

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON, NEW JERSEY**

**AUDIT REPORT FOR THE YEAR
ENDED DECEMBER 31, 2017**

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON**

PART I

**INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
FOR THE YEAR ENDED DECEMBER 31, 2017**

TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON
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(concluded)



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Township Committee
Township of Southampton
Southampton, New Jersey

Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Southampton as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, and statement of expenditures - regulatory basis for the year ended December 31, 2017 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 accounting principles and practices 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1, the financial statements are prepared by the Township of Southampton on the basis of the financial reporting provisions of 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 the State 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 Accounting Principles Generally Accepted in the United States of America

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 the Township, as of December 31, 2017 and 2016, or the results of its operations and changes in fund balance for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township, as of December 31, 2017 and 2016, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis of the various funds, and general fixed assets group of accounts - regulatory basis, for the year ended December 31, 2017 in conformity with accounting principles and practices 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’s basic financial statements. The supplemental schedules presented for the various funds and letter of comments and recommendations section are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic financial statements.

The supplemental schedules presented for the various funds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the

financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

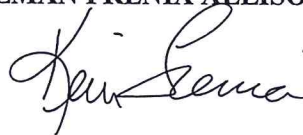
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2018 on our consideration of the Township'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 the 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's internal control over financial reporting and compliance.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'Kevin P. Frenia', is written over the printed name.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA No. 435

Medford, New Jersey
May 31, 2018

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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 Southampton
Southampton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements - regulatory basis of the Township of Southampton, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated May 31, 2018. Our report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the

accompanying schedule of findings and questioned costs that we consider to be material weaknesses as Finding No. 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as Finding No. 2017-001.

Township of Southampton's Response to Findings

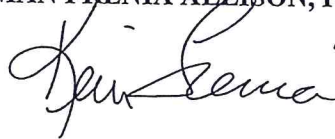
The Township of Southampton's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Township's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.



Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA No. 435

Medford, New Jersey
May 31, 2018

BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

	Ref.	2017	2016
ASSETS			
Current Fund:			
Cash and Cash Equivalents	A-4	\$ 6,460,723.12	\$ 4,983,727.66
Change Fund	A-5	240.00	240.00
Total Cash		6,460,963.12	4,983,967.66
Receivables & Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	290,298.07	369,174.84
Tax Title Liens	A-7	835,001.76	807,273.68
Tax Penalty Receivable	A-9	665.87	2,168.83
Property Acquired for Taxes - at Assessed Valuation	A-12	485,800.00	340,800.00
Revenue Accounts Receivable	A-13	7,653.91	8,419.30
Interfund Receivable:			
Trust - Other Fund	B	219.06	2,653.48
Animal Control Trust Fund	B	2.61	2.61
General Capital Fund	C	104,361.15	136,424.12
Utility Operating Fund	D	-	18,412.49
Payroll Agency Trust Fund	F	5,349.94	5,349.94
Total Receivables & Other Assets With Full Reserves		1,729,352.37	1,690,679.29
Deferred Charges:			
Cash Deficit	A	-	2,427.04
Overexpenditure of Appropriations	A	-	0.10
Total Deferred Charges		-	2,427.14
Total Regular Funds		8,190,315.49	6,677,074.09
Federal & State Grants:			
Federal and State Grants Receivable	A-22	756,733.63	745,000.00
Due from Current Fund	A	42,257.95	23,069.10
Total State & Federal Grants		798,991.58	768,069.10
Total Assets		\$ 8,989,307.07	\$ 7,445,143.19

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

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

	Ref.	2017	2016
LIABILITIES RESERVES & FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 303,597.07	\$ 557,927.49
Reserve for Encumbrances - Current Year	A-15	123,033.92	82,226.13
Prepaid Taxes	A-10	877,997.50	221,613.32
Tax Overpayments	A-8	19,926.23	60,122.50
County Taxes Payable	A-19	603.52	-
Due to County for Added and Omitted Taxes	A-19	19,719.74	6,691.31
Local School Tax Payable	A-16	20.52	20.52
Regional School Tax Payable	A-17	2,637,833.23	2,633,394.79
Due To State:			
Inspection Fees	A-20	1,931.00	3,642.00
Veterans and Senior Citizens Deductions	A-11	160,456.92	145,882.99
Marriage Licenses	A-21	125.00	481.00
Reserve for Old Telephone Building Retaining Wall	A	50,000.00	-
Interfund Payable:			
Trust Fund - Other	B	66,959.43	301.59
Utility Operating	D	4,636.93	-
Federal and State Grant Fund	A	42,257.95	23,069.10
Subtotal Regular Fund		4,309,098.96	3,735,372.74
Reserve for Receivables & Other Assets	A	1,729,352.37	1,690,679.29
Fund Balance	A-1	2,151,864.16	1,251,022.06
Total Regular Fund		8,190,315.49	6,677,074.09
State & Federal Grants:			
Reserve for Unappropriated Grants	A-24	27,131.94	21,735.64
Reserve for Appropriated Grants	A-23	750,008.08	730,922.24
Reserve for Encumbrances	A-15	21,851.56	15,411.22
Total State & Federal Grants		798,991.58	768,069.10
Total Liabilities, Reserves & Fund Balance		\$ 8,989,307.07	\$ 7,445,143.19

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

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 445,000.00	\$ 67,936.00
Miscellaneous Revenue Anticipated	2,156,822.55	2,358,787.71
Receipt From Current Taxes	27,755,149.29	27,087,182.44
Receipts From Delinquent Taxes	420,848.99	295,913.98
Non Budget Revenue	198,745.19	130,421.47
Other Credits To Income:		
Unexpended Balance of Appropriation Reserves	426,811.50	194,379.71
Prior Year Encumbrances Cancelled	15,857.93	-
Interfunds Returned	56,990.71	7,690.95
Cancellation of Grants - Appropriated Reserves	-	53,129.20
Prior Year Prepaid School Taxes Recognized	-	245,569.48
	<hr/>	<hr/>
Total Revenue	31,476,226.16	30,441,010.94
Expenditures:		
Budget Appropriations Within "CAPS":		
Operations:		
Salaries and Wages	1,207,058.00	1,280,239.00
Other Expenses	2,556,857.00	2,571,158.00
Deferred Charges and Statutory		
Expenditures	277,501.00	268,550.00
Appropriations Excluded From "CAPS":		
Operations:		
Salaries and Wages	150,685.00	155,980.00
Other Expenses	468,913.42	564,241.90
Capital Improvements	250,000.00	100,000.00
Municipal Debt Service	1,135,530.00	1,066,438.00
Deferred Charges	58,624.80	-
Local District School Taxes	11,983,557.00	11,587,941.00
Municipal Open Space Tax	199,850.00	199,549.00
Municipal Open Space Share of Added and Omitted Taxes	882.84	301.29
Regional High School Taxes	7,322,224.00	7,313,347.00
County Taxes	4,490,988.32	4,423,042.37
County Share of Added Taxes	19,719.74	6,691.31
Other Charges to Income:		
Interfund Advanced	-	135,000.00
Cancellation of Grants - Receivables	-	20,000.00
Prior Year Senior Citizens & Veterans Disallowed	7,992.94	6,437.92
	<hr/>	<hr/>
Total Expenditures	30,130,384.06	29,698,916.79
Excess in Revenue	1,345,842.10	742,094.15
Statutory Excess To Fund Balance	<hr/>	<hr/>
	1,345,842.10	742,094.15
Fund Balance, January 1	<hr/>	<hr/>
	1,251,022.06	576,863.91
	<hr/>	<hr/>
	2,596,864.16	1,318,958.06
Decreased By:		
Utilized as Anticipated Revenue	445,000.00	67,936.00
	<hr/>	<hr/>
Fund Balance, December 31	<u>\$ 2,151,864.16</u>	<u>\$ 1,251,022.06</u>

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

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Budget Amendments</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	\$ 445,000.00	\$ -	\$ 445,000.00	\$ -
Miscellaneous Revenues:				
Alcoholic Beverages	12,500.00	-	12,700.00	200.00
Other Licenses	800.00	-	430.00	(370.00)
Fees and Permits	75,000.00	-	75,676.76	676.76
Fines and Costs - Municipal Court	105,000.00	-	119,967.08	14,967.08
Interest and Costs on Taxes	57,000.00	-	115,266.95	58,266.95
Interest on Investments and Deposits	25,000.00	-	87,693.80	62,693.80
Energy Receipts Tax	1,100,389.00	-	1,100,389.00	-
Garden State Trust	5,472.00	-	5,472.00	-
Uniform Construction Code Fees	175,000.00	-	189,144.00	14,144.00
Shared Service Agreements				
Shamong Township - Municipal Court	30,172.00	-	38,506.58	8,334.58
Springfield Township - Tax Collector	13,500.00	-	13,500.00	-
Special Items of Revenue				
Recycling Tonnage	12,863.31		12,863.31	-
Clean Communities Grant	-	33,329.11	33,329.11	-
NJ DOT - Hawkin Road Reconstruction	-	196,000.00	196,000.00	-
NJ DOT - Safe Routes to Schools	-	33,720.00	33,720.00	-
New Jersey Forestry Management Grant	3,000.00		3,000.00	-
Rental Income Good Farm	26,852.00	-	26,852.00	-
Cable Television Franchise Fees	50,000.00	-	53,766.15	3,766.15
Housing Inspection Fees	36,000.00	-	38,545.81	2,545.81
Total Miscellaneous Revenues	1,728,548.31	263,049.11	2,156,822.55	165,225.13
Receipts From Delinquent Taxes	350,000.00	-	420,848.99	70,848.99
Amount To Be Raised By Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	4,080,007.00	-	4,349,417.39	269,410.39
Total Amount To Be Raised By Taxes for Support of Municipal Budget	4,080,007.00	-	4,349,417.39	269,410.39
Budget Totals	6,603,555.31	263,049.11	7,372,088.93	505,484.51
Non-Budget Revenue	-	-	198,745.19	198,745.19
Total General Revenues	\$ 6,603,555.31	\$ 263,049.11	\$ 7,570,834.12	\$ 704,229.70

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

Analysis of Realized Revenue

Allocation of Current Tax Collections:		
Revenue From Collections		\$ 27,755,149.29
School, County and Municipal Open Space Taxes		<u>24,017,221.90</u>
Balance for Support of Municipal Budget		
Appropriations		3,737,927.39
Add: "Appropriation Reserve for Uncollected Taxes"		<u>611,490.00</u>
Amount for Support of Municipal Budget		
Appropriations		<u>\$ 4,349,417.39</u>
Receipts From Delinquent Taxes:		
Delinquent Tax Collections		\$ 403,785.39
Tax Title Liens Collections		<u>17,063.60</u>
		<u>\$ 420,848.99</u>
Miscellaneous Revenue Not Anticipated:		
Chief Financial Officer:		
Refunds	\$	2,887.17
Administrative Fees		5,868.84
Vital Statistics		1,284.50
Subdivision Application Fees		3,150.00
FEMA Reimbursement		94,090.20
Sale of Recyclable Materials		623.75
Sale of Municipal Assets		51,421.73
JIF Safety Award		7,399.70
Legal Settlements		5,000.00
Electronic & Appliance Recycling Fees		2,903.80
Miscellaneous		<u>2,775.75</u>
	\$	177,405.44
Tax Collector:		
Tax Sale Premiums Escheated		18,000.00
Tax Penalty Received		2,168.83
Miscellaneous		<u>1,170.92</u>
		<u>21,339.75</u>
Total		<u>\$ 198,745.19</u>

