	A-1	874,999.00	890,339.00	815,842.38	18,568.62	55,928.00
Other Expenses (Including Contingent)	A-1	2,076,674.00	2,126,312.00	1,632,956.98	179,055.02	314,300.00
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Deferred Charges:						
Emergency Authorizations:						
Deficit in Recreation Trust Fund		1,605.00	1,605.00	-	-	1,605.00
Deficit in Payroll Trust Fund		2,632.00	2,632.00	-	-	2,632.00
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		87,876.00	87,876.00	87,876.00	-	
Social Security System (O.A.S.I.)		74,000.00	67,000.00	65,231.93	768.07	1,000.00
Unemployment Compensation Insurance		2,000.00	1,964.00	520.47	1,443.53	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	168,113.00	161,077.00	153,628.40	2,211.60	5,237.00
Total General Appropriations for Municipal Purposes within "CAPS"		3,119,786.00	3,177,728.00	2,602,427.76	199,835.24	375,465.00
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	7,001.00	6,952.36	48.64	
Insurance:						
Employee Group Health		5,526.00	5,526.00		5,526.00	
Total Other Operating Excluded from "CAPS"		78,527.00	85,527.00	6,952.36	78,574.64	-

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, 2016

<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		3,910.00	3,910.00	3,910.00	-	
Municipal Court		93,000.00	93,000.00	93,000.00	-	
Fire Prevention Official - Sandyston Township		10,000.00	10,000.00	10,000.00		
Public Safety						
911 Dispatching Services		13,862.00	13,862.00	13,861.80	0.20	
Construction Department						
Other Expenses		64,942.00				
Total Shared Service Agreements		185,714.00	120,772.00	120,771.80	0.20	-
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		2,428.43	2,428.43	2,428.43	-	
Unappropriated Clean Communities Grant		1,741.88	1,741.88	1,741.88	-	
Municipal Matching Funds for Grant		1.00	1.00		1.00	
Total Public and Private Program Offset By Revenues		6,171.31	6,171.31	4,170.31	1.00	2,000.00
Total Operations - Excluded from "CAPS"		270,412.31	212,470.31	131,894.47	78,575.84	2,000.00
Detail:						
Other Expenses	A-1	270,412.31	212,470.31	131,894.47	78,575.84	2,000.00
Capital Improvements:						
Improvements to Overlook Development Roads and						
Kema-Mecca Lake Road - Section II		400,000.00	400,000.00	400,000.00	-	
Purchase of Road Equipment		180,000.00	180,000.00	180,000.00	-	
Total Capital Improvements Excluded from "CAPS"	A-1	580,000.00	580,000.00	580,000.00	-	-

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, 2016

	<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>						
Municipal Debt Service:						
Improvements to Dam - Principal		22,302.00	22,302.00	22,301.83		0.17
Improvements to Dam - Interest		3,462.00	3,462.00	3,461.09		0.91
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						
5 Years (N.J.S. 40A:4-55)		42,000.00	42,000.00	42,000.00	-	
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"		918,176.31	860,234.31	779,657.39	78,575.84	2,001.08
Subtotal General Appropriations		4,037,962.31	4,037,962.31	3,382,085.15	278,411.08	377,466.08
Reserve for Uncollected Taxes		170,148.00	170,148.00	170,148.00	-	
Total General Appropriations		4,208,110.31	4,208,110.31	3,552,233.15	278,411.08	377,466.08
			A-2			

Township of Hampton, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2016

	<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>						
<u>Analysis of Paid or Charged</u>						
Cash Disbursed	A-4			2,935,914.84		
Reserve for Uncollected Taxes	A-2			170,148.00		
Schedule of Interfunds	A-11			400,000.00		
Deferred Charges	A-12			42,000.00		
Reserve for Federal and State Grants	A-21			4,170.31		
				<u>3,552,233.15</u>		
<u>Analysis of Appropriation Reserves</u>						
Unencumbered	A				182,506.87	
Encumbered	A				<u>95,904.21</u>	
					<u>278,411.08</u>	

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

Trust Funds

December 31,

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Animal Control Trust Fund:			
Cash	B-1	<u>11,235.25</u>	<u>10,477.54</u>
Other Trust Funds:			
Cash	B-1	1,957,172.99	1,830,854.09
Due From Current	B-5	<u>2,619.63</u>	<u>13,962.10</u>
		<u>1,959,792.62</u>	<u>1,844,816.19</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Cash	B-1	198,868.51	169,327.72
Contributions Receivable	B-7	<u>31,107.50</u>	<u>27,197.50</u>
		<u>229,976.01</u>	<u>196,525.22</u>
Total Assets		<u><u>2,201,003.88</u></u>	<u><u>2,051,818.95</u></u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Animal Control	B-2	11,094.59	10,387.79
Due State Department of Health	B-3	4.20	2.40
Interfund Current	B-4	<u>136.46</u>	<u>87.35</u>
		<u>11,235.25</u>	<u>10,477.54</u>
Other Trust Fund:			
Various Reserves	B-6	<u>1,959,792.62</u>	<u>1,844,816.19</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited)			
Net Assets Available for Benefits	B-8	<u>229,976.01</u>	<u>196,525.22</u>
Total Liabilities, Reserves & Fund Balance		<u><u>2,201,003.88</u></u>	<u><u>2,051,818.95</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>2016</u>	<u>2015</u>
<u>Assets</u>			
Cash	C-2;C-3	432,507.17	784,736.46
Interfund - Current Fund	C-4	316,232.56	14,929.27
Deferred Charges to Future Taxation			
Funded	C-5	156,300.28	178,602.11
Grants Receivable	C-6	50,000.00	
		<u>955,040.01</u>	<u>978,267.84</u>
<u>Liabilities, Reserves and Fund Balance</u>			
D.E.P. Loan Payable	C-7	156,300.28	178,602.11
Improvement Authorizations:			
Funded	C-10	150,287.40	341,033.13
Capital Improvement Fund	C-8	163,559.85	295,845.46
Reserve for Encumbrance	C-9	201,319.73	
Reserve for:			
Improvements to Municipal Property	C-11	29,528.21	29,528.21
Debt Service	C-11	150,000.00	
Improvements to Parks	C-11	22,475.00	22,475.00
Improvements to Various Roads	C-11		26,714.39
Recreation Improvements	C-11	22,500.00	75,000.00
Fields	C-11	7,200.41	7,200.41
DOT Grant Receivable	C-11	50,000.00	
Fund Balance	C-1	<u>1,869.13</u>	<u>1,869.13</u>
		<u>955,040.01</u>	<u>978,267.84</u>

Footnote C: There were no Bonds and Notes Authorized But Not Issued as of December 31, 2016.