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATED		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
GENERAL APPROPRIATIONS						
Operations - Within "CAPS"						
GENERAL GOVERNMENT FUNCTIONS						
Administrative and Executive:						
Human Resources (Personnel):						
Other Expenses	\$ 3,300.00	\$ 3,300.00	\$ -	\$ -	\$ 3,300.00	\$ -
Executive:						
Salaries and Wages	177,129.00	183,129.00	182,762.76	100.00	266.24	-
Other Expenses	37,400.00	37,400.00	33,931.48	29.77	3,438.75	-
Municipal Clerk:						
Salaries and Wages	32,385.00	32,785.00	32,736.68	-	48.32	-
Other Expenses	8,600.00	8,600.00	6,304.46	-	2,295.54	-
Data Processing:						
Salaries and Wages	3,585.00	3,585.00	3,584.02	-	0.98	-
Other Expenses	23,500.00	25,600.00	24,451.05	-	1,148.95	-
Financial Administration:						
Salaries and Wages	68,070.00	68,130.00	68,070.00	-	60.00	-
Other Expenses	1,450.00	1,450.00	1,100.57	-	349.43	-
Audit Services:						
Other Expenses	36,000.00	25,350.00	16,250.00	-	9,100.00	-
Collection of Taxes (Revenue Administration):						
Salaries and Wages	75,000.00	78,825.00	78,619.44	-	205.56	-
Other Expenses	3,700.00	3,700.00	3,109.76	-	590.24	-
Assessment of Taxes:						
Salaries and Wages	25,000.00	24,750.00	24,746.05	-	3.95	-
Other Expenses:						
Revision of Tax Map	1,000.00	4,000.00	3,793.75	-	206.25	-
Miscellaneous	5,200.00	5,200.00	2,532.20	52.00	2,615.80	-
Legal Services and Costs:						
Other Expenses	74,000.00	63,600.00	43,076.39	-	20,523.61	-
Engineering Services						
Other Expenses	140,000.00	180,000.00	114,727.78	45,780.00	19,492.22	-
Historical Sites Office:						
Salaries and Wages	520.00	520.00	260.00	260.00	-	-
Other Expenses	400.00	400.00	339.40	-	60.60	-
Municipal Court:						
Salaries and Wages	125,000.00	127,900.00	127,865.91	-	34.09	-
Other Expenses	2,000.00	2,000.00	1,184.18	-	815.82	-
LAND USE ADMINISTRATION						
Planning Board:						
Salaries and Wages	13,380.00	10,380.00	10,336.76	-	43.24	-
Other Expenses:						
Legal	5,000.00	5,000.00	1,980.05	-	3,019.95	-
Engineering	1,000.00	1,000.00	375.00	125.00	500.00	-
Miscellaneous	2,025.00	2,025.00	1,098.45	5.90	920.65	-
Zoning Board of Adjustment:						
Salaries and Wages	6,467.00	5,867.00	5,866.97	-	0.03	-
Other Expenses:						
Legal	20,000.00	17,000.00	5,483.31	116.00	11,400.69	-
Engineering	1,500.00	1,500.00	864.50	-	635.50	-
Miscellaneous	3,550.00	3,550.00	1,163.45	-	2,386.55	-
Zoning Board:						
Salaries and Wages	13,000.00	12,600.00	12,457.12	-	142.88	-
Other Expenses	350.00	350.00	126.25	-	223.75	-

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATED			PAID OR CHARGED			Unexpended
	Original	Budget After	Paid	Encumbered	Reserved	Balance	
	Budget	Modifications				Cancelled	
INSURANCE							
General Liability	59,950.00	54,350.00	47,611.00	-	6,739.00	-	
Workers Compensation	131,245.00	122,645.00	121,333.00	-	1,312.00	-	
Employee Group Insurance	642,370.00	642,370.00	619,433.05	-	22,936.95	-	
Unemployment Trust Contribution	2,000.00	2,000.00	1,722.99	-	277.01	-	
Other Insurances	19,300.00	17,300.00	8,477.51	6,618.87	2,203.62	-	
Flexible Spending Account	2,600.00	2,600.00	2,500.00	100.00	-	-	
PUBLIC SAFETY FUNCTIONS							
Emergency Management Services:							
Salaries and Wages	5,000.00	5,000.00	3,475.77	-	1,524.23	-	
Other Expenses	2,500.00	2,500.00	2,313.86	-	186.14	-	
Aid to Volunteer Fire Company:							
Other Expenses	60,000.00	60,000.00	59,652.60	-	347.40	-	
Fire Department:							
Other Expenses	20,000.00	20,000.00	20,000.00	-	-	-	
Volunteer Ambulance Company:							
Other Expenses	31,950.00	31,950.00	31,919.35	-	30.65	-	
Municipal Prosecutor:							
Other Expenses	18,000.00	18,000.00	18,000.00	-	-	-	
Discovery:							
Salaries and Wages	2,601.00	2,771.00	2,770.20	-	0.80	-	
Other Expenses	100.00	300.00	234.03	35.84	30.13	-	
Police Courtroom Security:							
Salaries and Wages	5,500.00	5,500.00	4,286.49	-	1,213.51	-	
Other Expenses	30,000.00	36,000.00	29,346.00	-	6,654.00	-	
Reverse 911 Coordinator:	2,601.00	2,601.00	2,543.48	-	57.52	-	
Reverse 911 Social Media Coordinator	100.00	100.00	-	-	100.00	-	
PUBLIC WORKS FUNCTIONS							
Streets and Road Maintenance							
Salaries and Wages	369,583.00	337,583.00	306,041.32	-	31,541.68	-	
Other Expenses	188,500.00	188,500.00	148,404.54	36,550.71	3,544.75	-	
Other Public Works Functions:							
Other Expenses	3,000.00	3,000.00	577.00	-	2,423.00	-	
Recycling:							
Salaries and Wages	2,229.00	2,229.00	2,164.24	-	64.76	-	
Other Expenses	1,000.00	1,000.00	988.24	-	11.76	-	
Garbage and Trash Removal:							
Salaries and Wages	174,407.00	211,907.00	211,329.22	-	577.78	-	
Other Expenses	6,000.00	6,000.00	4,843.76	-	1,156.24	-	
Buildings and Grounds							
Salaries and Wages	16,158.00	16,158.00	16,054.16	-	103.84	-	
Other Expenses	64,000.00	57,710.00	49,068.33	1,065.00	7,576.67	-	
Vehicle Maintenance							
Other Expenses	91,000.00	105,000.00	98,091.64	4,702.49	2,205.87	-	
HEALTH AND HUMAN SERVICES							
Vital Statistics:							
Salaries and Wages	6,940.00	7,020.00	7,019.72	-	0.28	-	
Other Expenses	1,000.00	1,000.00	450.68	36.00	513.32	-	
Environmental Commission:							
Salaries and Wages	1,500.00	1,500.00	1,221.23	-	278.77	-	
Other Expenses	1,000.00	1,000.00	435.40	-	564.60	-	
Animal Control Services:							
Other Expenses	8,000.00	8,000.00	7,948.75	-	51.25	-	
Welfare/Administration of Public Assistance							
Other Expenses	650.00	650.00	420.00	-	230.00	-	

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATED		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
RECREATION AND EDUCATION						
Recreation Services and Programs:						
Other Expenses	17,250.00	17,250.00	17,250.00	-	-	-
Maintenance of Parks:						
Other Expenses	9,300.00	9,300.00	6,718.40	588.21	1,993.39	-
Celebration of Public Events:						
Salaries and Wages	1,040.00	1,040.00	1,040.00	-	-	-
Other Expenses	6,500.00	6,500.00	5,083.04	-	1,416.96	-
SANITATION						
Landfill/Solide Waste Costs:						
Other Expenses - Contractual	355,000.00	355,000.00	330,174.06	-	24,825.94	-
AID TO LIBRARY (N.J.S. 40:54-35):						
Other Expenses	38,000.00	38,000.00	38,000.00	-	-	-
UNCLASSIFIED:						
Registrations of Bonds	3,400.00	3,400.00	2,000.00	-	1,400.00	-
Accumulated Sick Leave	2,000.00	2,000.00	2,000.00	-	-	-
JIF Coordinator:						
Other Expenses	1,072.00	156.00	144.00	-	12.00	-
JIF Wellness Program	1,000.00	1,000.00	913.36	-	86.64	-
CODE ENFORCEMENT AND ADMINISTRATION						
Uniform Construction Code Enforcement:						
Salaries and Wages	31,620.00	34,020.00	34,007.20	-	12.80	-
Other Expenses	7,500.00	7,500.00	4,171.17	1,605.00	1,723.83	-
Sub Code Officials:						
Plumbing Inspector:						
Salaries and Wages	11,769.00	12,550.00	12,513.82	-	36.18	-
Electrical Inspector:						
Salaries and Wages	17,789.00	17,829.00	17,789.00	-	40.00	-
Fire Protection Official:						
Salaries and Wages	3,480.00	3,480.00	3,452.62	-	27.38	-
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	33,000.00	33,000.00	27,749.67	63.41	5,186.92	-
Street Lighting	148,000.00	148,000.00	123,488.35	1,031.99	23,479.66	-
Telecommunications	27,000.00	27,500.00	27,450.83	-	49.17	-
Fuel Oil	3,000.00	3,000.00	1,017.81	-	1,982.19	-
Gasoline/Diesel	100,000.00	68,500.00	60,328.57	4,505.42	3,666.01	-
Water	3,500.00	4,100.00	3,479.63	177.18	443.19	-
Propane	10,000.00	6,000.00	2,192.49	-	3,807.51	-
Sewerage Processing	1,400.00	2,050.00	2,008.74	-	41.26	-
Fire Hydrants	45,000.00	47,000.00	45,547.91	1,035.20	416.89	-
Natural Gas	6,000.00	2,000.00	892.29	-	1,107.71	-
Total Operations Within "CAPS"	3,763,915.00	3,763,915.00	3,409,288.26	104,583.99	250,042.75	-
Detail:						
Salaries and Wages	1,189,152.00	1,207,058.00	1,170,470.70	360.00	36,227.30	-
Other Expenses	2,574,763.00	2,556,857.00	2,238,817.56	104,223.99	213,815.45	-

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATED		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL - WITHIN "CAPS"						
Deferred Charges:						
Overexpenditure of Appropriation Reserves	170.00	170.00	-	-	-	170.00
Statutory Expenditures:						
Contribution To:						
Public Employees Retirement System	163,344.00	163,344.00	163,343.56	-	0.44	-
Social Security System (O.A.S.I.)	103,604.00	103,604.00	99,841.25	-	3,762.75	-
Defined Contribution Retirement Plan	910.00	910.00	859.33	-	50.67	-
Public Employees Retirement System - EIRC	8,040.00	8,040.00	8,040.00	-	-	-
PERS - Retro from 2012/13	1,603.00	1,603.00	1,603.00	-	-	-
Total Deferred and Statutory Expenditures - Municipal - Within "CAPS"	277,671.00	277,671.00	273,687.14	-	3,813.86	170.00
Total General Appropriations for Municipal Purposes Within "CAPS"	4,041,586.00	4,041,586.00	3,682,975.40	104,583.99	253,856.61	170.00
OPERATIONS - EXCLUDED FROM "CAPS"						
Stormwater Permits (NJDEP):						
Street Division:						
Salaries and Wages	117,605.00	117,605.00	109,471.42	-	8,133.58	-
Other Expenses	63,700.00	63,700.00	45,690.89	17,967.95	41.16	-
Emergency Services Volunteer Length of Service Awards Program (LOSAP)	40,000.00	40,000.00	-	-	40,000.00	-
2014 LOSAP Reserve	800.00	800.00	-	-	800.00	-
Total Other Operations Excluded From "CAPS"	222,105.00	222,105.00	155,162.31	17,967.95	48,974.74	-
SHARED SERVICE AGREEMENTS						
Construction Code Official	74,909.00	74,909.00	74,909.00	-	-	-
Municipal Court:						
Salaries and Wages	19,580.00	19,580.00	19,580.00	-	-	-
Other Expenses	10,592.00	10,592.00	9,851.03	221.98	518.99	-
Township of Springfield:						
Tax Collector						
Salaries and Wages	13,500.00	13,500.00	13,253.27	-	246.73	-
Total Shared Service Agreements	118,581.00	118,581.00	117,593.30	221.98	765.72	-
ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES (N.J.S.A. 40A:4-45.3h)						
Clean Communities Grant	-	33,329.11	33,329.11	-	-	-
Recycling Tonnage Grant	12,863.31	12,863.31	12,863.31	-	-	-
NJ DOT - Hawkin Road Reconstruction	-	196,000.00	196,000.00	-	-	-
NJ DOT - Safe Routes to School	-	33,720.00	33,720.00	-	-	-
New Jersey Forestry Management Grant	3,000.00	3,000.00	3,000.00	-	-	-
Total Additional Appropriations Offset By Revenues	15,863.31	278,912.42	278,912.42	-	-	-
Total Operations - Excluded From "CAPS"	356,549.31	619,598.42	551,668.03	18,189.93	49,740.46	-
Detail:						
Salaries and Wages	150,685.00	150,685.00	142,304.69	-	8,380.31	-
Other Expenses	205,864.31	468,913.42	409,363.34	18,189.93	41,360.15	-
Capital Improvements - Excluded From "CAPS"						
Capital Improvements Fund	250,000.00	250,000.00	250,000.00	-	-	-
Total Capital Improvements - Excluded From "CAPS"	250,000.00	250,000.00	250,000.00	-	-	-