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>2016</u>	<u>2015</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>2016</u>	<u>2015</u>
<u>Assets</u>			
Cash	D-1	<u>4,191.77</u>	<u>4,185.45</u>
<u>Liabilities</u>			
Reserve for Public Assistance	D-5	<u>4,191.77</u>	<u>4,185.45</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)

	Balance <u>Dec. 31, 2016</u>	Balance <u>Dec. 31, 2015</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements		
Buildings	2,929,894.53	2,929,894.53
Machinery and Equipment	<u>3,541,738.26</u>	<u>3,231,243.36</u>
	<u>6,471,632.79</u>	<u>6,161,137.89</u>
 Investment in Fixed Assets	 <u>6,471,632.79</u>	 <u>6,161,137.89</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, 2016 AND 2015**

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, 2016 AND 2015 (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, 2016 AND 2015 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Budgets and Budgetary Accounting

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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 AND 2015 (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 2016, 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, 2016 AND 2015 (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, 2016 AND 2015 (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 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.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 AND 2015 (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 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.

In June 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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 AND 2015 (CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Recent Accounting Pronouncements, (continued)

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.

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, Blending Requirements for Certain Component Units, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Township does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Township does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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 reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 AND 2015 (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 2016 statutory budget included a reserve for uncollected taxes in the amount of \$170,148.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2016 statutory budget was \$537,237.00.

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 2016, 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 2016, there were no emergency authorizations.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 AND 2015 (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, 2016, \$198,868.51 of the Township's bank balance of \$5,523,731.54 was exposed to custodial credit risk. In comparison, 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.

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.

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, 2016 and 2015, amounted to \$198,868.51 and \$169,327.72, respectively.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 AND 2015 (CONTINUED)

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

Unaudited Investments (continued)

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Investment Under 5%	\$47,062.89	\$39,270.21
Fixed Account	112,300.54	97,594.22
LVIP SSgA S&P 500 Index Fund	<u>39,505.08</u>	<u>32,463.29</u>
Total	<u>\$198,868.51</u>	<u>\$169,327.72</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, 2016.

	Balance as of <u>12-31-15</u>	<u>Additions</u>	<u>Disposals</u>	Balance as of <u>12-31-16</u>
Land/Land Improvements				
Buildings	\$2,929,894.53	\$ -	\$ -	\$2,929,894.53
Machinery and Equipment	<u>3,231,243.36</u>	<u>310,853.90</u>	<u>359.00</u>	<u>3,541,738.26</u>
	<u>\$6,161,137.89</u>	<u>\$310,853.90</u>	<u>\$359.00</u>	<u>\$6,471,632.79</u>

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2016 consisted of the following:

	Balance Dec. 31, 2015	<u>Additions</u>	<u>Reductions</u>	Balance Dec. 31, 2016	Amounts Due Within One Year
Loan Payable - D.E.P.	\$178,602.11	\$ -	\$22,301.83	\$156,300.28	\$22,750.10
Other Liabilities - Compensated Absences Payable	<u>87,539.25</u>	<u>7,280.71</u> (1)	<u>-</u>	<u>94,819.96</u>	<u>-</u>
	<u>\$266,141.36</u>	<u>\$7,280.71</u>	<u>\$22,301.83</u>	<u>\$251,120.24</u>	<u>\$22,750.10</u>

(1) Net Increase

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

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 2016</u>	<u>Year 2015</u>	<u>Year 2014</u>
General:			
Loans and Notes	<u>156,300.28</u>	<u>178,602.11</u>	<u>200,464.50</u>
Total Issued	<u>156,300.28</u>	<u>178,602.11</u>	<u>200,464.50</u>
<u>Authorized But Not Issued</u>			
General Capital:			
Loans and Notes	<u>-</u>	<u>-</u>	<u>-</u>
Net Loans & Notes Issued & Auth. But Not Issued	<u>156,300.28</u>	<u>178,602.11</u>	<u>200,464.50</u>

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 0.25%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Dist. Debt	\$ -	\$ -	\$ -
Reg. School Dist. Debt	376,900.11	376,900.11	-
General Capital Debt	<u>156,300.28</u>	<u>-</u>	<u>156,300.28</u>
	<u>\$533,200.39</u>	<u>\$376,900.11</u>	<u>\$156,300.28</u>

Net Debt \$156,300.28 divided by equalized valuation basis per N.J.S.A.40A:2-2 as amended, 631,036,180.00 = 0.25 %.

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

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

3 1/2% of Equalized Valuation Basis	22,086,266.30
Net Debt	<u>156,300.28</u>
Remaining Borrowing Power	<u>21,929,966.02</u>

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

SUMMARY OF AVERAGE EQUALIZED VALUATION

2016	631,036,180.00	
2015		621,933,138.00
2014		628,094,118.67

Long term debt as of December 31, 2016 consisted of the following:

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

\$369,732.23 General Improvement Loan through the State of New Jersey Department of Environmental Protection, dated 10/7/2005 payable in annual installments through 1/7/2023. Interest is paid semi-annually at a rate of 2.00% per annum. The balance remaining as of December 31, 2016 was \$156,300.28.

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

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

<u>Calendar Year</u>	<u>General Capital Loan</u>		<u>Total Debt Service</u>
	<u>Interest</u>	<u>Principal</u>	
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	1,127.82	24,635.10	25,762.92
2022-2023	<u>760.20</u>	<u>37,884.17</u>	<u>38,644.37</u>
	<u>11,158.69</u>	<u>156,300.28</u>	<u>167,458.97</u>

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 AND 2015 (CONTINUED)

NOTE 6: LOCAL AND REGIONAL HIGH SCHOOL TAXES

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

NOTE 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2016 and 2015 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Current Fund	<u>\$568,500.00</u>	<u>\$537,237.00</u>

NOTE 8: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2016 consist of the following:

\$316,232.56	Due to General Capital Fund from Current Fund for receipts and disbursements made in Current Fund for General Capital Fund.
94,286.57	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.
2,619.63	Due to Current Fund from Other Trust Fund for various receipts and disbursements.
<u>136.46</u>	Due to Current Fund from Animal Control Trust Fund for interest income.
<u>\$413,275.22</u>	

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

NOTE 9: PENSION PLAN

Description of Plans:

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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 AND 2015 (CONTINUED)

NOTE 9: PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 AND 2015 (CONTINUED)

NOTE 9: PENSION PLAN (CONTINUED)

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

Defined Contribution Retirement Program

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

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

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

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>DCRP</u>
2016	\$87,876.00	\$0.00
2015	81,979.00	0.00
2014	72,822.00	0.00

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 9: PENSION PLAN (CONTINUED)

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

Contribution Requirements (continued)

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.