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	APPROPRIATED		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	635,000.00	635,000.00	510,000.00	-	-	125,000.00
Payment of Bond Anticipation Notes and Capital Notes	503,830.00	503,830.00	503,280.00	-	-	550.00
Interest on Bonds	124,225.00	124,225.00	100,000.00	-	-	24,225.00
Interest on Notes	22,250.00	22,250.00	22,250.00	-	-	-
Total Municipal Debt Service - Excluded From "CAPS"	1,285,305.00	1,285,305.00	1,135,530.00	-	-	149,775.00
Deferred Charges - Municipal - Excluded from "CAPS"						
Deferred Charges to Future Taxation - Unfunded	35,576.00	35,576.00	35,575.80	-	-	0.20
Deficit in Sewer Operating Budget	23,049.00	23,049.00	23,049.00	-	-	-
Total Deferred Charges - Municipal - Excluded from "CAPS"	58,625.00	58,625.00	58,624.80	-	-	0.20
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	1,950,479.31	2,213,528.42	1,995,822.83	18,189.93	49,740.46	149,775.20
Subtotal General Appropriations	5,992,065.31	6,255,114.42	5,678,798.23	122,773.92	303,597.07	149,945.20
Reserve for Uncollected Taxes	611,490.00	611,490.00	611,490.00	-	-	-
Total General Appropriations	\$ 6,603,555.31	\$ 6,866,604.42	\$ 6,290,288.23	\$ 122,773.92	\$ 303,597.07	\$ 149,945.20
Budget as Adopted		\$ 6,603,555.31				
Appropriations by 40A:4-87		263,049.11				
		<u>\$ 6,866,604.42</u>				
Analysis of Paid or Charged:						
State and Federal Grants			\$ 278,912.42			
Due to General Capital Fund			35,575.80			
Due to Sewer Utility Operating Fund			23,049.00			
Reserve for Uncollected Taxes			611,490.00			
Disbursements			5,341,261.01			
			<u>\$ 6,290,288.23</u>			

**TOWNSHIP OF SOUTHAMPTON
TRUST FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

ASSETS	Ref.	2017	2016
Dog Trust Fund:			
Cash	B-1	\$ 8,235.13	\$ 6,062.39
Other Trust Funds:			
Cash-Treasurer	B-1	364,828.18	268,197.75
Cash-Collector	B-1	424,392.36	687,196.72
Interfunds and Receivables:			
Due from Payroll Agency Trust Fund	F	5,497.83	3,103.61
Due from Current Fund - Open Space Tax	B-5	66,959.43	301.59
Due from Developers	B	2,162.65	2,162.65
		<u>863,840.45</u>	<u>960,962.32</u>
Total Assets		<u>\$ 872,075.58</u>	<u>\$ 967,024.71</u>
LIABILITIES, RESERVES, AND FUND BALANCE			
Dog Trust Fund			
Due to State of New Jersey	B-3	\$ -	\$ 2.40
Reserve for Dog Fund Expenditures	B-2	8,232.52	6,057.38
Due to Current Fund	A	2.61	2.61
Total		<u>8,235.13</u>	<u>6,062.39</u>
Other Trust Funds:			
Accounts Payable	B	3,796.49	3,796.49
Reserve for Encumbrances - General Escrow	B	5,827.45	9,476.45
Due State of New Jersey - Public Defender Fees	B	283.40	283.40
Reserve for:			
Escrow for Planning Board Subdivision and			
Cash Performace Guarantees	B-5	168,494.05	223,337.90
Public Contributions for Public Events	B-5	12,048.73	16,159.44
Public Defender	B-5	11,833.22	9,748.98
Municipal Open Space Tax	B-5	123,013.67	70,777.67
Recreation	B-5	33,188.00	32,282.10
COAH Fees	B-5	-	228,663.78
Snow Removal	B-5	44,228.69	4,228.69
New Jersey Unemployment Compensation	B-5	73,194.01	70,473.67
Tax Title Lien Redemption	B-5	21,826.53	11,896.10
Tax Sale Premiums	B-5	342,987.38	256,284.40
Accumulated Sick Leave Fund	B-5	21,899.17	19,899.17
Private Contributions for Street Lighting Improvements	B-5	1,000.60	1,000.60
Interfunds and Payables:			
Due to Current Fund	A	219.06	2,653.48
		<u>863,840.45</u>	<u>960,962.32</u>
Total		<u>\$ 872,075.58</u>	<u>\$ 967,024.71</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

ASSETS	Ref.	2017	2016
Cash and Cash Equivalents	C-2	\$ 4,142,237.68	\$ 1,289,608.04
Deferred Charges to Future Taxation:			
Funded	C-5	4,815,000.00	5,450,000.00
Unfunded	C-6	4,462,395.00	2,246,250.80
Total Assets		<u>\$ 13,419,632.68</u>	<u>\$ 8,985,858.84</u>
LIABILITIES, RESERVES & FUND BALANCE			
Bond Anticipation Notes Payable	C-10	\$ 4,462,395.00	\$ 2,210,675.00
Bonds Payable	C-9	4,815,000.00	5,450,000.00
Encumbrances Payable	C-7	81,234.66	-
Contracts Payable	C-8	1,477,723.88	59,345.73
Due to Current Fund	A	104,361.15	136,424.12
Improvement Authorizations:			
Funded	C-7	859,160.28	16,847.66
Unfunded	C-7	1,254,387.11	898,203.02
Down Payment of Capital Improvements	C	321.00	321.00
Reserve for Debt Service	C	601.00	601.00
Reserve for Assessment Revaluation	C	2,000.00	2,000.00
Capital Improvement Fund	C-4	313,250.00	208,250.00
Fund Balance	C-1	49,198.60	3,191.31
Total Liabilities, Reserves & Fund Balance		<u>\$ 13,419,632.68</u>	<u>\$ 8,985,858.84</u>

There were \$ -0- of bonds and notes authorized but not issued as of December 31, 2017 and \$35,575.80 on December 31, 2016.

**TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE -
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017**

Balance December 31, 2016	\$ 3,191.31
Increased by:	
Premium on Bond Anticipation Notes Issued	<u>46,007.29</u>
Balance December 31, 2017	<u><u>\$ 49,198.60</u></u>

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

	Ref.	2017	2016
ASSETS			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 48,600.70	\$ 58,510.45
Change Fund	D	60.00	60.00
Due from Current Fund	A	4,636.93	-
Total		53,297.63	58,570.45
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-6	25,118.57	14,449.11
Total Receivables & Other Assets With Full Reserves		25,118.57	14,449.11
Deferred Charges:			
Overexpenditure of Appropriation Reserves	D	-	14,734.94
Deficit in Operations	D:D-1	4,913.11	8,314.48
Total Deferred Charges		4,913.11	23,049.42
Total Operating Fund		83,329.31	96,068.98
Capital Fund:			
Due from Sewer Operating Fund	D	4,800.00	4,800.00
Fixed Capital	D-15	2,295,000.00	2,295,000.00
Fixed Capital Authorized and Uncompleted	D-13	32,000.00	32,000.00
Total Capital Fund		2,331,800.00	2,331,800.00
Total Operating & Capital Fund		\$ 2,415,129.31	\$ 2,427,868.98

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY FUND
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016**

	Ref.	2017	2016
LIABILITIES RESERVES & FUND BALANCE			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-3	\$ 26,975.89	\$ 30,959.64
Reserve for Encumbrances	D-3	4,550.55	4,375.00
Overpaid Sewer Rents	D-4	538.72	1,643.83
Accrued Interest on Bonds and Notes	D-9	2,461.46	2,544.79
Due to Current Fund	A	-	18,412.49
Due to Sewer Capital fund	D	4,800.00	4,800.00
Subtotal		39,326.62	62,735.75
Reserve for Receivables	D	25,118.57	14,449.11
Fund Balance	D-1	18,884.12	18,884.12
Total Operating Fund		83,329.31	96,068.98
Capital Fund:			
Serial Bonds Payable	D-11	685,000.00	710,000.00
Improvement Authorizations:			
Funded	D-10	1,600.00	1,600.00
Unfunded	D-10	30,400.00	30,400.00
Reserve for Amortization	D	1,610,000.00	1,585,000.00
Deferred Reserve for Amortization	D	1,600.00	1,600.00
Capital Improvement Fund	D-12	3,200.00	3,200.00
Total Capital Fund		2,331,800.00	2,331,800.00
Total Liabilities, Reserves & Fund Balance		\$ 2,415,129.31	\$ 2,427,868.98

There were \$30,400.00 of bonds and notes authorized but not issued as of December 31, 2017 & \$30,400.00 on December 31, 2016.

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS
YEARS ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
Revenue and Other Income Realized:		
Sewer Rents	\$ 198,462.00	\$ 169,300.00
Additional Sewer Rents	3,493.56	29,161.73
Miscellaneous	2,162.50	1,920.21
Other Credits to Income:		
Appropriation Reserves Lapsed	3,885.00	16,313.72
	<u>208,003.06</u>	<u>216,695.66</u>
Total Revenue		
	<u>208,003.06</u>	<u>216,695.66</u>
Expenditures:		
Other Expenses	157,462.00	154,412.00
Capital Improvements	-	1,600.00
Municipal Debt Service	55,454.17	56,224.92
	<u>212,916.17</u>	<u>212,236.92</u>
Excess (Deficit) in Revenue	(4,913.11)	4,458.74
Operating Deficit to be Raised in Budget of Succeeding Year	4,913.11	-
Statutory Excess to Surplus		
Fund Balance, January 1	18,884.12	14,425.38
Fund Balance, December 31	<u>\$ 18,884.12</u>	<u>\$ 18,884.12</u>

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

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Budget</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Sewer Rents	\$ 198,462.00	\$ 198,462.00	\$ -
Miscellaneous	1,920.00	2,162.50	242.50
Additional Rents	12,580.00	3,493.56	(9,086.44)
	<u>\$ 212,962.00</u>	<u>\$ 204,118.06</u>	<u>\$ (8,843.94)</u>

Analysis of Miscellaneous Revenue

Interest on Investments	\$ 556.44
Interest and Costs	<u>1,606.06</u>
	<u>\$ 2,162.50</u>

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2017

	APPROPRIATIONS		PAID OR CHARGED			Unexpended Balance Cancelled
	Original Budget	Budget After Modifications	Paid	Encumbered	Reserved	
Operating:						
Other Expenses	\$ 157,462.00	\$ 157,462.00	\$ 125,935.56	\$ 4,550.55	\$ 26,975.89	\$ -
Total Operating	157,462.00	157,462.00	125,935.56	4,550.55	26,975.89	-
Debt Service:						
Payment on Bond Principal	25,000.00	25,000.00	25,000.00	-	-	-
Interest on Bonds	30,500.00	30,500.00	30,454.17	-	-	45.83
Total Debt Service	55,500.00	55,500.00	55,454.17	-	-	45.83
Total Sewer Utility Appropriations	\$ 212,962.00	\$ 212,962.00	\$ 181,389.73	\$ 4,550.55	\$ 26,975.89	\$ 45.83
Cash			\$ 150,935.56			
Accrued Interest on Bonds			30,454.17			
			<u>\$ 181,389.73</u>			

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF SOUTHAMPTON
GENERAL FIXED ASSET ACCOUNT GROUP
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2017 AND 2016

ASSETS	REFERENCE	2017	2016
Land and Improvements	E	\$ 1,261,300.00	\$ 1,261,300.00
Buildings	E	1,430,900.00	1,430,900.00
Machinery and Equipment	E	2,844,690.12	2,825,980.20
Total Assets		<u>\$ 5,536,890.12</u>	<u>\$ 5,518,180.20</u>
LIABILITIES, RESERVES & FUND BALANCE			
Investment in General Fixed Assets	E	<u>\$ 5,536,890.12</u>	<u>\$ 5,518,180.20</u>
Total Liabilities, Reserves & Fund Balance		<u>\$ 5,536,890.12</u>	<u>\$ 5,518,180.20</u>

TOWNSHIP OF SOUTHAMPTON
 PAYROLL AGENCY TRUST FUND
 STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
 FUND BALANCE - REGULATORY BASIS
 DECEMBER 31, 2017 AND 2016

ASSETS	Ref.	2017	2016
Cash	F	\$ 20,263.79	\$ 13,159.59
Total Assets		<u>\$ 20,263.79</u>	<u>\$ 13,159.59</u>
LIABILITIES, RESERVES & FUND BALANCE			
Due to Current Fund	A	\$ 5,349.94	\$ 5,349.94
Due to Unemployment Trust Fund	B	5,497.83	3,103.61
Payroll Withholding Payable	F	6,888.79	4,432.90
Reserve for Flexible Spending	F	2,527.23	273.14
		<u>\$ 20,263.79</u>	<u>\$ 13,159.59</u>

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

**TOWNSHIP OF SOUTHAMPTON
COUNTY OF BURLINGTON**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1. Summary of Significant Accounting Policies

Description of Financial Reporting Entity

The Township of Southampton, County of Burlington, New Jersey (hereafter referred to as the "Township") is governed by the Township form of government that consists of five (5) Committee Members who are elected at-large to three (3) year terms. The Mayor is elected from and by the Members of the Committee and serves a one (1) year term. Under the statutes the Mayor is the head of the government and acts as the executive branch. The Committee acts as the legislative branch of government and has executive powers not assigned to the Mayor.

Component Units - GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

Current Fund – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds – These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Utility Operating and Capital Funds – These funds accounts for utility operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the utility to the general public be financed through user fees. Operations relating to the acquisition of capital facilities for utility purposes are recorded in the Utility Capital Fund.

General Fixed Asset Account Group – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1. Summary of Significant Accounting Policies (continued):

Payroll Fund – This fund accounts for receipt and disbursement of funds for payroll taxes and employee compensation.

Budgets and Budgetary Accounting - The Township must adopt an annual budget for its Current and Utility Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

Cash, Cash Equivalents and Investments - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A.17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1. Summary of Significant Accounting Policies (continued):

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

Inventories and Supplies - The cost 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 statements of assets, liabilities, reserves and fund balance.

General Fixed Assets – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of \$2,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

Utility Fixed Assets – Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent the cost of the utility fixed assets reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Foreclosed property – Foreclosed Property or "Property Acquired for Taxes" is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1. Summary of Significant Accounting Policies (continued):

of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

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

Fund Balance – Fund Balance included in the Current and Utility Operating Fund represent the amount available for anticipation as revenue in future year's budgets, with certain restrictions.

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

Utility Revenues – Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Townships utility operating fund.

Property Tax Revenues – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Burlington, Southampton Township School District and Lenape Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

County Taxes – The municipality is responsible for levying, collecting and remitting County taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

School Taxes – The municipality is responsible for levying, collecting and remitting school taxes for the Southampton Township School District and Lenape Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district from January 1 to December 31 and July 1 to June 30, respectively.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1. Summary of Significant Accounting Policies (continued):

Reserve for Uncollected Taxes – The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Township’s annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis. Appropriations for interest payments on outstanding utility capital bonds and notes are provided on the accrual basis.

Appropriation Reserves – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

Long-Term Debt - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General and Utility Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Compensated Absences – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

Recent Accounting Pronouncements – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements 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 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; and there have been no GASB pronouncements effective for the current year that have a significant impact of the Township’s financial statements.

Note 2. Deposits and Investments

The Township is governed by the deposit and investment limitations of New Jersey state law.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2. Deposits and Investments (continued):

Deposits

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

As of December 31, 2017, the Township's bank balance of \$11,061,918.34 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 9,136,615.36
NJ Cash Management Fund	1,031,824.25
Uninsured and Uncollateralized	<u>893,478.73</u>
	<u><u>\$ 11,061,918.34</u></u>

Investments

The Township had no investments as of December 31, 2017.

Note 3. Property Taxes

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

Comparison Schedule of Tax Rates

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$ 2.812</u>	<u>\$ 2.752</u>	<u>\$ 2.665</u>
Apportionment of Tax Rate:			
Municipal	0.409	0.394	0.373
Municipal Open Space	0.020	0.020	0.020
County General	0.450	0.444	0.447
Local School	1.200	1.162	1.128
Regional School	0.733	0.732	0.697

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 3. Property Taxes (continued):

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2017	\$ 998,621,448.00
2016	997,743,480.00
2015	997,652,324.00

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2017	\$28,160,198.97	\$27,755,149.29	98.56%
2016	27,499,629.07	27,087,182.44	98.50%
2015	26,643,794.86	26,295,017.06	98.69%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2017	\$ 835,001.76	\$ 290,298.07	\$ 1,125,299.83	4.00%
2016	807,273.68	369,174.84	1,176,448.52	4.28%
2015	782,074.39	297,740.88	1,079,815.27	4.05%

Number of Tax Title Liens

<u>Year</u>	<u>Number</u>
2017	118
2016	115
2015	50

The last tax sale was held on April 4, 2017.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note: 4: Property Acquired By Tax Title Lien Liquidation

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

<u>Yea</u>	<u>Amount</u>
2017	\$ 485,800.00
2016	340,800.00
2015	340,800.00

Note: 5: Sewer Utility Service Charges

The following is a three-year comparison of sewer utility charges (rents) and collections for the current and previous two years.

<u>Year</u>	<u>Beginning Balance</u>	<u>Levy</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2017	\$ 14,449.11	\$ 212,625.02	\$ 227,074.13	\$ 201,955.56	88.93%
2016	14,438.31	198,472.53	212,910.84	198,461.73	93.21%
2015	30,473.83	197,964.61	228,438.44	214,000.13	93.67%

Note 6. Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2017	\$ 2,151,864.16	\$ 460,000.00	21.38%
2016	1,251,022.06	445,000.00	35.57%
2015	576,863.91	67,936.00	11.78%
Sewer Utility Operating Fund:			
2017	\$ 18,884.12	\$ -	0.00%
2016	18,884.12	-	0.00%
2015	14,425.38	-	0.00%

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 7. Disaggregated Receivable and Payable Balances

There are no significant components of receivable and payable balances reported in the financial statements.

Note 8. Interfund Receivables, Payables and Transfers

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2017:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 109,932.76	\$ 109,217.38
State and Federal Grant Fund	42,257.95	-
Animal Control Trust	-	2.61
Trust Other Fund	72,457.26	219.06
Capital Fund	-	104,361.15
Utility Operating Fund	-	4,800.00
Utility Capital Fund	4,800.00	-
Payroll Agency Fund	-	10,847.77
	<u>\$ 229,447.97</u>	<u>\$ 229,447.97</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

Fund	Transfers In	Transfers Out
Current Fund	\$ 274,320.52	\$ 153,976.44
State and Federal Grant Fund	-	19,188.85
Trust Other Fund	153,976.44	225,462.92
Capital Fund	-	32,062.97
Payroll Agency Fund	2,394.22	-
	<u>\$ 430,691.18</u>	<u>\$ 430,691.18</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2017.

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Land	\$ 1,261,300.00	\$ -	\$ -	\$ 1,261,300.00
Buildings and Improvements	1,430,900.00	-	-	1,430,900.00
Machinery & Equipment	2,825,980.20	18,709.92	-	2,844,690.12
	<u>\$ 5,518,180.20</u>	<u>\$ 18,709.92</u>	<u>\$ -</u>	<u>\$ 5,536,890.12</u>

Note 10. Pension Obligations

A. Public Employees' Retirement System (PERS)

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

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 1/55th 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 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 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 SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 10. Pension Obligations (continued):

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2017, the Township's contractually required contribution to PERS plan was \$137,669.

Components of Net Pension Liability - At December 31, 2017, the Township's proportionate share of the PERS net pension liability was \$3,459,346. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Township's proportion measured as of June 30, 2017, was 0.0148607524% which was a decrease of 0.0035257431% from its proportion measured as of June 30, 2016.

Collective Balances at December 31, 2017 and December 31, 2016

	<u>12/31/2017</u>	<u>12/30/2016</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 1,039,577	\$ 1,754,817
Deferred Inflows of Resources	1,379,145	77,069
Net Pension Liability	3,459,346	5,445,553
Southampton's portion of the Plan's total net pension Liability	0.01486%	0.01839%

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 10. Pension Obligations (continued):

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2017, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2017 measurement date is \$171,051. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed \$137,669 to the plan in 2017.

At December 31, 2017, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 81,456	\$ -
Changes of Assumptions	696,939	694,384
Net Difference between Projected and Actual Earnings on Pension Plan Investments	23,556	-
Changes in Proportion and Differences between Southampton Contributions and Proportionate Share of Contributions	<u>237,626</u>	<u>684,761</u>
	<u>\$ 1,039,577</u>	<u>\$ 1,379,145</u>

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 10. Pension Obligations (continued):

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 10. Pension Obligations (continued):

Year Ending <u>Dec 31,</u>	<u>Amount</u>
2018	\$ 48,688
2019	98,799
2020	23,477
2021	(359,793)
2022	<u>(150,739)</u>
	<u>\$ (339,568)</u>

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 10. Pension Obligations (continued):

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 10. Pension Obligations (continued):

assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Southampton's Proportionate Share of the Net Pension Liability	\$ 4,291,553	\$ 3,459,346	\$ 2,766,014

B. Police and Firemen's Retirement System (PFRS)

The Township of Southampton does not participate in the Police and Firemen's Retirement System (PFRS).

Related Party Investments - The Division of Pensions and Benefits does not invest in securities issued by the Township.

Note 11. Municipal Debt

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 11. Municipal Debt (continued):

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 9,277,395.00	\$ 7,660,675.00	\$ 8,774,915.00
Utility:			
Bonds, Notes and Loans	685,000.00	710,000.00	735,000.00
	<hr/>	<hr/>	<hr/>
Total Debt Issued	9,962,395.00	8,370,675.00	9,509,915.00
	<hr/>	<hr/>	<hr/>
Authorized but not issued:			
General:			
Bonds, Notes and Loans	-	35,575.80	35,575.80
Utility:			
Bonds, Notes and Loans	30,400.00	30,400.00	30,400.00
	<hr/>	<hr/>	<hr/>
Total Authorized But Not Issued	30,400.00	65,975.80	65,975.80
	<hr/>	<hr/>	<hr/>
Total Gross Debt	<u>\$ 9,992,795.00</u>	<u>\$ 8,436,650.80</u>	<u>\$ 9,575,890.80</u>
	<hr/>	<hr/>	<hr/>
Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	601.00	601.00	-
Utility:			
Self Liquidating Debt	\$ 539,437.80	\$ 535,300.40	\$ 765,400.00
	<hr/>	<hr/>	<hr/>
Total Deductions	540,038.80	535,901.40	765,400.00
	<hr/>	<hr/>	<hr/>
Total Net Debt	<u>\$ 9,452,756.20</u>	<u>\$ 7,900,749.40</u>	<u>\$ 8,810,490.80</u>
	<hr/>	<hr/>	<hr/>

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 4,545,000.00	\$ 4,545,000.00	\$ -
Regional School Debt	3,409,835.21	3,409,835.21	-
General Debt	9,277,395.00	601.00	9,276,794.00
Utility Debt	715,400.00	539,437.80	175,962.20
	<hr/>	<hr/>	<hr/>
	<u>\$ 17,947,630.21</u>	<u>\$ 8,494,874.01</u>	<u>\$ 9,452,756.20</u>
	<hr/>	<hr/>	<hr/>

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 11. Municipal Debt (continued):

Net Debt \$9,452,756.20 divided by the average Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,102,300,297.33, equals 0.858%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2017 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 38,580,510.41
Net Debt	<u>9,452,756.20</u>
Remaining Borrowing Power	<u><u>\$ 29,127,754.21</u></u>

Self-Liquidating Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 204,118.06
Deductions:	
Operating and Maintenance Costs	\$ 157,462.00
Debt Service	<u>55,454.17</u>
Total Deductions	<u>212,916.17</u>
Excess/(Deficit) in Revenue	<u><u>\$ (8,798.11)</u></u>

*If Excess in Revenues all Utility Debt is Deducted

General Debt

A. Serial Bonds Payable

On December 23, 2014, the Township issued \$5,890,000.00 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 1.50% to 3.00% and mature on July 1, 2026.

Principal and interest due on the outstanding bonds is as follows:

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 11. Municipal Debt (continued):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	620,000.00	116,287.50	736,287.50
2019	620,000.00	106,987.50	726,987.50
2020	500,000.00	94,587.50	594,587.50
2021	490,000.00	84,587.50	574,587.50
2022	535,000.00	73,562.50	608,562.50
2023-2026	2,050,000.00	151,237.50	2,201,237.50
	<u>\$ 4,815,000.00</u>	<u>\$ 627,250.00</u>	<u>\$ 5,442,250.00</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2017:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2017</u>
Series 2017	7/18/2017	7/17/2018	2.500%	<u>\$ 4,462,395.00</u>
				<u>\$ 4,462,395.00</u>

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

C. Bonds and Notes Authorized But Not Issued

The Township had no bonds and notes authorized but not issued in the General Capital Fund at December 31, 2017.

Sewer Utility Debt

A. Serial Bonds Payable

On March 11, 2013, the Township issued \$810,000.00 of Utility Revenue Bonds. The Bonds were issued at interest rates varying from 3.375% to 5.000% and mature on December 1, 2035.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 11. Municipal Debt (continued):

Principal and interest due on the outstanding bonds is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 25,000.00	\$ 29,537.45	54,537.45
2019	25,000.00	28,287.50	53,287.50
2020	25,000.00	27,037.50	52,037.50
2021	30,000.00	25,787.50	55,787.50
2022	30,000.00	24,287.50	54,287.50
2023-2027	175,000.00	97,437.50	272,437.50
2028-2032	275,000.00	50,881.26	325,881.26
2033-2035	100,000.00	10,125.00	110,125.00
	<u>\$ 685,000.00</u>	<u>\$ 293,381.21</u>	<u>\$ 978,381.21</u>

B. Bond Anticipation Notes Payable – Short Term Debt

The Township had no bond anticipation notes outstanding in the Utility Capital Fund at December 31, 2017.