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 \$2,249,483.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the Township's proportion was 0.0102213271 percent, which was an increase/(decrease) of (0.0002770726) percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2016, the Township recognized pension expense of \$87,876.00. At December 31, 2016, 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>
Difference between expected and actual experience	\$54,738.00	\$ -
Changes of assumptions	246,409.00	-
Net difference between projected and actual earnings on pension plan investments	-	36,891.00
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	80,842.00	
Township contributions subsequent to the measurement date	<u>78,878.00</u>	<u>0.00</u>
Total	<u>\$460,867.00</u>	<u>\$36,891.00</u>

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 AND 2015
(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, 2015) 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 (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$48,108.00
2018	48,108.00
2019	76,620.00
2020	43,313.00

Additional Information

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

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	19,111,986,911
Township s Proportion	0.0102213271%	0.0099442545%

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 AND 2015 (CONTINUED)

NOTE 9: PENSION PLAN (CONTINUED)

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

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 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 July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback three years for males and setback 1 year for females) are used to value disable retirees.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 9: PENSION PLAN (CONTINUED)

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

Long-Term Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, 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 3.80% and 4.29% as of June 30, 2015 and 2014, 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 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.

TOWNSHIP OF HAMPTON

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

NOTE 9: PENSION PLAN (CONTINUED)

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

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 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:

	<u>June 30, 2015</u>		
	<u>1% Decrease 3.90%</u>	<u>At Current Discount Rate 4.90%</u>	<u>1% Increase 5.90%</u>
Township's proportionate share of the pension liability	\$2,851,762	\$2,249,483	\$1,827,265

Pension Plan Fiduciary Net Position

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

NOTE 10: ACCRUED SICK AND VACATIONS BENEFITS

The Township has permitted employees to accrue unused sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the current cost of such unpaid compensation would be approximately \$94,819.96. This amount is not reported either as an expenditure or liability. The Township has reserved \$99,386.19 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, 2016 AND 2015 (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 2016 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:

	Balance <u>Dec 31, 2016</u>	Balance <u>Dec 31, 2015</u>
Prepaid Taxes	<u>\$168,058.16</u>	<u>\$140,413.15</u>
Cash Liability for Taxes Collected in Advance	<u>\$168,058.16</u>	<u>\$140,413.15</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, 2016 AND 2015 (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

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, 2016, 2015 and 2014 were \$123,536.40, \$102,489.48, and \$85,700.76, respectively, which equaled the required contributions for each year. There were approximately 8, 8, and 7 retired participants eligible at December 31, 2016, 2015, and 2014, respectively.

TOWNSHIP OF HAMPTON

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 AND 2015 (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, 2016 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. One was dismissed and the time for appeal has expired. The second involves fair share housing issues.

NOTE 17: SUBSEQUENT EVENT

The Township has evaluated subsequent events through May 1, 2017, 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, 2016

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

<u>Name</u>	<u>Title</u>
Philip Yetter	Mayor
Timothy Dooley	Deputy Mayor
Keith Gourlay	Committeeman
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; Sec. Recreation
Jessica Caruso	Treasurer & Chief Financial Officer
Leah Korver	Tax Collector
Joseph Ferraris	Assessor
Robert Huber	Construction and Code Enforcement Officer; Plumbing Inspector, Zoning Official (1)
Mary Whitesell	Sec. Planning Board/Zoning Board; Technical Assistant to Construction Code Official
Cliff Storms	Electrical Inspector (1)
Frank McGovern	Attorney
Wesley Powers	Fire Sub Code Officer (2)
Charles Luxton	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 January 1, 2016, 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, 2016

Federal Grantor/Program Title	Federal C.F.D.A. Number	Program or Award Amount	Grant Period From/To	12/31/2015		12/31/2016		MEMO Cumulative Total Expenditures
				(Receivable)	Reserve Balance	(Receivable)	Reserve Balance	
<u>CURRENT FUND</u>								
United States Department of Agriculture Passed through NJ Department of Agriculture Gypsy Moth Suppression Program	10.664	11,727.00	1/1/2016-12/31/16	11,727.00				11,727.00
<u>FEDERAL AND STATE GRANT 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		58,016.28	9,483.72
TOTAL FEDERAL AID				11,727.00	67,500.00	(67,500.00)	58,016.28	21,210.72

Note: This schedule was not subject to an audit in accordance with the Uniform Guidance.

Township of Hampton
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2015		Receipts	Expended	12/31/2016		MEMO Cumulative Total Expenditures
				(Receivable)	Reserve Balance			(Receivable)	Reserve Balance	
FEDERAL AND STATE GRANT FUND										
NJ Department of Solid Waste Administration:										
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	12,351.93	1/1/11-12/31/11		7,352.55		5,004.80		2,247.75	10,004.18
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	5,936.40	1/1/12-12/31/12		5,936.40				5,936.40	
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	7,589.18	1/1/13-12/31/13		7,589.18				7,589.18	
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	7,244.67	1/1/14-12/31/14		7,244.67				7,244.67	
Recycling Tonnage Grant	4900-752-042-4900-001-V42Y-6020	8,986.55	1/1/15-12/31/15		8,986.55				8,986.55	
					37,109.35		5,004.80		32,104.55	10,004.18
Clean Communities										
Clean Communities	4900-765-042-4900-004-V42Y-6020	9,875.83	1/1/09-12/31/09		960.92		960.92			9,875.83
Clean Communities	4900-765-042-4900-004-V42Y-6020	10,298.72	1/1/10-12/31/10		10,298.72		10,298.72			10,298.72
Clean Communities	4900-765-042-4900-004-V42Y-6020	10,190.75	1/1/11-12/31/11		10,190.75		1,876.01		8,314.74	1,876.01
Clean Communities	4900-765-042-4900-004-V42Y-6020	10,248.97	1/1/12-12/31/12		10,248.97				10,248.97	
Clean Communities	4900-765-042-4900-004-V42Y-6020	12,033.12	1/1/13-12/31/13		12,033.12				12,033.12	
Clean Communities	4900-765-042-4900-004-V42Y-6020	11,285.97	1/1/14-12/31/14		11,285.97				11,285.97	
Clean Communities	4900-765-042-4900-004-V42Y-6020	13,714.40	1/1/15-12/31/15		13,714.40	15,682.20			13,714.40	
Clean Communities	4900-765-042-4900-004-V42Y-6020	16,653.71	1/1/16-12/31/16			15,682.20			15,682.20	
					68,732.85	15,682.20			71,279.40	22,050.56
					105,842.20	15,682.20			103,383.95	32,054.74
Total NJ Department of Solid Waste Administration:										
		6,540.00	1/1/98-12/31/98		6,540.00				6,540.00	
NJ Department of Housing and Urban Development:										
Small Cities	N/A									
NJ Department of Community Affairs:										
Emergency Housing Repair	N/A	4,365.00	1/1/01-12/31/01		4,365.00				4,365.00	
NJ Department of Environmental Control:										
Stormwater	N/A	5,000.00	1/1/06-12/31/06		5,000.00				5,000.00	
					5,000.00				5,000.00	
Total NJ Department of Environmental Protection:										
State of New Jersey Office of Emergency Management	N/A	22,500.00	N/A	(22,500.00)	22,500.00		22,500.00	(22,500.00)		22,500.00
Hazard Mitigation Grant										
NJ Division of Elections:										
(Passed through County of Sussex)	15ELEC008APA	33,307.42	6/1/15-12/31/15	(16,653.71)	33,307.42	16,653.71	33,307.42			33,307.42
HAVA - Section 261				(39,153.71)	177,554.62	32,335.91	73,947.87	(22,500.00)	119,288.95	87,862.16
TOTAL FEDERAL AND STATE GRANT FUND										
GENERAL CAPITAL FUND										
NJ Department of Transportation										
Local Municipal Aid Grants		200,000.00	1/1/16-12/31/16			150,000.00	200,000.00	(50,000.00)		200,000.00
Kemah Lake Rd Section II										
				(39,153.71)	177,554.62	182,335.91	273,947.87	(72,500.00)	119,288.95	287,862.16
TOTAL STATE AID										

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

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	<u>Year 2016</u>		<u>Year 2015</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	537,237.00	2.96%	480,000.00	2.81%
Miscellaneous - From Other Than				
Local Property Tax Levies	656,834.47	3.62%	676,394.78	3.95%
Collection of Delinquent Taxes				
and Tax Title Liens	153,112.05	0.84%	170,972.43	1.00%
Collection of Current				
Tax Levy	16,599,814.39	91.45%	15,567,401.47	90.98%
Other Credits to Income	204,940.15	1.13%	215,745.02	1.26%
<u>Total Revenue and Other Income Realized</u>	<u>18,151,938.06</u>	<u>100.00%</u>	<u>17,110,513.70</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	3,660,496.23	20.93%	3,212,293.98	19.54%
Local and Regional School Taxes	10,327,158.00	59.06%	9,940,327.00	60.47%
County Taxes	3,499,413.26	20.01%	3,262,945.23	19.85%
Other Expenditures	49.11	0.00%	22,769.10	0.14%
<u>Total Expenditures</u>	<u>17,487,116.60</u>	<u>100.00%</u>	<u>16,438,335.31</u>	<u>100.00%</u>
 Statutory Excess to Fund Balance	664,821.46		672,178.39	
 Fund Balance, January 1,	<u>1,691,208.72</u>		<u>1,499,030.33</u>	
	2,356,030.18		2,171,208.72	
Less:				
Utilized as Anticipated Revenue	<u>537,237.00</u>		<u>480,000.00</u>	
 Fund Balance, December 31,	<u>1,818,793.18</u>		<u>1,691,208.72</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014 (1)</u>
Tax Rate	<u>2.760</u>	<u>2.589</u>	<u>2.559</u>

Apportionment of Tax Rate:

Municipal	.478	.411	.409
Regional High School	.852	.804	.804
County	.578	.539	.529
Local School	.852	.835	.817

Assessed Valuation

2016	605,526,322.00		
2015		606,306,988.00	
2014			607,193,555.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	16,791,987.17	16,599,814.39	98.85%
2015	15,729,930.28	15,567,401.48	98.96%
2014	15,554,740.23	15,337,202.07	98.60%

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>
2016	24,512.70	178,632.30	203,145.00	1.21%
2015	18,250.02	155,912.76	174,612.78	1.11%
2014	39,164.03	171,379.92	210,543.95	1.35%

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>
2016	663,650.00
2015	663,650.00
2014	558,350.00

COMPARATIVE SCHEDULE OF SURPLUS

<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
2016	1,808,293.18	568,500.00
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

Township of Hampton, N.J

Schedule of Cash

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>		
Balance - December 31, 2015	A		2,185,166.05
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	68,213.29	
Due From State - Senior Citizen and Veteran Deductions	A-6	75,000.00	
Taxes Receivable	A-7	16,537,650.13	
Revenue Accounts Receivable	A-10	652,664.16	
Interfunds	A-11	182,335.91	
Various Cash Liabilities and Reserves	A-14	31,234.73	
Prepaid Taxes	A-15	168,058.16	
			<u>17,715,156.38</u>
			19,900,322.43
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	2,935,914.84	
Interfunds	A-11	343,019.88	
Appropriation Reserves	A-13	162,588.59	
Various Cash Liabilities and Reserves	A-14	11,588.12	
County Taxes Payable	A-16	3,489,654.18	
Local School District Taxes Payable	A-17	5,162,638.00	
Regional High School Taxes Payable	A-18	5,141,798.00	
			<u>17,247,201.61</u>
Balance - December 31, 2016	A		<u><u>2,653,120.82</u></u>

Township of Hampton, N.J
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	200.00
		<u>200.00</u>
Balance - December 31, 2016	A	200.00
		<u>200.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		100.00
Clerk		100.00
		<u>200.00</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, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	37,947.92
Increased by:		
Senior Citizens' Deductions Per Tax Billing	9,250.00	
Veterans' Deductions Per Tax Billing	67,750.00	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector - 2016 Taxes	<u>2,000.00</u>	79,000.00
Less:		
Senior Citizens' and Veterans' Deductions Disallowed by Tax Collector Prior Years	1,500.00	
Disallowed by Tax Collector 2016 Taxes	<u>2,636.84</u>	4,136.84
	A-7	<u>74,863.16</u>
Decreased by:		112,811.08
State Share of Senior Citizens' and Veterans' Deductions Received in Cash	A-4	<u>75,000.00</u>
Balance - December 31, 2016	A	<u><u>37,811.08</u></u>