C. Bonds and Notes Authorized But Not Issued

As of December 31, 2017 the Township had \$30,400.00 in various Utility bonds and notes authorized but not issued.

Summary of Principal Debt

A summary of the changes in long-term and short term debt of the Township is as follows:

	Balance December 31, <u>2016</u>	Accrued/ <u>Increases</u>	Retired/ <u>Decreases</u>	Balance December 31, <u>2017</u>	Balance Due Within <u>One Year</u>
General Capital:					
General Bonds	\$ 5,450,000.00	\$ -	\$ 635,000.00	\$ 4,815,000.00	\$ 620,000.00
Bond Anticipation Notes	2,210,675.00	4,462,395.00	2,210,675.00	4,462,395.00	4,462,395.00
	<u>\$ 7,660,675.00</u>	<u>\$ 4,462,395.00</u>	<u>\$ 2,845,675.00</u>	<u>\$ 9,277,395.00</u>	<u>\$ 5,082,395.00</u>
Utility Capital:					
Utility Bonds	\$ 710,000.00	\$ -	\$ 25,000.00	\$ 685,000.00	\$ 25,000.00
	<u>\$ 710,000.00</u>	<u>\$ -</u>	<u>\$ 25,000.00</u>	<u>\$ 685,000.00</u>	<u>\$ 25,000.00</u>

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 12. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	Balance December 31, <u>2017</u>	2018 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Utility Operating Fund:			
Operating Deficit	\$ 4,913.11	\$ 4,913.11	\$ -

Note 13. Deferred School Taxes

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	Balance, December 31,	
	<u>2017</u>	<u>2016</u>
Total Balance of Local Tax	\$ 20.52	\$ 20.52
Deferred Taxes	-	-
Local Tax Payable	<u>\$ 20.52</u>	<u>\$ 20.52</u>

<u>Regional Tax</u>	Balance, December 31,	
	<u>2017</u>	<u>2016</u>
Total Balance of Regional Tax	\$ 3,362,743.23	\$ 3,358,304.79
Deferred Taxes	<u>724,910.00</u>	<u>724,910.00</u>
Regional Tax Payable	<u>\$ 2,637,833.23</u>	<u>\$ 2,633,394.79</u>

Note 14. Deferred Compensation Salary Account

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457 which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency. Amounts deferred under Section 457 plans must be held in trust for the exclusive benefits of participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements.

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 15. Accrued Sick, Vacation and Compensation Time

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$44,265.24 at December 31, 2017.

The Township has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2017, the Township has reserved in the Other Trust Fund \$21,899.17 to fund compensated absences in accordance with NJSA 40A:4-39.

Note 16. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Joint Insurance Pool

The Township is a member of the Municipal Excess Liability Joint Insurance Fund. The Fund provides the Township with the following coverage:

- Crime and Excess Crime Policy
- Worker's Compensation & Employer's Liability
- General Liability
- Property Damage
- Automobile Liability

Contributions to the Funds are based on actuarial assumptions determined by the Funds' actuaries. The Fund publishes its own financial report for the year ended December 31, 2017 which can be obtained on the Fund's website.

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund, dollar-for-dollar, for unemployment benefits paid to its former employees who were laid off or furloughed and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, reimbursements to the State for benefits paid and the ending balance of the Township's unemployment trust fund for the current and previous two years:

<u>Year</u>	<u>Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 2,984.68	\$ 264.34	\$ 73,194.01
2016	3,103.61	8,554.19	70,473.67
2015	257.08	6,471.65	75,924.25

**TOWNSHIP OF SOUTHAMPTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 17. Contingencies

Grantor Agencies

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2017 the Township estimates that no material liabilities will result from such audits.

Litigation

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

Tax Appeals

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2017.

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SUPPLEMENTARY EXHIBITS

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CURRENT FUND

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**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF CASH - TREASURER
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$ 4,983,727.66
Increased By Receipts:		
Revenue Accounts Receivable	\$ 1,877,910.13	
Miscellaneous Revenue Not Anticipated	198,745.19	
Prepaid Taxes	877,997.50	
Taxes Receivable	27,013,189.29	
Homestead Rebate	628,820.79	
Tax Title and Other Liens	17,063.60	
Due from State of NJ Senior & Veterans Deductions	290,942.20	
Due to State of NJ - Inspection Fees	12,400.00	
Due to State of NJ - Marriage Licenses	469.00	
Due from Trust - Other	2.98	
Due from Municipal Open Space	215,000.00	
Due to Sewer Utility Operating Fund	12,411.22	
Petty Cash Fund	100.00	
Reserve for Old Telephone Building Retaining Wall	50,000.00	
Federal and State Unappropriated	5,396.30	
Federal and State Receivables	267,178.79	
		<u>31,467,626.99</u>
Subtotal		36,451,354.65
Decreased By Disbursements:		
2017 Budget Appropriation	5,341,261.01	
2016 Budget Appropriation	128,428.99	
Reserve for Encumbrances	78,779.42	
Local District School Taxes	11,983,557.00	
Regional School Taxes	7,317,785.56	
County Taxes	4,497,076.11	
Municipal Open Space Taxes	199,850.00	
Petty Cash Fund	100.00	
Tax Overpayments	29,246.20	
Due to State of NJ - Inspection Fees	14,111.00	
Due to State of NJ - Marriage Licenses	825.00	
Federal and State Grant - Appropriated Reserves	250,386.24	
Due Municipal Open Space	149,225.00	
		<u>29,990,631.53</u>
Balance, December 31, 2017		<u><u>\$ 6,460,723.12</u></u>

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF CASH - CHANGE FUND
YEAR ENDED DECEMBER 31, 2017

EXHIBIT A-5

<u>Office</u>	Balance December 31, <u>2017</u>
Municipal Court	\$ 225.00
Treasurer	<u>15.00</u>
	<u><u>\$ 240.00</u></u>

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY
YEAR ENDED DECEMBER 31, 2017

Year	Balance December 31, 2016	2017 Levy	Added Taxes	Collections		Due From (To) State of New Jersey		Cancelled	Transferred To Tax Title Liens	Balance December 31, 2017
				2016	2017					
2005	\$ 509.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 509.10
2010	1,443.01	-	-	-	-	-	-	-	-	1,443.01
2012	9,449.75	-	-	-	9,077.26	-	-	-	-	372.49
2013	17,254.21	-	-	-	16,437.33	-	-	-	-	816.88
2014	-	-	4,530.10	-	4,530.10	-	-	-	-	-
2015	3,981.71	-	6,881.03	-	7,630.86	-	-	-	-	3,231.88
2016	336,537.06	-	32,240.12	-	366,109.84	(7,992.94)	(7,992.94)	2,436.71	5,796.90	2,426.67
Subtotal	369,174.84	-	43,651.25	-	403,785.39	(7,992.94)	(7,992.94)	2,436.71	5,796.90	8,800.03
2017	-	28,081,235.84	78,963.13	221,613.32	27,249,174.76	284,361.21	284,361.21	85,277.14	38,274.50	281,498.04
	\$ 369,174.84	\$ 28,081,235.84	\$ 122,614.38	\$ 221,613.32	\$ 27,652,960.15	\$ 276,368.27	\$ 276,368.27	\$ 87,713.85	\$ 44,071.40	\$ 290,298.07

Cash Receipts	\$ 27,013,189.29
Homestead Rebate	628,820.79
Tax Overpayments Applied	38,540.67
Tax Overpayments Created	(27,590.60)
	<u>\$ 27,652,960.15</u>

Analysis of Property Tax Levy

Tax Levy:	
Local District School Tax	\$ 11,983,557.00
Regional High School Tax Payable	7,322,224.00
County Tax	
County Open Space Tax	\$ 3,706,212.59
County Library Tax	442,269.75
Due County for Added Taxes	342,505.98
Total County Tax	<u>19,719.74</u>
Municipal Open Space Tax	4,510,708.06
Due Municipal Open Space for Added Taxes	199,850.00
Total Municipal Open Space Tax	<u>882.84</u>
Local Taxes for Municipal Purposes	200,732.84
Add: Additional Tax Levied	<u>4,080,007.00</u>
Total Local Tax for Municipal Purposes Levied	<u>106,621.32</u>
	<u>\$ 28,203,850.22</u>

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

EXHIBIT A-7

Balance, December 31, 2016		\$ 807,273.68
Increased By:		
Transfers From Taxes Receivable	\$ 44,071.40	
Interest and Costs Accrued at Tax Sale	<u>720.28</u>	
		<u>44,791.68</u>
		852,065.36
Decreased By:		
Cash Receipts		<u>17,063.60</u>
Balance, December 31, 2017		<u><u>\$ 835,001.76</u></u>

SCHEDULE OF TAX OVERPAYMENTS
YEAR ENDED DECEMBER 31, 2017

EXHIBIT A-8

Balance, December 31, 2016		\$ 60,122.50
Increased By:		
Overpayments Created		<u>27,590.60</u>
		87,713.10
Decreased By:		
Overpayments Refunded	\$ 29,246.20	
Overpayments Applied to Taxes	<u>38,540.67</u>	
		<u>67,786.87</u>
Balance, December 31, 2017		<u><u>\$ 19,926.23</u></u>

EXHIBIT A-9

**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF TAX PENALTY RECEIVABLE
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 2,168.83
Increased By:	
Tax Penalties Assessed	<u>665.87</u>
	2,834.70
Decreased By:	
Cash Receipts	<u>2,168.83</u>
Balance, December 31, 2017	<u><u>\$ 665.87</u></u>

EXHIBIT A-10

**SCHEDULE OF PREPAID TAXES
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 221,613.32
Increased By:	
Cash Receipts on 2018 Taxes	<u>877,997.50</u>
	1,099,610.82
Decreased By:	
Prepaid Taxes Applied in the Current Year	<u>221,613.32</u>
Balance, December 31, 2017	<u><u>\$ 877,997.50</u></u>

**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY -
SENIOR CITIZEN AND VERAN DEDUCTIONS
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$ 145,882.99
Increased By:		
Cash Receipts		<u>290,942.20</u>
		436,825.19
Decreased By:		
Senior Citizen and Veterans Deductions per Tax Billings	\$ 289,500.00	
Deductions Allowed by Tax Collector - 2017 Taxes	8,500.00	
Deductions Disallowed by Tax Collector - 2017 Taxes	(13,638.79)	
Deductions Allowed by Tax Collector - Prior Taxes	2,589.76	
Deductions Disallowed by Tax Collector - Prior Taxes	<u>(10,582.70)</u>	
		<u>276,368.27</u>
Balance, December 31, 2017		<u><u>\$ 160,456.92</u></u>

**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 340,800.00
Increased By:	
Foreclosure in Current Year	<u>145,000.00</u>
Balance, December 31, 2016 & 2017	<u><u>\$ 485,800.00</u></u>

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

	Balance December 31, <u>2016</u>	Accrued in <u>2017</u>	<u>Collections</u>	Balance December 31, <u>2017</u>
Licenses:				
Alcoholic Beverages	\$ -	\$ 12,700.00	\$ 12,700.00	\$ -
Other Licenses	-	430.00	430.00	-
Fees and Permits	-	75,676.76	75,676.76	-
Municipal Court:				
Fines and Costs	8,419.30	119,201.69	119,967.08	7,653.91
Interest and Costs on Taxes	-	115,266.95	115,266.95	-
Interest on Investments and Deposits	-	87,693.80	87,693.80	-
Energy Receipts Tax	-	1,100,389.00	1,100,389.00	-
Garden State Trust Fund	-	5,472.00	5,472.00	-
Fees and Permits	-	189,144.00	189,144.00	-
Interlocal Service Agreements:				
Shamong Township Municipal Court	-	38,506.58	38,506.58	-
Springfield Township - Tax Collector Services	-	13,500.00	13,500.00	-
Rental Income Good Farm	-	26,852.00	26,852.00	-
Cable TV Franchise Fees	-	53,766.15	53,766.15	-
Housing Inspections	-	38,545.81	38,545.81	-
	<u>\$ 8,419.30</u>	<u>\$ 1,877,144.74</u>	<u>\$ 1,877,910.13</u>	<u>\$ 7,653.91</u>

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

	Balance December 31, <u>2016</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
GENERAL GOVERNMENT				
Human Resources (Personnel):				
Other Expenses	\$ 588.75	\$ 588.75	\$ -	\$ 588.75
Executive:				
Salaries and Wages	9,223.54	9,223.54	-	9,223.54
Other Expenses	9,755.98	9,755.98	1,080.08	8,675.90
Municipal Clerk:				
Salaries and Wages	723.17	723.17	-	723.17
Other Expenses	123.22	123.22	-	123.22
Data Processing:				
Other Expenses	517.41	517.41	11.87	505.54
Financial Administration:				
Salaries and Wages	2,180.83	2,180.83	-	2,180.83
Other Expenses	49.82	49.82	-	49.82
Audit Services:				
Other Expenses	8,970.50	8,970.50	8,750.00	220.50
Revenue - Administration (Tax Collection):				
Salaries and Wages	257.04	257.04	-	257.04
Other Expenses	316.56	316.56	-	316.56
Tax Assessment - Administration				
Salaries and Wages	2,256.24	256.24	-	256.24
Other Expenses:				
Revision of Tax Map	864.05	864.05	-	864.05
Miscellaneous	1,634.60	1,634.60	-	1,634.60
Legal Services:				
Other Expenses	48,459.67	48,459.67	3,435.19	45,024.48
Engineering Services:				
Other Expenses	11,717.03	11,717.03	11,679.76	37.27
Historical Sites Office:				
Salaries and Wages	520.00	520.00	520.00	-
Other Expenses	100.60	100.60	-	100.60
Municipal Court:				
Salaries and Wages	35,142.77	35,142.77	-	35,142.77
Other Expenses	928.47	928.47	246.71	681.76
Land Use - Administration:				
Planning Board:				
Salaries and Wages	272.65	272.65	-	272.65
Other Expenses:				
Legal	4,195.76	4,195.76	695.38	3,500.38
Engineering	1,000.00	1,000.00	1,000.00	-
Miscellaneous	1,193.57	1,193.57	-	1,193.57
Zoning Board of Adjustment:				
Salaries and Wages	409.27	409.27	-	409.27
Other Expenses:				
Legal	6,384.20	6,384.20	1,421.31	4,962.89
Engineering	375.00	375.00	125.00	250.00
Miscellaneous	1,718.96	1,718.96	-	1,718.96
Zoning Board:				
Salaries and Wages	267.94	267.94	-	267.94
Other Expenses	343.00	343.00	-	343.00

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

	Balance December 31, <u>2016</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
INSURANCE				
General Liability	18,288.00	18,288.00	-	18,288.00
Workerps Compensation	3,164.91	3,164.91	-	3,164.91
Employee Group Health	41,092.18	41,092.18	73.71	41,018.47
Employee Group Health Waivers	3.32	3.32	-	3.32
Unemployment Insurance	596.75	596.75	-	596.75
Other Insurance Premiums	790.19	2,790.19	283.50	2,506.69
Flexible Spending Account	150.00	150.00	100.00	50.00
PUBLIC SAFETY:				
Office of Emergency Management:				
Other Expenses	1,291.14	1,291.14	-	1,291.14
Municipal Prosecutor:				
Other Expenses	670.60	670.60	-	670.60
Discovery:				
Salaries and Wages	83.40	83.40	-	83.40
Police Courtroom Security:				
Salaries and Wages	1,623.14	1,623.14	-	1,623.14
Other Expenses	6,506.23	6,506.23	4,744.27	1,761.96
Reverse 911 Coordinator	0.07	0.07	-	0.07
Reverse 911 Social Media Coordinator	9.45	9.45	-	9.45
PUBLIC WORK FUNCTIONS				
Other Public Works Functions:				
Other Expenses	313.71	313.71	-	313.71
Streets and Road Maintenance:				
Salaries and Wages	24,666.86	24,666.86	-	24,666.86
Other Expenses	10,895.44	10,895.44	3,607.96	7,287.48
Recycling:				
Salaries and Wages	605.82	605.82	331.05	274.77
Garbage and Trash Removal:				
Salaries and Wages	35,064.79	35,064.79	-	35,064.79
Other Expenses	1,158.68	1,158.68	-	1,158.68
Buildings and Grounds:				
Salaries and Wages	542.61	542.61	-	542.61
Other Expenses	6,116.54	6,116.54	1,345.08	4,771.46
Vehicle Maintenance:				
Other Expenses	14,949.42	14,949.42	1,385.94	13,563.48
HEALTH AND HUMAN SERVICES				
Environmental Commission:				
Salaries and Wages	375.00	375.00	375.00	-
Other Expenses	972.42	972.42	-	972.42
Vital Statistics:				
Salaries and Wages	44.95	44.95	-	44.95
Other Expenses	1,472.24	1,472.24	-	1,472.24
Animal Control Services:				
Other Expenses	4,176.00	4,176.00	400.00	3,776.00
Welfare/Administration of Public Assistance:				
Other Expenses	660.00	660.00	-	660.00

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

	Balance December 31, <u>2016</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
PARK AND RECREATION FUNCTIONS				
Recreation Services and Programs				
Other Expenses	250.00	250.00	-	250.00
Maintenance of Parks:				
Other Expenses	626.71	626.71	-	626.71
Celebration of Public Events:				
Other Expenses	231.98	231.98	-	231.98
SANITATION				
Landfill/Solid Waste Costs:				
Other Expenses - Contractual	31,501.20	31,501.20	27,911.73	3,589.47
UNCLASSIFIED				
Registration of Bonds	450.00	450.00	-	450.00
JIF Wellness Program	170.03	170.03	38.32	131.71
CODE ENFORCEMENT AND ADMINISTRATION				
Uniform Construction Code Enforcement:				
Salaries and Wages	2,094.42	2,094.42	-	2,094.42
Other Expenses	2,171.71	2,171.71	826.63	1,345.08
Sub Code Officials:				
Plumbing Inspector:				
Salaries and Wages	229.29	229.29	-	229.29
Electrical Inspector:				
Salaries and Wages	569.81	569.81	-	569.81
Fire Protection Official:				
Salaries and Wages	201.38	201.38	-	201.38
UTILITY EXPENSES AND BULK PURCHASES				
Electricity	3,418.03	3,418.03	2,826.54	591.49
Street Lighting	18,702.01	18,702.01	12,836.99	5,865.02
Telecommunications	2,169.76	2,169.76	64.56	2,105.20
Water	347.54	347.54	164.41	183.13
Propane	1,871.62	1,871.62	636.49	1,235.13
Fuel Oil	2,086.77	2,086.77	297.21	1,789.56
Natural Gas	1,805.73	1,805.73	188.37	1,617.36
Gasoline/Diesel	44,809.76	44,809.76	4,606.73	40,203.03
Fire Hydrants	2,774.69	2,774.69	-	2,774.69
Sewerage Processing	297.00	297.00	39.80	257.20
STATUTORY EXPENDITURES:				
Contribution To:				
Social Security System (O.A.S.I.)	7,954.44	7,954.44	-	7,954.44
Defined Contribution Retirement Plan	2.95	2.95	-	2.95
Cash Deficit in Prior Year's Operations	2,427.00	2,427.00	2,427.00	-

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF 2016 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017

	Balance December 31, <u>2016</u>	Balance After <u>Modifications</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATIONS EXCLUDED FROM CAPS				
Stormwater Permits (NJDEP)				
Street Division:				
Salaries and Wages	21,809.81	21,809.81	-	21,809.81
Other Expenses	26,825.96	26,825.96	294.30	26,531.66
Emergency Services Volunteer Length of Service				
Awards Program (LOSAP)	45,000.00	45,000.00	30,150.00	14,850.00
Shared Service Agreements:				
Township of Shamong:				
Tax Assessor	84.61	84.61	-	84.61
Construction	6,120.00	6,120.00	6,120.00	-
Municipal Court:				
Salaries and Wages	302.00	302.00	-	302.00
Other Expenses	302.65	302.65	75.10	227.55
Springfield Township:				
Tax Collector	3,544.17	3,544.17	-	3,544.17
Total General Appropriations	<u>\$ 557,927.49</u>	<u>\$ 557,927.49</u>	<u>\$ 131,115.99</u>	<u>\$ 426,811.50</u>

Cash Disbursements
Reserve for Encumbrances
Deferred Charge - Cash Deficit from Preceding Year

\$ 128,428.99
260.00
2,427.00
\$ 131,115.99

TOWNSHIP OF SOUTHAMPTON
SCHEDULE OF RESERVE FOR ENCUMBRANCES
YEAR ENDED DECEMBER 31, 2017

	Current Fund	Grant Fund
Balance, December 31, 2016	\$ 82,226.13	\$ 15,411.22
Increased By:		
Charges to 2017 Appropriations	122,773.92	-
Charges to 2016 Appropriation Reserves	260.00	-
Reserve for Grants - Appropriated	-	21,851.56
	<u>205,260.05</u>	<u>37,262.78</u>
Decreased By:		
Cash Disbursements	66,368.20	12,411.22
Cancelled	15,857.93	3,000.00
	<u> </u>	<u> </u>
Balance, December 31, 2017	<u><u>\$ 123,033.92</u></u>	<u><u>\$ 21,851.56</u></u>

**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 20.52
Increased By:	
Levy for Calendar Year 2017	<u>11,983,557.00</u>
	11,983,577.52
Decreased By:	
Cash Disbursements	<u>11,983,557.00</u>
Balance, December 31, 2017	<u><u>\$ 20.52</u></u>

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE
YEAR ENDED DECEMBER 31, 2017

Balance, December 31, 2016		
School Tax Payable	\$ 2,633,394.79	
School Tax Deferred	<u>724,910.00</u>	
		\$ 3,358,304.79
Increased By:		
Levy (School Year July 1, 2017 to June 30, 2018)		<u>7,322,224.00</u>
		10,680,528.79
Decreased By:		
Cash Disbursements		<u>7,317,785.56</u>
Balance, December 31, 2017		
School Tax Payable	2,637,833.23	
School Tax Deferred	<u>724,910.00</u>	
		<u>\$ 3,362,743.23</u>
Local District School Tax Liability:		
Cash Payments		\$ 7,317,785.56
School Tax Payable December 31, 2017		<u>2,637,833.23</u>
Total		9,955,618.79
School Tax Payable December 31, 2016		<u>2,633,394.79</u>
Amount Charged To 2017 Operations		<u>\$ 7,322,224.00</u>

**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF MUNICIPAL OPEN SPACE TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$	301.59
Increased By:			
Levy for Calendar Year 2017	\$	199,850.00	
Added Taxes		<u>882.84</u>	
			<u>200,732.84</u>
			201,034.43
Decreased By:			
Cash Disbursements			<u>199,850.00</u>
Balance, December 31, 2017		\$	<u><u>1,184.43</u></u>

TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2017

Balance, December 31, 2016		\$	6,691.31
Increased By:			
County Tax Levy	\$	3,706,212.59	
County Open Space Tax Levy		442,269.75	
County Library Tax Levy		342,505.98	
County Added & Omitted Taxes		<u>19,719.74</u>	
			<u>4,510,708.06</u>
			4,517,399.37
Decreased By:			
Cash Disbursements			<u>4,497,076.11</u>
Balance, December 31, 2017		\$	<u><u>20,323.26</u></u>
County Open Space Taxes	\$	603.52	
County Added & Omitted Taxes		<u>19,719.74</u>	
	\$	<u><u>20,323.26</u></u>	

EXHIBIT A-20

**TOWNSHIP OF SOUTHAMPTON
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY -
INSPECTION FEES
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 3,642.00
Increased By:	
Cash Receipts	<u>12,400.00</u>
	16,042.00
Decreased By:	
Cash Disbursements	<u>14,111.00</u>
Balance, December 31, 2017	<u><u>\$ 1,931.00</u></u>

EXHIBIT A-21

**SCHEDULE OF DUE TO STATE OF NEW JERSEY -
MARRIAGE LICENSE FEES
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 481.00
Increased By:	
Cash Receipts	<u>469.00</u>
	950.00
Decreased By:	
Cash Disbursements	<u>825.00</u>
Balance, December 31, 2017	<u><u>\$ 125.00</u></u>

TOWNSHIP OF SOUTHAMPTON
GRANT FUND
SCHEDULE OF FEDERAL & STATE GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017

	Balance December 31, <u>2016</u>	Increased By Revenue Anticipated <u>2017</u>	Cash Receipts <u>2017</u>	Balance December 31, <u>2017</u>
State Grants:				
Clean Communities Program	\$ -	\$ 33,329.11	\$ 33,329.11	\$ -
Recycling Tonnage Grant	-	12,863.31	12,863.31	-
New Jersey Forestry Management Grant	-	3,000.00	-	3,000.00
NJDOT - Hawkin Road Reconstruction	-	196,000.00	-	196,000.00
NJDOT - Holly Boulevard	51,250.00	-	51,250.00	-
NJDOT - Safe Raods to School	92,000.00	33,720.00	91,736.37	33,983.63
Federal Grants:				
Community Development Block Grant	65,000.00	-	-	65,000.00
Local Grants:				
Municipal Park Development Program:				
Burlington County - Development of Parks	78,000.00	-	78,000.00	-
Burlington County - Play Ground Improvement	175,000.00	-	-	175,000.00
Drainage Improvements	195,000.00	-	-	195,000.00
Unspecified Project	88,750.00	-	-	88,750.00
	<u>\$ 745,000.00</u>	<u>\$ 278,912.42</u>	<u>\$ 267,178.79</u>	<u>\$ 756,733.63</u>