Township of Hampton, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2016

Year	Balance, Dec. 31, 2015	Levy	Added Taxes	Collected 2015	2016	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2016
2007	54.75								54.75
2008	74.35								74.35
2010	48.21								48.21
2011	1,429.24								1,429.24
2013	41.44								41.44
2014	1,916.77							31.06	1,885.71
2015	152,348.00		6,065.75		154,612.05	(1,500.00)	525.96	4,048.76	726.98
	155,912.76	-	6,065.75	-	154,612.05	(1,500.00)	525.96	4,079.82	4,260.68
2016		16,712,526.49	79,460.68	140,413.15	16,383,038.08	76,363.16	5,624.88	12,176.28	174,371.62
	155,912.76	16,712,526.49	85,526.43	140,413.15	16,537,650.13	74,863.16	6,150.84	16,256.10	178,632.30
A				A-2; A-15	A-2; A-4	A-2; A-6	A-8		A

Analysis of Tax Levy	
Tax yield:	Ref.
General Purpose Tax	16,712,526.49
Added Tax (R.S. 54:4-63.1 et seq.)	79,460.68
	<u>16,791,987.17</u>
Tax Levy:	
County Tax	
Added County Taxes	3,499,413.26
	<u>5,162,638.00</u>
Local District School Tax	5,164,520.00
Regional High School Tax	<u>13,826,571.26</u>
Local Tax for Municipal Purposes	
Additional Taxes	2,899,978.00
	<u>65,437.91</u>
	<u>2,965,415.91</u>
	<u>16,791,987.17</u>

Township of Hampton, N.J
Schedule of Tax Title Liens Receivable
Current Fund
Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	18,250.02
Increased by:		
Transferred from 2015 Taxes Receivable		525.96
Transferred from 2016 Taxes Receivable		<u>5,624.88</u>
	A-7	6,150.84
Interest and Costs		<u>111.84</u>
		<u>6,262.68</u>
Balance - December 31, 2016	A	<u><u>24,512.70</u></u>

Schedule of Property Acquired for
Taxes Assessed Valuation
Current Fund
Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	<u><u>663,650.00</u></u>
Balance - December 31, 2016	A	<u><u>663,650.00</u></u>

Township of Hampton, N.J

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2016

	<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	21,147.00	21,147.00
Fees and Permits	A-2	13,161.00	13,161.00
Municipal Court:			
Fines and Costs	A-2	42,382.37	42,382.37
Interest and Costs on Taxes	A-2	34,307.24	34,307.24
Uniform Construction Code:			
Fees and Permits - Building	A-2	84,280.00	84,280.00
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	14,161.55	14,161.55
		<u>652,664.16</u>	<u>652,664.16</u>
			A-4

Township of Hampton, N.J
Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2016

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2016</u>
Federal and State Grants	A	(155,382.25)	93,431.59	32,335.91	(94,286.57)
General Capital Fund	A	(14,929.27)	248,696.71	550,000.00	(316,232.56)
Animal Control Trust	A	87.35	49.11		136.46
Other Trust	A	(13,962.10)	11,342.47		(2,619.63)
		<u>(184,186.27)</u>	<u>353,519.88</u>	<u>582,335.91</u>	<u>(413,002.30)</u>
<u>Analysis</u>					
Due To Current Fund	A-1	87.35			136.46
Due From Current Fund		<u>(184,273.62)</u>			<u>(413,138.76)</u>
		<u>(184,186.27)</u>			<u>(413,002.30)</u>
Tax Sale Premiums Cancelled	A-1		10,500.00		
Budget Appropriations	A-3			400,000.00	
Received	A-4			182,335.91	
Disbursed	A-4		343,019.88		
			<u>353,519.88</u>	<u>582,335.91</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, 2016

<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, 2015</u>	<u>Reduced</u> <u>2016</u>	<u>Balance,</u> <u>Dec. 31, 2016</u>
Revaluation Services	6/8/12	210,000.00	42,000.00	84,000.00	42,000.00	42,000.00
				<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, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
Administrative and Executive				
Mayor and Council				
Salaries and Wages				
Other Expenses	16.18	16.18		16.18
Municipal Clerk				
Salaries and Wages	10.38	10.38		10.38
Other Expenses	2,351.48	2,351.48	851.90	1,499.58
Financial Administration				
Salaries and Wages	0.04	0.04		0.04
Other Expenses	140.38	140.38		140.38
Audit Services	14,910.00	14,910.00	14,910.00	-
Computer Services	3,854.56	3,854.56	59.95	3,794.61
Assessment of Taxes				
Salaries and Wages	0.93	0.93		0.93
Other Expenses	1,385.54	1,385.54	13.20	1,372.34
Collection of Taxes				
Salaries and Wages	250.06	250.06		250.06
Other Expenses	416.55	416.55		416.55
Legal Services and Costs				
Other Expenses	34,319.60	34,319.60	34,319.60	-
Engineering Services and Costs				
Other Expenses	5,694.17	5,694.17	5,612.75	81.42
Public Building and Grounds				
Other Expenses	4,418.69	4,418.69	831.84	3,586.85
Municipal Land Use Law:				
Planning Board				
Salaries and Wages	299.86	299.86		299.86
Other Expenses	2,486.14	2,486.14	2,386.53	99.61
Zoning Board of Adjustment				
Other Expenses	2,294.67	2,294.67	161.00	2,133.67
Uniform Fire Safety Act:				
Fire Prevention Official				
Salaries and Wages	165.00	165.00		165.00
Other Expenses	630.49	630.49		630.49
Emergency Management Services				
Salaries and Wages	0.08	0.08		0.08
Other Expenses	143.87	143.87		143.87
Road Repairs and Maintenance				
Salaries and Wages	5,668.39	5,668.39		5,668.39
Other Expenses	24,321.73	24,321.73	23,550.46	771.27
Vehicle Maintenance	4,219.15	4,219.15	146.08	4,073.07
Sanitation:				
Recycling Coordinator	70.00	70.00		70.00
Garbage and Trash Removal- Contractual				
Other Expenses	32,780.86	32,780.86	32,713.22	67.64

Township of Hampton, N.J
Schedule of Appropriation Reserves
Current Fund
Year Ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Health and Welfare:				
Board of Health				
Other Expenses	739.20	739.20	6.90	732.30
Animal Regulation				
Other Expenses	607.95	607.95		607.95
Utilities:				
Electricity	3,576.54	3,576.54	2,536.97	1,039.57
Telephone	1,164.71	1,164.71	627.35	537.36
Propane Gas	17,590.56	17,590.56		17,590.56
Gasoline	10,801.72	10,801.72	2,299.87	8,501.85
Aid to Social Services	450.00	450.00		450.00
Insurance:				
Employee Group Health	14,215.73	14,215.73	14,215.73	-
Subcode Officials:				
Construction Officials				
Salaries and Wages	24.45	24.45		24.45
Other Expenses	2,394.40	2,394.40	32.74	2,361.66
Deferred Charges and Statutory Expenditures:				
Contribution to:				
Social Security System	607.99	607.99		607.99
Unemployment Compensation Insurance	70.10	70.10		70.10
Operations - Excluded from "CAPS:"				
Volunteer Length of Service Award				
Program Plan	73,000.00	73,000.00	27,312.50	45,687.50
Refund of Tax Appeals	1.00	1.00		1.00
Public and Private Programs Offset by Revenues:				
Municipal Alliance - Local Share	1.00	1.00		1.00
	<u>266,094.15</u>	<u>266,094.15</u>	<u>162,588.59</u>	<u>103,505.56</u>
			A-4	A-1