TOWNSHIP OF SOUTHAMPTON
GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL & STATE GRANTS - APPROPRIATED
YEAR ENDED DECEMBER 31, 2017

	Balance December 31, 2016	2017 Authorizations	Transferred From Encumbrances	Expended	Encumbered	Encumbrance Cancelled	Balance December 31, 2017
STATE GRANTS							
Clean Communities Program - 2015	\$ 16,135.19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,135.19
Clean Communities Program - 2016	25,205.62	-	500.00	25,082.95	622.67	-	-
Clean Communities Program - 2017	-	33,329.11	-	-	1,377.33	-	31,951.78
Recycling Tonnage Grant	228.64	12,863.31	-	13,091.95	-	-	-
New Jersey Forestry Management Grant	-	3,000.00	-	-	3,000.00	-	-
NJDOT - Hawkin Road Reconstruction	-	196,000.00	-	-	-	-	196,000.00
NJDOT - Safe Roads to Schools	92,000.00	33,720.00	-	108,868.44	16,851.56	-	-
Total State	133,569.45	278,912.42	500.00	147,043.34	21,851.56	-	244,086.97
FEDERAL GRANTS							
Burlington County CDBG Holly Blvd - Phase II	60,000.00	-	-	-	-	-	60,000.00
Total Federal	60,000.00	-	-	-	-	-	60,000.00
LOCAL GRANTS							
Matching Funds for Grants	4,965.95	-	-	-	-	-	4,965.95
Municipal Park Development Program - Recreation Improvements	111.84	-	11,911.22	12,023.06	-	-	-
Burlington County - Drainage Improvements	190,525.00	-	3,000.00	13,319.84	-	3,000.00	177,205.16
Burlington County - Unspecified Project	88,750.00	-	-	-	-	-	88,750.00
Burlington County - Play Ground Improvement	175,000.00	-	-	-	-	-	175,000.00
Burlington County - Development of Parks	78,000.00	-	-	78,000.00	-	-	-
Total Local	537,352.79	-	14,911.22	103,342.90	-	3,000.00	445,921.11
	\$ 730,922.24	\$ 278,912.42	\$ 15,411.22	\$ 250,386.24	\$ 21,851.56	\$ 3,000.00	\$ 750,008.08

TOWNSHIP OF SOUTHAMPTON
GRANT FUND
SCHEDULE OF RESERVE FOR FEDERAL & STATE GRANTS - UNAPPROPRIATED
YEAR ENDED DECEMBER 31, 2017

	Balance December 31, <u>2016</u>	Cash <u>Receipts</u>	Balance December 31, <u>2017</u>
Recycling Tonnage Grant	\$ 80.19	\$ 5,396.30	\$ 5,476.49
Burlington County Grant	21,655.45	-	21,655.45
	<u>\$ 21,735.64</u>	<u>\$ 5,396.30</u>	<u>\$ 27,131.94</u>

TRUST FUND

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TOWNSHIP OF SOUTHAMPTON
TRUST FUND
SCHEDULE OF CASH - TREASURER
YEAR ENDED DECEMBER 31, 2017

	Animal Control Fund	Other Trust Funds - Chief Finance Officer	Other Trust Funds - Tax Collector
Balance, December 31, 2016	\$ 6,062.39	\$ 687,196.72	\$ 268,197.75
Increased By Receipts:			
Due To:			
Current Fund	80.09	-	-
State of New Jersey	1,026.60	-	-
Dog Licenses Collected	5,614.40	-	-
Reserve for:			
Due from Current Fund - Interest on Investments	-	2,365.08	3,627.67
Budget Appropriations	-	199,850.00	-
Other Receipts	-	156,252.47	630,953.22
	<u>12,783.48</u>	<u>1,045,664.27</u>	<u>902,778.64</u>
Decreased By Disbursements:			
Dog Fund Expenditures	3,439.26	-	-
Due to State of New Jersey	1,029.00	-	-
Due to Current Fund	-	215,000.00	-
Due to Current Fund - Interest on Investments	80.09	2,182.16	3,627.67
Other Reserves	-	404,089.75	534,322.79
	<u>4,548.35</u>	<u>621,271.91</u>	<u>537,950.46</u>
Balance, December 31, 2017	<u>\$ 8,235.13</u>	<u>\$ 424,392.36</u>	<u>\$ 364,828.18</u>

TOWNSHIP OF SOUTHAMPTON
ANIMAL CONTROL TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
YEAR ENDED DECEMBER 31, 2017

Balance, December 31, 2016	\$ 6,057.38
Increased By:	
Dog License Fees Collected	<u>5,614.40</u>
	11,671.78
Decreased By:	
Expenditures Under R.S. 4:19-15:11	<u>3,439.26</u>
Balance, December 31, 2017	<u><u>\$ 8,232.52</u></u>

License Fees Collected

2016	\$ 6,118.80
2015	<u>3,658.20</u>
	<u><u>\$ 9,777.00</u></u>

**TOWNSHIP OF SOUTHAMPTON
ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 2.40
Increased By:	
2017 License Fees	<u>1,026.60</u>
	1,029.00
Decreased By:	
Payments	<u>1,029.00</u>
Balance, December 31, 2017	<u><u>\$ -</u></u>

**TOWNSHIP OF SOUTHAMPTON
ANIMAL CONTROL TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$	2.61
Increased By:		
Interest Income		<u>80.09</u>
		82.70
Decreased By:		
Cash Disbursement		<u>80.09</u>
Balance, December 31, 2017	<u>\$</u>	<u>2.61</u>

TOWNSHIP OF SOUTHAMPTON
TRUST FUND
SCHEDULE OF VARIOUS TRUST FUND RESERVES
YEAR ENDED DECEMBER 31, 2017

	Balance December 31, 2016	Tax Levy/Other	Interest Earnings	Receipts	Cash Disbursed	Encumbrances Cancelled	Due from (to) Current Fund	Balance December 31, 2017
Municipal Open Space	\$ 70,777.67	\$ 200,732.84	\$ 530.70	\$ -	\$ 215,000.00	\$ -	\$ 65,972.46	\$ 123,013.67
General Escrow	223,337.90	-	1,417.18	70,577.49	126,838.52	-	-	168,494.05
Accumulated Absences	19,899.17	-	174.87	2,000.00	174.87	-	-	21,899.17
Third Party Tax Title Liens	11,896.10	-	242.57	271,753.22	262,065.36	-	-	21,826.53
Tax Sale Premiums	256,284.40	-	3,385.10	359,200.00	275,885.10	-	2.98	342,987.38
Recreation	32,282.10	-	273.64	905.90	273.64	-	-	33,188.00
COAH	228,663.78	-	358.79	-	234,905.55	3,649.00	2,233.98	-
Public Defender	9,748.98	-	92.73	18,213.05	16,221.54	-	-	11,833.22
Snow Removal	4,228.69	-	48.26	40,000.00	48.26	-	-	44,228.69
Unemployment	70,473.67	2,394.22	182.92	407.54	264.34	-	-	73,194.01
Public Events	16,159.44	-	175.48	23,259.00	27,545.19	-	-	12,048.73
Street Lighting Improvements	1,000.60	-	-	-	-	-	-	1,000.60
	\$ 944,752.50	\$ 203,127.06	\$ 6,882.24	\$ 786,316.20	\$ 1,159,222.37	\$ 3,649.00	\$ 68,209.42	\$ 853,714.05
Cash Receipts		\$ 199,850.00						
Due from Payroll Agency Trust Fund		2,394.22						
Due from Current Fund		882.84						
		203,127.06						
Cash Receipts		\$ 889.49						
Due to Current Fund - Chief Financial Officer		2,365.08						
Due to Current Fund - Tax Collector		3,627.67						
		\$ 6,882.24						
Cash - Chief Financial Officer		\$ 155,362.98	\$ 404,089.75					
Cash - Tax Collector		630,953.22	534,322.79					
Due from/to Current Fund - Chief Financial Officer		-	217,182.16					
Due from/to Current Fund - Tax Collector		-	3,627.67					
		\$ 786,316.20	\$ 1,159,222.37					

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GENERAL CAPITAL FUND

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TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER
YEAR ENDED DECEMBER 31, 2017

Balance, December 31, 2016		\$	1,289,608.04
Increased By:			
Due to Current Fund - Interest Earned on Deposits	\$	25,633.67	
Budget Appropriation:			
Capital Improvement Fund		250,000.00	
Due From Current Fund		526,080.00	
Bond Anticipation Notes		4,462,395.00	
Premium on Bond Anticipation Notes Issued		46,007.29	
			<u>5,310,115.96</u>
			6,599,724.00
Decreased By:			
Improvement Authorizations		125,544.50	
Contracts Payable		76,345.98	
Due to Current Fund		22,799.88	
Due to Current Fund - Interest Earned on Deposits		22,120.96	
Bond Anticipation Notes		2,210,675.00	
			<u>2,457,486.32</u>
Balance, December 31, 2017		\$	<u><u>4,142,237.68</u></u>

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**TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 208,250.00
Increased By:	
Budget Appropriation	<u>250,000.00</u>
	458,250.00
Decreased By:	
Down Payment for Improvement Authorizations	<u>145,000.00</u>
Balance, December 31, 2017	<u><u>\$ 313,250.00</u></u>

**TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 5,450,000.00
Decreased By:	
Bond Principal Paid	<u>635,000.00</u>
Balance, December 31, 2017	<u><u>\$ 4,815,000.00</u></u>

TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2017

Ordinance No.	Improvement Description	Balance December 31, 2016	Increased	Notes Paid By Budget Appropriation	Funded by Budget Appropriation	Balance December 31, 2017	Analysis of Balance	
							Bond Anticipation Notes	
2006-18	Acquisition of E.M.S. Vehicle	\$ 35,575.80	\$ -	\$ -	\$ 35,575.80	\$ -	\$ -	
2007-17	Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements	203,280.00	-	203,280.00	-	-	-	
2013-10	Construction and Repaving of Various Streets	200,000.00	-	150,000.00	-	50,000.00	50,000.00	
2013-17	Purchase Fire Truck and Real Property	1,807,395.00	-	150,000.00	-	1,657,395.00	1,657,395.00	
2017-04	Reconstruction and/or Repaving of Various Roads	-	2,755,000.00	-	-	2,755,000.00	2,755,000.00	
		\$ 2,246,250.80	\$ 2,755,000.00	\$ 503,280.00	\$ 35,575.80	\$ 4,462,395.00	\$ 4,462,395.00	

TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2017

Ordinance Date	Improvement Description	Balance December 31, 2016		2017 Authorizations (Cancellations)	Contracts Cancelled	Expended	Contracts Payable	Balance December 31, 2017	
		Funded	Unfunded					Funded	Unfunded
2011-05	Rehabilitation and Improvement of Friendship Road, Emmons Road, and Brace Road	\$ 583.00	\$ -	\$ -	\$ -	\$ -	-	\$ 583.00	\$ -
2013-10	Reconstruction and Repaving of Certain Streets	-	12,426.74	-	-	-	-	-	12,426.74
2013-17	Purchase Fire Truck and Real Property	-	511.50	-	-	-	-	-	511.50
2014-13	Replacement of HVAC System at Municipal Building	1,674.66	-	(1,674.66)	-	-	-	-	-
2014-17	Acquisition of Property - 69 Main Street	920.00	-	(920.00)	-	-	-	-	-
2015-7	Demolition and Paving - 69 Main Street	-	-	-	17,500.00	-	-	-	17,500.00
2015-7	Mobile Storage Center	66.00	-	(66.00)	-	-	-	-	-
2015-7	Replace of Fire Company Hose	4,129.00	-	(4,129.00)	-	-	-	-	-
2015-9	Roads, Sidewalks, and Engineering	9,475.00	-	(9,475.00)	-	-	-	-	-
2015-13	Relocation/Construction of Public Work Facility	-	885,264.78	-	-	26,687.50	-	858,577.28	-
2017-04	Reconstruction and/or Repaving of Various Roads	-	-	2,900,000.00	-	163,827.00	1,512,224.13	-	1,223,948.87
2017-07	Replacement of 5-Yard Dump Body	-	-	16,264.66	-	16,264.66	-	-	-
		\$ 16,847.66	\$ 898,203.02	\$ 2,900,000.00	\$ 17,500.00	\$ 206,779.16	\$ 1,512,224.13	\$ 859,160.28	\$ 1,254,387.11

Deferred Charges to Future Taxation - Unfunded
Capital Improvement Fund

\$ 2,755,000.00
145,000.00
\$ 2,900,000.00

Cash Disbursed \$ 125,544.50
Encumbrances Payable 81,234.66
\$ 206,779.16

**TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$	59,345.73
Increased By:			
Contracts Executed in the Current Year			<u>1,512,224.13</u>
			1,571,569.86
Decreased By:			
Cash Disbursements	\$	76,345.98	
Cancellations		<u>17,500.00</u>	
			<u>93,845.98</u>
Balance, December 31, 2017		\$	<u><u>1,477,723.88</u></u>

TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding 2018		Interest Rate	Balance December 31, 2016	Decreased	Balance December 31, 2017
			Date	Principal				
2014 Refunding Bonds	12/23/2014	\$ 5,890,000.00	7/1/2018	\$ 620,000.00	1.50%	\$ 5,450,000.00	\$ 635,000.00	\$ 4,815,000.00
			7/1/2019	620,000.00	2.00%			
			7/1/2020	500,000.00	2.00%			
			7/1/2021	490,000.00	2.25%			
			7/1/2022	535,000.00	2.50%			
			7/1/2023	525,000.00	2.75%			
			7/1/2024	515,000.00	3.00%			
			7/1/2025	510,000.00	3.00%			
			7/1/2026	500,000.00	3.00%			
						<u>\$ 5,450,000.00</u>	<u>\$ 635,000.00</u>	<u>\$ 4,815,000.00</u>
Current Fund						\$	510,000.00	
Municipal Open Space Fund							<u>125,000.00</u>	
						\$	<u>635,000.00</u>	

TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2017

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2016	Increase	Decrease	Balance December 31, 2017
2007-17	Acquisition of Various Pieces of Equipment and the Completion of Various Capital Improvements	12/21/2007	8/1/2016	7/31/2017	1.100%	\$ 203,280.00	-	\$ 203,280.00	\$ -
2013-10	Reconstruction and Repaving of Certain Streets	10/11/2013	8/1/2016 7/18/2017	7/31/2017 7/17/2018	1.100% 2.500%	200,000.00 -	- 50,000.00	200,000.00 -	- 50,000.00
2013-17	Purchase of Fire Truck and Real Property	10/11/2013	8/1/2016 7/18/2017	7/31/2017 7/17/2018	1.100% 2.500%	1,807,395.00 -	- 1,657,395.00	1,807,395.00 -	- 1,657,395.00
2017-04	Reconstruction and/or Repaving of Various Roads	7/18/2017	7/18/2017	7/17/2018	2.500%	-	2,755,000.00	-	2,755,000.00
						<u>\$ 2,210,675.00</u>	<u>\$ 4,462,395.00</u>	<u>\$ 2,210,675.00</u>	<u>\$ 4,462,395.00</u>

Issuance of Notes	\$ 2,755,000.00	\$ -
Paid By Budget Appropriation	-	503,280.00
Renewal	<u>1,707,395.00</u>	<u>1,707,395.00</u>
	<u>\$ 4,462,395.00</u>	<u>\$ 2,210,675.00</u>

TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2017

Ordinance No.	Improvement Description	Balance December 31, 2016	2017 Authorizations	BANS Issued	Funded By Budget Appropriation	Balance December 31, 2017
2006-18	Acquisition of E.M.S Vehicle	\$ 35,575.80	\$ -	\$ -	\$ 35,575.80	\$ -
2017-04	Reconstruction and/or Repaving of Various Roads	-	2,755,000.00	2,755,000.00	-	-
		<u>\$ 35,575.80</u>	<u>\$ 2,755,000.00</u>	<u>\$ 2,755,000.00</u>	<u>\$ 35,575.80</u>	<u>\$ -</u>

**TOWNSHIP OF SOUTHAMPTON
GENERAL CAPITAL FUND
SCHEDULE OF ENCUMBRANCES PAYABLE
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ -
Increased By:	
Charges to Improvement Authorizations	<u>81,234.66</u>
Balance, December 31, 2017	<u><u>\$ 81,234.66</u></u>

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SEWER UTILILTY FUND

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**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER
YEAR ENDED DECEMBER 31, 2017**

	<u>Operating</u>	
Balance, December 31, 2016	\$ 58,510.45	
Increased By Receipts:		
Consumer Accounts Receivable	\$ 200,311.73	
Miscellaneous Revenue Not Anticipated	2,162.50	
Rent Overpayments	<u>538.72</u>	
	<u>203,012.95</u>	
	261,523.40	
Decreased By Disbursements:		
2017 Budget Appropriations	150,935.56	
2016 Appropriation Reserves	31,449.64	
Accrued Interest on Bonds	<u>30,537.50</u>	
	<u>212,922.70</u>	
Balance, December 31, 2017	<u><u>\$ 48,600.70</u></u>	

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF ANALYSIS OF SEWER UTILITY CAPITAL FUND CASH
YEAR ENDED DECEMBER 31, 2017

	Balance December 31, <u>2017</u>
Capital Improvement Fund	\$ 3,200.00
Due from Sewer Utility Operating Fund	(4,800.00)

<u>Ordinance Number</u>	<u>Improvement Description</u>	
2014-08	Preliminary Cost Associated with Improvement to Sewer System	<u>1,600.00</u>
		<u><u>\$ -</u></u>

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016		\$	14,449.11
Increased By:			
Rents Levied - Net			<u>212,625.02</u>
			227,074.13
Decreased By:			
Cash Collections	\$	200,311.73	
Overpayments Applied		<u>1,643.83</u>	
			<u>201,955.56</u>
Balance, December 31, 2017		\$	<u><u>25,118.57</u></u>

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2017**

	Balance December 31, <u>2016</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:				
Other Expenses	\$ 35,334.64	\$ 35,334.64	\$ 31,449.64	\$ 3,885.00
	<u>\$ 35,334.64</u>	<u>\$ 35,334.64</u>	<u>\$ 31,449.64</u>	<u>\$ 3,885.00</u>
 Appropriation Reserves	 \$ 30,959.64			
Encumbrances Payable	<u>4,375.00</u>			
	<u><u>\$ 35,334.64</u></u>			

**SCHEDULE OF RESERVE FOR ENCUMBRANCES
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016	\$ 4,375.00
Increased By:	
Charges to Current Year Appropriations	<u>4,550.55</u>
Subtotal	8,925.55
Decreased By:	
Transfer to Appropriation Reserve	<u>4,375.00</u>
Balance, December 31, 2017	<u><u>\$ 4,550.55</u></u>

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017

Balance, December 31, 2016	\$ 2,544.79
Increased By:	
Budget Appropriation	<u>30,454.17</u>
	32,998.96
Decreased By:	
Interest Paid in Cash	<u>30,537.50</u>
Balance, December 31, 2017	<u><u>\$ 2,461.46</u></u>

Analysis of Balance, December 31, 2017

Outstanding December 31, <u>2017</u>	Interest <u>Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
\$ 685,000.00	5.000%	12/1/2017	12/31/2017	1 Month	<u>\$ 2,461.46</u>
					<u><u>\$ 2,461.46</u></u>

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2017

Ordinance Number	Description	Ordinance Date	Amount	Balance December 31, 2016		Balance December 31, 2017	
				Funded	Unfunded	Funded	Unfunded
2014-08	Preliminary Cost Associated with Improvement to Sewer System	5/20/2014	\$ 32,000.00	\$ 1,600.00	\$ 30,400.00	\$ -	\$ 30,400.00
				\$ 1,600.00	\$ 30,400.00	\$ -	\$ 30,400.00

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2017**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding 2018		Interest Rate	Balance December 31, 2016	Decreased	Balance December 31, 2017
			Date	Principal				
Refunding Bonds	3/11/2013	\$ 810,000.00	12/1/18-20	\$ 25,000.00	5.000%	\$ 710,000.00	\$ 25,000.00	\$ 685,000.00
			12/1/21-23	30,000.00	5.000%			
			12/1/24-26	35,000.00	5.000%			
			12/1/27-28	40,000.00	5.000%			
			12/1/2029	45,000.00	5.000%			
			12/1/30-31	45,000.00	3.375%			
			12/1/32-35	50,000.00	3.375%			
						\$ 710,000.00	\$ 25,000.00	\$ 685,000.00

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2017**

Balance, December 31, 2016 and 2017

\$ 3,200.00

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2017

<u>Ordinance Number</u>	<u>Description</u>	<u>Date of Ordinance</u>	<u>Amount</u>	<u>Balance December 31, 2016</u>	<u>Improvement Authorization</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>
2014-08	Preliminary Cost Associated with Improvement to Sewer System	5/20/2014	\$ 32,000.00	\$ 32,000.00	\$ -	\$ -	\$ 32,000.00
				<u>\$ 32,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,000.00</u>

TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF USDA LOANS AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2017

<u>Ordinance Number</u>	<u>Description</u>	<u>Date of Ordinance</u>	<u>Balance December 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>
2014-08	Preliminary Cost Associated with Improvement to Sewer System	5/20/2014	\$ 30,400.00	\$ -	\$ -	\$ 30,400.00
			<u>\$ 30,400.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,400.00</u>

**TOWNSHIP OF SOUTHAMPTON
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2017**

	Balance December 31, 2016 & 2017
Sewer:	
Construction of Sewerage Collection System in the Village of Vincentown	<u>\$ 2,295,000.00</u>
	<u><u>\$ 2,295,000.00</u></u>

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TOWNSHIP OF SOUTHAMPTON

PART II

**SCHEDULE OF FINDINGS & QUESTIONED COSTS -
GOVERNMENTAL AUDITING STANDARDS**

FOR THE YEAR ENDED DECEMBER 31, 2017

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**TOWNSHIP OF SOUTHAMPTON
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Finding 2017-001

Criteria or specific requirement:

N.J.A.C. 5:31-7 requires an effective accounting system to include double- entry accounting for all transactions resulting in a general ledger.

Condition:

Although the subsidiary accounting records were balanced, the general ledger for all funds was not properly maintained and as a result material audit adjustments were needed in order to achieve proper presentation in the financial statements.

Cause:

Internal control policies and procedures are not in place to properly maintain the Township's general ledger.

Effect or potential effect:

Non-compliance with N.J.A.C. 5:31-7.

Recommendation:

That the general ledger for all funds be accurately and completely maintained to ensure adequate control over the preparation of the financial statements and related footnotes.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

TOWNSHIP OF SOUTHAMPTON
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

Finding No. 2016-001

Condition:

Although the subsidiary accounting records were balanced, the general ledger for all funds was not properly maintained and as a result material audit adjustments were needed in order to achieve proper presentation in the financial statements.

Current Status:

This finding has not been corrected. See Finding 2017-001.

TOWNSHIP OF SOUTHAMPTON

PART III

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2017:

NAME	TITLE	AMOUNT OF BOND
James Young	Mayor	
William Raftery	Deputy Mayor	
Elizabeth Rossell	Committeewoman	
Ronald Heston	Committeeman	
Michael Mikulski	Committeeman	
Kathleen Hoffman	Township Administrator/Municipal Clerk	A
Nancy Gower	Treasurer/Chief Financial Officer	A
Leo Midure	Tax Assessor	
Melissa Chesla	Tax Collector	A
Richard Andronici	Municipal Court Judge	A
Catherine Iezzi	Court Administrator	A
George Morris	Counsel	

(A) Covered under the Blanket Bond Coverage through the Burlington County Municipal Joint Insurance Fund for \$1,000,000.

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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Honorable Mayor and Members
of the Township Council
Township of Southampton
Southampton, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2017.

GENERAL COMMENTS:

Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)

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

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for the year ended December 31, 2017.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold "for the performance of any work, or the furnishing of any materials, supplies or labor" 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*.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S.54:4-67, provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 2, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Southampton, County of Burlington, State of New Jersey, that the interest charged on delinquent taxes or assessments shall be, from the effective date of this resolution, eight percent (8%) per annum on the first \$1,500.00 of delinquency, and eighteen percent (18%) per annum on any amount in excess of \$1,500.00.

That the Township Committee determines that the penalties to be charged for tax delinquencies in excess of \$10,000.00 shall be six percent (6%) provided the delinquency exists in the calendar year following the year of delinquency.”

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

OTHER COMMENTS (FINDINGS):

***Finding 2017-001:**

Although the subsidiary accounting records were balanced, the general ledger for all funds was not properly maintained and as a result material audit adjustments were needed in order to achieve proper presentation in the financial statements.

*Denotes Prior Year Finding.

RECOMMENDATIONS:

Finding 2017-001

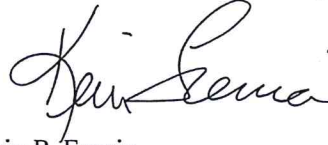
That the general ledger for all funds be accurately and completely maintained to ensure adequate control over the preparation of the financial statements and related footnotes.

Appreciation

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

A handwritten signature in black ink, appearing to read "Kevin P. Frenia". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

Kevin P. Frenia
Certified Public Accountant
Registered Municipal Accountant
RMA No. 435

Medford, New Jersey
May 31, 2018