	<u>Ref.</u>	
Unencumbered	A	202,466.45
Encumbered	A	63,627.70
		<u>266,094.15</u>

Year Ended December 31, 2016

Disbursed	Ref.	
	A-4	
Cash Received	A-4	
		31,234.73
		<u>31,234.73</u>
		11,588.12
		<u>11,588.12</u>

Township of Hampton, N.J

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	A	140,413.15
Increased by:		
Receipts - Prepaid 2017 Taxes	A-4	<u>168,058.16</u>
		308,471.31
Decreased by:		
Applied to 2016 Taxes	A-7	<u>140,413.15</u>
Balance - December 31, 2016	A	<u><u>168,058.16</u></u>

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

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>		
Balance - December 31, 2015	A		6,795.73
Increased by:			
Levy	A-7	3,482,858.45	
Added and Omitted Taxes	A-7	16,554.81	
	A-1		<u>3,499,413.26</u>
			3,506,208.99
Decreased by:			
Payments	A-4		<u>3,489,654.18</u>
Balance - December 31, 2016	A		<u><u>16,554.81</u></u>

Schedule of Local School District Taxes Payable

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Increased by:		
Levy- 2016	A-1;A-7	<u><u>5,162,638.00</u></u>
Decreased by:		
Payments	A-4	<u><u>5,162,638.00</u></u>

Township of Hampton, N.J

Schedule of Regional High School Taxes Payable/(Overpaid)

Current Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance- December 31, 2015	A;A-1	(22,721.30)
Increased by:		
Levy- 2016	A-1;A-7	<u>5,164,520.00</u>
		5,141,798.70
Decreased by:		
Payments	A-4	<u>5,141,798.00</u>
Balance- December 31, 2016	A	<u><u>0.70</u></u>

Township of Hampton, N.J

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2016

<u>Fund</u>		Due From/(To) Balance <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2016</u>
Current Fund		<u>155,382.25</u>	<u>32,335.91</u>	<u>93,431.59</u>	<u>94,286.57</u>
		A			A
	<u>Ref.</u>				
Grants Receivable	A-20		16,653.71		
Appropriated Grants	A-21			93,431.59	
Unappropriated Grants	A-22		<u>15,682.20</u>		
			<u>32,335.91</u>	<u>93,431.59</u>	

Township of Hampton, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2016

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Budget</u> <u>Revenue</u>	<u>Received</u>	Transfer from Unappropriated <u>Reserves</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Clean Communities	-	1,741.88		1,741.88	-
Recycling Tonnage	-	2,428.43		2,428.43	-
HAVA 261	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>106,653.71</u>	<u>4,170.31</u>	<u>16,653.71</u>	<u>4,170.31</u>	<u>90,000.00</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, 2016

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Transfer</u> <u>From 2016</u> <u>Budget</u>	<u>Expended</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Recycling Tonnage	28,122.80	2,428.43	5,004.80	25,546.43
Small Cities	6,540.00			6,540.00
Municipal Alliance Against Drugs				
Local Share	6,981.34			6,981.34
Clean Communities	55,018.45	1,741.88	13,135.65	43,624.68
FEMA Hazard Mitigation Grant				
Federal Share	67,500.00		9,483.72	58,016.28
State Share	22,500.00		22,500.00	0.00
Local Share	10,000.00		10,000.00	0.00
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	0.00
	<u>239,335.01</u>	<u>4,170.31</u>	<u>93,431.59</u>	<u>150,073.73</u>
	A	A-3	A-19	A

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2016

<u>Grant</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Transfer to</u> <u>Appropriated</u> <u>Reserves</u>	<u>Cash</u> <u>Receipts</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Recycling Tonnage	8,986.55	2,428.43		6,558.12
Clean Communities	13,714.40	1,741.88	15,682.20	27,654.72
	<u>22,700.95</u>	<u>4,170.31</u>	<u>15,682.20</u>	<u>34,212.84</u>
	A	A-20	A-19	A

Township of Hampton, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2016

	<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, 2015	B	<u>169,327.72</u>	<u>10,477.54</u>	<u>1,830,854.09</u>
Increase by Receipts:				
Dog License Fees - Township Share	B-2		8,339.80	
Late Fees	B-2		2,975.00	
Dog License Fees - State Share	B-3		1,327.20	
Interfund - Current	B-4		49.11	
Interfunds	B-5			894.09
Other Trust Funds	B-6			1,683,461.58
Township Contributions	B-7	27,312.50		
LOSAP Net Assets	B-8	<u>7,647.73</u>		
		<u>34,960.23</u>	<u>12,691.11</u>	<u>1,684,355.67</u>
		<u>204,287.95</u>	<u>23,168.65</u>	<u>3,515,209.76</u>
Decreased by Disbursements:				
Reserve for Dog Expenditures	B-2		10,608.00	
Due State Board of Health	B-3		1,325.40	
Interfunds	B-5			51.62
Other Trust Funds	B-6			1,557,985.15
LOSAP Net Assets	B-8	<u>5,419.44</u>		
		<u>5,419.44</u>	<u>11,933.40</u>	<u>1,558,036.77</u>
Balance - December 31, 2016	B	<u><u>198,868.51</u></u>	<u><u>11,235.25</u></u>	<u><u>1,957,172.99</u></u>

Township of Hampton, N.J.

Reserve / (Deficit) for Animal Control Fund Expenditures

Trust Funds

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	B	10,387.79
Increased by:		
Dog License Fees	B-1	8,339.80
Late Fees	B-1	<u>2,975.00</u>
		<u>11,314.80</u>
		21,702.59
Decreased by:		
Disbursements	B-1	<u>10,608.00</u>
Balance - December 31, 2016	B	<u><u>11,094.59</u></u>

License Fees Collected

<u>Year</u>	
2015	8,192.80
2014	<u>8,575.00</u>
	<u><u>16,767.80</u></u>

Township of Hampton, N.J.

Schedule of Due To State Department of Health

Trust Funds

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	B	2.40
Increased by:		
State Fees Collected	B-1	1,327.20
Decreased by:		
Cash Disbursement	B-1	<u>1,325.40</u>
Balance - December 31, 2016	B	<u><u>4.20</u></u>

Township of Hampton, N.J.

Schedule of Animal Control Fund - Interfunds Payable

Trust Funds

Year Ended December 31, 2016

	<u>Ref.</u>	<u>Current Fund</u>
Balance - December 31, 2015	B	87.35
Increased by:		
Interest Income	B-1	<u>49.11</u>
Balance - December 31, 2016	B	<u><u>136.46</u></u>

Township of Hampton, N.J.

Schedule of Other Trust Funds - Interfunds Accounts Receivable

Trust Funds

Year Ended December 31, 2016

	<u>Ref.</u>		<u>Current Fund</u>
Balance - December 31, 2015	B		13,962.10
Increased by:			
Disbursements	B-1		<u>51.62</u>
			14,013.72
Decreased by:			
Cash Receipts	B-1	894.09	
Various Reserves	B-6	<u>10,500.00</u>	
			<u>11,394.09</u>
Balance - December 31, 2016	B		<u><u>2,619.63</u></u>
		<u>Analysis</u>	
	Other Trust Funds		<u><u>2,619.63</u></u>

Township of Hampton, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2016

	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Reserve for:				
Open Space	1,147,965.23	532,511.83	527,250.00	1,153,227.06
Escrow Deposits	324,750.14	56,700.84	60,833.82	320,617.16
Tax Sale Premiums	43,714.79	171,613.74	73,728.53	141,600.00
Small Cities Rehabilitation	20,104.56			20,104.56
Unemployment	30,470.67	1,517.15	10,892.83	21,094.99
Payroll	1,648.29	827,710.02	798,206.08	31,152.23
Outside Lien Redemptions	8,327.69	62,460.40	70,445.61	342.48
Accumulated Absences	99,238.46	147.73		99,386.19
COAH	155,195.09	2,234.28		157,429.37
POAA	6.00			6.00
Recreation	13,395.27	28,565.59	27,128.28	14,832.58
	<u>1,844,816.19</u>	<u>1,683,461.58</u>	<u>1,568,485.15</u>	<u>1,959,792.62</u>
	B			B
Cash Receipts	B-1	1,683,461.58		
Cash Disbursements	B-1		1,557,985.15	
Interfund - Due Current Fund	B-5		10,500.00	
		<u>1,683,461.58</u>	<u>1,568,485.15</u>	

Township of Hampton, N.J.

Schedule of Contributions Receivable

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2016

	<u>Ref.</u>		
Balance - December 31, 2015	B		27,197.50
Increased by:			
Township Contributions			
For the Year 2016	B-8	31,107.50	
Additional 2015 Contributions	B-8	<u>115.00</u>	
			<u>31,222.50</u>
			58,420.00
Decreased by:			
Receipts	B-1		<u>27,312.50</u>
Balance - December 31, 2016	B		<u><u>31,107.50</u></u>

B-8

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2016

	<u>Ref.</u>		
Balance - December 31, 2015	B		196,525.22
Increased by:			
Township Contributions	B-7	31,107.50	
Additional 2015 Contributions	B-7	115.00	
Increase (Decrease) in Investment Value	B-1	<u>7,647.73</u>	
			<u>38,870.23</u>
			235,395.45
Decreased by:			
Accounting Charge		975.00	
Distributions/Withdrawals		<u>4,444.44</u>	
	B-1		<u>5,419.44</u>
Balance - December 31, 2016	B		<u><u>229,976.01</u></u>

Township of Hampton, N.J.
Schedule of Cash
General Capital Fund
Year Ended December 31, 2016

	<u>Ref.</u>		
Balance - December 31, 2015	C		784,736.46
Increased by Receipts:			
Schedule of Interfunds	C-4	1,773.66	
Various Reserves	C-11	<u>180,000.00</u>	
			<u>181,773.66</u>
			966,510.12
Decreased by Disbursements:			
Schedule of Interfunds	C-4	1,755.98	
Improvement Authorizations	C-10	<u>532,246.97</u>	
			<u>534,002.95</u>
Balance - December 31, 2016	C		<u><u>432,507.17</u></u>

Township of Hampton, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2016

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2016
	Balance Dec. 31, 2015	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	1,869.13						1,869.13
Capital Improvement Fund	295,845.46				132,285.61		163,559.85
Interfund - Current Fund	(14,929.27)	1,773.66		1,755.98	550,000.00	248,679.03	(316,232.56)
Grants Receivable						50,000.00	50,000.00
Reserve for Encumbrances						201,319.73	201,319.73
Various Reserves	160,918.01				129,214.39	150,000.00	181,703.62
<u>Improvement Authorizations</u>							
<u>Ordinance</u>							
03-02 Restoration of Crandon Lake Dam	13,568.61		2,579.91				10,988.70
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	5,289.29						5,289.29
14-07 Improvements to Meccah Lake Road	26,766.77				26,766.77		-
15-05 Construction of Salt Shed	96,900.00		96,853.90				46.10
15-06 Paving of Various Road	167,337.62		166,313.16		1,024.46		(0.00)
16-02 Paving of Overlook & Kemah					422,207.53	525,000.00	102,792.47
16-05 Purchase of Dump Truck		180,000.00	214,000.00			34,000.00	-
16-06 Construction of Walking Path			52,500.00			52,500.00	-
	<u>784,736.46</u>	<u>181,773.66</u>	<u>532,246.97</u>	<u>1,755.98</u>	<u>1,261,498.76</u>	<u>1,261,498.76</u>	<u>432,507.17</u>
	C						C

Township of Hampton, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2016

<u>Fund</u>	Due From/(To)			Due From/(To)
	Balance			Balance
	<u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2016</u>
Current Fund	<u>14,929.27</u>	<u>551,755.98</u>	<u>250,452.69</u>	<u>316,232.56</u>
	C			C
	<u>Ref.</u>			
Cash Receipts	C-2		1,773.66	
Cash Disbursements	C-2	1,755.98		
Improvement Authorizations	C-10		248,679.03	
Various Reserves	C-11	550,000.00		
		<u>551,755.98</u>	<u>250,452.69</u>	

Township of Hampton, N.J.

Schedule of Deferred Charges to Future Taxation Funded

General Capital Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	C	178,602.11
Decreased by:		
DEP Loan Payable	C-7	<u>22,301.83</u>
Balance - December 31, 2016	C	<u><u>156,300.28</u></u>

Township of Hampton, N.J.

Schedule of Grants Receivable

General Capital Fund

Year Ended December 31, 2016

Ref.

Increased by:

Various Reserves

C-11

50,000.00

Balance - December 31, 2016

C

50,000.00

Township of Hampton, N.J.

Schedule of DEP Loan Payable

General Capital Fund

Year Ended December 31, 2016

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Crandon Lake Dam	10/07/05	369,732.23	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%			
						178,602.11	22,301.83	156,300.28
						<u>C</u>	<u>C-5</u>	<u>C</u>

Township of Hampton, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	C	295,845.46
Decreased by:		
Appropriated to Finance Improvement		
Authorizations	C-10	<u>132,285.61</u>
Balance - December 31, 2016	C	<u><u>163,559.85</u></u>

Township of Hampton, N.J.
Schedule of Reserve for Encumbrances
General Capital Fund
Year Ended December 31, 2016

	<u>Ref.</u>	
Increased by:		
Charges to Improvement Authorizations	C-10	<u><u>201,319.73</u></u>
 Balance - December 31, 2016	 C	 <u><u>201,319.73</u></u>

Township of Hampton, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2016

Ord. No.	Improvement Description	Ordinance		Balance		2016 Authorizations	Paid or Charged	Balance	
		Date	Amount	Dec. 31, 2015 Funded	Dec. 31, 2016 Funded			Dec. 31, 2016 Funded	
General Improvements:									
02-03	Restoration of Crandon Lakes Dam	03/25/03	235,000.00	13,568.61			2,579.91	10,988.70	
10-06	Improvements to Mary Jones Road	10/26/10	170,000.00	5,252.58				5,252.58	
12-04	Installation of ADA Doors	06/26/12	8,000.00	835.00				835.00	
14-05	Purchase of Road Equipment	07/29/14	126,000.00	25,083.26				25,083.26	
14-06	Improvement to Hampton Downes Road	07/29/14	95,000.00	5,289.29				5,289.29	
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	96,900.00			96,853.90	46.10	
15-06	Paving of Various Township Roads	08/25/15	200,000.00	167,337.62			167,337.62		
16-02	Repave of Overlook & Kemah Mecca II	06/28/16	525,000.00			525,000.00	422,207.53	102,792.47	
16-05	Purchase of Single-Axle Dump Truck	06/28/16	214,000.00			214,000.00	214,000.00		
16-06	Construction of Walking Path	11/29/16	52,500.00			52,500.00	52,500.00		
				341,033.13		791,500.00	982,245.73	150,287.40	
				C		C-8		C	

Ref.

Capital Improvement Fund

132,285.61

C-8

659,214.39

C-11

791,500.00

Disbursed

532,246.97

Interfund - Current Fund

248,679.03

Reserve for Encumbrances

201,319.73

982,245.73

Township of Hampton, N.J.

Schedule of Various Reserves

General Capital Fund

Year Ended December 31, 2016

<u>Description</u>	<u>Balance Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2016</u>
Improvements to Municipal Property	29,528.21			29,528.21
Debt Service		150,000.00		150,000.00
Improvements to Various Roads	26,714.39	400,000.00	426,714.39	
Improvements to Parks	22,475.00			22,475.00
Recreation Improvements	75,000.00		52,500.00	22,500.00
Fields	7,200.41			7,200.41
Road Equipment		180,000.00	180,000.00	
DOT Grant Receivable		50,000.00		50,000.00
	<u>160,918.01</u>	<u>780,000.00</u>	<u>659,214.39</u>	<u>231,703.62</u>
	C		C-10	C
	<u>Ref.</u>			
Cash Receipt	C-2	180,000.00		
Interfund - Current Fund	C-4	550,000.00		
Grants Receivable	C-6	50,000.00		
		<u>780,000.00</u>		

Township of Hampton, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>P.A.T.F. Account #1</u>
Balance - December 31, 2015	D	4,185.45
Increased by Receipts:		
Interest	D-4	<u>6.32</u>
Balance - December 31, 2016	D	<u><u>4,191.77</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, 2016

	<u>Ref.</u>	
Balance - December 31, 2016	D-1	4,191.77
Increased by:		
Interest		<u>1.56</u>
Balance - March 31, 2017		<u><u>4,193.33</u></u>
Reconciliation - March 31, 2017		P.A.T.F. <u>Account #1</u>
Balance on Deposit per Statement of:		
Lakeland Bank		
Checking		<u>4,193.33</u>
Balance - March 31, 2017		<u><u>4,193.33</u></u>

Township of Hampton, N.J.

Schedule of Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015		4,185.45
Increased by Receipts:		
Cash Receipts Record	D-4	<u>6.32</u>
Balance - December 31, 2016		<u><u>4,191.77</u></u>
<u>Reconciliation - December 31, 2016</u>		
		P.A.T.F. <u>Account #1</u>
Balance on Deposit per Statement of:		
Lakeland Bank		
Checking		<u>4,191.77</u>
Balance - December 31, 2016		<u><u>4,191.77</u></u>

Township of Hampton, N.J.

Schedule of Revenues

Public Assistance Fund

Year Ended December 31, 2016

	<u>Ref.</u>	<u>P.A.T.F. Account #1</u>
Interest Earned	D-5	<u>6.32</u>
Total Revenues (P.A.T.F.)		<u>6.32</u>
Total Receipts		<u><u>6.32</u></u>
		D-1

D-5

Schedule of Reserve for Public Assistance

Public Assistance Fund

Year Ended December 31, 2016

	<u>Ref.</u>	
Balance - December 31, 2015	D	4,185.45
Increased by:		
Receipts	D-4	<u>6.32</u>
Balance - December 31, 2016	D	<u><u>4,191.77</u></u>

TOWNSHIP OF HAMPTON

*** * * * ***

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, 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, 2016 and the related notes to the financial statements, and have issued our report thereon dated May 1, 2017, 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 2016-01, 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 accompanying 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, Wielkottz, Cerullo & Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

Newton, New Jersey

May 1, 2017

TOWNSHIP OF HAMPTON
SUMMARY OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2016

Summary of Auditor's Results:

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

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

The Township was not subject to the single audit provisions of Uniform Guidance and State Circular 15-08 OMB for 2016 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 2016-01:

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, 2016

Finding 2015-01:

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, 2016, and at May 1, 2017, 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 5, 2016 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 5th day of January, 2016 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 2016.
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 25, 2016 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>
2016	29
2015	24
2014	25

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, 2016 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.

Fixed Assets

1. The Township does not maintain a fixed assets listing.

Management Response:

The Township will have a fixed asset company to do a fixed asset inventory in 2017.

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.
3. That the Township maintain a fixed asset accounting system in accordance with Technical Directive 85-2.

* * * * *

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.
2. That IRS Form 1099 be issued to vendors who are required to receive them.

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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